Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 127–138
https://doi.org/10.1080/17530350.2021.1882538

Routledge
Taylor & Francis Group

INTRODUCTION

Debt trails: following relations of debt across borrowers, organizations, and states

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ABSTRACT
We introduce the concept of 'debt trails', a methodological and conceptual term to study debt relations across different sites and over time. Recent theories in the interdisciplinary Social Studies of Finance, political economy and economic and human geography have theorised debt in relational terms, although with a distinct and often disconnected theoretical and empirical focus. We propose debt trails to transcend and bridge these areas. Methodologically, debt trails trace the concrete ways in which debt relations are created. Conceptually, debt trails suggest, first, that instead of connecting existing entities, sites and actors themselves are co-constituted through debt relations. Second, debt trails reveal debt as a temporal construct, not as a Maussian obligation, but as a market and policy object designed, marketed, managed and lived with over time. Third, debt trails follow the spatial passage of debt, geographically but also across multiple analytical sites, often market interfaces, through which debt and the entities it relates become concrete. Finally, we discuss the importance of reflexivity and the power aspects of these trails. We then showcase examples where the creation and iterations of debt concretized distinct entities, which cut across conventional categories of borrowers, organizations and states.

ARTICLE HISTORY
Received 8 December 2020
Accepted 20 January 2021

KEYWORDS
Finance; credit; actor-network theory

This themed section introduces the concept of debt trails. Debt trails is firstly a methodological tool, inspired by Actor-Network Theory (ANT). It signifies the tracking of connections that debt creates between different sites and their heterogeneous actors as it passes through them. Secondly, debt trails is a conceptual tool that lets us appreciate how these connections form the properties of those actors and of debt itself.

The concept has been born out of the limitations of dominant frameworks in the study of debt in different fields, which we encountered as we conducted research into the origins and crisis of an Eastern European mortgage market. The project was guided by Actor-Network Theory and traced the making of mortgage debt. We started from a consideration of borrowing as a type of consumer practice in everyday life. The sociology of consumption provides ample theoretical resources to understand why people consume, which we used to ask how financial products are consumed (Pellandini-Simányi and Vargha 2019a). In most theories of consumption, meanings or internal values of consumption practices are produced partly in everyday life; however, in a great part, they come from 'elsewhere.' Cultural producers devise advertisements, education, and media representations (Lears 1983, Goldman 1992, McFall 2004). Also produced 'elsewhere' are the material propensities of products that shape consumption, designed in product development departments and

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government offices, by engineers, marketing, and consumer protection policy administrators. These experts are scripting their own ideas of potential uses and worldviews into products (Shove *et al.* 2007). The sociology of consumption is quick to point out that consumption practices are not determined by these factors, but they are greatly delimited by them. As countless empirical studies have shown and theories argued, people may appropriate and resist them to various degrees (De Certeau 1984, Miller 1987); but all the while they must relate to these existing material and cultural worlds.

Tracing the origins of consumer-borrowers' constraints to the sites 'elsewhere' meant facing new sets of actors. Empirically, we found ourselves studying the product development and risk assessment departments of banks, as well as governmental and regulatory bodies, but also mortgage advertisements. This is where the properties of mortgages as consumers encountered them were being crafted. As it soon turned out, understanding these different actors required different theoretical resources and were subject to different theoretical debates (see Pellandini-Simányi and Vargha 2018). Inspired by work in Science and Technology Studies (STS) on engineers (Pinch and Bijker 1984, Winner 1993, Callon, 2007), we conducted interviews and document analysis to understand how these organizations conceptualized the 'borrower' and how they possibly 'scripted' these conceptualizations into mortgages. While an important theoretical nexus in consumption research is practice theory, the topic of market encounters, which take place when consumers shop for and sign a mortgage, have been approached with a different apparatus: theories of market exchange and interdisciplinary market studies (Cochoy *et al.* 2017). The development and marketing of financial products has been studied additionally with tools of organization studies and management research (Vargha 2018).

However, these new types of actors that had appeared, from the viewpoint of consumption studies, so powerful as producers of the constraints and possibilities of everyday consumption, appeared to be also powerless, whose world was bound by limitations, set again, 'elsewhere.' Our first interview guide, which we prepared for a meeting with the head of product development at a bank, included questions about how they developed a specific mortgage, the dilemmas they needed to solve, and the reasons for the solutions they eventually reached. These questions assumed a large amount of agency on the part of the designers of financial products. But they did not work as interview questions because, as it turned out, the product development team's work was structured by the constraints set by the IT system's capacity and requirements, legal frameworks, performance measurement tools and so on. These imposed decision criteria, workflow protocols, as well as legal, accounting and IT feasibility constraints. In the end, these actors, just like consumers, experienced limited room for decisions. Hence our research extended to focus on those other actors, such as laws and information systems. Their study, again, took us to the theoretical apparatuses of yet other disciplines to which they 'belong' – financial regulators, government and law-making to political economy and the sociology of law (see Pellandini-Simányi and Vargha 2019b), while IT to digital sociology and Information Systems research, to name a few.

Overall, this project revealed to us two problems in the main modality of consumer debt research which tends to study debt by focusing on isolated sites, borrowers or banks or state regulation. First, actors in each site saw their actions as structured by larger *givens* produced 'elsewhere': for citizens by banks setting the parameters of the loans they offer to households, for banks by their international headquarters, for lawmakers by EU regulation, or by the anonymous entity called the 'market.' By privileging one site, research has often remained within each actor's world. At the same time, debt as an actor itself cannot be artificially isolated from all the worlds in which it circulates and which it connects. Second, the division of labour by which each site has been 'claimed' by a different field, if not discipline (consumers by the sociology of consumption, banks by organization theory, the state by political economy), means that an inclusive theory of debt is not only difficult to develop but it is also unpopular in a fragmented landscape of different approaches.[1]

This themed section proposes the concept of 'debt trails' to address these challenges of multiple sites, actors, their experiences, and the fabrication of debt. To do that, we first identify some of the parallel developments in multiple disciplinary areas which point towards the cross-cutting view of debt that we develop further in the concept of debt trails. We then highlight key aspects of what the concept of 'debt trails' entails both theoretically and as a research agenda. In the final section, we introduce the papers of the section and explain how the relational approach of debt trails shifts our understanding of key actors, by focusing on consumers, the state, and collectivities.

Debt relations: theoretical currents

Recently, we can observe a trend in several fields of study to overcome the limits of their own traditions and capture the cross-cutting relational properties of debt. In this section, we review key developments that are the antecedents of debt trails proposed in the following section.

Firstly, in the interdisciplinary Social Studies of Finance, debt has received increasing attention in the past decade, from diverse perspectives such as market-building (Rona-Tas and Guseva 2013), the governance of neoliberal subjects (Langley 2013), regimes of classification (Fourcade and Healy 2013), consumption practices (Wherry and Crosby 2011) and lived experience (Deville and Seigworth 2015). Much of this work has viewed money as a morally meaningful object which constitutes and is constituted by social relationships through practice (Zelizer 1997; e.g. Wilkis 2017). These studies highlighted the socio-technical and material dimensions of financial processes, such as those involved in attaching or reattaching actors to the debt network, whether in terms of selling techniques or debt collection (Vargha 2011, Deville 2015).

The ongoing challenge has been to understand how these 'low finance' practices interconnect with those of 'high finance,' which were previously studied in isolation from consumer worlds (e.g. MacKenzie 2011), and to develop methods for capturing and connecting the different scales and sites of finance. In fact, this journal has done some pioneering work in bringing topics of 'low finance' to the center of interdisciplinary discussion on finance, which had been dominated by a focus on financial markets and settings of professional 'high' finance. Theoretical concepts that have been proposed and used include 'devising' (McFall 2014), 'domesticizing' financial economies (Deville *et al.* 2015) and financialization as 'domestication' (Pellandini-Simányi *et al.* 2015, Lehtonen 2017). Originating in interdisciplinary studies of market encounters, these proposals have paid most attention to the relationship of financial markets and consumers, asking how domestic practices constitute professional, large-scale markets and vice versa.

The concept of debt trails stems from this legacy of the Social Studies of Finance, and from what have been called cultural economy approaches. Based on earlier experiments with methodologically-driven concepts, such as that of 'knitting finance,' taken up in the similarly entitled CRESC workshop series (2013, 2014), we found it fruitful to move forward in this methodological direction. With debt trails, we aim to keep the focus on consumer-oriented debt instruments, their socio-technical properties, and follow the ways in which they connect with small, domestic, personal, and large-scale political concerns at once.

Secondly, we identify several strands of political economy that seek to bridge the disciplinary divides in the study of debt. Political economy has often pitched itself to be at odds with the STS-based social studies of finance and markets, and vice versa. While the latter were celebrated for describing the very concrete, material processes that make up the economy (cf. MacKenzie 2006, McFall 2014, Deville 2015), political economy scholars criticized this approach for being vacuous, providing 'all cogs and no car,' getting lost in empirical detail, being devoid of politics (Winner 1993, Mirowski and Nik-Khah 2007) and ignoring the most important sites of credit and debt relations: institutions, regulation, and ultimately, social relations (Gilbert 2011). Political economy accounts (Crouch 2009; cf. Langley 2008b, Krippner 2011), in turn, were praised for actually providing the car rather than merely the cogs. At the same time, they were accused by critics of missing empirical detail and filling the resulting gaps with concepts and the untraceable operation of larger forces, such as power or the social.

Recent developments both in political economy and in cultural economy however, increasingly sidestep this divide. On their part, political economists have increasingly highlighted the 'everyday life of political economy' (Hobson and Seabrooke 2007, Elias and Rethel 2016) in International Political Economy; they have referenced 'everyday politics' following James Scott (1985), and recently coined the term 'Everyday Political Economy' (Elias *et al.* 2016, Elias and Rethel 2016). While all such movements try to alleviate political economy's 'regulatory bias,' the latter emphasize local non-elite actors' worlds, both how 'economic transformations "touch down" within the lives of ordinary people but also how the emergence of more marketized forms of economic policy making is sustained and challenged through everyday practices of economic engagement' (Elias and Rethel 2016, p. 4). Feminist everyday political economy takes a similar, interdisciplinary interest in gauging different scales from a gender viewpoint (Elias and Roberts 2016). These approaches strive to understand the agency of local actors vis-à-vis large-scale transformations, macroeconomic and political forces.

From the other direction, cultural economy approaches to finance increasingly try to capture what are considered in political economy as the 'macro' forces of state and governance. An example of drawing political economy implications directly from the Social Studies of Finance is recent work on the politics of high-frequency trading at different scales by MacKenzie (2018). Similarly, much work in cultural economy, which has to a great extent taken place in this journal, studied how projects of government have been entangled with financial objects such as credit (Marron 2013, Pellandini-Simányi 2016) and insurance (McFall 2010). Some of these interests have intersected with work on the financialization of everyday life, and examined how finance contributes to a neoliberal governmentality of subjects (Langley 2008a, Pellandini-Simányi 2020). Positioning itself between political economy theories of shifts in the global financial system and economistic theories of household financial preferences, this literature sought to connect different scales, interrogating how shifts in the economies of nation states (and the global financial system) are materialized in or contested by households and individual subjectivities. This inquiry was motivated by a broader theoretical concern with new forms of neoliberal governmentality that govern through subjects' own moral objectives and self-discipline to achieve them (e.g. Langley 2009, Miller and Rose 2008, Pellandini-Simányi and Banai 2020). Other strands of cultural economy pursued questions of government and the socio-technical process of making up financial subjects, at what would be referred to as the 'meso level' in traditional accounts: for instance, how financial institutions format risk-taker entrepreneurial subjects (Johnson 2013) or by studying the consumer subjects constituted in and by advertising agencies (Ariztia 2015). In this sense, the multiplicity of actors involved in the creation of debt has already featured in some of the key work in the field (Langley 2008b, McFall 2014b).

Instead of considering the various sites where consumer finance takes place as instantiations of micro, meso, and macro level forces, or of subjects internalizing moral and technical programs, debt trails draws on the Actor-Network Theory concept of flat ontologies. Here the argument is not that micro actors have agency vis-à-vis macro forces but that macro phenomena are made up of networks of actors of all scales. This approach allows the researcher to move from one site to the next wherever the trails of debt lead, moving freely between small-scale processes and large-scale ones, which together constitute the actor-network. From this perspective, relations are conceived to be connections in the actor network, between human as well as non-human (material, conceptual) entities. While actor-networks have been intensively used in cultural economy approaches, our ambition is to use this method as a bridging device across radically different theories of finance to study debt, as we explain below.

Thirdly, in recent years, economic and human geography has also taken key steps in developing theoretical tools to capture debt relations that cross-cut various sites, in addition to the work contributing to governmentality (e.g. see Langley above).

Geographers have appreciated the multi-scalar nature of debt in relational approaches to space, looking at how debt connects local actors with global financial processes. They have explored the ways in which debt shapes the constitution of spaces in the context of urban development, how debt is distributed unequally in space by studying underbanked areas and how networks of debt cut across and connect space. In particular, the concept of 'financial ecologies' (Leyshon *et al.*

2004, French *et al.* 2011) captured how financial institutions contribute to the production of inequalities, vulnerabilities, and different financial subjects by providing service to their clients in different ways. This work has stressed that these processes 'unfold across space and evolve in relation to geographical difference so that distinctive ecologies of financial knowledge, practices, and subjectivities emerge in different places' (French *et al.* 2011, p. 812). Applied specifically to debt, Harker proposed the concept of 'debt ecologies' that 'emerge through the co-constitution of topological and topographic spaces' (2017, p. 608). Montgomerie and Tepe-Belfrage (2019) explored how debt acts as a transformative force of social and geopolitical space by forging new connections across different scales of the households' subjectivities and state policies.

In a related, yet distinct line of research, geographers suggested to 'follow the money' in a way akin to commodity chains (Harvey 1989), Hughes and Reimer 2004), and expanded the concept's productionist view to allow for non-linear and unpurposeful, sprawling and overspilling relations. In a key contribution, Brett Christophers (2011) outlined ways in which money can be 'followed,' stressing the importance of the credit economy in rendering money traceable.

The developments reviewed in this section point towards a view of debt that cross-cuts the traditional sites that served as the basis of disciplinary division (e.g. consumption, firms, regulators) and that considers debt not as an entity that 'travels,' but that is made through these sites, while simultaneously remaking them. We capture these features in the conceptual-methodological tool of 'debt trails,' and we outline its key elements below.

Debt trails constitutive of actors and sites

The concept of debt trails stresses the relational aspect of finance, which is present, yet less spelled out in several current approaches to debt. We aim to do this without emptying out the notion of debt, its technical properties and its meaning to the actors participating in those social relations.

'Debt trails' is an invitation to study the lateral, cross-cutting, and back-and-forth *relationships* that mutually constitute different sites and actors such as finance, state, and consumers, as they emerge through their mutual relations to debt. In this relational approach to debt, we draw on three theoretical sources. The first is Brett Christophers' arguments on 'following' money. As he points out, 'money' in itself is often difficult to trace. However,

> rather paradoxically, it is often precisely the social relations that co-constitute money that enable us to 'follow' the 'thing' that is money, and thus to reveal and interrogate the broader constellations of social and economic relations in which money's mobilisations and movements are embedded. (2011, p. 1070)

He thus suggests that to follow money is to

> assess where money has come from and travelled to; to examine the various stages of its passage; to identify the networks of social relations underpinning its ongoing movement and metamorphosis; and to ascertain the relative quanta involved as money grows, contracts, and is parcelled off to different economic agents in different places on its journeys. (Christophers 2011, p. 1075, emphasis added)

This suggest that debt is not simply produced in different pre-existing sites and relations, but these sites and relations themselves are re-created through this circulation. As Christophers notes 'we may best be served by tracing the *specific* creditor–debtor social relations that money's embedding in credit contracts perpetually creates and destroys' (2011, p. 1080).

Second, Aitken (2015) discusses how debt creates new kinds of relations between actors through the concept of *debt relationalities*. He looks at the way the *circulation* of debt between different sites and scales, such as household loans and mortgages packaged into products traded in financial markets, generates new kind of relations. New movements such as peer-to-peer lending and the Rolling Jubilee, unlike other debt relations that foster instrumental-rational relations, allow for new forms of citizenship and mutual help. He calls these a 'relational financial practice,' practice that defines itself against financial abstraction.

Finally, this journal's review symposium (2016) on Miranda Joseph's monograph *Debt To Society* (2014) opened up a discussion on the politics of debt and its characteristics as a foundational capitalist social relation and process (e.g. Barker 2016, Joseph 2016). This discussion provides a direct precedent for the theme of debt trails, as a discussion of debt being constitutive of social relations, albeit for the symposium, primarily in the Marxian sense (see also David Graeber's work, e.g. 2011).

This focus on the financial system in capitalism has tackled the question of how finance abstracts out social relations, partly but not only by quantification, and the harsh moral and economic consequences for those caught in debt relations. At the same time, the cultural economy approaches introduced above see constant moral work in debt which they consider to be concrete money practices. Viviana Zelizer (1997) referred to this moral work of using money to classify social relations as 'the social meaning of money.' This approach sidesteps the question of finance as abstraction. The concept of debt trails interweaves the two approaches, as we hope to show in the following section. It does so by filling out the picture between abstract and concrete, in part methodologically by focusing on the evolution of debt, by understanding the constitution of each site on its own terms where debt circulates, by a social-technical understanding of actors and relations, and by detailing the industrial and commercial actors which are largely missing both from even multi-scale Marxian accounts of debt but also from many Zelizerian accounts of meaning.

The relational approaches above emphasize that debt is constituted in relations between social actors. We use the method of 'debt trails' to show an inverse relationality. Parallel to the Graeberian concern with debt creating certain types of relations, but adopting a socio-technical lens, 'debt trails' entail that sites and actors themselves are co-constituted through debt relations. If Christophers (2011) suggests following the money through the social relations that underpin it, we can follow debt trails to identify how these social relations are constituted by money – by debt. The concept of debt trails suggests that instead of connecting existing entities, debt trails transform people and things into entities interpreted through their relation to debt: lenders and borrowers, debtors, middle class citizens, university students, or state administration as issuer, regulator, and enforcer of debt. They classify certain groups into the fundable, the high-risk, the target constituency.

We illustrate this point through three examples, which run through the papers of this themed section: the way debt relations co-constitute borrowers, the state, and new collectivities. In the case of borrowers, the concept of debt trails, as illustrated by the papers in the section, suggests not only the metamorphoses of debt discussed by Lopes (2012) but the metamorphoses of those in debt – into the diverse ways in which borrowers are constituted in relation to and through relations of debt. To begin with, the borrower is a multi-faceted project for banks. In crafting borrowers, banks experiment with a range of devices that can attach people to debt in different historical moments (see Langley 2013, Guseva 2008), such as ideas of bank card-carrying membership (Husz 2021, in this issue). Properties of borrowers also emerge from encounters with the state as a totality or with specific state organizations, such as local government debt aid services (Kirwan 2021, in this issue). Macrosociologists such as Krippner (2011) and Quinn (2019) have argued that the US government sustained and expanded its capabilities in the process of building out credit markets. Broadening the scope of this research and of studies on how state programs summon neoliberal subjects, the concept of debt trails calls attention to the diversity of relations and encounters between 'state-type' actors and subjects in relation to debt, not all of which are connected to the neoliberal project.

From lawmakers to bankers, government departments to citizens themselves, the participants of finance produce their own vernacular theories and try to perform different versions of 'the borrower.' Developing further arguments on the 'making of the consumer' (Trentmann 2005) and more recently, on market attachment (Cochoy *et al.* 2017), 'borrowers' emerge as different entities – as consumers, citizens, or dutiful fathers, mothers, or children – depending on the debt trail in which they have participated and by attending to these varied aspects of trails. Further, diverse trails converge in the nexus of the borrower often simultaneously in the form of contesting discourses and devices. As captured by Callon's notion of 'performation struggles' (Callon 2007) the borrower emerges as a contested result of struggles between different networks of debt relations (assemblages).

Not only are borrowers constituted in their relations to the state, but all actors, including the state, are co-constituted through the formation debt trails. For example, Felipe González's (2021, in this issue) research on the debt resistance movement in Chile shows how the very meaning of what the 'state' is and what its responsibilities are was itself negotiated in the consecutive stages of the formation of the debt movement. Similarly, Kirwan's research (2021, in this issue) on 'living with debt' through debt counselling services highlights that counsellors and debtors discuss different 'imaginaries,' which project the debtor and state entities in diverging roles.

As these examples show, the mutual constitution of actors along the debt trail is not necessarily an individualized process: debt trails may leave behind new types of collectivities. This process involves shifting positions of ordinary people vis-à-vis the state and society. This is evident in case of debt movements that center on the formation of new collective identities based on a shared debtor position and experience (see for example, González in this issue). More broadly, as Husz shows in this issue, popularizing debt, such as credit cards, deliberately relied on notions of gaining membership in society. Relating to the discussion on the 'productive' positioning of debt as social relation (Joseph 2016), she traces how the marketing of credit cards posited the latter as proof of social membership and economic identity, even of identification. As a modern form of money superseding cash, marketing of debt often suggests a linear trajectory of economic progress (cf. Graeber's account of alternating cycles of coin and debt economy).

In different contexts, debt classifications may become the basis of new identities, which consumers use as a hinge to turn themselves into citizens mobilizing for political protest. Meanwhile, recent work by economic sociologists such as Greta Krippner (2017) has argued that other aspects of debt, to classify borrowers' creditworthiness, big data analytics, creates fleeting associations which are unknown and unknowable to customers; and hence makes it more difficult to create political solidarity and political claims. The question arises whether borrower identities and especially debtor movements will ignore, obliterate, or be succumbed to such internal classification by the financial system.

Understanding debt trails

Debt trails, as the previous section argued, alter and constitute new subjects, sites, and collectivities. How can we understand this process in analytical terms? First, 'emergence' involves, but is not limited to, discursive constructions. Quite the contrary: debt trails make debt and other actors concrete. Inquiring into how debt is created and how it lasts over time, debt trails is a spatial metaphor that allows us to envisage the fabrication of concreteness through the notion of *passage*, and to think about how the act of passing creates the sites and entities through which debt passes. We are also building on Deville here, who has recently used Stengers' concept of concreteness to interpret debt. Deville points out that '[c]oncreteness for Stengers and Whitehead is to be understood as related … to the "concrete fact of passage" (Stengers 2011 cited in Deville 2019, p. 336). Deville goes on to suggest that debt, too, becomes concrete through passage.

This notion of passage helps elucidate the profound issue we raised at the start, that debt passes through radically different worlds, heterogenous actors, and sites, throughout its existence. Debt itself is not the same object when it is being handled in the household and in family relations, as it is when regulators are assessing the financial stability of a country due to household debt levels. These passage points are partly discernible through market encounters. As others have argued, in market encounters, debt undergoes a certain 'metamorphosis' (Lopes 2012). The method of tracing debt trails thus helps to pay attention to these points where debt is metamorphosing between worlds. It requires us to follow the trails of debt that are trodden, and to map the passage points through which debt morphs into different forms.

A second, related aspect of the concept of debt trails relates to reflexivity. As the special section contributions highlight, researching debt trails involves more than tracking the path of the commodity according to an analytical aspect (e.g. through transactional links or tracking the written records of the object) such as one might do with commodity chains, networks, and in some of its instantiations, even actor networks. Actors themselves discover, map out or have theories about what relations might exist between debtors and others – between their clients and family members, for example.

Everyday finance itself entails the 'ethnomethods' of debt trails (Garfinkel 1967): actors' work of constructing or reconstructing financial trails of and for others. If Zelizer's key argument has been that social relationships and money practices constitute each other, finance has long incorporated this insight and developed dedicated services for discovering (and profiting from) debt trails and other financial trails that tie consumer-citizens to others, from personal banking to network selling and more recently, social media use and data analytics.

Third, the metaphor of trails implies a crucial temporal, or more precisely, chronological element. As Harker points out '[d]ebt is widely conceived as temporal – present consumption bought with future labour' (Harker 2017, p. 604). This temporal focus had been built on foundations by Mauss (1990 [1925]); more recently it has been revisited by David Graeber (2011) and Lazzarato (2015). The concept of debt trails highlights additional dimensions of time than that of credit as promise, which relate more to the act of creating credit as an object and to the ways in which the actors and sites involved with debt evolve through time.

For example, in order to develop the debt relation, much transformation takes place over time. We see this in the paper by Husz (2021), in this issue, on building up the market for credit cards in Sweden. This temporal evolution does not only apply to the debt market itself but also to subjectivities and the formation of actors. For example, shifts in subjectivities do not take place when people decide to take out a loan, but after--through the experience of living with debt. Payment difficulties disrupt intimate life and give rise to competing forms of financial-moral frameworks (e.g. Deville 2015, Lazzarato 2015, Montgomerie and Tepe-Belfrage 2019). If we can speak of the lifetime of a debt, being indebted itself is something that lasts over time, and the way in which indebtedness evolves may lead to new actors and entities being involved, such as debt management or debt collection agencies. This is apparent in the papers of the themed section, especially by Kirwan (2021) and González (2021).

Finally, the method of debt trails is attentive to the power dynamics inherent in debt, consistently with Latour's (2005) original argument. Power is the capability of debt to spread despite resistances, to advance from one site to the other, to metamorphose into meaningful objects for actors of each site, to constitute entities and relations that have not existed before, and to maintain itself in its many forms and extended periods of time. Debt trails may be ruptured and fail to form – thus every 'working debt trail' is evidence, to paraphrase Callon (2007), of different actors having been successfully enrolled and dissenting voices silenced.

The papers in the themed section

The themed section explores the interdisciplinary challenge of cross-cutting theories of debt, by bringing into dialogue papers drawing on different theoretical traditions: political economy (by Felipe González), social studies of markets (by Orsi Husz), and socio-legal studies (by Samuel Kirwan). The papers showcase a set of diverse settings in terms of scale and scope where debt trails are being *generated*, such as in the area of supermarket purchase cards; *designed*, such as in government policy goals; or r*epaired*, such as in debt counselling.

In making up the entities of debt, the paper by economic historian Orsi Husz illustrates the creation of the debt trail, describing the drive to introduce credit cards by banks in Sweden. This endeavour was defined by banks' experiments to enrol reluctant citizen-consumers into their project. De-vicing debt in Swedes' eyes proceeded by positioning credit differently – through the design of the payment system and its publicity.

Samuel Kirwan's contribution captures a different time stamp of the debt trail, accessing the indebted everyday and its encounters with formal debt management in public services. Again, different trails are visible – tied to the concrete imaginary, and its associated devices – the debtor adheres to. The stakes become those of staying in or ending the debt trail, and the managing of debt in more commercial or more governmental and public sector relations.

In his paper on the dynamic evolution of student loans in Chile, Felipe González addresses debt trails that emerge as debtors became self-aware, forging new political identities and movements to organize and resist debt in the context of student debt in Chile. He highlights the inherent contradictions of student debt that have led to discontent – at the same time he shows how different ideas and expectations of the state have been crucial in the making of the new collective identity, on the back of a previously market category of debtor.

The steps taken to resolve multiple policy questions lead to newer transformations of debt, eligible student populations and an ever more financialized loan system. Student debtors' social movements are born out of these iterations, to threaten disrupting the debt trail.

The works here follow debt trails that pass through and constitute ostensibly 'political' and 'domestic' arenas to transgress these conventional distinctions, and show the devices, imaginaries, and technical features through which debt binds collectives in new ways and at varied scales. Debt emerges from these trails, different at each point, creating new relations of belonging and mobilizing new entities over time. At the same time, the actors and sites themselves are not the mere landscape that debt passes through, but are themselves transformed in the process. Here we give three examples of these morphing sites and actors present in the papers: debt co-constituting borrowers, the state, and collectives.

Taken together, the papers in the themed section illustrate first, the theoretical point that debt is not only created in diverse sites but it co-constitutes them: the very nature of the sites, actors, and social relations that create debt, evolve and are shaped through the process. Second, they illustrate the methodological aspect of the debt trails argument. Debt is created across different sites, with radically different modes of operation, ways of defining debt, and with different theories that can be used to interpret the site by debt researchers. This implies that empirical work and theoretical frameworks that build from a single site miss important aspects of how debt and its relations are created. It is through tracing temporally evolving debt trails that we are able to unpack the making of debt and the power relations shaping it. In view of the fact that debt plays an increasing role both in everyday life and in political economy, debt trails suggest new avenues for studying markets, states, and consumers, through the lens of how they are transformed and remade along ever shifting and newly forming debt trails.

Note

1. To understand the issues raised by the different nature of debt sites in a more comprehensive way, we brought together a workshop "Debt Trails: Mapping relations of debt and credit from everyday actors to global credit markets" held in Budapest in March 2016. The workshop was sponsored jointly by the *Journal of Cultural Economy* and the Hungarian National Scientific Funds (OTKA).

Acknowledgements

The authors would like to thank the participants of the Debt Trails workshop in Budapest, Carolyn Hardin, and the anonymous reviewers of the section proposal and this Introduction, for their helpful comments on previous versions.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

The author(s) disclosed receipt of the following financial support for the research, authorship and/or publication of this article: This work was supported by the Hungarian Scientific Research Fund [OTKA grant number 101261] and by the Swiss National Science Foundation [grant number 171351]. The Debt Trails workshop was co-funded by OTKA and the Journal of Cultural Economy; Hungarian National Scientific Fund (OTKA); Schweizerischer Nationalfonds zur Förderung der Wissenschaftlichen Forschung.

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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To cite this article: Orsi Husz (2021) Money cards and identity cards: *De-vicing* consumer credit in post-war Sweden, Journal of Cultural Economy, 14:2, 139-158, DOI: 10.1080/17530350.2020.1719868

To link to this article: https://doi.org/10.1080/17530350.2020.1719868

JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 139–158
https://doi.org/10.1080/17530350.2020.1719868

Routledge
Taylor & Francis Group

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Money cards and identity cards: *De-vicing* consumer credit in post-war Sweden

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ABSTRACT

This article has a twofold ambition. First, exploring the peculiar Swedish case, it contributes to the international history of credit cards dominated by the American narrative. Early adaptation of new banking technologies was in Sweden combined with negative general attitudes towards consumer credit. Although introduced early in a European comparison, credit cards needed to be reconceptualised, reshaped, and renamed to be accepted. Second, the paper's contribution to the study of financial products and their intertwining with values, affects, and the rhythm of the everyday is that it reveals the role of *de-vicing* which refers to the strategies conducted by card issuers while dealing with the moral resistance. Marketers exploited the non-credit properties of the card in order to spread its use into the everyday practices of consumers. The card itself was turned into a device for *de-vicing* – destigmatising – consumer credit. By looking at the technical and cultural arrangements built into the card, I unpack the workings of two de-vicing strategies that reconfigured cards (1) as modern money and (2) as membership/identity cards. The Swedish example reveals how plastic cards were reshaped in the forcefield between money and identity and became instrumental in reorganising moralities of debt.

ARTICLE HISTORY
Received 29 September 2018
Accepted 17 December 2019

KEYWORDS
Credit cards; de-vicing; money; identity; moral technologies; everyday finances

'He could talk for hours about credit cards without ever mentioning the word 'debt'. He firmly believed that the worst marketing mistake in history was calling it a 'credit card'; such a name, he felt, belittled its larger possibilities.' This was noted about Dee Hock, creator and first executive director of VISA Inc (1970) (Nocera [1994] 2013, p. 63). Swedish bankers and card companies tried to avoid this 'mistake', even before Hock mentioned it. They proposed other names such as BuyingCard (*Köpkort, literally purchase card*) and AccountCard (*Kontokort*), which eventually became generic. Their main motivation was not merely (or not yet) to exploit the larger possibilities of the card, but to divert the focus from its being a tool of consumer debt.

This article unpacks these strategies of diversion with a twofold ambition. First, it sets out to tell a non-American history of credit cards – which in itself is a rare undertaking. Internationally, the story of the credit card has most often been told as an American one, or as the tale of VISA and Mastercard conquering various national markets (Mandell 1990, Nocera [1994] 2013, Ritzer 1995, Manning 2000, Marron 2009, Deville 2014). But cards for credit and payments are of course not exclusively American (Rona-Tas and Guseva 2014, Ossandón 2017, Jensen 2016), and my study highlights that this was not the case in the earliest period either. Second, the article explores the strategies used by issuers of plastic cards to re-organise moralities of debt in society. Focusing on cards as

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devices in a material as well as a socio-cultural sense (e.g. Callon et al. 2007) and their role in an assemblage of actors, objects, and moralities around consumer credit, I adapt the term *de-vicing* (Lee and Helgesson 2016) to explain and theoretically contextualise these strategies.

Historians have documented a strong moral criticism in Sweden of the consumer credit emerging in the early years of the twentieth century. With the powerful consumer cooperative movement and the savings banks as its traditional proponents, this general anti-credit discourse was also reinforced by post-war Social Democratic ideology and regulatory consumer policies. According to historical narratives about the Swedish consumer society, the anti-credit ethos started to weaken only in the consumerist 1980s, when credit regulations were also lifted (Aléx 1994, 2003, Larsson and Söderberg 2017, ch. 6).

With the searchlight redirected at the financial services industry prior to the 1980s, another story unfolds. As early as 1962, Sweden became the first European country to introduce a nationwide credit card scheme; and in the 1970s – before the introduction of VISA in 1978 and MasterCharge (later MasterCard) in 1979 – the card market grew exponentially. By the 1980s, the micro-infrastructures of credit were already in place and the attitudes towards plastic cards had been considerably altered. How was this achieved? How did card issuers manage to create a market for their product in this supposedly culturally hostile environment as early as the 1960s and 1970s?

I study the marketing activities of the bank-owned credit card company *Köpkort* AB/Ltd (est. 1962) and those of its precursors and competitors. The empirical analysis is based on the historical archives of Köpkort; the archives of the entrepreneur and marketing expert Erik Elinder, who owned the card company ContoFöretagen (est. 1971, renamed InterConto 1978)[1]; and the collection of ephemera on credit cards in the Swedish National Library (Kungliga biblioteket, KB). This is supplemented with archival material from commercial banks, reports from several governmental commissions of inquiry, and material from banking and business magazines, as well as newspapers. In the first part of the article I present the analytical concepts and the empirical context. Thereafter, I analyse the marketing strategies and product development of two card companies, discerning two main strategies of de-vicing. Before the concluding discussion, I reconnect to the historical context, drawing lines to the 1980s and 1990s.

From devices to de-vicing

This article aims to show not only how the plastic card was turned into a device for selling and buying on credit in the 1960s and 1970s, but also that at the same time it became a tool for de-stigmatising consumer credit. My study is rooted in a Zelizerian tradition of exploring the interconnectedness of markets and moralities (Zelizer 1979, 1994). Like the early life insurance business, which, as Zelizer describes, was criticised for gambling on and pricing human lives, credit card companies also struggled with a moral stigma, that concerning consumer debt. Both buying on credit and offering credit for consumption were seen as problematic. The specific moralities differed, of course. While insurance men found themselves in an awkward position selling 'pessimistic futures' (Zelizer 1979, 153), credit card issuers struggled with the problem of marketing optimistic futures, mainly because of a widespread opinion that it was an overly and irresponsibly optimistic one. They handled the moralities of the card market through what I call de-vicing, a concept I borrow from Lee and Helgesson (2016) but use somewhat differently. In the following, I explain in three short steps how this concept helps me to unpack the role of plastic cards in the restructuring of moralities, practices and identities around consumer debt.

First about the notion of device as an analytical angle. Clearly, the credit card is a palpable device. A wallet-sized piece of plastic (with standardised measurements since around 1980), with the issuer's logo and sometimes also a fitting illustration, magnetic strip (today also a chip), a name, and several identificatory digits. Historically, it also included other pieces of written information. But device is also an analytical concept. Originally Foucauldian, it was adapted by Science and Technology Studies (STS) and Actor-Network Theory (ANT) and then further developed in a growing body of literature on market devices within social studies of finance. Devices such as trading algorithms, scoring, rankings and pricing mechanisms, and their role in the practical and social construction of financial markets (Callon 1998, Callon and Muneisa 2005, Callon et al. 2007), have been broadly studied. Market devices in this literature, are not merely tools with specific functions, but they are ascribed the capacity to turn things and actions into something we perceive as economic, not in themselves but as parts of intricate assemblages of material, technical, as well as social and cultural, arrangements. This approach inspired a considerable body of scholarly work in the last decade to study and further develop how mundane devices work. For a recent example from this journal, Vargha (2018) shows how the automatic queue management systems in banks changed the morality of standing in line in post-communist Hungary. Devices can of course be less high technological and have a longer history such as checkbooks or budget sheets, which reconfigured household accounting as well as morality (permeated by class and gender). Accordingly, conceptualising credit cards as devices, if only for so-called low finance or everyday finance, implies a focus on how such objects (as parts of a socio-technical setup) shape culture, social life, and morality (Latour 2005). Despite a rightful criticism (McFall 2015) of the concept of device for being too inclusive, it is useful here, for the simple reason that it highlights the intertwining of the social/cultural and the technological/material properties of the cards.

Second, in the same vein of focusing on low finance, McFall (2015) developed the theoretical thinking about devices by proposing the notion of *devising*. This concept highlights the workings of devices as a process rather than their technological character. Therefore, as in McFall's study, it also applies well to humans, such as insurance agents not merely selling but also devising insurance, finding ways to strategically attach it to the rhythm of domestic life and at the same time learning more about people's private lives and how financial products, as well as human conduct, can be reshaped for a better fit. Thus, the notion of devising implies a research interest in the ways in which consumers and goods become intricately attached to each other (Cochoy et al. 2017). In the process, consumers become inscribed into the devices, in the sense that devices both adapt to and shape their beliefs, habits, and values.

As also McFall (2015, p. 86) notes, devising is 'relational work' conducted by commercial actors, which had been engaged in looking for 'good matches' (Zelizer 2011, 2012) between products, media, transactions, and the life of consumers long before the birth of so-called relationship marketing. This brings to light the insight that the workings of devices are always contextual and historically contingent. Credit cards did not imply the same thing in the US or in a Swedish context, for the wealthy or for the poor, for consumer cooperatists or for customers at the high-brow department store. Moralities of credit have been dependent of its forms (and devices) historically. For example, in late-1950s Sweden, buying on instalment credit still meant you were covetous and reckless (Husz 2009). Using the savings banks' 'savings loan', whereby after saving a sum you could borrow twice the amount, on the other hand, was a more virtuous practice. Also, the kinds of goods purchased on credit mattered greatly in the creation of cultural meanings. The challenge for those selling consumer credit to a mass market was, therefore, to find or create a good match, negotiating social relations and (re)constructing cultural meanings, which in this case was mediated by the plastic card.

The third step is therefore rather self-explanatory. In my interpretation, the notion of de-vicing refers to a particular type of devising, when the challenge is to turn something that is perceived as vicious into something virtuous, or at least morally neutral, in order to make it possible to create the attachment between a product and people's everyday life. Its advantage compared to other words, such as normalisation or de-stigmatisation, is that it also incorporates the above concepts and therefore easily translates my empirical findings to the vocabulary of the theoretical literature. Lee and Helgesson (2016) introduced this notion in an entirely different context and with a slightly different meaning: they use the word in their analysis of contemporary bio-medical research and its practices for algorithmic manipulations of research data, for example, to eliminate non-biological variations. In their definition, de-vicing devices are those that guard against someone committing a vice (p. 18), and they compare this with the workings of everyday tools such as alcohol interlock devices in cars. In my use, de-vicing allows the action itself but changes its moral connotations. Thus, an example would rather be that of driving an electric car instead of a petrol-driven one, which, as it is more environmentally friendly, today counts as a virtuous practice.[2]

De-vicing in the present case is also part of a larger process of domestication of financial products (Pellandini-Simanyi et al 2015, Husz 2015a, Lehtonen 2017). Exploring the workings of de-vicing helps to understand the domestication of the credit card in Sweden, both in the sense of a new financial device entering the mundane practices of everyday life and in the sense of becoming part of a Swedish financial culture as opposed to a foreign (American) one. Clearly, domestication is a two-way process, but here my study has its limitations. While the historical material allows me to analyse the marketing efforts of the Swedish card companies in trying to reshape the product itself as well as the mindset, values, and habits of the presumptive consumers, it gives me limited (or only indirect) access to how actual cardholders appropriated and made sense of this new device. Furthermore, de-vicing might be necessary but not enough for domestication. Something not morally condemnable can still feel strange, unfamiliar, untamed, and 'wild' (Lehtonen 2017). For example, the technocratic dream of an entirely cashless society, as I will argue, was not morally stigmatised like consumer credit was, and could, therefore, serve as an ingredient in a de-vicing strategy but needed further domestication.

Low finance and credit criticism in the welfare state

The American stories of the 'invention' of the credit card (Diner's Club 1949) and the launch of the first bank credit cards through mass 'drops' (mailing out unsolicited cards) are well-known (Mandell 1990, Nocera [1994] 2013, Ritzer 1995, Manning 2000, Marron 2009). Recently, however, social scientists have started looking into national and hence cultural differences in the use and promotion of consumer credit in general and credit cards in particular (Rona-Tas and Guseva 2014, Deville 2014, Ossandón 2014, 2017, Batiz Lazo and DelAngel 2016). My investigation points the spotlight on the launch of the cards in 1960s and 1970s Sweden. This was a period when Swedes' financial habits changed also in other ways. Beginning in the late 1950s, Swedish commercial banks – earlier than in other European countries – started offering payroll services to employers. Instead of receiving cash at the workplace, employees would be paid by direct deposit to cheque accounts (Husz 2015b). During the 1960s the majority of the Swedish workforce thus became bank customers, and started using banking services for purposes other than simply savings.

Historians have noted that Americans used credit cards and consumer credit as a substitute for social policy (Logemann 2012). The Swedish context was different. In the post-war period, Sweden introduced not only a general social security system (general sickness insurance in 1955; general supplementary pension, ATP, in 1960), but also social loans. University studies were made accessible to everyone in 1965 by means of the new student allowance and state-controlled loan system (Richardson [1977] 1999, Åmark 2005). The state began offering another form of social loan, for setting up a home, in the late 1940s. This (rather limited) credit possibility was heavily exploited in the 1960s in the advertisements of furniture retailers, e.g. IKEA, and naturally competed with commercial credit.[3] In any case, access to consumer credit in Sweden definitely did not need to serve as a substitute for welfare reforms.

Instead, a general criticism of consumer credit grew strong in the early and mid-twentieth century. It was advocated by the influential consumer cooperative movement, which registered as many as a million members (or about 40% of all Swedish households) in 1960 (Aléx 1994, 2003). Also, the savings banks, which had been well established among the broader Swedish population since the late nineteenth century, engaged themselves in anti-credit propaganda. Especially their children's magazine, distributed to all schoolchildren since the 1920s, became influential with its well-known comic strip about the two young girls Thrift (Spara) and Spendthrift (Slösa), whereby the latter – reckless, untidy, covetous, vain and irrational, incorporated all manner of faults, including buying on credit and wanting to live beyond her means. But the workers' movement and social democrats also criticised consumer credit on ideological grounds because, they asserted, it could 'enslave' workers, making them less prone to take part in collective actions such as strikes (Rune 2007). In fact, the moral criticism against buying and selling everyday goods on credit was so culturally ingrained that representatives of the credit card business in the 1960s and 1970s usually did not specify in detail what they meant when they recurrently talked about the 'moral objections' in society (e.g. SBA, p. 1) they had to handle. Critical voices in the 1960s and 1970s media often exploited the fact that the Swedish word *skuld* means both debt and guilt, which signals the age-old stigma on credit and loans (cf. Dodd 2014, p. 144). The specific vices of buying and selling on credit were more often implied than clearly spelled out, but they included consumer impulsiveness, irresponsibility, and overspending, as well as capitalist manipulation, exploitation, and greed. So how was the introduction of the credit card – American or not – achieved in Sweden, a highly *bancarised*[4] (Feiertag 2011) society but with widespread negative attitudes regarding consumer credit?

The Swedish credit card market

Köpkort AB (BuyingCard Ltd) was established in April 1962, and became, as mentioned, the first nationwide and later the dominant credit card company in Sweden. It was also the first of its kind in Europe, created through the joint efforts of all Swedish commercial banks. Professional credit card schemes had already been launched three years earlier by a number of smaller companies. These card companies – such as retailer-owned Stockholms Konto–Ring AB (1959); or Shoppingkonto (1960), financed by a large commercial bank, Skandinaviska banken; or City- and Söderkonto (1959), financed by Handelsbanken – had about 60–90 affiliated stores, mainly in Stockholm, and a maximum of 10,000 account holders each. Realising that the Swedish market was too small for several competing players, all bank-owned card schemes amalgamated, in a quick series of mergers, into one nationwide credit card company offering revolving credit plans all around the country. With the help of the Federation of Swedish Merchants (Köpmannaförbundet), they secured the cooperation of about 5000 shops to begin with (Bouveng 1963, pp. 30–32, SBA, KkA10). The retailer-owned card company, Stockholms Konto-Ring, was not part of the mergers but instead continued a small-scale operation until 1971, when the entrepreneur Erik Elinder bought it and developed it into a major credit card company, the Conto Företagen/InterConto, to which I will return later.

Back in the early 1960s the solution represented by Köpkort, a freestanding firm for administering bank credit cards, jointly owned by all major commercial banks, was unique in an international comparison. Not even California-based BankAmericard (later VISA), although of course much larger than its Swedish counterpart, achieved national coverage until 1966 (Mandell 1990, p. 31). Before the mergers, the small Swedish credit card companies engaged in highly intense marketing activity. Archival sources from both Handelsbanken (owner of City- and SöderCard) and Skandinaviska Banken (owner of ShoppingCard) suggest that credit cards were advertised aggressively and even 'at the expense of profitableness' during a few hectic months around 1960-1961. Even though a joint initiative was discussed from the start, the banks started a race for market shares, hoping to achieve better negotiating positions before a possible merger (SBA, HBA). Handelsbanken engaged in 'heavy' and 'costly' promotional activities, which they considered 'very important'. In addition to advertising to the general public, affiliating as many stores as possible was crucial. For example, a card company financed by Stockholms Enskilda bank hired 'a large number of ladies' and sent them out to convince and recruit shopkeepers.[5] Despite their faith in the expected rapid growth of the credit card, the bankers were reluctant to start the card business in the bank's name. In order to avoid any 'bad will', as they put it, they chose a solution with an independent (but bank-owned) company for managing their joint credit card business. Admittedly, this solution also exempted the new card companies from banking supervision, at least for a while.[6] The bankers of the early 1960s were aware of the prevailing moralities of consumer credit but felt that a cultural change was already underway. Proponents of the credit card pointed out that even the Consumers' Co-operative Union (KF), once extremely critical of the use of consumer credit, had introduced consumer loans in a limited form (the so-called loan-purchase) in co-operative stores, at least for consumer durables (SBA, p. 5).

However, the aggressive marketing of credit cards around 1960 triggered a backlash, and an emotionally loaded debate started in the media, with representatives of the consumer cooperative movement and others criticizing consumer credit in general and credit cards in particular (KkA14). The lead figure among the critics, consumer co-operator Herman Stolpe, appeared in the press and on television and also published a book speaking out against consumer credit. He warned of a new generation which uncritically accepted consumer credit, because they no longer remembered the 'disasters' of the late nineteenth century, when workers, regularly indebted to their employer's stores, ended up in a deplorable state of dependence. He described the credit card as the 'new usurer', unreflectively imported from the US. The credit card became, Stolpe wrote, alongside other forms of credit, the 'gravedigger of welfare and prosperity.' It was expensive, lured people into unnecessary purchases, counteracted thrift, and blunted people's sense of economy (Stolpe 1961, p. 29). Furthermore, he objected to what he called misleading advertising, which depicted the new credit device as a rational tool of accounting – the exact opposite of what the card was in Stolpe's mind (*Ekonomisk revy* no 5, 1961, pp. 374–376, *Ekonomisk revy* no 7, 1961, pp. 507–509, Stolpe 1961). Stolpe's attack also contained a criticism of an American type of consumerism – stereotypically equated with a throwaway mentality stimulated by advertisers (cf. Packard 1957, 1960) – which was under intense debate in Swedish media the very same year (Husz 2012). For Stolpe and those who shared his opinions – both then and later – the credit card embodied the worst of American's consumerism. It is a well-known symbolism, of course (see e.g. Ritzer 1995), but it explains the Swedish card issuers insistence in the 1960s on their card being different from the credit cards of the US.

In the early 1960s Sweden, however, charge and credit accounts (including both credit cards and traditional accounts in shops and department stores) represented only a very small portion of outstanding consumer credit, no more than about 5–8%. There is little statistical data on post-war consumer credit in Sweden, and the estimates give somewhat varying results (Bouveng 1963, p. 95f, SOU 1966:42, p. 19, 224, KkA10). Since the interwar period, consumer credit – mainly in the form of instalment buying – had been used predominantly for purchasing novel durable goods. During the 1950s and 1960s, people bought cars (60% of total consumer loans in 1961), home appliances, and television sets on credit, while smaller purchases and everyday goods were paid for in cash (SOU 1966:42, pp. 16–18). When introduced, credit cards were used mainly for buying clothes, shoes, and other goods in the same middle-range price category (*Kreditkorten* 1981, p. 37). In 1967, the estimated number of credit cards in Sweden was still only about half a million, including the cards of petrol companies (cf. a population of 7.5 million).

The critical reactions in the early 1960s against consumer credit in general and credit cards in particular led to a Governmental Inquiry about Consumer Credit. A commission studied the issue from 1961 to 1966 and prepared a proposal for legislation (SOU 1966:42), which would mainly regulate selling on instalment. Legislation was not realised until the 1970s, after a second Governmental Inquiry and a new proposal (SOU 1975:63). The regulations mostly restricted the traditional instalment credit (for example, introducing a cooling-off period for the buyer while the seller was no longer able to repossess merchandise from consumers who missed making their payments) and thereby in fact facilitated the growth of credit card credit. In the second half of the 1970s, the dominance of purchases by instalment disappeared compared to credit card purchases (KkA20, *Kreditkorten* 1981, p. 3).

Having for long been the only nationwide credit card scheme, Köpkort dominated the card market. The number of its card holders increased from 110,000 in 1967 to 350,000 in 1979. Other major players in the credit card market were the above-mentioned Conto Företagen/ InterConto with 320,000 cardholders in 1979 and the NK card with 280,000 accounts in the same year. The roots of the NK card, managed by the major department store Nordiska Kompaniet in Stockholm, are to be found in the 1910s (Husz 2004, pp. 94–95, 153–154). Travel & Entertainment cards such as Diners Club an American Express also existed in Sweden. Both these and the partly Swedish *Eurocard* (1965) offered credit to corporate users rather than private individuals.[7]

It is difficult to compare the scattered pieces of statistical information from the early years (detailed statistics are only available from after 1975), and it is not my aim to depict the emergence of credit cards quantitatively (SOU 1977:97, p. 79). However, it can be concluded that the credit card companies' share of the volume of consumer credit increased constantly in the 1960s and 1970s and that the credit card industry expanded even in absolute numbers. An accelerated expansion occurred in the second half of the 1970s, when both outstanding debts and the volume of credit card purchases increased as much as 50% yearly. This growth corresponded roughly to the decrease in instalment credit during the same period. Between 1968 and 1978, the Swedish card industry had grown tenfold in both credit volume (relative worth) and number of cards in use (KoV 1980:7-1, pp. 6–9, *Kreditkorten* 1981, p. 2, SOU 1975:63, p. 47).

Not like American cards: temporalising and culturalising differences

A new device, the credit card, thus began to outcompete other forms of consumer credit. The US example was important for those marketing the card in Sweden; but contrary to what contemporary critics claimed, the domestication or 'Swedishisation' (Ehn, Frykman and Löfgren 1993) of the credit card was not simply seen as a matter of time, with America representing the future. Admittedly, temporal interpretations, such as claims about Sweden not having come 'as far as the US yet' were frequent. 'It takes time to adjust the human soul to the most drastic novelties', Köpkort's managing director said in 1968 about the cards (KkA15). Although influenced by the US, the leading figures of the early Swedish credit card business emphasised the political and social differences, and maintained that the distinctive cultural context required other market solutions and marketing strategies. As there were no European models to fall back on in the early 1960s, the Swedish case reveals how the early credit card companies handled the challenge of not simply launching a financial product, but consciously attaching it to existing values and cultural practices. In the process, they were reshaping the credit card, but also trying to bring about a new way of thinking.

The managers of Köpkort AB actively participated in international collaborations, such as the meetings organised by Eurofinas, the European Federation of Finance House Associations (est. 1959) (Lettström 1976). The Swedish company would, by virtue of its 'seniority', claim its authority concerning the issue of introducing credit cards on European soil (KkA9). We find the young CEO of Köpkort, US-educated Sven Å. Cason, as one of the keynote speakers at an international seminar on consumer credit organised by the Federation of Distributors in Brussels in 1967. In his speech, Cason gave a detailed account of the specific Swedish experience of designing and marketing the credit card (KkA3). Although a number of other sources reveal the same strategies and way of reasoning – culturalising, not only temporalising, the differences between the US and Sweden – this speech, given to an international professional audience, is especially informative.

Cason devoted a large part of his talk to pointing out the differences between America and Europe in general and the US and Sweden in particular. As a main point, he mentioned the dissimilarities of general values and attitudes. The task for the European card industry was not simply to embrace the American credit card as a model, but to reshape and adapt the device to the specific cultural conditions in Europe. This speech, along with similar lectures, newspaper articles, and other outward information material as well as internal memos on marketing strategy, shows that the company's representatives worked consciously for domesticating, in a national and cultural sense, the American credit card. Despite similarities in basic market conditions, Cason warned against a straight import of the American practices. Based on the 'frustrations in many practical attempts to promote uncritically consumer credit in Sweden', he was convinced that consumer credit must be reconfigured in order to be accepted in Europe:

> Our expectation must […] be realistically anchored to the specific conditions that, as a matter of fact, prevail in our part of the world. Consumer credit is certainly not an elastic balloon that can be readily inflated and then pushed free of any strings or restrictions as to attitudes and tradition. Consumer credit reflects basically a way of living, strung to the fundamental psychological traits and traditions of a nation and its people.

Cason's words about strings, psychology, attitudes, traditions, and nation indicate engagement in relational devising work, an ambition to carefully link credit to consumers' everyday life and values. He argued that, instead of assertive promotional activities – which, as I mentioned, failed in Sweden around 1960 –, European companies should attempt to achieve a slower but long-term change in attitudes, aiming at the next generation:

> We know […], by expensive experiences from Sweden, that a broad acceptance of credit is basically not a matter of intensive promotion, it is a matter of the change of generation, where the ultimate success lies in an insistent promotion aimed at turning the up-growing generation positive to a continuous use of credit – to make them accept consumer credit – in its varying forms – as an up-to-date "modus vivendi" – our day's way of living.

So how did Köpkort proceed in their practical efforts to launch a Swedish card while changing the general attitudes towards consumer credit? How did they begin the long-term project of turning consumer credit into a new way of living? Much energy (and money) was of course invested in convincing merchants of the benefits of card payments: through personal visits, organised lectures, informational films, and articles in the trade magazines of different branches of retail. The company's CEO also appeared in various media, but marketing activities directed at the general public hardly exceeded the traditional distribution of promotional brochures, both by mail and with the help of affiliated merchants and bank branches (KkA7, see also KkA5, KkA6). Probably because of the strong critical voices 1960–1961, advertising was cautiously sparse until 1965. That year however a full-page Christmas ad, published in all major newspapers (e.g. DN, Dec. 5, 1965, AB Dec 12, 1965) and attracting much attention, signalled not only a new strategy in direct advertising but also a new product design. The young lady in the picture said:

> On credit! No, we buy with cash although we don't have to pay right away! […] And you know, Mum, we're actually really proud to have a card from Köpkort …

Both the notion of cash payment and the pride of belonging to the group of those with a card were essential for the design of the new product, and point in the direction of two main de-vicing strategies.

De-vicing credit: multiple strategies

Given the criticism of the early 1960s – or in the words of Cason, the prevalent 'conservative spirit' – the key element of the cultural domestication of the card was to remove its stigma of shame. The card company hoped to achieve this through the product development carried out in 1964–1965, which went under the name 'the new deal' [*den nya given*]. Thus, instead of the harsh advertising of the earliest years or the precautious marketing thereafter, Köpkort tried to build into the card itself not only financial but also moral technologies.

The new deal was developed in collaboration with the retailers' organisation, and an advisory board with merchant representatives was created. The stores would pay a fixed semi-annual fee instead of a percentage of the credit card sales, which simplified administration and reduced the retailers' costs, especially if the use of cards increased (KkA18). The most important news for consumers was that the new product design introduced the possibility to use the card in two ways. Besides the revolving credit that was offered with interest and for a small handling fee, Köpkort introduced another option: the free use of the card for payments on a monthly basis. Köpkort could thus be used as a traditional monthly charge account (with full repayment at the end of the subsequent month, as in the older store account system), which would later be called a 'payment card' (cf. Rona-Tas and Guseva 2014, Trumbull 2014). If, however, one decided after the purchase to postpone the payment for a longer period, then the revolving credit function came into use and interest was charged. Cason called the solution, in English, a 'nationwide optional account system', which according to him was unique in Europe at the time and was created from 'the American raw material' specifically for the needs of the Swedish market (KkA3, KkA4). Both the dual use and the centralisation (into a single nationwide scheme) were important. The choice of expressions, such as 'raw material', clearly illustrates that the Swedish marketers wanted to offer a reshaped, 'refined' card solution.

The construction had two significant merits, which could be used for promoting the card. Firstly, it blurred the boundary between credit as convenience (or even a social privilege) and credit as necessity, and thus raised the credit card's prestige. Secondly, the boundary between payment and credit became unclear. The two are interlinked, and both can be interpreted as strategies for turning the card into a device that could de-vice – destigmatise – credit. Let me first look at the first aspect. Cason argued in Brussels as follows:

> It is […] my firm belief that the promotion of consumer credit in form of charge account and revolving credit service is an unrivalled way of fostering that faith and good-will [*sic*] without which consumer credit will not grow and render its inherent services to the public. Why you may ask. Because with charge account service, credit is combined with a feeling of prestige and a certain degree of status that the ownership of a credit card or charge account at a leading department store renders its entrusted bearer. And using the charge account on a revolving basis for part-payments [*sic*] over a longer period […] ***you have entered the true field of consumer credit, but with another mind and with no social inferiority complex or stigma***. (emphasis added)

It was thus an important point to offer both a monthly account and revolving credit in the *same* product. The possibility of free monthly credit is reminiscent of the account system of the first department stores, which did not have the same stigma that instalment purchases and other types of consumer credit had. The department stores were early to formalise consumer credit. American stores ended their cash-only policy in the 1890s in favour of a charge-account system (Leach 1993, Calder 1999, Marron 2009, pp. 46–48). Moreover, department store credit is still very important in some parts of the world (Ossandón 2014). In Sweden, the department store Nordiska Kompaniet (NK) introduced a charge account system, with a rather generous credit line, in the 1910s. Small, numbered, oval brass plates were used for identification, and the store applied an advanced credit control and had a register of account holders. The credit accounts were introduced because the store found that they could not refuse credit to their wealthiest customers, who perceived it as a 'natural' privilege. Although this credit scheme was highly professionalised, it was not managed by a third party like the post-war systems. The elegant metal coin (called an 'account plate' or 'NK plate') was to be presented at the cashier's desk and, unless the customer was known, a quick inquiry was sent via pneumatic tube network to the credit office in the same building, the response arriving within minutes. Admittedly, in 1925 NK introduced a credit account with lower income requirements and a lower credit limit, which was explicitly offered to 'workers and lower officials'. But the regular accounts, which often belonged to the city's elite, already amounted to more than 25,000 in the mid-1930s and half of all purchases in the store were charged to a credit account (Husz 2004, pp. 94–95, 153–154).

The NK card remained a significant player in the credit card market. Although made of plastic instead of metal from 1959, the NK card preserved its prestigious image well into the 1960s, an image that the new credit card companies wanted to emulate. But Köpkort addressed a broader clientele and wanted to achieve a 'democratisation' of consumer credit. The new possibility to use Köpkort's card in two ways – both as a 'service card' in the form of a monthly overdraft account and as a card for longer loans with revolving credit payments – offered a solution to the dilemma. Also, the fact that the cardholder did not need to decide at the time of the purchase whether to use the extended credit contributed to the first aspect of the new product design: making the dividing line between credit as a convenience and as a necessity invisible. The association with the high-status department store accounts foreshadowed a de-vicing strategy, to which I will return, whereby the card was configured as a membership card, signalling a belonging to the circle of a select few.

Credit card as modern money

Now to the other aspect embodied in the new design of the card, namely the fading out of the boundary between regular payments and credit purchases. Admittedly, monthly credit is also a loan in a strict sense, but by reference to the new design, the card was heavily marketed as a 'rational' and 'modern way of payment'. That Köpkort was a national card with many affiliated retailers within a wide range of branches made it even easier to present it in advertisements as 'modern money'(e.g. KkA12, KkA6, KkA27). One can compare the Swedish solution with the French *Carte Bleue*, a pure payment card not linked to a credit facility. It was introduced in 1967 by French banks with support from the government and with the explicit aim to hinder the expansion of cards offering revolving credit. (Effosse 2014, Trumbull 2014, p. 67). In contrast to the French card, Köpkort's dual design could be used for de-vicing, whitewashing, consumer credit in practice and in advertising.

The solution had many advantages. In adverts, it could be claimed that Köpkort – properly used – was entirely free of charge. Especially when it came to goods not obviously categorised as 'consumer durables', the card was emphasised as a mode of payment, because these smaller purchases were generally regarded as unsuitable for credit purchases. But the card company was already envisaging the development of the card (after the US model) into a 'universal' or 'all-purpose' card so that it could be used basically everywhere, even in grocery shops. To achieve this in Sweden, it was even more important to frame the card as a means of payment rather than a credit facility (KkA18).

Another important goal for Köpkort was to make cash withdrawals possible for card users. This was mentioned in policy documents in 1968 as a matter of 'fundamental importance' in order to further raise the status of Köpkort, because it was not yet fully accepted as a 'natural' means of payment (KkA18). The words 'natural credit' and 'natural means of payment' were used recurrently and interchangeably, revealing the ambition to make the difference between credit and regular payment culturally invisible (KkA26). An attitude survey in 1965 glimpsed some signs of 'the beginning of a reassessment of credit cards from means of credit to service card' (KkA29, p. 3). One of the conclusions from the study was otherwise that the new line for product development should be carried on, because the resistance to consumer credit was still so strong and almost a third of the respondents said they had no 'need' of credit. Among these respondents, it was argued by the company, there was a possible new market for the card as a means of payment (KkA29, p. 5).

Also in its advertisements, the company continued to emphasise the card's use as a payment device instead of, and sometimes alongside, its character of being a credit instrument. An illustrated booklet called *Means of payment through the ages*, published and distributed in 1968, narrated the story of money from shells and precious metals via paper bills and checks to Köpkort, and according to the company's marketing experts was 'greatly appreciated' by the general audience (KkA13). In advertisements, the card was called 'modern money' or 'Not money, but almost!' (KkA27, KkA12, KkA6). It was also marketed, towards both shops and individuals, as a substitute for the cheque (KkA10). During a year-and-a-half-long cheque boycott, initiated by retailers in 1971 (Husz 2015b), it was explicitly communicated in both advertisements and the banks' informational material that those with cheque account salaries (i.e. the majority of all Swedish employees) should acquire Köpkort's card. It could be used for payments in shops that refused to accept cheques (*Kontokuriren* 1968, KkA30, Husz 2018, p. 419).

Plastic cards were thus equated with cheque and cash, rather than other forms of credit. 'It is credit cards instead of cash, and not credit cards instead of other credit varieties […], that open a wide-angle perspective towards the future,' it was claimed in a manuscript for a lecture from 1969, used for internal training purposes. 'Everyone does not have, God forbid, a constant need of credit – but well of money!' The ultimate goal, as it was formulated in the same document, was to turn the credit card into a generally used means of payment (KkA17). At the same time, Köpkort also exploited the allure of credit. After all, it is only when customers began using the credit function that the card became truly profitable for the company. It was said that the credit card as a means of payment had been made especially attractive 'by being garnished with a credit facility' (KkA17).

Credit cards were eventually marketed as money plain and simple in the US as well, but not until the early 1970s. The 1971 BankAmericard (later VISA) campaign, which used the slogan 'Think of it as money', has been described as the first of a range of US and international campaigns in the same spirit (Mandell 1990, p. 39, Chutkov 2001, Stearns 2011, p. 68). The powerful and seemingly self-evident metaphor of plastic money, used in both mundane and scholarly discourses in our time, was thus consciously constructed and disseminated through the marketing efforts of the early credit card companies. Its de-vicing potential for consumer credit might explain its early appearance in the Swedish context. The credit card as simply a modern means of payment fitted well also into the discourse of a future cashless society, which according to Batiz Lazo *et al.* (2014) became widespread in the international banking world in the 1960s and 1970s, and was especially popular within the Swedish banking sector, which in the 1960s was investing heavily in computer technology (Thodenius *et al.* 2011).

Certificate of trust and economic identification

Credit card as money, however, was not the only de-vicing strategy launched and implemented by the Swedish card company. Another one, building further on the idea of credit as convenience rather than necessity, was to promote the card as a kind of economic identification document, an indicator of not only the holder's identity but also his/her worth in both economic and social terms. Today, credit cards are used in some parts of the world and in certain situations as ID cards, and cards with (or without) a PIN code have an identifying function for electronic payments. Already in the 1960s, American cards were described in several Swedish sources as personal indicators of worth. More credit cards meant greater prestige and were evidence of a higher credit rating (KkA16, KkA28, cf. Trumbull 2014, p. 48).

The classificatory and identificatory functions of the cards are and were already back in the 1960s, often intertwined. The classificatory aspects of credit reporting (mainly in the American context) have been studied by social scientists in recent years. Fourcade and Healy (2013) argue that contemporary credit scoring in the US replaced traditional categorisations in terms of class (see also Rona-Tas and Hiss 2010, Ossandón 2012). Classification presupposes identification. French sociologist Gilles Laferté (2014) highlights the role of contemporary consumer credit in what he calls an 'economic identification economy', in which economic transactions are no longer based on personal interactions only but are instead dependent on advanced identification systems. In short, the identity of individuals is increasingly proven, documented, and thus in some respects even defined by financial institutions (Husz 2018). The credit cards of the 1960s were instrumental in familiarising these kinds of financial identities and identifications.

In promotional pamphlets distributed widely both by mail and through the affiliated shops, the Swedish credit card was described as a 'certificate of trust' and a 'sign of good and well-managed personal finance'. The words 'certificate of trust' were initially picked up in the main slogan of Köpkort, alluding partly to the prestige of traditional store accounts, such as Nordiska Kompaniet's card, and partly to the card's identifying function.

Credit limits were denoted by numeric codes on the early Köpkort cards, long before the magnetic strip, which did not come into use until the 1970s. But credit ratings in Sweden did not have the same social significance as in the US. The new Credit Reporting Act (1973: 1173) circumscribed the possibilities of credit ratings and forced for example the credit reporting company Kreditregister Ltd (established in 1959, modelled on the German Schufa but from 1969 owned by the American company Dun & Bradstreet) to cease its operations. Not only were the possibilities to keep large registers restricted, but foreign ownership was also banned from the credit reporting business (DsFi 1984:10, p. 42, SOU 1966:42, p. 69, Bouveng et al. 1963, p. 37).

The promotion of the Köpkort card as an indicator of its holder's prestige and worth was not very successful. Mid-1960s surveys showed that the possession of credit cards was instead perceived rather negatively. Cards as proofs of creditworthiness were still strongly associated with credit, and it was only when the credit aspect was played down that the cards began to be more widely accepted. A similar marketing argument for the new credit cards, already in 1960–1961, was that they could be used as 'economic identification cards' (KkA1). The same idea, that the card could serve as a general identification document, reappeared in the late 1960s when future perspectives were discussed within the company (KkA17, KkA3). Although both the classificatory and identificatory aspects were necessarily always present, the credit card did not ultimately become a general identification device in Sweden. Instead, a system of bank-issued or bank-controlled general ID cards developed as a by-product of the so-called cheque account salaries (Husz 2018). Köpkort AB dropped 'certificate of trust' as a parallel promotional slogan around 1970, and instead started using more exclusively the term 'modern money'. The contrast between Americans possessing multiple credit cards to prove their creditworthiness and Swedes not using more than one card – Köpkort's card – as 'modern money' was exploited in some adverts (e.g. KkA28).

Conto Företagen and the credit card as a certificate of membership

The concept of the credit card as a certificate of trust in the sense of a membership card was, however, picked up and developed in the marketing activities of the new company Conto Företagen (from 1978 InterConto), started by Erik Elinder in 1971, with the old Stockholms Konto-Ring as a base. Elinder's company created and managed a range of what he called 'selective cards' for specific geographical regions, specific groups of consumers, or specific branches. These selective card systems were different from the private-label card schemes for specific retail chains, which the company also offered, the most known being the IKEA Card *(IKEA Konto)*. Within a few years, Conto Företagen/InterConto had become Köpkort's strongest competitor, introducing VISA in Sweden in 1978, while MasterCharge was brought to Sweden be means of Köpkort the following year (KoV 1980:7-1, pp. 10–11).[8]

The company started with 3000 cardholders in 1971, and by 1979 it administered as many as 320,000 accounts. Owner and chairman of the board Erik Elinder was an entrepreneur and a marketing expert, who had worked with savings propaganda early in his career as the managing director of the Savings Banks Bureau of Information *(Sparfrämjandet)*. Together, he and computer expert and managing director Reine Olsson built a modern company that offered a different perspective on credit cards. Still in the 1970s, they had to handle the moral criticism of consumer credit. Former deputy managing director Gunilla Cronholm remembers that when she started at the company in 1972 it was still somewhat shameful to work with credit cards. She herself preferred not to mention at social gatherings where she worked, despite a brilliant career achieved at a young age. It was only when IKEA Konto had been launched all across Sweden (1974) by Conto Företagen that she felt that credit cards were no longer as controversial (personal communication, 26 April 2018).

Elinder often called his card a 'selling card' (*säljkort*), contrasting it to Köpkort's 'buying card'. The Conto Card system offered retailers not only a cheap and technologically up-to-date administration of cards, but also a marketing tool. Promotional material was sent out with account statements, and the 'selective' account system created a loyal group of consumers/account holders. In this sense, they built on the historical examples of the department store account and tried to stir up feelings of exclusivity and belonging, without being a loyalty card or an account card limited to one retailer.[9] As for the regional cards, a few selected retailers from every branch were accepted. The Villa Conto Card was offered to house owners only. The case of Skåne Conto is revealing. This card, intended mainly for residents of the city of Malmö, the most important urban centre of southern Sweden, was modelled on big city based Stockholms Conto and Göteborgs [Gothenburg's] Conto, both introduced earlier. However, the company's executives realised that while those living in Malmö would not object to being associated with the Skåne region ('being a skåning'), a card called Malmö Conto would be difficult to market among residents of the surrounding smaller towns in this densely populated region. Thus, instead of depersonalising credit, the Conto Cards rather repersonalised it (cf. Zelizer 1994, Hart 1999, ch. 6, Dodd 2014, pp. 305–310). The card company reinterpreted personal trust and old-fashioned store accounts, offering a feeling of membership and belonging in the shape of a plastic credit card – and with the help of an advanced computerised system. The card functioned as an identification device, of course, but it also represented cultural and personal identity (cf. Husz 2018). This was similar to Diners Club, which also marketed its card as a sign of membership (Swartz 2017), but instead of one 'club' and a message conveying exclusivity and high social status, the different InterConto cards offered and formalised differentiated identities. While seemingly building on traditional values such as local patriotism as part of the strategies for destigmatising credit, at the same time the company was a pioneer in personalised marketing, exploiting the differentiated card schemes and the *transactional identities* (Swartz 2014) they produced (hence 'selling card'). The system of selective cards, for the entrepreneur Erik Elinder, was a first step towards a future in which the credit card would become mainly an 'information card', as he put it, a device for gathering and mediating knowledge about consumers. His ideas on this matter in the 1970s remained limited to the pages of internal memos (EE, 1978, Husz forthcoming).

A cashless future was not an important part of the marketing narrative here. The argument presenting the card as the money of modern times was not used. Instead, the marketing discourse conveyed justifications of credit as a natural right for everyone; a right which, it was claimed, had been ignored too long under the guise of a false morality (Husz forthcoming). Indeed, Elinder recurrently stated that they targeted the credit market rather than the cash market like Köpkort did. Table 1 shows the differences between the two card schemes.z

The many names and faces of the credit card

The differences between the two de-vicing strategies (credit card as money vs credit card as a sign of identity/membership) were not only visible in the functional design of the cards and the marketing arguments, but were also reflected in the names used to denote the card itself. The brand name *köpkort* (buying card/ purchase card) became a generic name for payment/credit cards in the 1960s, and lingered until the late 1980s. It continued to be used thereafter as well, but only sporadically, as a synonym for the more common official expression for payment card (*betalkort*). The word *kontokort* (literally account card, and reminiscent of the name used by InterConto), had admittedly existed as a generic, albeit less common, term in the early years of plastic cards; this became the main denomination of credit cards and payment cards alike from the late 1970s. It was not until the new Millennium the word *kreditkort* would outcompete it in everyday use. Figure 1 illustrates the occurrence of

Table 1. Comparison of the two card schemes.

Köpkort (est. 1962) (bank-owned)	Conto Företagen (est. 1971) (independent)
'Modern money'	'Membership card'
General credit card (as many retailers as possible)	Selective cards (a few selected stores for each label). Offers also loyalty card solutions for chains, franchises etc.
Nationwide use	Local, regional, for specific groups or branches
Revolving credit and free-of-charge optional monthly accounts	Credit for periods fixed in advance (3–36 months), regular payments required
Targets the cash market (justification: a rational method of payment)	Targets the credit market (justification: people's right to credit)
Recruiting new customers for banks	Advertising on behalf of retailers (e.g. in account statements)
The 'buying card', marketed to consumers	The 'selling card', a marketing tool for retailers
Competes with 'price' (cheapest solution)	Competes with 'loyalty' (even without being a proper loyalty card)
Compares to other *monies*, e.g. checks and mainly cash	Proof of worth, prestige, status within a community
Identity as identification	Identity as belonging
Vision of the future: 'cashless society'	Vision of the future: 'information card' with extensive knowledge about the individual consumers

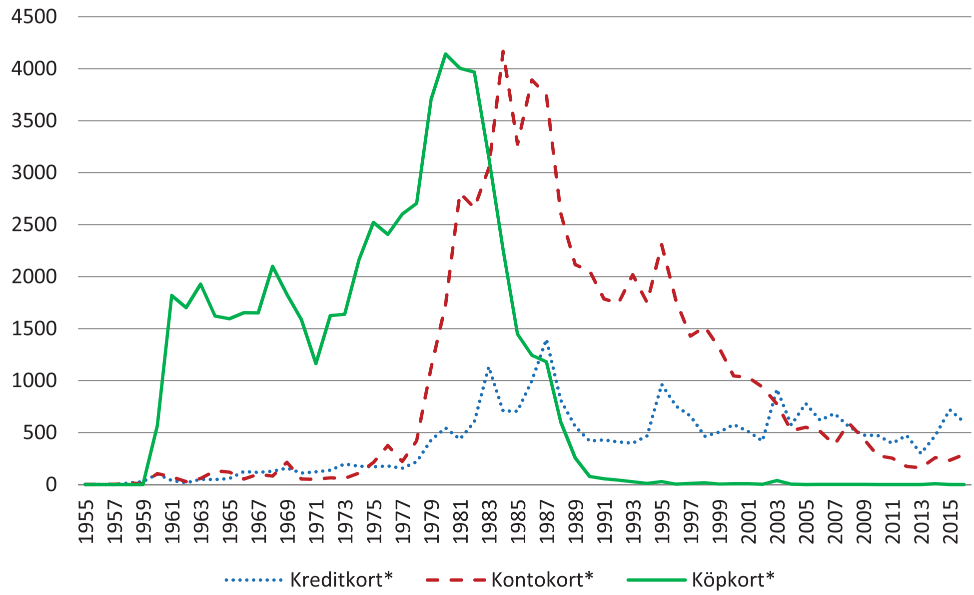

Figure 1. Occurence of the words 'kreditkort' [credit card], 'kontokort' [account card], 'köpkort' [purchase/buying card] in four major newspapers, 1955–2016. Source: *Aftonbladet, Dagens Nyheter, Expressen, Svenska Dagbladet* in the Digital database for Swedish daily newspapers, Kungliga Biblioteket.

the alternative words in major Swedish newspapers. In everyday use, these names did not translate into specific functions such as credit, debit, or charge card, but could denote all kinds of plastic cards in a more generic sense. The distinction between the different functional types of cards was furthermore not entirely clear in the public consciousness (*Kreditkorten* 1981, pp. 2, 4), except for the cards only used for cash withdrawals at ATMs. The first Swedish cash dispenser was opened in 1967 in Uppsala by Upsala Sparbank, only a week after Barclays Bank installed the world's first cash machine in Britain (Thodenius 2008, Batiz Lazo 2017). Note, however, that ATM cards and credit cards, while similar in material form, had not only different functions and were at that time still loaded with opposing cultural meanings (Husz 2015b). ATMs combined the ethos of a cash economy with the technology that later made the mass use of credit cards possible.

It was not until 1980 that the different functions merged, when the Swedish savings banks introduced a card with combined functionality. Beginning in 1980, their already widespread ATM card (750,000 cards in use in 1979) could be used not only for automatic cash withdrawals but also for payments in shops, including credit purchases (Körberg 2006, ch. 20). Other banks were quick to follow. From the 1980s, as the functions of the cards became less differentiated, the marketing narratives also converged. The savings banks' strategy of first issuing ATM cards *en masse*, and thereafter adding both the debit and credit function, was a Swedish version of the famous and criticised credit card drops in the US, with millions of unsolicited cards sent out to the public.

There were also differences as to the visual/material form of the cards. Admittedly, the shape and measurements had been standardised since the 1970s. Both the early smaller plastic model initially offered by Köpkort and the larger ATM card were replaced with a uniform ISO-approved format. But while Köpkort, just like VISA and MasterCharge/Mastercard, strived for distinctive uniformity in the visual design of their own cards, InterConto's cards came with different patterns and logos, depending on the target group and alluding to regional and group identities. For example, the Stockholms Conto and Göteborgs Conto cards were decorated with emblematic images from the respective cities, while a picture of the archetypical Swedish red wooden house by painter Carl Larsson adorned the cards for Villa Conto.

The internationalised card market

VISA and MasterCharge (later Mastercard) were, as I mentioned, launched in Sweden in 1978–1979 by means of Conto Företagen (in collaboration with Stockholm's Savings bank) and Köpkort, respectively (KoV 1980:7-1, pp. 10–11). American credit card history depicts Sweden as a particularly difficult market to conquer for the 'big two'. Lewis Mandell (1990, pp. 45–46) writes that 'Swedish consumer credit laws excluded cards as a payment mechanism', but this was in fact not the case. Admittedly, rather strict consumer credit regulations were introduced in the 1970s, but these partly even facilitated things for the credit card business by restricting instalment credit. Instead, the explanation is to be found in the early and well-established national companies and their specific solutions for card use. The Swedish card industry experienced in the 1970s – thus before the introduction of VISA and MasterCharge – an exceptional boom, becoming one of Sweden's most profitable businesses.[10]

Cards began being accepted in grocery stores, and even in the Swedish Alcohol Monopoly's stores, in the late 1970s. At the same time cooperative stores, which were numerous, also started accepting them, with the Coop even issuing its own card from 1979 (KoV 1980:7-1, p. 12). This increase is explained only partly by the new computer technology which made online transactions possible, or by the inflationary economy which made loans more profitable. The change in attitudes was important too.

On average, every eligible adult in Sweden in 1979 had a plastic card (2.4 million cards); however, 40% of these, roughly 1 million, were ATM cards (Elinder to Spencer Nilson June 1979, EEA, Körberg 2006). Nonetheless, a new moral panic was triggered by the increase in credit cards and their intensive advertising in 1978–1979. A new public inquiry led to new, stricter regulations (1985) trying to limit the use of credit cards. These regulations were however retracted within a year, following the general deregulation of the Swedish credit market in November 1985 (Rune 2007, Fleischer 2016). Plastic cards proliferated in the consumer-friendly 1980s and expanded even more in the 1990s, an era characterised by deregulations and an internationalisation of the Swedish credit card industry. This was a different market with many new actors, but the cards themselves became more similar to each other in function. The same card issuers offered private label cards, ATM cards, and universal credit cards, often all in one. Without looking back to the 1960s and 1970s, however, we cannot properly understand how the credit card as a 'product' was created or how it was attached to the culture of daily life and thus adapted to Swedish conditions.

Repaving the trails of debt: concluding discussion

This article is a contribution to the international history of credit cards, exploring the peculiar Swedish case. The early *bancarisation* (spread of the use of banking services in society, Freiertag 2011, Lazarus 2012) and early adaptation of new banking technologies were combined with strongly negative general attitudes towards consumer credit. Credit cards were introduced early in a European comparison, but needed to be reconceptualised, reshaped and even renamed in order to be generally accepted. A first attempt to popularise credit cards by intense advertising and traditional promotional activities failed around 1960. It was only through exploiting and reinforcing the multiple non-credit properties of the card that marketers could spread the credit card and the new uses of consumer credit into consumers' everyday practices. They created debt trails, sometimes for future purposes, by paving them with stones of a non-credit-like shape, such as economic rationality, cash payments and modernity, but also tradition and identity categories (nation, region, social group). The plastic card was conceptualised – made up – as many different things: means of payment, economic identification card, certificate of creditworthiness, membership card, token for cash withdrawal, device facilitating home accounting or, for the retailers, as a marketing tool – and of course also as a credit device. These different uses implied new meanings, and the possibility of new attachments and new relations. The configurations, achieved by marketing arguments, denominations and actual material design, could attach concepts like rationality or social status, as well as the sense of belonging to a group, a region, a nation. The card was thus as an object with a multiple ontology (Mol 2002).

This paper's contribution to the study of financial products and their intertwining with values, affects, and the rhythm of the everyday is that it reveals and analyses the role of 'de-vicing'. Combining a Zelizerian approach to the moralities of markets with a focus on socio-technological devices, I show how the plastic card itself was turned into a device for de-vicing consumer credit, making the use of credit a less vicious practice. I have highlighted the workings of two dominant de-vicing strategies by looking at the material, technical, and ultimately cultural arrangements built into the card.

The first de-vicing strategy consists of the configuration of the 'card as modern money': its marketing as the equivalent of cash and thus nothing more than a means of payment, and as such a technology for the future. This configuration blurred, in both theory and practice, the differences between cash payment and credit purchase. Economic sociologists and anthropologists have highlighted different cultural practices used for the 'purification of money' (Zelizer 1994, Carruthers and Ariovich 2010, p. 64). Money that is considered to have a morally dubious origin can be 'cleaned' by individuals, governments or businesses, for example, if it is used for a morally higher-valued purpose. What the company Köpkort did, through its new deal in 1964 and its conscious mixing of the notions of credit and payment, resembles such practices of cultural money laundering. However, in this case, money changed position and became the detergent (purifier). Emphasising that the card was just another form of money, which was not at all an obvious interpretation at the time, Köpkort thus sought to also naturalise the lending function within the initially strongly credit-critical Swedish cultural context. In theory, all money can, of course, be understood as the recognisance of a debt (Dodd 2014, ch. 3), but the associations with ready money and a new 'plastic' currency here clearly conveyed the opposite, positive image. In several works (e.g. 1994), Viviana Zelizer described the social earmarking of money (or monies) as common practice, working against the fungibility of money. A Zelizerian approach here gives at hand that it is exactly this fungibility which is used for earmarking. The card as plastic money – neutral and fungible – was a preferred image for the cultural tackling of the negative moral connotations attached to the cards as credit devices.

The other devising strategy was the credit card as a certificate of identity. This configuration existed in a few variations. The credit card was presented as an economic identity card, a certificate of trust, and most importantly as a membership card, in other words, proof of belonging to a select group. The card as a sign of membership constitutes a textbook example of the devising relational work and the market attachments theoretised by McFall (2015) and Cochoy et al. (2017). Thus, the two de-vicing strategies assigned contrasting properties to the credit card. The 'card as modern money' configuration implied neutrality and fungibility, while the 'card as identity/membership' configuration made its explicitly relational properties conspicuous. Nevertheless, both apparent impersonalisation (money/cash) and personalisation (identity/membership) were active at the same time, built into the device, and emphasised in advertising messages.

Additional de-vicing strategies could run parallel to both of the above. For example, the card was recurrently depicted by basically all credit card companies as a device for financial planning and rational family accounting. With the monthly statement offering an overview and the possibility of deferred payments, it was claimed to function as a 'budget instrument' for family finances (KkA8, KkA24, Ephemera KB).

Thus, I have shown not only that today's taken-for-granted metaphor of cards as 'plastic money' was consciously constructed by early marketing strategists, but also that viable alternatives to this metaphor existed. While this article's focus on a small national market made the de-vicing strategies more visible, similar strategies were most certainly used elsewhere as well. In Sweden, they were successful in the sense that they firmly established the use of plastic cards for payment; but, in fact, the material device itself came to be more accepted than the consumer credit it originally represented. Early de-vicing strategies thus facilitated the later exploitation of the card's larger possibilities. While different functions were combined in the same card from the 1980s, the use of the debit function is more common in Sweden and most European countries than that of the pure credit card, unlike in the US, where the credit card dominates (Carruthers and Ariovitch 2010, p. 112, *Kortbetalningarnas* 2013). Today, with cash banned from numerous retail outlets, Swedes are among the most frequent users of plastic cards for payment in the world (VISA Europe 2013, Betalningsvanor 2018). Cards were instrumental in the late twentieth century in reorganising the moralities of debt and payments in society, even if their role is soon to be history as cardless digital payments – with a new set of devices – are rapidly increasing.

Notes

1. Both archival collections are unregistered. The documents and volumes from Köpkort used in this article are therefore listed and numbered by the author. This is not possible for Erik Elinder's papers, as this collection does not even have distinctive volume names. For citations, I use the abbreviations KkA (=Archives of Köpkort, followed by a number) and EEA (=Archives of Erik Elinder). EEA also contain material from the card company *Stockholms Kontoring* (est. 1959), which was the precursor of Conto Företagen.
2. Although, it still has a greater impact on the environment than biking or taking the train has.
3. See pamphlet 'Bosättningslån' from 1963, Ephemera Collection, Kungliga Biblioteket (KB), Vol. *Möbel-Ikéa 1950-1970*.
4. I use the French notion of *bancarisation* (e.g. Feiertag 2011, Lazarus 2012) here to denote the process by which the general use of banking services (starting with bank accounts) became generally spread in society.
5. HBA,Vol. F12:58, Protokoll fört vid sammanträde med styrelsen för City-Shoppingkonto AB fredagen den 28 oktober 1960 ; see also job advertisement in *Dagens Nyheter*, September 24, 1960.
6. Utredning av kreditkortsystem, Januari 1960, SBA, Vol. F:71 101 (494), Credit restrictions were applicable for banks but not for finance companies, which did not (yet) sorted under the state supervision of banks.
7. For the statistical data see SOU 1966:42, pp. 59–60, SOU 1977:97, pp. 34, 80, KkA24, *Veckans Affärer* 1977, KkA3, KkA11, Erik Elinder to Spencer Nilsson, June 1979. The population of Sweden in1979 was 8.2 million.
8. This section builds, if not stated otherwise, on material concerning InterConto and its precursors in Erik Elinder's private collection (EEA). No list of records exists and the volumes are unmarked. See References for the types of Documents used.
9. The company InterConto offered those too. They in fact pioneered the development of the loyalty card system and offered ready-made solutions for private-label card systems.
10. Köpkort made profit first in 1965 (KkA19). The company had 40% of the card market and was in 1977 Sweden's second most profitable company after Systembolaget [the Swedish Alcohol Monopoly]. On the third and fourth place came two other finance companies (Finax and Kundkredit) (KkA20, KkA21, KkA22, KkA23).

Acknowledgments

I am grateful for the comments of the two anonymous reviewers, and the editors of the special issue. Thanks also to Francis Lee for an early discussion about the concept of de-vicing.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by the Riksbankens Jubileumsfond [grant number SAB17-0166] and Vetenskapsrådet [grant number VR 2017-01342].

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

Between a knock at the door and a knock to your score: re-thinking 'governing through debt' through the hopeful 'imaginaries' of UK debtors

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JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 159–175
https://doi.org/10.1080/17530350.2020.1818602

Between a knock at the door and a knock to your score: re-thinking 'governing through debt' through the hopeful 'imaginaries' of UK debtors

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ABSTRACT

This paper draws upon research in the UK debt advice sector to consider the role played by the credit referencing sector in shaping how UK society is 'governed by debt.' In response to existing literature within cultural economy on the 'governmentality of the credit file,' the paper draws upon two images of the 'debt trails' concept to foreground the hopeful futures, shaped by and mediated through relationships with intimate others, that are conjured and articulated by debtors. It describes in this respect two distinct 'imaginaries' that take hold in debtors' speculative practices; that of a stable household anchored in a strong or improved credit file, and that of a household that is able to manage the 'hard edges' of 'priority' debt enforcement. While the latter marks a distinct limit for the 'power' located in the credit referencing sector, the paper finishes by noting how changes in income and household budgets are re-shaping this speculative landscape.

ARTICLE HISTORY
Received 7 March 2019
Accepted 11 August 2020

KEYWORDS
Debt; governmentality; credit referencing; speculation; money

Introduction

In January 2019 I attended an event entitled 'Local Authority Ethical Collections' (H&F Ethical Collections 2019). The event was organised by the debt collection agency Intrum in collaboration with Hammersmith and Fulham council; Intrum had recently taken on council tax collections for the Local Authority and have subsequently begun to work with Slough Borough Council also (Intrum 2019a). Ethical collections, in the context of council tax, means moving away from the hard edges of enforcement, namely bailiff visits and committal proceedings (see Payplan 2017),[1] towards working *with* a debtor to negotiate a payment schedule that they can afford. Speakers at the event echoed the arguments of activists and pressure groups who continue to urge Local Authorities to move away from bailiff-led enforcement in particular (see Money Advice Trust 2017, Cantwell-Corn 2018).

Observing the event, there was little I disagreed with in these arguments (see Kirwan 2019); the accounts of my own participants of bailiff visits are deeply upsetting and show that the system, most effective against single mothers seeking to protect their children, is not simply unethical but also discriminatory. As one advice manager remarked 'I think they belong in a different century really … it's a manifestation of violence and harassment and we have to say that's unacceptable that people should be facing that' (David, manager of an advice service).

While the event spoke the language of dignity, respect, and social justice, it also spoke the language of *efficiency*. It was made clear that while the threatening approach is good for securing an on-the-spot, one-off payment, often achieved by encouraging desperate householders to borrow from nearby family members, the 'ethical' approach is better at securing long-term payment streams.

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Speakers such as local Labour MP Rushanara Ali reiterated the points made by Citizens Advice (2016) and other advice charities, namely that in the context of austerity the targeted households are 'can't payers' rather than 'won't payers.' Intrum were seeking to make the case that, in this context, working *with* rather than *against* peoples' financial circumstances makes better financial sense for Local Authorities.

Yet the juxtaposition of the bailiff, a distinctly physical presence shouting threats through the letterbox, with the friendly, customer-focused repayment operative, drawing upon a wide array of data systems to agree a long-term 'solution' (see Deville 2015), also brought to mind an observation of Fourcade and Healy's. Describing new classificatory systems centred upon the gathering of digital information, they noted how: 'the old classifier was outside, looking in. … The new classifier is inside, looking around' (2017, p. 23). The 'ethical' approach involves working collaboratively with debt advice services to make sure the payment levels agreed are sustainable; it involves taking into account vulnerabilities and treating 'customers' (not debtors) with dignity and respect. But it also involves passing on information to credit referencing agencies (in the UK Intrum report to Experian and Equifax (see Intrum 2019b)), something that Local Authorities cannot do for council tax arrears.[2] If there is a 'threat,' it takes the form of a knock to one's credit score, rather than a knock at the door.

This paper draws upon research in the United Kingdom (UK) [3] debt advice sector to contribute to discussions in the UK and elsewhere on how, under 'neoliberalism,' populations are 'governed through debt' (Lazzarato 2013). The interrelation of the different actors in the above example – the Local Authority, Intrum, Experian/Equifax, the debtor, the debtor's family – emphasises the importance in this respect of the 'debt trails' concept as it is explored across this special issue. To understand how the experience of debt forms the locus for the exercise of power in neoliberal political economy, it is important to move away from a unilinear creditor–debtor power structure to recognise the varied connections between various actors with different modes of constructing and acting upon debts (Fourcade and Healy 2017). Indeed, debtors' own accounts of how debts are *felt* and *experienced* disrupt Lazzarato's top-down model of oppression under the 'great creditor' (2012, p. 11). Amidst the complex weavings of debt that shape this experience, better mapped out as topological patterns than vertical hierarchies (Harker 2017), the paper explores how debts are shaped by relationships with family members and intimate others, as well as the connections between debtors and the credit referencing sector. In the latter case I focus upon how it is that a mode of 'seeing' the individual through the 'credit score' is incorporated into everyday forms of moral judgment and self-understanding.

This paper also takes inspiration from another modality of the 'debt trails' image, namely the stream of digital information we leave behind us as we act: a trail of data points that is gathered, aggregated, and analysed by credit referencing and other agencies and that then conditions our *speculative* hopes for the onward trails that will define our future. Following Langley (2014) and Fourcade and Healy (2013, 2017) in particular, the paper considers the capacity of the credit referencing sector to shape these temporal 'debt trails,' directing speculative mobilisations of best possible futures to be articulated around a strong or improved credit 'rating.'

Bringing these two modalities of the 'debt trails' image together, the paper explores the ways in which these *hopeful* futures, shaped by and mediated through relationships with intimate others, are conjured and articulated by debtors. I use the term 'imaginaries' to describe the distinct ways in which these hopes were expressed, drawing upon the idea of 'social' or 'cultural imaginaries' as 'temporary constellations' of images, symbols, and practices that are 'subject to change' (Steger 2008, p. 7). The imagined futures I describe in the paper present distinct such constellations, combining a vision of how life might be with specific ideas about the roles debt and money will play in their futures lives. Each 'imaginary' is also 'affectively charged' (see Konings 2018, p. 248): infusing the present with a particular form of hope.

Having identified and described these 'imaginaries,' the paper makes two key points in relation to existing literature in cultural economy and beyond on debt, power, and credit referencing: first that this literature tends to take at face-value the individual-focused nature of credit referencing; and second that it over-estimates the capacity of the credit referencing sector to direct self-understandings and speculative hopes. In the first case, this appears in the assumption that the desire to improve and maintain one's credit score is part of a cultivation of the self, rather than an attachment mediated through intimate and other relationships. I emphasise how certain speculative hopes are mobilised as a way of holding positive feelings about family relationships. In the second case, I challenge the assumption that the status of credit referencing as the central locus of 'governing through debt' is limited only by internal imperfections and a lack of reach. I describe how, for many UK debtors on low-incomes, there are significant pressures, not least from the debt advice sector, to actively *ignore* one's credit score. The paper notes how these debtors articulate alternative hopeful futures around the possibility of being 'enforcement free.'

Having described the project background and methodology, the paper turns to work in cultural economy on credit referencing practices as: an exercise of power located in the cultivation of a moral self; as reproduced in practices of 'captation' where creditors seek to create an 'attachment' between the debtor and their debt; and as a classificatory system re-shaping class divisions. I seek to add to this delineation of a 'governmentality of the credit file' a focus upon the *speculative* domain of future debt trails: how it is that power operates through shaping hopes for better futures.

Turning in the next section to my debtor-participants' accounts, I highlight the importance of familial and intimate relationships to how these hopeful futures are articulated. I contrast the hopeful 'imaginary' oriented around an improved credit file with a different 'imaginary' focused upon the possibility of being 'enforcement free.' I return in a final section to the case of Intrum as an indication of a key development in this struggle, describing how, in the context of widespread 'deficit budgets,' an ongoing need for credit to pay for essential outgoings transforms the value and nature of the attention to one's credit score.

The *Living in Debt* project

This paper presents data gathered through the *Living in Debt* project, carried out at the University of Warwick and Bristol between 2016 and 2019. In this period I have carried out 15 interviews with senior figures in the debt advice field and 14 interviews with clients of a debt advice service. In the former case these interviews were organised through personal contacts and by contacting agencies directly. In the latter case, building upon my existing relationships within the debt advice sector, I organised to sit in the waiting room of a debt advice service on a regular basis over the course of two years. I would sit and chat to clients while they were waiting to be seen, recruiting those that were interested in taking part in the project to meet for an interview.

While there are limited crossovers between the interviews, broadly the 'expert' interviews have examined the changing dynamics of household debt burdens and the changing practice and organisation of advice, while the 'debtor' interviews have focused upon experiences of debt and the everyday effects of living with diverse debt burdens. While the former have been organised around a fairly rigid interview schedule, the latter, having clarified the financial and legal status of participants' current and previous debts, have been more open, being designed to allow participants the scope to explore how debts had affected their everyday activities and intimate relationships.

The sample of client participants consisted of ten women and four men, broadly representative of trends in debt advice,[4] in which women, being both responsible for more complex household finances and more likely to be chased for jointly held debts following relationship breakdown, are more likely to be seeking debt advice. Save for the two participants whose income was drawn from long-term sickness and disability benefits, the participants were all in the category of the 'working poor.' They all described moving between minimum-wage employment (cleaning and care work in the case of the women) interspersed with periods of living on means-tested benefits.

By attending to money and debt as sites through which speculative projections are made about potential futures, the project fieldwork was inspired by anthropological literature on debt (Han 2015, Koch 2015, Davey 2019), focusing as it does upon dynamics of hope and despair in the indebted everyday, and the 'temporal' explorations of finance and debt in Konings (2018), Adkins (2017), Allon (2015), and Pellandini-Simányi *et al.* (2015).

This paper seeks to build upon this fieldwork to respond to larger questions about debt and power in the UK. Contributing to the accounts of Fourcade and Healy (2013, 2017), Deville (2012, 2013, 2015), Langley (2014), Kear (2017), and others, it focuses upon how everyday economies are composed by the cultural practices and objects of the credit referencing sector, and through this what form 'governing through debt' has taken in the UK.

Cultural economy and the 'governmentality of the credit file'

Following a retrenchment of private debt in the UK in the years following the 'Great Financial Crash' of 2007-8, the period between 2014 and 2020[5] has seen a continuous rise in the amount of consumer credit (such as credit cards, bank loans, and car finance agreements) being taken on by households (Bank of England 2020). Mirroring similar rises in other 'Euro-American' domains, this development has generated increased academic and media discussion of the role played by debt in shaping the choices, behaviours, and anxieties of the population. Foremost among such voices are Graeber (2011), Standing (2011, 2016), and Lazzarato (2012, 2013), each of whom has formed a conceptual edifice around the idea that debt forms the central locus of power, oppression, and marginalisation in 'neoliberal' political economy.

Each such model suffers from a tendency to generalise the meaning and nature of household debt in ways inattentive to specific histories and geographies of debt relations (Peebles 2012, Harker 2017). In the case of the UK, by foregrounding mortgages and consumer credit, it overlooks the attendant rise in debts-to-government and other 'priority' debts,[6] discussed further below (Step-Change 2015, Lane *et al.* 2018). In contrast to such top-down models of power, the value of studies in cultural economy has not simply been to diversify the agents, objects, and practices involved in debt, but also to foreground the debtor as a hopeful, active, and speculative subject. In this respect it is the role of credit referencing, not only as a system for informing lending decisions, but also as a site of active consumption and self-valuation, that has taken centre stage. Such studies have shown how, to understand how 'governing through debt' operates as a form of 'positive power' (Foucault 2003, p. 48), we need to understand what I term here the 'governmentality of the credit file.'

There are three dominant credit referencing agencies in the UK: Experian, Equifax, and CallCredit. Each, in subtly different ways collect data from a wide variety of sources, process and organise this data into a 'credit file,' and collate this into a credit 'score.' The data itself can be divided into two forms: 'default data,' released by a wide range of lenders, utility companies, and others, and which tracks when you missed a payment, went into default, became insolvent, and so on; and 'full' data, released by a small but substantial number of financial institutions, which covers the entire history of one's financial transactions. The agencies are allowed to hold information for six years. The data is used primarily for application 'screening,' forming the basis for lender decisions on creditworthiness. Yet it is also, increasingly, drawn upon by letting agents and employers to gauge the risk posed by prospective tenants and employees (see Experian 2019).

As Langley (2014, p. 454) notes, one can read the actions of the credit referencing sector through the Foucault of *Discipline and Punish* (1977): as a disciplinary apparatus operating through a 'credit panopticon.' As financial actions are rendered increasingly visible, our internalisation of these future judgments acts as a normalising force. Knowledge of the importance of one's credit file renders debtors 'docile': they keep up repayments, manage their debts, and do not question the moral or legal veracity of the creditor (Langley 2014, pp. 454–5).

Yet this disciplinary schema only goes so far in explaining the 'power' of debt; indeed, such a focus upon instilling caution, restriction, and prudence in particular debtors bears very little relation to how credit and debt collection companies actually work (see Deville 2015). Inasmuch as the credit file that sits behind the 'score' imposes modulating restrictions upon life, it resembles instead Deleuze's model of the 'societies of control' (Langley 2014). The value of a credit file to a lender is not in offering a data set shaped to the person; it is in offering multiple such sets across which particular decisions can be made, and which can be analysed by screening algorithms in the same way. It is less about offering a deeper truth into the individual, than a deeper understanding of *characteristics* as they are spread across the entire borrower population. Past actions, such as default or full repayment, become trans-individual data points that determine whether you might receive a loan, be turned down for a job, or offered a tenancy.

Yet the key questions for understanding the power of the credit referencing sector in 'governing through debt' lie less in how the subject is controlled or restricted, than in how the affective domain of the debtor is gathered and channelled in a *positive* fashion. Following the work of Cochoy (2007), Deville (2012, 2015) directs our attention to the circuit between statistical information and the practices of 'captation' pursued by debt collection companies. 'Captation' describes how the forms and strategies of communication are carefully calibrated to form an attachment (or cement an existing attachment) between the debtor and the debt. Deville notes how the choice as to whether the debtor is to be approached as 'a customer with agency', or conversely through threats of legal enforcement, is made through actuarial determination of the debtor's susceptibility to particular approaches. Deville notes elsewhere (2014, p.483) how important to this affective toolbox of debt collection is the threat to the debtor's credit file.

The importance of this *positive* affirmation in the cultivation of the credit referencing sector leads Langley (2014) to turn attention from the passive debtor who is restrained and controlled towards the credit 'entrepeneur': the 'upwardly mobile consumer of credit' (2014, p. 463). In order to understand credit referencing as a form of 'positive power,' he suggests, the key question is not what credit referencing *does to* people, but rather that of how it is incorporated, in the form of the 'credit score,' into understandings of the self.

The use of statistical information to inform application screening in consumer finance is not new: Poon (2007) tracks the development of the credit 'scorecard' in the United States as a 'market device' through the 1950s and 60s. The marketing of credit reference products to *borrowers* however began in earnest in the 2000s (Langley 2014). Indeed, the interesting nature of credit referencing lies in its *responsiveness* – the ways in which it is packaged and presented not simply as a statement of fact, but as a resource to be drawn upon in shaping the self. The credit 'score,' that magical, colour coded figure out of 999 (in the case of Experian), has quickly become accepted as a moral reflection of the self to be massaged and cultivated through affirmative action. The relationship of debtors to their credit score provides an image of 'governmentality' (Foucault 1991; Rose 1999), enticing subjects towards a 'dynamic, prudent and entrepreneurial government of the self' (Marron 2012, p. 409, see also Langley 2014). Yet the 'ways of seeing' of the credit referencing algorithm are so different to that of a lender or a state, the modes in which customers 'make themselves up' in response to them constitute an entirely new form of power (Kear 2017); a 'governmentality of the credit file.'

So central is this 'governmentality of the credit file' to the operation of power in neoliberal political economy that, according to Fourcade and Healy (2013, 2017), the classificatory practices of credit referencing, and the performative impact they have upon everyday lives, challenge established class-based modes of considering social division. New determinations of 'deserving' and 'undeserving' are based upon the risk factors identified in previous financial actions that the debtor internalises and acts upon as a reflection of their moral worth. This system is not neutral: it reproduces and exacerbates existing manifestations of privilege, wealth, and status. Not having a parent to pay a bill when one is short, or being the guarantor on a sibling's defaulted loan, translate into individualised moral judgments (Fourcade and Healy 2017, p. 24). The extraordinary growth and complexity of credit referencing systems, and their fusing with social media and other online data gathering (Deville 2013, Zhang *et al.* 2016), seem to promise a world where financial transactions, intimate and unconscious behaviours, and socio-spatial possibilities exist in instantaneous relays (Seigworth 2016) to form a 'new economy of moral judgment' (Fourcade and Healy 2017, p. 24).

When considering household debt in the UK however, descriptions of this 'new economy' misrepresent the experiences of many of those on severely low-incomes, for whom actively *ignoring* one's credit file is a necessary mode of survival. Led by a focus upon the United States, studies of the 'governmentality of the credit file' have focused predominantly upon 'consumer' debts: mortgages, bank loans, credit and store cards, and the various forms of short-term high-cost credit. This has led to a misleading image of the 'other' of the credit entrepreneur (see Langley 2008, 463). When Fourcade and Healy (2017, p. 19) discuss the 'lumpenscoretariat,' it is the group of debtors whose credit score is so poor that they rely on cash transactions and 'informal economies.' Noting how consumers understand and react to the 'biases' and 'blind spots' of credit referencing systems, Kear (2017) focuses upon the 'transgressive' practices utilised by marginalised financial groups to maintain their credit file amidst financial difficulty.

If many of my participants, whose accounts are represented below, represent this 'othered' group – the 'lumpenscoretariat' of the UK – it is vital to note that 'formal' debts remain a site of extreme fear and anxiety. Yet the debts that produce these feelings are precisely those that do not feed into one's credit score,[7] being instead those where non-payment can have 'priority' consequences, principally rent arrears (resulting in the loss of one's home) and council tax arrears (resulting in bailiff visits or committal proceedings). As I describe further, these consequences impact as much upon family members as they do upon the debtors themselves.

The omission of these debtors from such studies leads to a misleading image of the growth of the credit referencing system as proceeding unilaterally, gradually colonizing the self-understanding of debtors who do not have other modes of articulating their self-worth and possible futures through debt. In this way it presents a system whose limits are internal: issues of 'blunt' technology, poor representation of real lives, and insufficient reach (Fourcade and Healy 2017, p. 25).

As I describe below, the accounts of my participants indicate the importance of understanding why and how debtors choose to actively ignore their own credit score. The paper sets out first the importance, when considering modes of 'governing through debt,' of the temporal register in which this is set out. I emphasise here how the 'positive power' enabled by credit referencing operates not simply by defining one's self-worth in the present, but also by channelling and directing the speculative practices of debtors. In this way the paper seeks to orient studies of the 'governmentality of the credit file' to the hopeful 'imaginary' debtors hold to and what role this plays in their current relationships.

Speculating on shared futures

Analyses of the relationship between debt and power – of how society is 'governed through debt' – have focused predominantly upon how creditors seek to bind and restrict the present based upon the past actions of debtors. In a 'disciplinary' mode, Lazzarato (2012, p. 45) presents a nullification, or theft, of time as the capacity for something new to happen; everyday life becomes reduced to the parameters set by the creditor. The onward debt trail is clearly set out: discipline, restriction, and prudence. The debt advice 'model,' with its focus upon forming a balanced and sustainable budget sheet, can be seen as an expression of this form of power (Kirwan 2019). Focusing more upon 'control' elements, we can note how credit referencing and other actuarial practices create modulations and contourings of everyday life of which the debtor might not be aware and which are organised less around individuals than characteristics (Langley 2014).

In contrast to these models, in the above accounts of credit referencing as an 'entrepeneurial work of the self,' it is not restriction, but rather *hope*, that shapes the experience of debt. For Langley's (2014) 'entrepreneurial and hopeful consumer' (p.460) cultivating their credit score as part of an ongoing, forward-focused project of the self, the goal is less to be 'debt-free' than to manage the uncertainties around future debt situations (p.458).

Taking the lead from Konings (2018) and Allon (2010), I foreground in this paper how 'governing through debt' operates as much through the capacity of creditors and the credit referencing sector to define possibilities for action in the present, as through the directing, shaping and channelling of the debtor's *speculative* hopes for the future. Anthropological studies in particular have shown how, whilst the lives of debtors are indeed characterised by restriction, discipline, and distress, they are also defined by *hope*, not simply of being free of debts, but also hopes mediated through future borrowing (Han 2015, Davey 2019).

I describe below how, for certain participants, this hope was mediated through attempts to maintain and improve their credit score; how they held on to a speculative future – what I term an 'imaginary' – in which this improved score would broaden their horizons. Yet I emphasise also the importance of recognising *other* indebted-yet-hopeful 'imaginaries,' in particular where these are based upon actively *ignoring* one's credit score. I describe how the movement between these different hopeful 'imaginaries' is defined by relationships with intimate others (Pellandini-Simányi *et al.* 2015), and how an ongoing desire to hold on to a particular future guides repayment decisions in the present.

Tracing indebted 'imaginaries'

I turn now to the role of the 'credit file' and 'credit score' in participants' accounts, focusing particularly upon the hopeful futures they articulated for themselves and their families. In these accounts I identify two distinct 'imaginaries': constellations of hopes and ideas about how money, debt, and the credit score will continue to shape their lives. I emphasise the 'affective charge' of these 'imaginaries' (see Konings 2018); how these modes of speculating upon potential futures have an effect upon participants' emotional states in the present.

An important point to note about the two 'imaginaries' I describe here – first as articulated through an improvement in one's credit score, second through being 'enforcement free' – is that neither of them involve being 'debt-free.' For the participants in this project, all of whom were in the category of the 'working poor,' surviving on a combination of means-tested benefits and minimum-wage employment, the prospect of paying off debts was impossible to imagine. This was no less the case for those participants who had recently been through an insolvency procedure, and as such who had been 'debt-free' for a short period. As the prospect of insolvency plays a key role in both of these 'imaginaries,' I will begin by setting out the role it plays in the UK context.

Insolvency, either in the form of a Debt Relief Order[8] or bankruptcy, had been raised as a potential solution for all but one of my participants; and eight of the fourteen had recently been through an insolvency procedure (and were as such barred from taking another one for six years). Insolvency in the form of a Debt Relief Order or bankruptcy is an extremely important tool in the debt advice model: by writing off debts that are being automatically deducted from income (alluded to further in the conclusion), it frees up money to be spent upon essentials, and by writing off 'priority' debts, it mitigates the possibility of the most serious forms of enforcement. In the case of these participants, insolvency was not primarily a tool for being debt-free over the long-term. All of them had fallen back into debt after the insolvency procedure was complete, in each case their incomes being too low and irregular to form a stable budget going forwards (see Atfield *et al.* 2016, on how common this is).[9] Yet in each case it had kept at bay bailiff enforcement (primarily concerning council tax, but also Local Authority-issued parking fines in Vicky's case) and given them significant respite from the fears and anxieties that had accompanied their debts.

The 'imaginary' of the improved credit file

One key frustration on the part of advisers however is that clients are unwilling to consider insolvency because of the effect it has upon their credit score. For the six years in which the information can be kept upon the client's credit file, it will have a serious effect upon the types of credit the individual can access. In a quote I return to below, one adviser described the standard response given by advisers to clients who do not wish to pursue a Debt Relief Order for this reason: 'Well I can tell you now, your score is zilch minus 3, you know what I mean' (Larry, manager of a debt advice service).

That is, in most cases, the circumstances that have brought the client to the service mean that their credit score is already extremely low.

For Natalia,[10] the participant who most clearly articulated a hopeful 'imaginary' around improving her credit score, it was the rejection of this advice message that brought our conversation onto credit referencing as a subject. While Natalia's income was currently relatively stable (she was working 46 h a week in a 'manual labour on minimum wage' job), previous fluctuations in income had left her with a series of benefit overpayments. As one of these concerned Council Tax Reduction, she also had council tax arrears – a 'priority debt' – that she was unable to pay. Nonetheless, she was insistent that her credit score took priority over all else – she joked that she would 'sell her body' before allowing her credit score to suffer. She discusses here her reaction to the adviser suggesting pursuing a Debt Relief Order, given that she would likely never pay off her debts:

> I think if anything, people shouldn't give up. [The adviser] did give me some information, saying, oh well, there's a second thing, you'll actually be bankrupt, but there's a secondary, you're not actually bankrupt, it's the one that's not as bad as that. But all I asked is, but would that affect my credit score. 'Oh yes.' So then I said …
>
> SK: The idea of becoming bankrupt feels like giving up?
>
> Yeah. First, that's another thing. Friends said, as soon as this came on, last year, oh, just declare bankrupt. What mentality do you have! That was their easy option out. 'Oh just … ' They don't know the extent of credit score. And, complain when they don't have it (laughs) (Natalia, client of a debt advice service).

Returning to the different aspects of the 'governmentality of the credit score' described above, Natalia clearly articulated the multiple ways in which credit scoring operates in a 'disciplinary' fashion: she had significantly restricted her spending, was working more hours than she could emotionally cope with, and was ready to make whichever sacrifices were necessary, in order to retain a 'normal' score. Indeed, she adopted a highly disciplinary tone with friends and, as she described elsewhere, with her adult son, when explaining the importance of credit scoring to them. She articulates also in this quote the 'control' elements of this power, noting that people 'might not know the extent' of the areas affected by one's credit score, recognising how it silently dictates the options available to people. She also indicates how credit scoring can be central to an entrepreneurial work of the self, defining her own value through improvements in her credit score.

Yet, as Natalia continued to explain, the most important role played by her credit score was in offering a form of insurance when considering what might happen to her family in the future:

> It's everything, it' my freedom. If you do not know …
>
> SK: Why is that?
>
> If your credit score is affected, you can't, you've got to have the cash, then you'll be able to do anything. And sometimes, with lifestyle and that, you want things to flow much more smoothly, and that, requires a rating, it's everything. What else is there? There are some things, awful things, that if you don't have a good credit score, it's like being in jail really. So credit score is everything. I have, I got an overdraft of £2000, that wouldn't have been possible if I didn't have a credit score, I anticipated, you know, hell to land on me, and prior to that, straight away I started getting as much overdraft as possible, but I didn't use if for 5 years, it's my security. So if I should fall ill, I'll be able to pay the rent at least, for four months, or five months (Natalia, client of a debt advice service).

The desire to improve her credit file allowed Natalia to imagine futures in which she could absorb shocks; that if something went wrong with her work or there were further problems with her children, she would be able to access credit (primarily in the form of an extended overdraft) to give her the time to work things out. While this aligns closely to Langley's description of the cultivation of the credit score as a mode of managing future uncertainty (2014, p. 458), it is important to note that this attachment to improving her credit file was as much a project of the self as an attempt to hold on to a sense of future stability for her immediate family.

For Vivienne, a similar 'imaginary' oriented around her credit file was something she was in the process of dis-attaching from. In her early 60s, she had been hoping to retire in order to spend more time with her grown-up children, yet held income tax arrears and a wide array consumer credit debts that she would not be able to repay without her employment income. As an owner-occupier, she was the sole participant in the project for whom insolvency might involve significant loss of assets. Before accessing advice through StepChange,[11] she had been using her credit score as presented on her Experian account as an indication of how well she was progressing towards her goals:

> I think I thought, that because I was keeping an eye on that, because I wasn't getting any alerts saying there's something wrong with your credit score, I thought that everything was okay, and then when I look at it, it looks great, it's all the ticks, everything's paid on time, and then it says oh there are some negative factors, and the negative factor is the amount of credit, is the amount of credit that I owe and am not paying off. (…) So it's really a sea of green with maybe a couple of specks of red, and then there's like a clock, with like 98% or something, really good to excellent credit, so that's all very reassuring, when you skim look at, that's perfect for someone like me who doesn't want to know the horrible truth (Vivienne, client of a debt advice service).

In Vivienne's case, the attachment to this 'sea of green' as an indication of the positive status of her debts had enabled her to hold on to a hope of a different life in which she would be able to be more present with her children. Having accessed advice and realised the need to address her tax issues and reduce her overall levels of debt, she was in the process of re-articulating this hopeful future.

In different ways, Natalia and Vivienne articulated how a hopeful 'imaginary' can be formed around one's own credit score as an item of consumption (that is, something they keep track of and reflect upon as a changing image of their self-worth) rather than a top-down mode of restriction or control. What form a key 'locus' of this 'governmentality of the credit file,' I argue, are the hopes debtors have for themselves and their families and how these become calibrated through the image of the strong or improved credit score. In such cases, minimum payments[12] on consumer debts are strongly prioritised as, by protecting or improving the credit file, they enable the debtor to maintain this 'imaginary.'

The 'imaginary' of being 'enforcement free'

Variations upon these narratives of the importance of a strong credit score appeared in almost all of the other participants' narratives. Yet what was clear in these cases was that their actions in relation to debt were led by a very different 'imaginary,' namely one of being 'enforcement free.' Here participants held on to a future in which they would not be dominated by the stress, anxiety and fear provoked by 'priority' enforcement practices.

When Natalia later presented a maternal narrative of credit score, noting the centrality to her role as a mother of educating her sons about the importance of their credit score, she was echoing statements made by several other participants. Yet the key difference in these other accounts was that they themselves had mostly given up on cultivating their own credit score; these hopeful trajectories concerned their desires for others rather than themselves:

> I think for me, credit file now, in this age, it's I think the way moving forward. Everything's based on your credit file. The number in regards to whether you get offered a bank account, mortgages. I'm [mid-forties] this year but my son's [early 20s], [daughter]'s [early teens]. Moving forward into the future I think looking after your money is the only way you're going to get anywhere because everything's just so expensive (Sue, client of a debt advice service).

> Now that I know my credit, but the only thing I tell my kids, just make sure your credit score is really good. Yeah, sort things out, get a good folder, if you get the smallest bill, deal with it when it's still small, don't just become like me (Vicky, client of a debt advice service).

> Never actually looked at my credit score 'til this year, in my whole life, then done the free one, realised I had a credit score of 20 to 50 or something, and it's meant to be in the 400s to get any credit, started in the 800s, and that's when I realised how bad my credit was. And someone said to me, you ain't gonna get nothing with that, unless it's over 200, you're not gonna get basic credit for anything, so yeah, keep an eye on your credit score, I would say that, yeah, definitely, cause it will, it'll stop you getting even a basic phone (Adrian, client of a debt advice service).

In each of these cases the participant could imagine hopeful futures for *others* based on their being protected and enabled by a strong credit file. But in each case, when it came to their own credit file, they had accepted the need to focus upon paying their 'priority debts' at the expense of their consumer debts, and accepted the possibility of insolvency where it enabled a period of respite from priority collection and enforcement practices. Vicky, a single mother of four who had previously accumulated a wide array of priority and non-priority debts, describes how important the bankruptcy procedure was to her:

> SK: Can I ask about the bankruptcy, was that a difficult decision to make, do you feel?

> You know, I don't think so. Not at the moment, cause after I had [the deductions from benefits], and they were taking £147 from me every single week, and I had nothing coming in, and I didn't know anything, that was the first time I had to go to the doctors, I didn't know anything to do, I didn't know that bankruptcy existed. (…) And [the adviser] called tax credit, and she said, Vicky, you can claim bankruptcy, and everything will go away, and I was like 'everything will be gone away'. 'Yeah, there's an amount of money you have to pay, but all this will go away,' and I was like 'yeah, do it', it was a relief for me. 'Yeah, just do it'. So I don't think it was a hard decision, cause I, you know, there are still problems, but at least there are a lot of bills that went away (Vicky, client of a debt advice service).

Vicky, like all of the other participants, had fallen back into debt after the insolvency procedure was complete. Yet her response to the question of whether she would ever pay the debts off revealed how the advice process nonetheless allows for a particular imagining of a stable future:

> SK: Do you have a sense that you'll pay these ones off?

> Vicky: Never, but I'll try. You know, I have no choice, I have to pay the £20 that I have been told to pay, otherwise it's bailiffs will come to my house, so I have no option but to pay, I have no choice. I wish I had the money, I'd pay everything off, but I don't have the money. So, yeah, just try my best and pay (Vicky, client of a debt advice service).

Vicky articulates here the difference between being 'debt free' and being 'enforcement free.' The hopeful future she described was one framed by being free of the sharp edges of debt enforcement: bailiffs, eviction, and imprisonment. Similarly, for Sue, any talk of the future immediately came to the question of reducing her levels of rent arrears and council tax (the creditor in both cases being the Local Authority). This stemmed primarily from her multiple experiences of Local Authority-instructed bailiffs:

> The last six months has been hell at my house. So stressful and it is mostly the council tax. That's my worst because bailiffs really make me feel sick. I don't know why. They're vile people. Well, they're not vile, it's what they have to do, and the knock on the door shouting through the letterbox, that was a horrible sound. [Daughter] was crying on the stairs. It scared her. It wasn't a knock-knock. It was bang-bang-bang-bang, 'I know you're in there' and I was like 'oh my god, can you leave, you're scaring my daughter, go away.' Yeah. I thought I'm not having this. I am not having this again, and that's when I went to [advice service] … I thought no, I am not going down this road. I need to sort it now and you can't bury your head. When it comes to money unless you sort it it's like a mental illness. You've got to face your fears (Sue, client of a debt advice service).

Adrian, who had a long history of dealing with rent and council tax arrears (as well as a wide array of consumer credit debts), described the ongoing effects of knowing that a bailiff visit is possible:

> Then eventually they sent bailiffs round, quite regularly, 2, 3 times a week, knock on the door, without doing anything. Then you're always, sat there thinking who is it, should I open the door, shouldn't I open the door, when your mates turn up, then some random turns up, and you think, god, I can't open the door now 'til he

> leaves, you have to work around them rather than them working around you (Adrian, client of a debt advice service).

The primary source of stress for Adrian however was the threat of eviction:

> I never used to get stressed. I never ever got stressed in my life until all these debts came through. The council tax and the rent are the worst ones, because the thought of losing your house, and knowing you're not going to be rehoused afterwards, it just drives you crazy, cause you're just constantly thinking, waiting for that knock on the door to say, you're out, or the letter to say, you're gonna get evicted in 30 days, it's a horrible feeling. You've always got in the back of your mind, you're gonna get evicted (Adrian, client of a debt advice service).

Adrian now recognised how much these situations had shaped his relationships and ability to be supportive to others. Following a series of advice visits Adrian had developed a strong understanding of the exact enforcement powers of different creditors; he was now able to reflect upon this period of threats of eviction and bailiffs as being in the past. Tentatively moving towards a more positive outlook in which he might again be able to start a relationship, he was keen to communicate this 'imaginary' to others: 'that's what I tell everyone now, don't run from your debts (Adrian, client of a debt advice service).'

Where participants had followed the narratives of debt advice, they evoked potential futures in terms of being able to manage, in legal terms if not financial, the everyday effects of debt. While Sue, Vicky, and Adrian all noted that they would tell other people that their credit score was important, their actions, including accepting insolvency and making 'token payments'[13] on consumer debts whilst they pursued their 'priority' debts, ensured that their own credit scores would remain extremely low. Through these actions they could imagine a future in which they held two key assets: their tenancy, and the mental health of themselves and their children.

The relationship between these two 'imaginaries' is perhaps most clearly articulated by Amy. As she did throughout the interview, in the below quote she moves between these two very distinct modes of speculative practice as she considers different aspects and periods of her life. Following her sessions with the advice service, Amy had come round to the idea of giving up on maintaining the credit possibilities she had cultivated with doorstep lenders, high-cost credit, and hire purchase providers. She nonetheless still remembered the potential futures she had held on to when she was keeping up her payments on her catalogue[14] debts:

> It was literally the only catalogue that I had. I'd kept it, I had a big amount of … , I could get something, it was like nearly two grand I had on it,[15] but now I can't, obviously declared myself bankrupt (…), so I was gutted. I can't get nothing out, literally nothing. I have tried, I have tried. But then I thinks to myself, good job I can't really get it. But, I thought I was good on my catalogues, anyway, so I would have actually paid it. But that's another vicious circle, catalogues all the time. There's not just one catalogue out there, (gestures to daughter) these ones' catalogues, they chuck credit at you (Amy, client of a debt advice service).

When looking at her daughter, Amy would remember how important it was that she was keeping up her payments on her rent and council tax, the two 'priority' debts that ensured she had a roof over her head and was not suffering bailiff visits. But she could not shake the positive memories afforded by maintaining her positive standing with the catalogue lender. She would remember how she had been able to hold on to the possibility of purchasing unnecessary consumer goods, and the positive image of the functioning family that such occasional extravagances afforded.

Returning to the 'relational' modality of 'debt trails' outlined in the introduction, the focus upon the credit score, as an individualised model, tends to direct attention upon practices and care of the *self*. As is clear from these accounts, considerations of how well intimate relationship are functioning are often calibrated through debt-enabled possibilities for *shared* future happiness (see also Davey 2019, Kirwan et al. 2019). Much as the burdens and possibilities of debt are rarely experienced in singular terms, the speculative practices regarding credit referencing and debt concern hopes for family and friends as much as hopes for the self.

Returning to the 'governmentality of the credit file,' many of the participants alluded to the entrepreneurial discourses of credit referencing, noting the increasing importance of building a strong credit file. Yet while they wished this for their children and other family and friends, when it came to their own actions, their decisions were shaped by a different 'imaginary.' This was the desire that, in future, themselves and others would be free of the consequences of enforcement, which in most cases involved taking actions that damaged or ignored their credit score. The exception was Natalia, who had ignored the messages of advice and, holding to the 'imaginary' of a strong credit file, had accepted that she would be dealing with bailiffs and other priority debt enforcement techniques for the rest of her life.

The importance of the 'imaginary' of being 'enforcement free,' at least in the context of those debtors who have accessed debt advice, indicates that in the UK at least there are significant limits to the 'governmentality of the credit file.' Yet if this constitutes a struggle between creditors to capture how debtors articulate hopeful 'imaginaries,' I turn now to a key arena in which this struggle is developing.

Austerity and 'deficit budgets'

The period of the research (2016–2019) has seen an amplification of precarious working conditions, reduced and similarly unstable welfare payments, and a rising cost of living. One key consequence of this 'perfect storm' of 'austerity' conditions for the debt advice sector is that it is no longer possible to present a 'positive' budget from a household's potential income and essential outgoings even *before* debt repayments are taken into account. One manager noted that the model of debt advice, predicated upon reducing expenditure and maximising income, and thus constructing a balanced budget that can be used both to negotiate with creditors and to assist the client in avoiding further debt, 'just doesn't fit anymore'. When it is not possible to construct such a balanced budget, she continued, 'as a debt advisor people come to see you and you're no longer a magic wand' (Leslie, manager of a debt advice service).

There were indications of this among my debtor-participants: for those who had gone through insolvency for example, each had fallen back into debt shortly afterwards. From speaking to debt advisers across Great Britain however, it is important to note that the frequency of 'Deficit Budget' situations seen by advice services varies significantly across regions. This variation was defined most prominently by the level and nature of 'Council Tax Reduction,'[16] which remained at a generous level in the Local Authority in which my fieldwork with debtor-participants took place.

As Leslie indicates, the situation of widespread 'deficit budgets' raises an important problem for debt advisers. To send someone away from an advice session with a deficit budget is not only a block to making arrangements with creditors, it is a recognition that they will need access to further credit in order to meet essential outgoings. The disciplinary assumptions of debt advice, namely that a client can be moved towards a stable, solvent life (Kirwan 2019), is as such no longer tenable. While most reports on growing indebtedness point to the growth of high-cost credit, more important is the question of what this money is being spent on: figures collected by the debt charity StepChange (see Figure 1) show the high proportion of such credit being taken out to meet essential outgoings.

This shift in household budgeting has the important consequence that it is not possible for debt advisers to adopt a moral or intellectual high-ground when considering the client's desire to protect their credit score, given their need for ongoing credit. Returning to Larry's quote above, he proceeded to detail how the client's desire to protect their ability to access credit might in fact be more 'realistic' than the advice perspective:

> Because the reality is, I get a Debt Relief Order, what's the outcome – I'll just get rid of those debts. But if they've got a negative budget how are they going to make it add up?[17] They're going to want access to some credit, so we're not – you know, we're setting them up with a solution that doesn't fit their real social need. (Larry, manager of a debt advice service)

In other words, if the client has a better understanding of how to access and manage credit than the adviser, then the attachment to, and knowledge of, one's credit score, is no longer an attachment

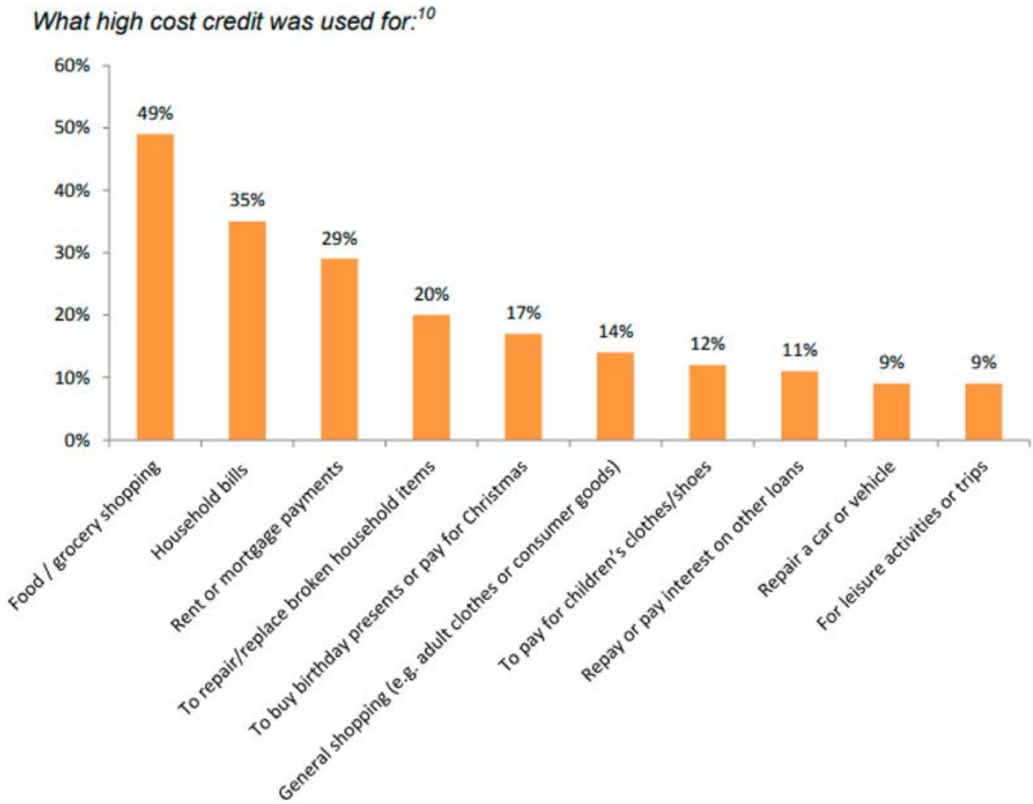

Figure 1. Source: StepChange (2017).

to be broken (Kirwan 2019); it may hold the key to clients accessing the affordable credit that they need. What Larry's statement reveals is how sections of the debt advice sector are beginning to reflect upon the importance to their clients of their credit score and ongoing access to credit as attachments to be respected. As Larry later described, the sector needs to recognise the importance of the credit referencing frameworks precisely because clients like Natalia are 'making choices about debt advice': deciding whether to follow the actions prescribed in the advice session, oriented to avoiding priority debt enforcement, or conversely to actions that cultivate one's credit score or are necessary in other ways for securing ongoing credit.

It is in this context that the approach adopted by Intrum, as well as the move towards the recording of rental payments in credit files, takes on a new importance. The 'ethical' approach to collections is one better oriented to a period of deficit budgets, when more debtors might make the 'choice' that a future in which they are able to access further credit is more important and valuable than one in which they can manage whatever 'hard edges' of enforcement the Local Authority or other 'priority' creditor might be able to pursue. To protect the overall council tax collection levels (upon which Local Authorities are increasingly reliant), it is necessary to adapt to how debtors are readjusting their own 'imaginaries.'

Conclusion

Inspired by two images of the 'debt trails' concept explored across this special issue, I have sought in this paper to contribute new conceptual attentions to the study, led by researchers in cultural economy, of what I termed the 'governmentality of the credit file.' Recognising how it is that the 'debt trail' of events, actions, and decisions conditions possibilities and capacities in the present, I emphasised the 'speculative' debt trails in this system of power; how it is that debtors articulate an 'imaginary' of a hopeful future for themselves and their family, and orient their actions to holding on to this potential future. I emphasised in this respect the *relationality* of debt: the 'debt trails' traced between debtors and significant others. Inasmuch as these speculative projections allow for relationships and families to be imagined as functioning, even when life is defined by difficulty, restriction, and hardship, a key locus of 'governing through debt' is the capacity to shape and steer these 'imaginaries.' I argued that, inasmuch as they begin from the individual-centred practices and discourses of the credit referencing sector itself, studies of the 'governmentality of the credit file' have been insufficiently attuned to these intimate and familial 'debt trails.'

While the paper presented how such shared futures might be articulated through a strong or improved credit score, I also set out the alternative mode of imagining a hopeful future in which one's credit score is largely irrelevant. Here participants held strongly to a future in which they were able to protect their families from the hard edges of debt enforcement: eviction, bailiffs, and committal proceedings. Having been through the advice process, many participants had taken on the message that their attachment to their credit score was one they would have to give up; their ongoing decisions were calibrated to holding on to an 'imaginary' in which they were free of the threats that had come to define their lives.

I described finally however how this balance of 'imaginaries' is changing. The paper described an emergent fear among advisers that the credit referencing system is overcoming these limits: not simply that more and more clients would rather ignore 'priority' debts than jeopardise their credit score, but that they are *right* to do so when debt advice itself cannot offer solutions to 'deficit budgets.'

In this respect I will finish with my own form of 'speculation' as an invitation for further research and analysis. There was one debt that was shared across by all my participants, namely benefits overpayments. Formerly considered a 'non-priority,' new powers gained by the state (through the introduction of Universal Credit) to deduct overpayments at levels of up to 40% from an ongoing award have rendered it a 'priority debt' (Gustafson 2017). Coupled to similar powers gained by Local Authorities and administering benefits agencies to deduct directly from employment income (see DWP Debt Control 2013), these powers of deduction can be seen as an extension of the 'financialization of income' (Adkins 2015): the shift through which, in an era of debt *payment* (rather than repayment), income is transformed from the renumeration of work to a servicing of debts.

In contrast to the modes of 'captation' described by Deville (2012), the goal in deductions from income is less to create an attachment than to define the grounding conditions in which other such attachments, and the speculative 'imaginaries' they enable, are constructed. As a form of 'anti-captation,' we might expect to see further powers gained by the state as the credit referencing system, extending its reach and importance, becomes more central to self-understandings and articulations of hopeful futures.

Notes

1. Whilst non-payment of council tax is not a criminal offence, Local Authorities can apply to the courts to issue a 'committal summons'. A court decision of 'wilful refusal' can result in up to 3 months imprisonment (see Swindon Borough Council 2019). England is the only country in the UK in which imprisonment for council tax arrears is still possible (Agyemang 2019).
2. When someone falls behind on their council tax the Local Authorities can issue a 'Liability Order;' unlike a 'County Court Judgment' this is not passed to credit referencing agencies. Sara Williams, a prominent debt advice expert in the UK, has detailed the reasons for which it is important that this situation does not change (Williams 2018).
3. The research takes place in England and Wales. I have made notes where appropriate where Scotland has a different system. As Northern Ireland has a different system for council tax, in this context I refer to Great Britain rather than the United Kingdom.
4. The most recent (as of May 2020) statistics provided by StepChange (2020) and Citizens Advice (2018a, 2018b) give these ratios at 62% (women) to 38% (men) and 56% to 44% respectively.

5. The monthly figure for additional consumer credit being taken on by households peaked at £2.1 billion in April 2018, before slowing slightly towards the end of the decade. Due to a variety of factors associated with the Covid-19 epidemic, in March 2020 this figure suddenly dropped to minus £3.8 billion, the first negative figure since 2012 and the largest since records began (Bank of England 2020).
6. 'Priority debt' is the term used within the debt advice sector to identify those debts with the most serious consequences.
7. In the case of rent arrears there have been some changes since the period of the fieldwork. In 2016 the Big Issue foundation led a campaign to include rental payments in credit files; something that had not previously happened (Geraghty 2018). Experian began importing information from some letting agents in 2018 and Equifax began in 2020. The 'rent reporting service' CreditLadder, which collects payment information to be passed to these firms, claims to work with 3000 letting agent branches (CreditLadder 2020).
8. The Debt Relief Order is a form of 'No Income No Asset' insolvency (see Ramsay 2018). Two of the participants had gone through bankruptcy because their benefit overpayments took their overall debts above the threshold for a Debt Relief Order (currently £20,000).
9. Had the project taken place in an area where social housing stock is held by Housing Associations, this cycle of debt and insolvency would have raised the (very real) possibility of the participants being evicted on 'mandatory grounds' (Spooner 2017), meaning that the Housing Association would not need to make the case for eviction at a court hearing.
10. All names given in the paper are pseudonyms.
11. An online and telephone-based debt advice charity.
12. The 'minimum' amount prescribed by the creditor: payments below this might put the account into 'default' and be recorded on the debtor's credit file.
13. A token offer, typically of £1 per month, is one that is below the 'minimum' payment required by the creditor but enough to mitigate the possibility of the creditor pursuing court action and keep the account open until the debtor is able to pay a larger amount.
14. Traditionally, 'catalogue' companies were postal-based credit services, allowing consumers to purchase items from a catalogue and spread the cost through monthly payments; many (such as Littlewoods) now operate primarily online.
15. By this Amy means that she had a credit limit of £2,000 on this catalogue.
16. I use 'Council Tax Reduction' here to name the variety of means-tested financial supports provided to help those on low incomes pay their council tax which replaced the GB-wide Council Tax Benefit scheme in 2013. In Scotland Council Tax Reduction is set at a national level, in England and Wales it is set by the Local Authorities.
17. By this Larry means to question how it is that the client is going to afford essentials *after* the Debt Relief Order has written off their existing debts.

Acknowledgements

I would like to thank the debt advice service whose generosity allowed me to carry out this fieldwork, and express my ongoing gratitude to the clients and advisers who shared their thoughts and experiences with me. My thanks go also to the two anonymous reviewers and to Léna Pellandini-Simanyi and Zsuzsanna Vargha whose comments and advice helped shape and focus this article.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by the Leverhulme Trust [grant number ECF-2016-518].

Notes on contributor

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

The financialization of social policy and the politicization of student debt in Chile

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JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 176–193
https://doi.org/10.1080/17530350.2020.1831574

The financialization of social policy and the politicization of student debt in Chile

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ABSTRACT

The financialization literature focuses on how people become docile neoliberal subjects and pays less attention to debt resistance. This article focuses on this less explored dimension. The article draws on the case of Chile to explore the way in which the *financialization of higher education* leads to the *politicization of debt*. It makes the case that social mobilization around student debt is a late stage in a succession of policy and political conflicts. These, moreover, arise from the fact that the financialization of social policy implies the reconciliation of three seemingly contradictory goals: the reach of fiscal responsibility and economic efficiency, the fulfillment of policy goals, and the management of the political consequences of imposing a debt-burden to citizens that are constituents. The case shows that, as legislators and policymakers insist on tackling these dilemmas favoring market mechanisms, e.g. the privatization of student debt, massive and deregulated extension of credit, they create the conditions for a 'student debt crisis' to arise. However, the extent to which such crisis may trigger the rise of social movements of debtors, depends on factors such as existing conceptions about debt and social rights, institutional incentives, and the existence of political organizations.

ARTICLE HISTORY
Received 29 June 2019
Accepted 22 September 2020

KEYWORDS
Financialization; social policy; student debt; student loans; higher education; social movement of debtors

Introduction

The extension of student loans in Latin America strongly correlates with massive students' protests (Disi Pavlic 2018). The financialization literature does not have an explanation for this. While most political economists tend to highlight the way credit postpones distributive problems, scholars within the tradition of the *financialization of the everyday life* focus mostly on the way people internalize calculative frames and values that align their behavior with financial markets. However, as more and more governments embrace student loans as a solution to the rising costs of education worldwide (Johnston and Barr 2013), we may expect policy dilemmas and social conflicts around student debt to proliferate. The financialization literature thus misses a critical point, namely, that the financialization of social policy may lead to the escalation of conflict around debt.

The article draws on the case of Chile to explore the way in which the *financialization of social policy* leads to the *politicization of debt*. The unfolding of Chile's student loan policies provides a key illustration of the technical and political dilemmas implicated in the attempt to implement, sustain and expand the commodification of higher education with the help of credit. In the context of one of the most privatized and expensive educational system in the world (Garritzmann 2016), student loans in Chile boosted the most explosive expansion of educational access in the region (Arellano

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2011). At the same time, access to student loans created new *debtors' publics* (Deville 2016) and laid the foundations for social movements of debtors to arise.

The article does not attempt to provide an explanation of the rise of social movements of debtors. Its goal is to reach a better understanding of why the financialization of social policy may create more problems than what it seeks to solve, as well as to explore the conditions under which it may ultimately lead to the repudiation of debt. The analysis takes a historical and macro perspective that draws from archival research and 30 semi-structured interviews with policymakers, loan administrators, debtors and activists carried out between 2016 and 2017.[1] The analytical strategy consists of addressing the financialization of higher education in two stages. Firstly, it takes as a starting point the successive reforms (no fewer than eleven) between 1981 and 2015, to sketch the way policymakers sought to extend credit to poor students, to enforce debt collection on citizens, and to cope with moral and economic dilemmas when enforcing debt collection in a way that led to a student debt crisis. Secondly, it describes how the student debt crisis led to the rise of social movements of debtors and reflects on some of the key conditions under which that such crisis lead to the politicization of debt through collective action.

At the most general level, the two sections highlight the fact that the financialization of higher education ultimately entails the government of credit and debt relations in society. These relations of debt are encroached in multiple trails that locate at the intersection of variegated and often contradictory logics of actions of the state, higher education institutions, citizens' uncoordinated responses to policy decisions, social movements' demands for social justice, policy goals, and lenders' interests, whereby institutional logics are continually overflowed by the agency of financial subjects.

By characterizing the successive stages of the financialization of higher education, the article makes three main points. Firstly, that social mobilization around debt is a late stage in a succession of policy and political conflicts, which arise from the fact that the financialization of social policy implies the reconciliation of three seemingly contradictory goals: the reach of fiscal responsibility and economic efficiency, the fulfillment of policy goals in the field of education, and the management of the political consequences of imposing a debt-burden to citizens that are constituents. These policy dilemmas make student loans a deficient policy tool for governors and legislators, leading to successive reforms in order to solve the debt collection problem. However, as legislators insist on tackling the debt problem though market mechanisms, e.g. the privatization of student debt, as well the massive and deregulated extension of credit, they create the conditions for a 'student debt crisis' to arise: high levels of debt and massive default.

Secondly, it shows that these dilemmas by themselves do not explain how the conflict originates and develops. It is rather the way legislators and policymakers tackle these issues and balance criteria of market efficiency and social justice that explains how the conflict unfolds. In this context, together with broader movements of students challenging the legitimacy of educational policy and providing master frames to politicize student debt, a debt crisis constitutes its own public -a debtors' movement, which seeks to repudiate debt on moral and political grounds. In this way, the case highlights the fact that, whereas the insistence on student loans as a solution for the rising demand for higher education may lead to create a 'student debt crisis,' the conditions under which such crisis triggers the rise of social movements of debtors may differ sharply according to political and cultural contexts.

Finally, the article not only tells the story of how political elites use credit to create the demand for newly created markets, but it also sheds light on the question of why high levels of indebtedness and massive default may led to a student debt crisis and the rise of social movements of debtors in some countries and not others. Experience shows that debtors' movement tend to spontaneously originate after dramatic events take place, such as massive evictions or a sudden rise in the worth of debt. This is the case of mortgage debtors, which in the last decade organized to resist home evictions in contexts as different as Spain (Suarez 2017), Chile (Guzmán 2015) or Hungary (Szabó 2018). It also holds true for Mexican debtors in the 1990s, which sought to organize after a sudden fall of the Mexican peso against the dollar in which their debts were issued, known as 'El Barzón' (Williams 1996). The student debt crisis, however, is different in nature and it has not sparked an immediate response. The article suggests that the polticisation of debt occurs when rising debt levels and default are framed as 'crisis' in the first place, which in many places is now an ongoing process lead by scholars, public intellectuals and experts (Calhoun 2013). Moreover, by exploring some of the conditions that prompted the rise of a social movement of debtors, it provides insights on the institutional, cultural and organizational conditions that help explain why massive default may be framed a student debt crisis and lead (or not) to massive mobilizations.

The article is organized as follows. In the first section, I discuss the financialization literature in the light of the financialization of social policy and politicization of debt. I then draw from the policy-oriented literature – largely absent in the financialization literature- in order to lay out the broader context in which student loans are implemented as policy tools, emphasizing the policy and political dilemmas involved in the process. Relying on secondary data and literature, as well as on semi-structured interviews with policymakers, loan administrators, debtors and activists carried out in Santiago de Chile, I then move on to characterize five stages in the escalation of conflict around student debt in Chile: the creation of the market for higher education; the debt collection dilemma; the expansion of enrollment and the privatization of student debt; the erosion of legitimacy of student loans; and the rise of social movements of debtors. I conclude by sketching some of the main implications of the study.

The financialization of social policy

The financialization of social policy is a key development of the advancement of neoliberalism and the privatization of risk. Worldwide, governments and international organizations have increasingly relied on different forms of credit as a way to tackle public problems and to provide public goods (Fine 2012). International agencies, for instance, promote micro-credit in poor countries as a way of alleviating poverty (Aitken 2013, Mader 2015), whereas governments systematically implemented student loans as a way of expanding enrollment in higher education in a context of rising costs (Shen and Ziderman 2009). In this way, finance is used as a policy tool in the fields of health care, education, housing and consumption, as much as neoliberal social policies and the privatization of risk across these fields fuel the financialization of households (Crouch 2009).[2]

As more and more governments rely on student loans in order to meet the demand for higher education (Chapman 2016), we may expect policy dilemmas and social conflicts around student debt to proliferate. The reason, this article seeks to show, is that the relationship between finance and social policy is a conflictive one. As the comparative literature highlights, governments make huge efforts to financialize their citizens with the aim of expanding enrollment in higher education (Shen and Ziderman 2009, Lochner and Monge-Naranjo 2015). In several countries, however, the extension of student loans has been called into question by experts and policy-makers, who debate the trade-off between its economic and social costs (Albrecht and Ziderman 1993, Chapman *et al.* 2010). Moreover, the financialization of higher education has been accompanied with the mobilization of students and the rise of social movements of debtors that call into question the legitimacy of debt (Giroux 2013, Disi Pavlic 2018). In this scenario, student loans represent a fertile ground to explore the conflictive relationship between finance and social policy.

The financialization literature has not yet come to terms with the escalation of conflict around debt, as it is more concerned with the advancement of finance than with the way society resists it. For one part, political economists have emphasized that, by directly issuing loans to their citizens or liberating financial markets, governments are thereby able to realize broader political goals, such as fostering growth (Krippner 2011), providing homeownership (Quinn 2010), expanding educational coverage (Berman and Stivers 2016) and welfare (Kus 2013), and achieving social integration (Trumbull 2014). In this way, says the narrative, credit makes less salient pressing phenomena such as income inequality, wage stagnation and labor market volatilities, de-activating potential social conflict (Weller 2007, Crouch 2009, Streeck 2014). By contrast to this literature, the case shows that credit does not necessarily de-activate social conflict but displaces it into a different field: the political and technical management of debt collection and the repudiation of debt.

In a similar way, scholars in the so-called 'financialization' perspective (Pryke and du Gay 2007, van der Zwan 2014) conceive credit as a tool of 'government at a distance' in a way that mostly highlights its disciplining character (Erturk *et al.* 2007, Langley 2008, 2010, Marron 2013, Fligstein and Goldstein 2015). For example, Erturk *et al.* (2007) argue that the democratization of finance has encouraged households to hold a balanced asset portfolio through the purchase of securities, mortgages, credit cards and insurances. Accordingly, scholars emphasize the way households end up performing practices that meet the imperatives of financial markets, such as simultaneous borrowing across overlapping credit card networks (Langley 2008), transferring outstanding balances from one credit card to another (Manning 2001), or improving their credit scores (Geisst 2009). By stressing the fact that credit aligns the behavior of households with financial markets via the internalization of self-control mechanisms, calculative frames and values, borrowers are usually depicted as passive populations. In this way, this perspective overlooks the conflictive relationship among creditors, policymakers and debtors when shaping and disputing credit/debt relations. In contrast, this article seeks to account for the ability of policymakers to devise loan-schemes that are both socially and economically viable, as well as for borrowers' ability to become politically self-aware, organize and resist debt.

This article stands alongside an emerging scholarship within the financialization literature that approaches debt as a source of power, stressing its transformative dimension and the way it engenders new political subjects. These transformative dimensions range from the body, the household and culture (Pellandini-Simányi, Hammer and Vargha 2015), to the community, the nation state and the international order (Di Feliciantonio 2016, Fridell 2013, Montgomerie and Tepe-Belfrage 2019). This literature has sought to go beyond the characterization of financialization as the expansion of a monolithic form of subjectivity, focusing on how the very same process of subjectification prompts the rise of political initiatives challenging the hegemonic model promoted by financialization (Soederberg 2013).[3] By the same token, it is necessary to point out that many others have sought to tackle debt resistance outside the financialization literature, mostly from the fields of social movements (Brumley 2013, Ross 2014, Guzmán 2015) and the political economy of sovereign debt (Hatchondo and Martinez 2010, Roos 2019, Toussaint 2019). This article also seeks to incorporate these insights into the broader perspective of the politicization of student debt. In this way, by exploring conflict around student debt, this article explores one among many other spaces of debt resistance, and it contributes to a broader attempt to understand how the financialization of higher education leads to the politicization of student debt in particular.

The politics of student debt

To understand the potentially conflictive nature of student loans, it is necessary to understand in what ways these differ from other types of commercial debt that makes it subject to more political deliberation and governance than other forms of credit; and how it is inherently bound up with conflicting policy aims. This is essential for understanding the point, developed in the next section, of how institutional changes and conflicts around debt as evolving responses to interrelated policy dilemmas that lie at the internal logic of student loans. This section, after briefly explaining what student loans are, addresses these specificities of student loans.

Student loans exist in almost all regions (Asia, North and Latin America, Europe and Africa) and may be public, private or mixed systems (Woodhall 2004, Ziderman 2013). They fulfill a variety of different policy goals such as supporting the expansion of higher education, preventing students from dropping out, or helping them affording living expenses (Salamanca 2000, Salmi 2003, Dwyer *et al.* 2012, Lochner and Monge-Naranjo 2015). In some cases, such as Chile, the United States, Australia or the United Kingdom, student loans have more recently served as a means to make viable the commodification of higher education in the context of fiscal austerity and rising tuition fees – a solution known by experts as *cost-sharing* (Johnstone and Marcucci 2007).

Categorizing student loans is a difficult task. Many countries have more than one loan scheme, such as offering subsidized loans alongside un-subsidized ones (as in the United States), offering loans issued by commercial banks in parallel to government loans (as in Chile, China or Republic of Korea), or offering different types of loans issued by the government (Japan) or specialized agencies (México). Some countries such as India, Korea, China, Canada (until 2000), the United States and Chile, have mixed schemes in which loans are issued by commercial banks but guaranteed and subsidized by the government.

Despite the variation, a key feature of the consolidation of loan plans is that they reflect broader conceptions of what higher education is and who should pay for it, which means that governments play a crucial role in allowing, issuing, administering and regulating student loans. Indeed, most student-loan plans involve governments in the process of introducing, implementing and administering them. For instance, among 64 loan-schemes listed by The International Comparative Higher Education Finance and Accessibility Project (State University of New York at Buffalo), 45 are issued and administered by governments, state owed banks or specialized agencies, and only 12 were issued by commercial banks (the rest was issued and administered by foundations, NGOs or international agencies). Moreover, governments are crucial agents of financialization even when student loans are issued and administered by private banks, for they regulate interest rates and, in some cases, directly guarantee private loans in order to secure the involvement of private banks, as in the United States or Chile.

In a broad sense, the involvement of governments is crucial to understanding the politics of student debt because governments have the symbolic power to 'govern by debt.' That is to say that it is governments that define who has *too much* or *too little* debt, who deserves *forgiveness* and *relief*, and which debts should be *paid back* at any cost. In this sense, to understand the practical issues and the unintended consequences of using loans as policy tools, it is necessary to account for the fact that student loans imply politically demanding tasks in at least three ways.

Firstly, since financialization is carried out or fostered by a non-traditional lender (the state), techniques, frameworks and knowledge created in and for financial markets have to be transported (or re-created) into a completely different field (Dean 2010). This means, for example, that resources are not necessarily raised in the same way as in traditional markets, such as securitization, but rather result from a democratic process, e.g. budget discussions. Student loans represent a short-term solution for legislators to deal with budget negotiations, as they bring resources from the future without negotiating further spending. However, as I attempt to show in this article, as student loans become more expensive in the face of massive default and the payment of guarantees, they become a crucial problem for the legislation of the budget itself.

Similarly, when it comes to framing prospective borrowers, bank executives are replaced by public servants who allocate resources according to different criteria, and many loan schemes are available for all students under the assumption that they will be able to pay back (at least most of) their debts(Shen and Ziderman 2009). Said assumption, is rarely met and may be impossible to fulfil when the main carrier of student debt is at the bottom of the pyramid.

Secondly, as long as financialization policies do not seek economic profits but instead serve the primary purpose of expanding educational coverage, the criteria for allocating economic resources (credit) combines market calculations with broader political and moral considerations. This is why most student loans are highly subsidized and provide better conditions for students, such as interest rates below market price, income-contingent payment and flexible debt-collection schemes. Some countries even introduce debt-relief mechanisms within the design of loans for exceptional cases, such as recipients with incomes under a certain threshold or those who are unemployed or suffer from health problems or disabilities, as in countries such as South Africa, Norway and Nederland (Ziderman 2013).

Thirdly and finally, a corollary of the highly subsidized character of most student loan plans is that they may turn out to be very inefficient in terms of recovery rates and fiscal spending. As was pointed out in the early 1990s by experts analyzing twenty-three cases,

> … loan programs turn out in practice to have been a disappointing instrument of cost recovery (…) Subsidies, high default rates, and high administrative costs have eroded the value of repayments. Sometimes loan programs have proved as expensive as outright grants. (Albrecht and Ziderman 1993, p. 71)

Almost twenty years later, Shen and Ziderman (2009) found that most loans have recovery rates below 60% and, in general, borrowers are required to pay back an average of 60% of the total cost of the loan when subsidies and benefits are discounted.

Taking these features into consideration, the practice of *governing by debt* entails three conflictive dilemmas that must be resolved: reaching fiscal responsibility (expenditures have to be balanced via debt collection mechanisms), fulfilling policy goals (loans must enable students and become a bearable burden for workers), and handling the political consequences of financializing citizens (debtors may not pay back their debts entirely and lenders demand the enforcement of law).

These policy dilemmas do not explain how conflict around student debt may unfold by themselves. It is rather the way legislators and policymakers seek to balance these goals through policy solutions that privilege efficiency problems over legitimacy, which is crucial to understand whether the embrace of student loans may lead to a student debt crisis: rising debt levels and massive default. Moreover, whether such crisis is framed or understood as a crisis produced by deficient social policy, rather than of irresponsible debtors, may depend on broader political contexts, the involvement of intellectuals, social movements and scholars challenging moral conceptions about debt in the public sphere.

Creating the market with the help of credit: the financialization of higher education in Chile

This section traces the way successive configuration of student loans between 1981 and 2017 led to conflict between the policy goals and with students. These were addressed by institutional and policy changes which in turn gave rise to new conflicts. By tracing these chains of conflicts, the paper suggests that these reflect inherent contradictions in student debt and as such, a potential for conflict – and resistance. In what conditions it will lead to resistance is to be explored later.

Over the past thirty-five years in Chile, during which time the higher education system has been reorganized as a market, education loans granted by the government and, later, banks, have been used as a public policy tool that allowed middle and low-income students to afford rising tuition fees. Tuition fees charged by public and private Chilean universities are indeed the highest among the OECD countries (in terms of purchasing power parity) (Garritzmann 2016), which means that Chilean families have had to bear a tremendous burden to send their children to college (UNDP 2005).[4] Given this reality, it is not surprising that educational loans have become a crucial policy tool provided by the state. As advocators of financialization in Chile retrospectively put it,

> Basic equity criteria require the existence of a student loan system that allows financing the (profitable) investment in education, particularly in a country like Chile, characterized by unequal distribution of income, in which no more than 20% of the population could finance the cost of higher education with their own resources. (Larraín and Zurita 2008, pp. 687–688)

From a historical perspective, the extension of educational loans issued and/or guaranteed by the Chilean government dates back to the structural reforms carried out more than three decades ago by the Chicago School economists. The educational reform that took place in 1981 created a new market for higher education by authorizing the creation of private universities and new institutions called Professional Institutes and Centers for Technical Education. As a result, both public and private institutions had to recover part of their operational costs by charging fees to their students, which inaugurated a new era where access to higher education was conditioned by the purchasing power of families. In this new scenario, loans became an educational policy alongside scholarships and subsidies in order to make higher education accessible to middle- and low-income students (Table 1).

The 'fiscal loan' and the debt collection problem

Two features shaped the long road to the financialization of higher education in Chile. For one part, unlike developed countries, where student loans were implemented long after there was a robust higher education system, the financialization of higher education in Chile consisted of creating the demand for higher education in the first place. In other words, student loans became a policy tool not to replace previous spending levels, but to provide public goods where they have never been provided before. On the other hand, as these were public loans provided by Universities and then state, policymakers found hard times in enforcing the collection of a debt that was never considered worth paying for many. In order to keep bumping resources to the system and make the market for higher education work, policymakers had to successively modify the loan scheme and collection strategies, dealing with the moral and economic dilemmas brought about by massive default.

The government undertook the first step towards the financialization of students in 1981, when enrollment at the university was restricted to around 100,000 graduates. Private spending and government subsidies financed the new system at its early stage. Existing subsidies were divided into a direct fiscal contribution (*Aporte Fiscal Directo*) and an indirect fiscal contribution (*Aporte Fiscal Indirecto*). However, subsidies alone were not enough to ensure the functioning of the new market, and already in 1981 the government addressed this gap by creating the University Fiscal Loan (*Crédito Fiscal Universitario*), which was meant to be paid-off in 10 or 15 installments, at an annual interest rate of 1%.[5]

The University Fiscal Loan was systematically modified during the 80's and 90's, but it created a common pattern: the state granted education loans to middle and low-income youth in order to turn them into economically feasible students. As long as these borrowers were citizens/voters, the state did not take legal actions to demand the repayment of these debts. In this way, the relationship between creditor and borrower balanced in favor of the latter, who, in practice, could avoid paying back part of their debts without being severely punished.

In fact, only five years after the Fiscal Loan was created, loan repayment in 1986 reached only 37% of the total estimates, which restrained the number of prospective beneficiaries going forward. This is why, in 1987, the government introduced a new mode of financing higher education (Law 18.591), according to which universities would administer the so-called University Credit Fund (*Fondo de Crédito Universitario*), which was distributed according to the socio-economic background of students (Cariceo 2012). In order to improve repayment rates, the system decentralized

Table 1. Different educational loans in Chile.

	ULSF (1981/1994 to date)	CORFO (1997)	CAE (2005 to date)
Framing/ eligibility	Universities: academic merit / demonstrating financial constraints	Banks: credit scoring	Special Comision performance eligibility and socioeconomic background
Conditions set by	Ministry of Education	Banks	Ministry of Education
Fundings	Public (channeled by the Ministry of Education)	Public (channeled through Corfo)	Private (banks)
Debt-Collection	Universities	Banks	Banks
Collateral	No collateral involved	Private	Government
Interest rates	2% annual interest rate	7%–9% annual interest rates	2% annual interest rate since 2012 (previously 6%)
Repayment schedule	2 years after completing education	The borrower pays as soon as the loan is issued	18 months after completing education

the administration of the loan by introducing universities as intermediaries between the treasury and students, and each university was assigned the task of administering the funds and creating their own internal regulations. The loan, on the other hand, was similar to the Fiscal Loan in terms of benefits, interest rates and adjustments, even though it was supposed to be paid off in annual installments that should not exceed the years of the loan.

Although these credits helped promote access to higher education for middle-income students, the system faced many problems due to a lack of debt repayment, thus beginning a cycle of deeper and deeper budget deficits needed to continue the loan scheme. As the history of Law 19.083 shows, congressional representatives acknowledged that many borrowers simply did not earn enough income to pay off their debts (between 1987 and 1990), which created strong pressures and demands to prorogate payments and reschedule education debts (Mineduc 2011). In fact, by 1990 the rate of recovery among universities had declined to an approximate average of 20%, and the debt portfolio of the Treasury (*Servicio de Tesorería*) was entirely composed of defaulted installments that had already expired in 1988 (Mineduc 2011).

The problems posed above led the government to reassess financialization policies, and to introduce a law (Ley 19.083) in 1991 that established the possibility of renegotiating debts and new benefits for those students willing to pay them back, such as reduction of interest rates and discounts for anticipated payments (Cariceo 2012). The idea was to relieve students and prevent them from falling into default by allowing them to pay annual installments equivalent to 5% of their incomes. Nevertheless, as the congressional discussion shows, forgiveness mechanisms raised a different problem, which was to avoid sending the wrong message to debtors – namely, that these debts would be eventually written-off (interview with loan administrator at the Universidad de Chile). To solve the moral-hazard problem, legislators sought to grant forgiveness only to those that had already paid at least part of their installments. In this way, 'good debtors' would be given credit, while 'bad debtors' would be encouraged to make an effort to pay back their debts.

As it turned out, debt-relief mechanisms alleviated debtors, but they did not solve the debt-collection problem. New modifications were introduced in 1994 (Ley 19.287) to the University Fiscal Credit, renamed the University Loan Solidary Fund (*Fondo Solidario de Crédito Universitario* or ULSF).[6] The underlying idea behind the naming of the loan was to appeal to debtor's intergenerational solidarity, linking debt repayment to the ability to issue new loans to future students. This loan was more successful in expanding coverage and helped to improve the accessibility of the educational system–so much so that between 1990 and 2011 the stocks allocated by the ULSF grew 395.7% and the number of beneficiaries grew by 50.8%.[7]

But the new–or at least renamed–loan suffered two problems: firstly, it could not tackle the debt-collection problem, and the rate of recovery of the ULSF remained exceptionally low (38%–40% for government-issued loans, versus 6.5% for banks), which affected the sustainability of the program. In 2010, for example, out of the total number of students due to begin repayment, 16.6% had already repaid their debt, 15.6% began repayment installments on time, 7.2% rescheduled their debt repayment, and 19.7% were in default right away[8] (Mineduc 2011). Secondly, it was still restricted to students attending traditional universities, leaving many potential students excluded from higher education. The solution to these problems came in the form of a predatory loan that, despite being operated with public funding, introduced a more experienced and profit-driven administrator: banks.

The privatization of student debt

The answer to both the demand for higher education and the debt collection problem was again tackled through the creation of a new loan. This time, however, policymakers sought private lenders as the key solution to keep running the market and tackle the debt-collection problem. By putting the debt collection problem in the hands of banks, the privatization of student debt gave policymakers a momentary relief, but it paved the way to the escalation of conflict beyond the policy arena.

In 1997 the CORFO loan was introduced in order to provide loans for those students that were enrolled in non-traditional universities at the time but who were excluded from the financial policies of the Ministry of Education. It is a funding line that belongs to a public corporation that is in charge of fostering innovation and industrialization programs, named CORFO. Nevertheless, even though the funding is public, private banks work as intermediaries between CORFO and students. Specifically, banks were put in charge of framing, establishing selection criteria, allocating credits and collecting payments, while CORFO only provides a general framework. As a rule, CORFO loans were issued in an accounting unit created during the 1980s in order to adjust for inflation called UF (1 UF is roughly equivalent to $38 USD as of 2018), at maximum of 150 UF per year, covering enrollment and tuition fees, as well as an extra 20% for other expenses.

This has been the most expensive and oppressive loan for students, although it has proven very profitable for banks. As it was designed, CORFO transfers the funding to banks at low interest rates (4.5% in 1999, for example) and the latter charge higher interest rates that should not exceed an annual rate of 9%. The maximum length of the credit is 15 years (10 for capital) and banks can schedule payments as they wish. Thus, these loans incline the balance towards creditors and reproduces an asymmetry of power: unlike other educational loans, it is not contingent on future income (making it a mortgage-like loan), which means that on many occasions borrowers have to face payments even when they do not receive any income. Banks, on the other hand, have profited from high default rates, since they collect a government subsidy that is contingent on delinquency rates.[9] Not only does this leave unemployed borrowers in a precarious situation, but it also means that the government assumes all of the lending risk while allowing the banks to collect all of the profit.

Moreover, the CORFO loan required applicants to have a guarantor who could be held responsible in case of default, which for many was a relative or an acquaintance. This introduced further tensions for many families once debtors had troubles facing their financial commitments. As Perez-Roa (2014) documents, in these cases debtors not only had to bear the burden of their debts, but also the conflicts and tensions that arose from seeing their relatives face the consequences of their delinquency, including repossessions.

Unsurprisingly, this system has proven to be unsustainable, and borrowers who were facing huge financial constraints, including the repossession of their assets, reacted in the wake of the students' movement of 2012 by organizing themselves around the Association of Student Defrauded by the CORFO Loan (*Agrupación de Estudiantes Estafados por el Crédito CORFO*). As part of a major movement to claim debt relief (as we will see later on), the Association demanded a 2% interest rate with retroactive effects, as well as the complete freezing of debt collection carried out through judicial means. According to Villablanca (2013), this demand raised a controversy among political representatives, who channeled the demands of students to the Ministry of Education. As the history of Law 20.572 shows, which established debt-relief mechanisms for all loans, social pressure ultimately led the Vice-President of CORFO to reduce interest rates to 3.6% for almost 140,000 indebted families, at a cost of around $18 million USD to the government, to cover the difference between the old and new rates (Villablanca 2013). As we will see in the next section, the Association was a late reaction to the fact that banks were already seizing the houses of CORFO borrowers, which prompted a major political response from students and borrowers that came about as a reaction the so-called State Guaranteed Loan.

Expanding commodification through financialization

The cycle of expansion of higher education through the privatization of student debt repeated once again, as the reaction of political elites and policymakers to above mentioned problems was further privatization of debt and the correction of market failures. This entailed the 'predatory inclusion' of the bottom of the pyramid through the creation of a new loan. As the new loan scheme intensified policy contradictions, it brought to the fore problems that were not supposed to show up together: an unregulated growth of the higher education system, mounting levels of debt, massive default, increasing public spending, and the politicization of student debt. In this manner, to the problems of moral hazard and economic efficiency, this new stage added the political management of debt relations in society and massive mobilizations.

This third and definite step towards financialization was thus undertaken in 2005 with the creation of the State Guaranteed Loan (SGL) (Law 20.027), which ultimately led to an explosive expansion of enrollment, as well as to a broader politicization of student debt.

The SGL aimed at improving the coverage of higher education among the poorest households (interview with Ministry of Education in office), which by 2000 represented only around 6% of the total number of students (Larraín and Zurita 2008). In this context, the creation of the SGL followed a simple market-rationale: the problem of poor students was that they did not have the necessary collateral to be eligible for funding in the credit market. As the Presidential message from April 2003 made clear: 'The targeting of this effort towards the most needed students, however, has been obstructed by the requirement of collateral in the financial market, which has prevented the access to this source of funding' (History of Law 20.027, p. 6).[10]

The new parallel system was thus designed with the goal of relieving the government from expanding fiscal expenditure and from bearing the political costs of its citizens/borrowers' assets by court order. To this end, it further privatized debt by turning student loans into a profitable business for banks.

In its attempt to make poor students attractive to banks, the SGL introduced three innovations that aimed at reducing risk and creating profit opportunities. Firstly, universities guarantee 90%, 80% and 70% of the loan (capital plus interest) during the first, second and third years of study, respectively, while the government backed 90% of the loan after graduation. Secondly, the SGL introduced securitized portfolios that can be acquired by pension funds, insurance companies and mutual funds in the capital market. Thirdly, banks could sell part of their loan-portfolios back to the treasury charging a fee known as *recarga*, which, as we will see, ultimately became the most profitable clause for banks.

The financialization of higher education with the help of the SGL, proved to be very effective in expanding educational coverage by fostering a boom in higher education (Solis 2013). In the first year of its implementation, the share of beneficiaries (borrowers) accounted for 11% of total student aid and loans (21,317 of 192,611 beneficiary students), and by 2009 it reached a 41% (149,455 of 364,971 beneficiary students). In 2015, it tripled the number of beneficiaries, reaching 720,000 debtors. In this scenario, policymakers and politicians acclaimed the SGL because it allowed low-income students to attend tertiary education for the first time in generations. As illustrated below, the first income quintiles benefited from the CAE in a bigger proportion than the other income groups, becoming the driving force of the boom of higher education in the last decade and consolidating the commodification of higher education.

In addition to equal access, the SGL had the additional goal of tackling the problem of debt collection. Indeed, by the early 2000s, an increase in default rates was attributed to the collection policies, which were said to put an excessive burden on borrowers, thereby making the collection process impossible. In 2002, for example, the average rate of debt collection was 50%, necessitating new modifications to the debt collection system (Mineduc 2011). This problem was reflected in a new law (Ley 19.287) that allowed borrowers to voluntarily reschedule their debts, while at the same time introducing new debt-collection mechanisms: automatic payroll deduction from dependent workers and retaining tax returns by the Treasury (Tesorería General de la República). The law also facilitated the debt-collection process by letting the Internal Revenue Service share income-related information with universities administering the 'ULSF'. After one year, however, only 20% of borrowers rescheduled their payment using the schedules established in the new law (Ley 19.899), which extended the time limit to apply for the benefits.[11] The SGL was thus supposed to overcome these obstacles by introducing a more experienced and less politically sensitive actor, banks. This, in turn, introduced new tensions that ultimately led to a de-legitimation of the entire system.

Eroding the legitimacy of student debt

The privatization of student loans brought about a complete erosion of the for-profit motive in higher education, as well as the de-legitimation of student dent. In particular, the SGL was called into question in three domains: it was fueling an unregulated market, fostering banks' profits to the detriment of students, and producing new inequalities.

The explosive demand for higher education facilitated by the SGL created incentives for these institutions to offer degrees that did not find equal demand in labor markets. Between 2006 and 2015, for instance, groups that targeted sub-prime students, such as *Laureate International*, *Santo Tomás* and *Inacap* augmented their enrollment in 212.7%, 193.4% and 221%, receiving huge resources from banks funding the SGL (Sol 2016). In parallel, the returns to higher education declined in this period, specially affecting less selective and lower-quality institutions that benefited from the SGL in a large proportion (Reyes *et al.* 2013).

As for banks, the SGL turned out to be an excellent source of profits without taking any risk. Only between 2006 and 2011, seven banks that participated as financial intermediaries obtained $150 billion CLP (around $310 million USD) from the Chilean government (Guzmán and Riquelme 2011).[12] This was part of the loan system, which stipulated that after participating in the SGL through a tender process, banks could sell these debts back to the state, charging a fee called *Recarga*. Between 2006 and 2011, for instance, the amount assigned to pay for these fees in the budget for education multiplied 25 times, from $10.3 billion CLP (around $21 million USD) to $250 billion CLP (around $515 million USD). Banks, on the other hand, kept selectively selling those credits of poorer students who found themselves indebted in low-quality private universities whose effectively worthless degrees did not allow their graduates (primarily low-income students with little experience of the university system) to find high-paying employment. In this way, the cost associated to the acquisition of loan-portfolios rose steadily in the following years, reaching in 2016 $590 billion CLP, which represent 35 percent of the budget for higher education.

The huge profits made by universities and banks were soon seen as illegitimate by students who condemned the for-profit motive in the higher education system. Furthermore, the financialization of education made higher education affordable, but it produced new social inequalities. By the end of 2010, when the conflict was about to explode, 60 percent of debtors in payment time had not completed their studies and reached a default rate of 45%, while the share of debts in default among students who finished their studies reached 30%.[13] As the World Bank reported in 2012,[14] one third of SGL's debtors was bearing an average debt to income ratio of 18% at an annual interest rate of 6%, which in comparative terms was among the most predatory student loans in the world (Usher 2005).

The proportion of deserters and graduates improved in the following years, but the number of defaulters continued to grow. According to the Commission in charge of administering the system (Comisión Ingresa), defaulters in 2015 amounted to more than 77,500 workers and the SGL had stratified debtors in at least four categories: graduated (127,376), graduated in default (42,459), deserters (17,263), and deserts in default (35,050). As interviews with SGL debtors show, each of them faced several problems that, in the best scenario (graduates) means to be excluded from the commercial system due to existing debt, delay in family formation and access to homeownership. In the worst cases (deserters and defaulters), it means processes of downward mobility triggered by excessive debt, stigmatization of black list credit bureau, foreclosures and depression.

In combination, the three processes above sketched grounded the politicization of student debt that began in the wake of the student social movement in 2011, and gained autonomy in 2013 when a social movement of debtors consolidated.

The politicization of student debt and the de-commodification of higher education

The repudiation of student debt is an unlikely event. Even in the wake of mounting debt levels and massive default that marked the last decade in Chile and elsewhere, experience shows that organizing debtors is a titanic task. In the United States, for example, where tuition fees skyrocketed more than 240% in the last decade and student debt quadrupled in the last fifteen years (reaching USD1.44 trillion in 2018), the emergence of social movements of student debtors has been rather fragmented and confined to specific institutions (Appel *et al.* 2019). The Strike Debt movement, which arose as an offshoot of the Occupy Wallstreet, help organizing students from for-profit colleges that sought to go on a debt strike, known as the Corinthian 15. Said organization refused some debts with the Ministry of Education and created legal tools to resist debt, successfully affecting the policy domain. In the last years, student debt has become an increasing policy concern, motivating presidential candidates to include debt relief schemes in their programs. However, the politicization of student debt has not yet escalated to a national movement of debtors demanding the abolition of debt and tuition fees.

Chile's case provides key insights on the diverging paths of the politicization of student debt. In general, I see two main factors preventing former students to organize and repudiate debt: On the one hand, the institutional context may provide different incentives for debtors to engage in social movement organizations. The fear of reappraisal, for instance, is huge and prevent debtors from taking part in any type of debt strike. In Chile, as well as in the United States, debt collectors have plenty of power to enforce debt repayment. In both cases, they can garnish wages and tax returns from debtors, seize a share of social security benefits and slash credit scores. Thus, the way student debtors have sought to create collective power has been through the creation and socialization of legal tools that help debtors struggle with their debts individually.

On the other hand, debtors need to shift moral frames from isolated and irresponsible debtors, to victims of a massive scam that originates in forces beyond their control: financial deregulation, educational policy and inequality. This is difficult because debt is marketized as an individual contract endorsed by a sense of personal responsibility. Changing moral frames is a precondition for all social movements of debtors to arise, ranging from the doctrine of 'odious debt' among heavily indebted countries (Jayachandran and Kremer 2003), to the repudiation of mortgage, medical and student debt. This is only possible when activists actively seek to get debtors together to share their feelings and overcome their shame and guilt, create collective action frames that re-signify debt, and places debt in the context of broader inequalities. Building a nation-wide movement against student debt thus requires the creation and socialization of collective action frames that change the way people (debtors and non-debtors) conceive higher education, tuition fees, social rights and individual responsibility. This is exactly what happened in Chile.

In Chile, the student movement provided a master frame to repudiate student debt as illegitimate. By considering education as a social right, it rejected any type of student debt, regardless of the class background of students and the classification of higher education institutions. To be clear, student protests were driven by much broader goals than the remission of debts and succeeded in bringing about a whole re-structuring of the educational system at both secondary and post-secondary level. These movements started in 2006 when thousands of students aged between 15 and 18 went out and performed the largest demonstration in Chile since the return of democracy (Donoso 2016). This paved the way for the second wave of protest in 2011, which lasted seven months and whose manifestation gathered more than 100,000 protesters in the streets of Santiago. The movement went further and claimed to defend the right to public education by demanding free education, the rejection of profit-seeking in education, and elimination of schools' discriminatory practices (Fleet 2012, Bellei and Cabalin 2013, Rifo 2013).

The student movement in Chile brought the problem of student debt into the center of public discussions. Indeed, Chile's right-wing administration at the time rejected the broad demands of the student movement and responded instead by tackling the issue of educational funding. The government created two benefits to alleviate the burden of borrowers and diminish the pressure of the students' movement: it decreased the interest rate that had fluctuated between 5% and 6% to just 2% (only when the payments begin), and it allowed students to repay their debts in installments that should not be higher than 10 percent of their income. Trying to tackle the collection problem, as well as the negative consequences for borrowers, a new law was introduced in 2012 (Ley 20.572), which aimed at facilitating debt collection and alleviating those in debt. It consisted of a remission of penal interests for those that pay at least 50 percent of their educational debts. It also considered eliminating borrowers from the black list of credit bureau (DICOM), avoid judiciary costs, and special benefits for student-borrowers who did not finish their studies. These lean benefits, available for all educational loans, were meant to ensure the principle of market justice by preventing mass default without affecting the margins of banks, as the government paid the difference.

However, these reforms proved to be insufficient for the rising and publicly legitimated student movement, which rejected these measurements, adducing that education should be considered as a social right rather than an investment to be acquired in the market. Both profits and educational loans became the target of a moralizing discourse and social movement that called into question the legitimacy of the entire system, putting pressure on the presidential elections of 2013. In this new political cycle, voters shifted the balance towards the center-left coalition that this time promised to de-commodify the educational system, rather than merely buying time with the traditional and delegitimized politics of debt carried by the government.

Since the students' movement exploded, Chile has been slowly moving towards a free, public higher educational system, and, in December 2015, the congress passed a law (Ley 20.882) that represents the first step towards the de-commodification of the higher educational system by ensuring free access to post-secondary education for students from poorest 60% of households. In the meantime, movements organized by current borrowers emerged and gained autonomy from the student's movement in 2013 with the creation of 'Asociación de Deudores del Crédito con Aval del Estado,' the 'Agrupación de Estudiantes Estafados por Corfo' and later on 'Deuda Educativa' (now the biggest debtors' association in the country that gathers debtors from all educational loans). These continue to refuse to pay existing debts and struggle against banks that have begun seizing assets, including houses. As the petitionary of the Educational Debt movement (Deuda Educativa) made clear, the promise to de-commodify education was tackling only part of the conflict, and borrowers undertook new actions in order to demand a condonation of educational debts that were considered illegitimate:

> From now on we make a call to all professionals that, in order to have access to the university, were obliged to become indebted with banks or the government. The invitation is to join the Coordinadora Deuda Educativa and actively participate in a series of actions that seek to make justice and free us from an imposed and unjust debt. (Deuda Educativa 01 September 2014)[15]

As the year 2016 began and the first wave of students received the new benefits, students begin to claim the total suppression of scholarships and loans in order to transit to a completely commodified educational system. Alongside public demonstrations and actions of civil disobedience, Deuda Educativa has followed a judiciary strategy suing three out of the six banks that participate in the SGL system. In this scenario marked by a general condemnation of the student debt, the President announced that the SGL will be eliminated in 2017 and replaced by a different funding scheme. At this point, whether or not the de-commodification of higher education will succeed, and whether educational debt will be erased, remain open to speculation.

Conclusion

In this article, I adopted historical and macro perspective to describe how the tensions and contradictions that are inherent to student loans lead to major conflicts around credit and debt. From this point of view, the responsiveness of policymakers to the inherently conflictive nature of student loans, as well as to the agency of debtors in ignoring or refusing payment and organizing, shaped the way the conflict unfolded and escalated from economic and moral dilemmas in the policy field, to the politicization of student debt in society.

The analysis provides a broad picture of a commonly told story about how political elites use credit to create markets and provide public goods where they have not been previously provided. But it does not stop there. It also shows how this strategy -which also holds true for markets, housing, and consumption in the region- creates new financial and political subjects that have the agency to shape back both social policy and debt relations (González López, 2018). In other words, it shows that, due to the conflictive nature of student loans, the financialization of higher education contains the seeds of an ongoing conflict around debt. According to this view, the financialization of higher education does not unfold as a one-way monolithic process, but through multiple debt trails that originate at the interstices between the state, higher education institutions, banks, citizens' uncoordinated responses to institutional designs, and social movements. It is in this sense that one can speak of the financialization of higher education as the attempt to 'govern by debt,' as it goes beyond the mere administration of financial instruments and it demands the permanent management of social relations of credit and debt in society, which are underpinned by power relations that are institutionally enforced and framed in moral terms.

All in all, Chile's case tells us two important lessons to about how the student debt crisis led to the rise of debtors' movement and a more general condemnation of student debt. Firstly, even though debtors' movements gained autonomy from the students' movement, the relationship to broader political organizations help organizing debtors and changing public conversations about debt. One of the reasons is that the political identities of debtors are variegated, and do not necessarily provide a common ground to repudiate debt on moral grounds, nor to organize collective action. Existing political organizations and networks have proved to be key assets to organize debtors in different ways. Robinson (2013), for example, argues that the lack of ties with formal organizations was a key aspect preventing housing debtors in San Diego collectively organizing to resist foreclosures. Mortgage debtors in Chile, for instance, organized successfully against home evictions around existing networks of vicinal communities, which organized collective resistance territorially. In Chile, the students' movement gave momentum to social movements of debtors to arise, as it provided a master framework to conceive student debt as illegitimate and make student loans incompatible with the demand for free and public education. Thus, students from elite universities led these mobilizations and spoke on behalf of students and debtors of all higher education institutions (Donoso 2016). In this way, it was the student's movement which provided the conditions to change the public conversation about debt in the first place. In the United States, even though the Strike Debt movement provided a master frame to resist debt and sought to create a debtors' union, it did not change the public conversation about debt until local interventions of the Corinthian 15 led to policy changes (Appel *et al.* 2019). These local movements had to travel all the way from mobilization to public discourse, not the other way around.

Secondly, a further lesson from Chile's case is that one of the conditions that facilitated the politicization of student debt in Chile is to be found in the way the *intersectionality* of debt provided conditions for debtors to overcome class distinctions and create collective identity. The *intersectionality* of debt suggests that student debt affects people differently. In the United States, for instance, the burden of student debt is determined by the intersection of further disparities, such as class, race and gender (Zaloom 2019). Debtors' situation -debt to income ratios- thus differ considerably according to these categories, making the creation of solidarity something difficult to produce. This leads to a collective action problem: Why would white men from elite universities mobilize against student debt if their salaries allow them to pay their monthly installments? As student debt affects more strongly the less empowered segments of the population, the organization of debtors' movements remains fragmented and demands further work to craft a debtors' identity that integrates racialized and gendered categories into a broader and encompassing debtor's framework. In the case of student debt, moreover, debtors' identities are mediated by broader class segmentations in the educational system, as well as regional differences. In the United States, as mentioned before, the most successful mobilizations against student debt originated in for-profit colleges, which target low income populations. In Chile, however, even though the SGL loan affected more sharply students from private and low-quality institutions, the social movement of debtors transcended these class distinctions and demanded the remission of debt for all debtors, regardless of their class background. Social movements of debtors in Chile thus gathered debtors in default alongside those paying their monthly installments sacredly. What united them, is the idea that their debt is illegitimate in its origins, regardless of their class background.

Notes

1. The fieldwork consisted of 36 semi-structured interviews that were recorded. I interviewed debtors that follow the movement (25), loan administrators (3), activists (6), and policymakers (3). Moreover, I followed the movement Deuda Educativa for two years (2016–2017) and maintained countless informal conversations with activists, public officials, experts and politicians.
2. It is in this sense that we may conceived financialization, privatization and marketization as empirically intertwined but analytically distinguishable processes. While marketization implies the expansion of market logics and transactions to realms that have been previously isolated from economic calculation and exchange, financialization points to the role played by financial institutions, motives and devices in these processes. Moreover, marketization is inextricably linked with transfer of rights from the public to the private sector, but just as with the financialization of the economy and society, it often occurs through an active intervention of the state.
3. For example, as Montgomerie and Tepe-Belfrage (2019) show, debt audits that arise out of the implementation of harsh austerity policies, are progenitors of debt resistance, prompting an emerging politics of debt that makes visible the way debt harms people and call them to action. By the same token, Di Feliciantonio (2016) shows with the case of Italy that contentious movements arise from a rupture of the processes of subjectification that are tied to the rising indebtedness of households.
4. According to Education at Glance 2014, for example, Chile is among the few countries whose public universities charge fees over $5000 USD, together with the United States and South Korea. According to the Economic Characterization Survey (CASEN), the average monthly income of a middle-class Chilean household (located between the IV and VII income decile) in 2013 was around $890 USD, while studying architecture, sociology and medicine in a public (and therefore less expensive) university carried a monthly tuition burden of approximately $495, $605 and $870 USD, respectively ($440,189 CLP, at the average 2013 exchange rate of $1 USD = $495 CLP).
5. The government grants this loan only to students of the so-called 'traditional universities' (the 25 universities that existed prior to the 1981 reforms, from a total of 59 accredited higher education institutions).
6. The government grants this loan at a 2% annual interest rate to be repaid in installments that should not exceed 5% of gross income.
7. Between 1994 and 2010, 515,225 students had studied with the aid of this loan, and by 2011 the Solidary Credit funded around 30% of students from 'traditional universities' (Mineduc 2011).
8. The remaining 41% were studying or under the grace period.
9. In 1998, these reached 4,201 with a value of 319,651 UF. Among the latter, 30% (1,228) were given to students from traditional universities (0.6% of total enrollment of these institutions), 51.1% were given to students from private universities (2,164, covering 3.11%), 18.66% were given to students from professional institutions (1.35% of total enrollment), and less than 0.6% were awarded for technical education (Salamanca 2000).
10. Translated by author from the original Spanish: 'La focalización de este esfuerzo en los estudiantes más necesitados, sin embargo, se ha visto dificultada por los requerimientos de aval del mercado financiero, lo que ha obstaculizado el acceso a este financiamiento.'
11. The following year, considering that more than twenty thousand students received tax returns, a new law (19989) was passed in order to extend the rescheduling mechanisms to all students using the ULSF loan. A new oversight mechanism was implemented and all borrower's incomes were closely followed by the Internal Tax Revenue in order to inform universities about their incomes, while the Treasury was allowed to retain the tax return of borrowers in default.
12. In 2011 the exchange rate was equivalent to $483 CLP = $1 USD.
13. http://participacionciudadana.ingresa.cl/sites/default/files/CI_CUENTA%20PÚBLICA%202015.pdf.
14. Banco Mundial. 2011. Programa Crédito con Aval del Estado (CAE) de Chile. Análisis y evaluación. Documento N° 70209. http://documentos.bancomundial.org/curated/es/254511468217185045/pdf/702090SPANISH00do000versi0n0espanol.pdf.
15. Translated by author from the original Spanish:'Desde ahora hacemos una llamado a todas y todos los/as profesionales que para acceder a la Universidad se vieron obligados a endeudarse con los Bancos o el Estado. El llamado es a sumarse a la Coordinadora Deuda Educativa y participar activamente de una serie de acciones

que no buscan más que hacer justicia y liberarnos de una deuda impuesta e injusta.' Available here: https://deudaeducativa.wordpress.com/

Acknowledgement

I want to thank the organizers and attendants of the workshop 'Debt Trails: Following relations of debt across borrowers, organizations and states,' held at the ELTE University in Budapest in 2016, for the comments on the previous versions and the inspiring discussions. Special thanks to the insightful comments provided by Zsuzsanna Vargha and Lena Pellandini- Simanyi through several discussions, as well as by Claudio Ramos, Sebastián Guzmán and the anonymous reviewers.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This research was funded by FONDECYT N°3160096 and supported by the Max Planck Institute, in Santiago, Chile. Fondo Nacional de Desarrollo Científico y Tecnológico; Research Partner Group for the Study of the Economy and the Public.

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

Creative industries micro-enterprises and informality: a case study of the Shweshwe sewing industry in South Africa

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JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 194–208
https://doi.org/10.1080/17530350.2020.1800505

Creative industries micro-enterprises and informality: a case study of the Shweshwe sewing industry in South Africa

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ABSTRACT
The Cultural and Creative Industries have great potential for providing employment and economic development, as has been demonstrated by a number of international studies. However, cultural firms tend to be small and employment is precarious, with a high level of informality and freelance work. This study investigates the characteristics of micro-enterprises who sew bespoke garments for individual customers using a particular South African textile, called *Shweshwe*. Findings show that the informality of the businesses does not have a statistically significant impact on turnover, when controlling for other factors, such as the education level of the owner. This suggests that the informal business model may be a deliberate, rational choice for firm owners working in a project-based cultural sector, rather than a survivalist strategy of last resort. Employment creation is, however, greater for those micro-enterprises operating in the formal sector, suggesting that there may still be benefits to formality for some firms.

ARTICLE HISTORY
Received 16 August 2019
Accepted 15 July 2020

KEYWORDS
Cultural industries; micro-enterprises; informality; South Africa

Introduction

The Cultural and Creative Industries (CCIs) have great potential for providing employment and development, as has been demonstrated by a number of national and international reports. A recent mapping study showed that the CCIs in South Africa account for 1.7% of GDP and that the creative economy employs 6.7% of the workforce (South African Cultural Observatory 2018).

However, cultural firms tend to be small, medium, and micro enterprises (SMMEs), and employment is precarious, with a high level of freelance 'own account' workers (De Peuter 2014, Nielson and Cote 2014). This is also the case in South Africa, where those working in cultural occupations have been shown to be more likely to be in the informal sector than non-cultural workers (Hadisi and Snowball 2018).

In South Africa, registered firms are subject to state regulations relating to employee conditions and the payment of taxes. However, they are also eligible to access state support, especially for small, medium, and microenterprises, which include low-interest loans and other kinds of business support. Traditionally, western economic theory has regarded the informal sector as a measure of last resort for those unable to secure employment in the formal, regulated part of the economy (Chen 2012, Hillenkamp *et al.* 2013). However, newer work by authors like Dinardi (2019) suggests that, in the short-term project-based world of the cultural and creative industries, the decision to operate

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in the informal sector may be a rational choice, especially in developing country contexts where there have always been high levels of precarity.

The South African textile industry contracted significantly after apartheid when the country joined the World Trade Organization and opened up to imports from other countries. Nevertheless, some local textile production survives in particular niche areas.

Shweshwe is a unique local fabric produced in the Eastern Cape Province of South Africa. It is distributed by Cowie Trading, who also own the *Da Gama* factory that produces the fabric. In addition to the jobs created by the production and sale of the fabric itself, Shweshwe is also used as an input into the production of custom made garments and accessories on both an industrial scale, and at a small-scale, local level. In particular, the fabric is part of the production of numerous micro enterprises, which are often operating informally (unregistered businesses) producing custom-made garments for traditional ceremonies and festivities, such as weddings.

This study reviews micro-enterprises who use South African made textiles, specifically Shweshwe, as a business input, as a case study of how informal micro-enterprises operate in a developing country context. The focus is on the formal versus informal operation of microenterprises in the sector but an important part of the paper is also to estimate the size of the sector (as a measure of its relative importance in providing employment) in this little researched part of the cultural and creative industries. More precisely, it investigates employment creation and income generation opportunities that these micro-enterprises create in relation to the market structure they are operating in. Assumptions about the profile of cultural sector entrepreneurs and the benefits (versus the costs) of operating in the formal sector, given the project-based, short-term nature of cultural work are interrogated.

Informality and precarious employment in the cultural and creative industries

Market structure and the role of the informal sector

Theories of industrial organization have often taken the view that firms operating in the formal sector are more efficient and productive than those in the informal sector, and that economic development must include formalization (Chen 2012, Hillenkamp *et al.* 2013). The Dualists view is that informality rises when formal employment growth is slower than population growth, and when the skills of the workforce do not match up with the skills required for employment in the formal sector. The Stucturalists argue that the informal sector arises because formal market firms try to reduce their operating costs by outsourcing parts of their supply chain to informal firms. The Legalists hold that, especially for self-employed people, a 'hostile' legal system (which may include costly or time-consuming bureaucratic rules) forces some firms to remain informal.

The Voluntarists, however, allow that some firms weigh up the costs and benefits of operating informally or formally and then choose the option that best suits them (Chen 2012). Some economists acknowledge that the informal sector can have a productive role to play in poverty reduction, the implementation of decent working conditions, and the creation of social protection mechanisms in developing countries (Perry *et al.* 2007, Hillenkamp *et al.* 2013).

For individuals with low levels of formal training, the informal sector could be an important labour market entry point, allowing them to gain experience and skills, and to balance work and home responsibilities (Yu 2012). Hodder (2018) points out that while formal institutions reduce transaction costs, they do also slow things down, potentially reducing creativity and flexibility. Many writers ascribe the growth of East-Asian economies to flexible, informal institutions. According to Lobato (2010), the Nigerian film industry, 'Nollywood,' benefitted greatly from the more flexible, informal market organization in its early days, creating thousands of jobs and achieving exceptional levels of growth.

However, Rogan and Alfers (2019) find that formal sector labour market inequalities are perpetuated in the informal sector in that there is an over-representation of women in informal employment in South Africa, and that they earn significantly less than their male counterparts. While problems with informal arrangements, such as corruption and lack of job security, are acknowledged (Hodder 2018, Dinardi 2019), higher levels of informality in developing country contexts are not necessarily a negative factor, especially in the project-based world of the creative sector.

Informality, precarity, and working conditions in the cultural and creative industries

The 'precarious' nature of much cultural sector employment has long been noted in western literature (Caves 2000, Menger 2001, 2006). Precarious work is characterized by short-term contacts, rather than what was regarded as more usual permanent employment types. Various explanations are put forward for the prevalence of precarious work in the cultural sector. Menger (2006) suggests that the oversupply of cultural-sector workers, resulting in increased competition and the rise of 'contingent' employment of short-term freelancers. Others (Eikhof and Warhurst 2013, Hennekam and Bennett 2017) argue that cultural production is often organized around specific projects, for which particular skills are needed. In this situation, the flexibility provided by the freelance and informal systems suits the production mode, since it reduces the costs associated with permanent employees in a high-risk environment, and facilitates assembly of skills in short time-frames (Caves 2000).

There are also negative consequences of such production modes, however. Firstly, as suggested by the Structuralists (Chen 2012), outsourcing work to informal and freelance workers reduces the risks faced by firms in an environment of volatile and uncertain demand but increases the risks faced by individuals (Menger 2006). This kind of work is also often characterized by long and erratic working hours, periods of no, or low pay, lack of job security, and higher stress (McRobbie 2016). Some studies have also shown that such precarious working conditions are particularly difficult for women, who tend to have more family care responsibilities (Eikhof and Warhurst 2013).

With no job security to fall back on, freelance cultural workers need to craft a 'portfolio of jobs' in order to be able to smooth income volatility (Lingo and Tepper 2013). Building social capital and networks thus become very important in ensuring income continuity for cultural workers (Grugulis and Stoyanova 2012). Some studies show that people from working-class backgrounds may have more difficulty developing the business and social networks that are so vital for success, making cultural sector workers less socioeconomically diverse (Eikhof and Warhurst 2013, Siebert and Wilson 2013, O'Brien et al. 2016).

A study of cultural occupations by Hadisi and Snowball (2018) found that, in general, a far higher percentage of cultural workers in South Africa are employed informally (51%) than non-cultural workers (32%). Cultural workers were also much less likely than non-cultural workers to be 'working for someone else for pay' (84% of non-cultural workers, compared to only 59% of cultural workers fall into this category), and much more likely to be freelance ('own account workers'). Young people (under 35 years' old) who work in the cultural sector were more likely to be employed informally (47%) than youth working in non-cultural jobs (34%), with a generally high level of informality across all age groups. The reports (Hadisi and Snowball 2017, 2018) also show that the very low GDP growth rates of 2015 and 2016 are associated with an increase in the percentage of cultural occupations in the informal sector (43% informal in 2015 and 51% informal in 2016), suggesting that the Dualist argument may also hold.

Alacovska and Gill (2019), Maclean (2019) and Dinardi (2019) argue for an 'ex-centric' approach to understanding creative work and informality: Rather than applying the same western theoretical framework in the global south they argue that a new approach, taking into account the lived experiences of creative workers in developing country contexts, is needed. In their investigations of cultural production in South American countries, they find that cultural work is characterized by high levels of informality and precarity but that this is offset by stronger social and community networks. In fact, Dinaridi's (2019) research shows that informal sector cultural workers have greater independence and control over their economic and cultural activities than those in the formal sector. In a US context, De Peuter (2014) discusses how unions and alliances can be used, not only to bargain for better wages and working conditions but also to provide practical support and networking, as ways of adaptation to precarious work models.

Another important consideration in taking such an ex-centric approach to cultural labour is in understanding the characteristics and types of entrepreneurship. Entrepreneurs may deliberately choose to operate informally in order to avoid taxes and other regulations, and the administrative cost associated with them (Yu 2012). In a western context, cultural entrepreneurs are often conceived as young, white, middle-class men who are university-trained, while the lived reality in developing country contexts might be considerably different (Dinaridi 2019). Luckman (2018) makes a similar point in her article on entrepreneurship in the craft sector in Australia, where she challenges what entrepreneurial 'success' looks like. For example, the figure of the 'mumpreneur,' who is an older woman seeking specifically to merge mothering roles and entrepreneurial business practices in ways that blur the boundaries between production and reproduction. Neilson and Cole (2014) suggest that the cultural and creative industries may have much to teach other sectors that are also becoming increasingly precarious.

SMME regulation and support in South Africa

In South Africa, Small, Medium, and Micro-Enterprises (SMMEs) are recognized for their role in economic growth and for their significant contribution to economic development, innovation, and providing employment (SEDA 2016). The SA government acknowledges the importance of SMMEs in the country. Additionally, the SA government has taken serious measures and steps to include this sector in its policies, in trying to achieve sustained growth. In 2014, a new Ministry of Small Businesses Development was established. The key role of this ministry is to facilitate the development and promotion of small businesses in SA (SEDA 2016).

Government policy on SMME development was first drawn up in the 1995 White Paper on SMME development. The Integrated Small Business Development Strategy action plan focused on increasing financial and non-financial support, creating a demand for SMME products and services, and loosening regulatory constraints on SMMEs (SEDA 2016). In line with the policy, the government also established other institutions to assist with the implementation of the development strategy for small businesses (SEDA 2016). Examples include the Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), National Youth Development Agency (NYDA), Technology and Innovation Agency (TIA), and National Empowerment Fund (NEF).

In 2018, there were an estimated 2.4 million SMMEs operating in South Africa, the majority (70%) of which were in the informal sector. Those who operate in the informal sector are mostly owner-operators who do not employ other people. Only 35% of SMMEs (both formal and informal) employ other people (SEDA 2018).

In a recent study of the differences between SMMEs operating in the formal and informal markets in South Africa, Bhorat *et al.* (2018) found that informal SMMEs were more likely to be operating in rural areas, and to employ women and youth with low levels of formal education. SMMEs with higher turnovers were more likely to be operating in the formal sector and workers had higher incomes and levels of education. Their view is that support to the informal sector can be seen as 'part of a poverty reduction strategy of the state' (Bhorat *et al.* 2018, p. 15), although they do note some heterogeneity of firms within the informal sector.

A major cost of joining the formal sector is compliance with regulations, such as registration, minimum wage legislation, and submission of VAT returns. As an ILDP (2014, p. 19) report puts it

> A major financial consideration in the formalisation process for SMME owners is the cost-benefit analysis of the formalisation decision. These are, broadly, costs of entry into the formal sector e.g. License fees, registration costs and bribery costs and then there are the costs of staying formal e.g. regulatory costs, compliance costs, taxes, etc. These have to be weighed against the financial and non-financial benefits of formalisation.

Formalization can improve access to finance that will allow investment in productivity-improving assets. However, Bhorat *et al.* (2018) note that there is a generally low level of financial literacy amongst SMME owners in South Africa, and that those in the informal sector have less formal education. More than half of all SMMEs in South Africa do not keep financial records, casting doubt on their ability to access sources of credit. 81% of SMME owners did not use any form of government support programmes, mainly because of a lack of information on what was available and how to access it. The ILDP (2014) report also finds that many informal SMMES are simply unaware of government support programmes. The benefits of formalizing may thus be perceived to be low compared to the costs.

The history of Shweshwe as a cultural good

In a review of 314 studies of how creative industries are structured, Peltioniemi (2015) defines cultural goods as primarily experience goods that do not have functional utility, as well as serving as 'social markers' and signals of identity. Shweshwe and the garments made from it, obviously *do* have functional utility but the specific fabric design also has long-standing cultural value. In Xhosa and Zulu traditions, Shweshwe garments are associated with 'rights of passage,' such as marriage, betrothal, and childbearing.

The name of the fabric is said to be of Sotho origin, named after king Moshoeshoe the First but it was originally brought to South Africa via German immigrants, hence the name 'ijamani' that is sometimes applied to it. Shweshwe still shares some of the characteristics of 'blouwdruk,' especially in the indigo colour and dyes used, and in the fine, white designs (Cowie Trading n.d.). In a recent book, *isiShweshwe*, Leeb-du Toit (2017) describes the complex history of the fabric, which was first used by black and coloured South Africans in the context of the missionary schools and as 'Sunday finery.' However, according to Leeb-du Toit (2017) under apartheid, wearing of Shweshwe was seen as part of 'resistance to western hegemony,' associated with asserting an African identity, and was worn by many white women as well from the 1960s. In more recent times, Shweshwe has been used in modern designs and has featured at South African Fashion Week shows in Johannesburg and Cape Town.

A consumer research study in Johannesburg and Cape Town (Vogel and Associates 2005) found that most Shweshwe wearers were black women with good jobs in the 25–40-year-old age range, who either made clothing from Shweshwe fabric themselves or who had commissioned someone to make it for them in the past 6 months.

The production of a version of printed calico that would become Shweshwe in South Africa began in 1945 with the import of machinery from a Chinese calico production unit that had gone bankrupt, to the Da Gama factory in Zwelitsha (King Williamstown). Some of the characteristics of Shweshwe produced today are the result of a desire to indicate quality – that the locally produced fabric is as 'authentic' as the cloth originally imported from Britain. For example, the imported cloth was starched to protect it while at sea and, while no longer needed, starching is still part of the production process. As Leeb-du Toit (2017) notes, 'The notion of authentic isiShweshwe is complex.' The designs used today are a mixture of more traditional ones, mostly printed on blue and brown, as well as modern designs and adaptations produced in-house by local designers.

The amount of Shweshwe sold by Cowie Trading has nearly doubled since 2014, indicating a growing market. The selling price, while higher than that of cheaper alternatives, has increased by less than inflation over this period (using the Consumer Price Index). The average selling price for the 2018 financial year was R36.88 per meter. A third of sales by volume occur in Gauteng Province (33.5%), followed by the Eastern Cape Province (18.5%), KwaZulu-Natal (13%), and the Western Cape (7%).

The subjects of this study are the owners of the micro-enterprises who purchase Shweshwe in order to make bespoke clothing for their customers. They are a combination of designers and seamstresses who make individual garments for each client to suit both the person and the occasion. With the rise in popularity of the Shweshwe fabric, the sector, most of which operates informally, is a growing part of the cultural and creative industries in South Africa.

Research methods

Research methods included data collection from three main groups: Key stakeholder interviews with representatives of Cowie trading (who distribute Shweshwe and own shares in Da Gama and Jackson's Stores), which included their providing access to data on the production and distribution of the fabric; Jackson's Store managers (who sell Shweshwe fabric to micro-enterprise sewers and private users) were approached and asked to complete an online self-completion questionnaire that related to their perceptions of micro-enterprise Shweshwe buyers in terms of their purchasing behaviour and preferences and face-to-face interviews with a sample of 62 micro-enterprise owners who use Shweshwe as an input into their sewing businesses.

Data on the volume of production and sales, distribution, and designs were obtained from key stakeholder interviews with Cowie Trading and Da Gama staff during field visits to the warehouse and factory. Cowie Trading is primarily a Shweshwe distributor, while Da Gama has the factory that produces the Shweshwe. However, Cowie Trading partially owns Da Gama and the Three Cats trademark and thus has significant input into design and production decisions.

There are 20 Jackson's Fabric Stores in South Africa, which are owned by Cowie Trading, and through which sold 14% of the Three Cats Shweshwe sold in South Africa in the 2017 financial year (Cowie Trading 2018). All the store managers were sent a self-completion questionnaire to gather information on their perceptions of Shweshwe purchasers. Fourteen responses (70% of the population) were received.

Sixty-two face-to-face interviews with micro-enterprise owners who were buying Shweshwe as a business input were conducted at three different locations to determine the uses of the fabric, demographics of owners/operators, attributes of the business, and the preferences and knowledge of their customers regarding Shweshwe. The questionnaire was available in English and, in the Eastern Cape, isiXhosa. Interviews took place in Jackson's shops in Makhanda (Grahamstown), a small rural town in the Eastern Cape Province; East London, a larger metropolitan city in the Eastern Cape; and Cape Town, a large metropolitan city in the Western Cape Province. Figure 1 illustrates the Shweshwe production and distribution value chain and the research method and response rate.

Characteristics of Shweshwe micro-enterprises

There is no one, accepted definition of what small, medium, and micro-enterprises (SMMEs) are. A report by the ILDP (2014) explains that there are both economic and statistical definitions of the sector. Economic definitions include the following characteristics: it has a relatively small share of

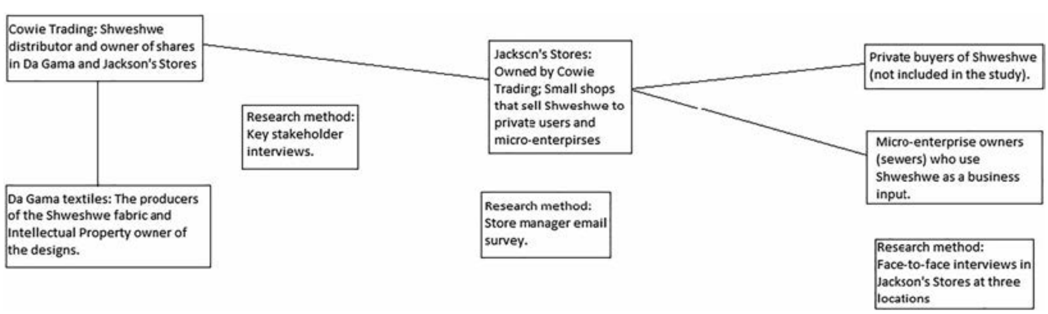

Figure 1. Shweshwe production and distribution and research methods used.

the market; it is managed by owners or part-owners in an informal way, without a formalized management structure; and it is independent, that is, not part of a larger firm.

Statistical definitions have to do with the number of employees and annual turnover, but vary from one country to another and also from one sector to another. According to SEDA (2018), firms are classified by the Department of Trade and Industry based on their annual turn-over, with cut-off points adjusted for inflation each year. Firms are classified as micro or 'very small' if their annual turnover is less than R2 million[1] and if they employ fewer than 20 people. By both the economic and statistical definitions, all the sewing businesses that use Shweshwe as an input that were interviewed in this research can be classified as micro-enterprises, as will be further discussed below.

Of the 62 interviews completed with micro-enterprise owners across the three study sites, 86% were run by women, and almost all of them (98%) by black South Africans. In terms of age, the largest group was in the 36–50-year-old group (50%), with a further 29% who were between 51 and 64 years' old. Although not exclusively isiXhosa, the vast majority of business owners (84%) fell into this home language group. Compared to the average South African labour market profile, micro-enterprise owners in the sector had higher levels of education: 63% had completed high school, and 28% had some form of tertiary education – either as a professional qualification (13%) or a degree or diploma (15%).

Compared to the socio-demographic profile of those in cultural occupations in South Africa (Hadisi and Snowball 2018), micro-enterprises using Shweshwe as an input are more racially diverse: only 79% of overall cultural sector workers are black, coloured, or Indian/Asian, compared to nearly all the micro-enterprise owners in this study. There are also far more women in the micro-enterprise sewing sector than in cultural occupations overall (only 43% of cultural workers in South Africa are women, compared to 86% in this sector). As found in many other studies, those working in cultural occupations tend to be better educated than those working in non-cultural occupations: 32% of those working in cultural occupations in South Africa have tertiary education (compared to only 19% of those in non-cultural occupations). This is a similar proportion to those in the micro-enterprise sewing sector, 28% of whom have tertiary education.

Given the higher levels of education of the Shweshwe micro-enterprise owners, it is not surprising that their average earnings are higher when compared to earnings in both other cultural and non-cultural occupations. Figure 2 shows that a higher proportion (92%) of the micro-enterprise owners in this sector fall in the higher income categories (from R2501-R11,000 and onwards) than those working in cultural occupations (63%) and non-cultural occupations (52%) that fall in these

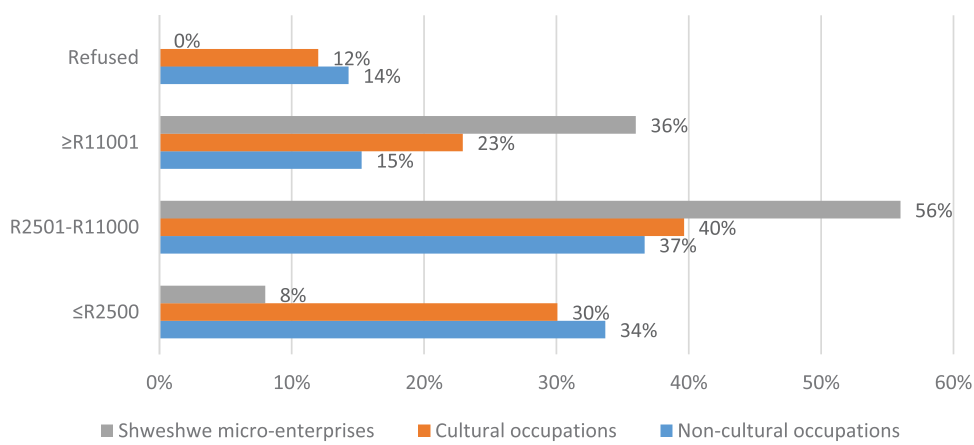

Figure 2. Income categories for Shweshwe micro-enterprise owners and cultural and non-cultural occupations. Sources: Hadisi and Snowball (2018); Shweshwe data collected by authors.

categories. Only 8% of Shweshwe micro-enterprise owners fall in the bottom income category (R2500 or less) compared to the average for those working in cultural (30%) and non-cultural (34%) occupations.

Shweshwe micro-enterprises in the formal and informal sectors

In interviews with micro-enterprise owners using Shweshwe as an input, respondents were asked: 'Is your business a registered business (with a bank account in the name of the business)?' The majority (76%) of micro-enterprises operated in the informal sector (not registered), with only about a quarter of them (24%) being formally registered. In the more rural Eastern Cape Province, the level of informal sector operation was especially high (83%), compared to micro-enterprises in Cape Town (67% informal). This is supported by the evidence from a recent study done by the Small Enterprise Development Agency (SEDA 2016) that found that 75% of all SMMEs in South Africa operate in the informal sector.

The average annual turnover for micro-enterprises in the sewing industry was R128,898, which means that firms operating in this sector are clearly micro-industries in the Department of Trade and Industry classification discussed earlier. On average, formal micro-enterprise owners generated significantly more annual turnover (R239,800) than the informal micro-enterprise owners (R96,439). Analysis of Variance (ANOVA) showed a positive and significant (at the 1% level) relationship between average monthly turnover and being in the formal sector (registered firms).

There were also regional differences: Micro-enterprise owners who operate in Cape Town in the Western Cape Province (which is urban or more developed) have higher average annual turnover (R154,957) than micro-enterprise owners who operate in Buffalo City (East London) and Makhanda (Grahamstown) in the Eastern Cape Province (which is mostly rural) in terms of turnover (R108,920). The regional differences are not surprising, given that the Western Cape is significantly more affluent than the Eastern Cape, which is one of South Africa's poorest provinces (Statistics South Africa, 2015). However, despite the differences in mean values, ANOVA results show that there is no statistically significant difference in average monthly turnover by area of operation.

The average annual amount that micro-enterprise owners spend on material and other inputs was R55,547. Formal sector micro-enterprises tend to spend considerably more (R88,834) than informal micro-enterprises (R45,805) on material and other inputs. Analysis of Variance (ANOVA) showed a positive and significant (at the 1% level) relationship between average monthly spending on inputs and operating in the formal sector (at the 10% level). This result does seem to point to certain advantages to operating in the formal market, perhaps as suggested by Dinardi (2019), because access to financial resources, such as loans, and other government SMME assistance, requires businesses to operate formally (that is, to be registered).

With an average annual turnover of R128,898 and average input costs of R55,547, this means average earnings are R73,351 per year for micro-enterprises in this sector. Note that input costs did not include the wages of the owner-operator her- or himself, so the amount represents earnings, rather than profit. Those firms operating in the informal sector had average annual earnings of R50,634, and those operating in the formal sector had average annual earnings of R150,966. These figures show average monthly earnings of micro-enterprises using Shweshwe as an input of R6000 per month, which (given the household income categories discussed earlier) shows that they contribute significantly to household income.

In terms of employment creation, more than half of micro-enterprise owners employed additional people in their businesses (60%) in some capacity. 53% of sewing business owners who run their business informally employ additional people (average employment per micro-enterprise of 1.7 people), while 80% of formal businesses employ additional people (average of 3.5 people per micro-enterprise). Analysis of Variance showed that there is a statistically significant (at the 1% level) difference between the number of people employed in formal versus informally operated businesses. This is further evidence that micro-enterprises operating in the formal sector tend to be larger, with higher average turnover and more employment. The overall average number of people employed per Shweshwe micro-enterprise, including the owner/operator, was 2.2.

The majority of employees in the sector work on a permanent basis (64%), which was a surprising finding, given that the CCIs, in general, have a much higher level of contract or free-lance work than non-cultural jobs. Only 6% of owners said that they employed people only when needed but a further 18% reported employing people on a 'part-time' basis (which could be a permanent or temporary job), and another 12% reported including someone 'full-time' (but again not indicating if this was a permanent or temporary job). Given the high levels of informality in the sector, it may be that understandings of what constitutes 'permanent' or 'temporary' employment are not clear. However, the result may also support those who argue that the informal sector can provide sustainable employment and be a driver of economic growth and employment in its own right (Tables 1–3).

To estimate the overall size of the sector in South Africa, data and information from three sources were used: from Cowie Trading on the total amount of Shweshwe produced; from the survey done with Jackson's Store managers, who provided an estimation of the amount of Shweshwe sold to micro-enterprises; and from the micro-enterprises on the frequency and amount of Shweshwe purchased. From this data, an approximation of the total number of micro-enterprises that use Shweshwe as their business input in South Africa was made.

Using data obtained from interviews with micro-enterprise owners on the frequency and amount of their Shweshwe purchases, along with information on the total amount of Shweshwe sold through Jackson's Stores, the total number of micro-enterprises can be estimated (Appendix Table A1).

Nearly three-quarters (74%) of micro-enterprise owners bought an average of 23.3 meters of Shweshwe once a week. Thirteen percent bought Shweshwe at least once a month, but in similar average amounts, while a minority (13%) bought it less than once a month, and in significantly smaller amounts (15 meters). Since average numbers can be skewed up or down by a few very large or small amounts, estimates based on median figures are also reported. Weighting the average and median purchase amounts by the proportion of enterprises that purchase Shweshwe at particular frequencies allows one to calculate the annual average and median purchase amounts for the whole sector. On average, micro-enterprises purchased between 818 meters (median) and 967.5 meters (mean) of Shweshwe per year.

The vast majority 98% (5.6 million meters) of the fabric sold in South Africa in 2017, was sold through stores (like Jackson's Stores) that were accessible to micro-enterprises. It is Cowie Trading's policy to only sell through smaller shops and to not supply the Shweshwe fabric to the large chain stores. Data provided by Jackson's Store managers showed that, on average, the sale of Shweshwe to micro-enterprises accounted for 87% of the total volume sold.

Table 1. Average turnover[a] and spending of micro-enterprises using shweshwe as an input by market structure and location.

Variable/Domain	Formal	Informal	Overall	ANOVA
Average monthly turnover[b]	R19,983	R8037	R10,742	0.011***
Average annual turnover[c]	R239,800	R96,439	R128,898	
Average monthly spending on fabric and other inputs	R7 403	R3817	R4629	0.068*
Average annual spending fabric and other inputs[d]	R88,834	R45,805	R55,547	
Average annual earnings[e]	R150,966	R50,634	R73,351	
Variable/Domain	**Eastern Cape (Rural)**	**Western Cape (Urban)**	**Overall**	
Average monthly turnover	R9077	R12,913	R107,412	0.348
Average annual turnover[c]	R108,920	R154,957	R128,898	

Source: Authors' own analysis based on interview data.
Note: ANOVA: ***significant at the 1% level; ** significant at the 5% level; *significant at the 10% level.
[a]15% of respondents declined to answer the question on turnover ($n = 53$).
[b]Range for monthly turnover: (R3000–R100,000; Median R7000).
[c]Average annual turnover calculated by multiplying average monthly turnover by 12.
[d]Average annual spending on inputs calculated by multiplying average monthly spending by 12.
[e]Average annual earnings calculated by subtracting average annual spending on inputs from average annual turnover.

Table 2. Estimate of sector size and employment creation of micro-enterprises in South Africa using Shweshwe as an input.

Variable/Domain	Source	Shweshwe Industry (Data)
A. Total amount of Shweshwe produced by Cowie Trading in 2017 (in meters)	Cowie trading	6,974,849 m
B. Percentage sold in South Africa	Cowie trading	82%
C. Total amount of Shweshwe sold in South Africa (in meters)	Calculated (A/B)	5,719,376 m
D. Percentage Shweshwe sold through stores (like Jackson's) accessible to micro-enterprise buyers	Cowie trading	98%
E. Total Shweshwe sold in South Africa through stores accessible to micro-enterprise buyers in 2017 (in meters)	Calculated (C/D)	5,604,988 m
F. Mean percentage of Shweshwe sales to micro-enterprises	Survey of store managers	87%
G. Total Shweshwe sold through stores in 2017 to micro-enterprises in South Africa (in meters)	Calculated (E/F)	4,876,340 m
H. Mean amount of Shweshwe purchased per micro-enterprises per year in meters (see Appendix Table A1 for calculations)	Survey of Shweshwe purchasers	960.45 m
I. Median amount of Shweshwe purchased per micro-enterprises per year in meters (see Appendix Table A1 for calculations)	Survey of Shweshwe purchasers	813.4 m
J. Number of micro-enterprises in SA using Shweshwe as an input (Estimate 1: Based on Mean purchase amounts)	Calculated (G/H)	5077
K. Number of micro-enterprises in SA using Shweshwe as an input (Estimate 2: Based on Median purchase amounts)	Calculated (G/I)	5995
L. Average number of people employed per micro-enterprise (including owner/operator)	Survey of Shweshwe purchasers	2.15 people
M. Total Shweshwe micro-enterprises employment (Estimate 1: Based on Mean purchase amounts)	Calculated (J × L)	10,836
N. Total Shweshwe micro-enterprises employment (Estimate 2: Based on Median purchase amounts)	Calculated (L × L)	12,814

The total amount of Shweshwe (meters) that was sold through Jackson's Stores to micro-enterprises in 2017 was 4.9 million meters. Jackson's Store managers reported that 87% of the Shweshwe they sell (in terms of meters sold) in their stores is being bought by people who are using it as an input in their business (as opposed to customers who bought the fabric for their own private use). The mean and median amount of Shweshwe purchased per micro-enterprise per year through Jackson's Stores was 960 and 813 meters per year, respectively (see Appendix Table A1 for calculations).

In estimating the total number of micro-enterprises using Shweshwe as business input, the total amount of Shweshwe (meters) sold through small stores to micro-enterprise in 2017 was divided by the average and median amount of Shweshwe purchased per micro-enterprise per year. The total number of micro-enterprises in South Africa that were using Shweshwe as business input can thus be estimated to be between 5077 if based on the mean purchase value, and 5995 if based on the median purchase value. Given the estimates of the total number of micro-enterprises in this industry and the average number of people employed per firm, it can be calculated that these firms provided employment for between 10,836–12,814 individuals, including micro-enterprise owners.

Statistical analysis of the impact of informality on micro-enterprise turnover and employment

In order to investigate the impact of informality on micro-enterprise turnover and employment, an ordinary least squares (OLS) regression analysis was conducted with turnover and the number of people employed in the firm as dependent variables. The type of firm (formal or informal) as included as a binary independent variable firstly to investigate the impact of formal versus informal operation on firm size (measured by turnover and job creation) was one of the main aims of the work, rather than what determines the formal versus informal operation decision; and secondly because the OLS models discussed below had much more explanatory power than a binary Probit model with formal versus informal as the dependent variables. The main purpose of this was to test whether being in the formal or informal sector has an impact on turnover and employment when other variables are controlled for. The regression took the format below:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon, \tag{1}$$

where Y_i = Turnover (Rand amount per month) β_0, β_1, β_2, $\beta_3 \ldots \beta_5$ are the coefficients to be estimated by the OLS regression and ε represents the error term.

Independent variables included the level of education of the micro-enterprise owner (1 if tertiary education; 0 otherwise), the number of people employed by the business, whether the owner identified as a man or a woman, the location of the business (1 if Cape Town; 0 otherwise), and whether the business was operating in the formal or informal market. A second regression investigated the determinants of the size of the business (measured as the number of people employed in the micro-enterprise) and turnover, education, formality, gender, and location.

Of the 62 interviewees, 9 (15%) declined to answer the question on turnover, and 3 declined to answer the question on education level. There does not appear to have been a strong systematic pattern to those who declined to give information on turnover (average employment number was 2, compared to 2.15 in the whole sample; 44% were located in the Western Cape compared to 43% in the whole sample, 89% of owners were women compared to 86% in the whole sample). However, a slightly higher percentage of those who declined to answer the question on turnover were operating formally (34% of those who declined to answer versus 24% in the whole sample) and a significantly higher percentage had tertiary education (56% of those who declined to answer versus 28% of the whole sample).

A two-tailed Pearson correlation test showed a statistically significant (at the 1% level) correlation of 0.51 between the number of people employed in the firm (including the owner) and turnover. This is as one would expect: firms who do a great amount of businesses (higher turnover) employ more people, especially in industries with low levels of mechanization and without significant economics of scale. To avoid multicollinearity (which violates the OLS method assumptions), these variables are not included as independent variables in the same model. However, they do both have important implications for economic development relating to the contribution of the industry to GDP (turnover used as an indicator) and employment (number of people employed in the firm).

As shown in Table 3, the *F*-statistic of both models is highly significant at the 1% level, meaning that the model is significant overall (that is, the independent variables are jointly effective in

Table 3. Regression results of OLS models on turnover and employment determinants.

Variable	Turnover	Employment
Constant	−886.6990	1.568190***
	(3378.81)	(0.284239)
Education	8147.05*	0.053
	(4343.36)	(0.488257)
Turnover	/	4.55E−05***
		(1.45E−05)
Employment	3872.30**	/
	(1235.07)	
Formal	4320.56	1.234355**
	(4895.77)	(0.503075)
Gender	−1905.53	0.177490
	(5155.58)	(0.558881)
Location	1373.87	−0.432076
	(3853.69)	(0.413285)
F-statistic	4.812661***	5.226161***
Durbin-Watson stat	2.09	1.88
Adjusted R-squared	0.272087	0.292951

Source: Authors' own analysis based on interview data.
*** Significant at the 1% level; ** at 5% level; * 10% level.

explaining the dependent variable). Both models have a Durbin Watson statistic of close to two, meaning that there is no autocorrelation. Pairwise correlations were all below 0.5, suggesting that there is no multi-collinearity (the independent variables in this model have no exact linear relationship) and that the statistical inferences made using the data are reliable.

The first model (Turnover) has an adjusted R-squared (a measure of goodness-of-fit) of 0.27, meaning that the independent variables in this model are associated with explaining about 27% of the variation of the turnover in the Shweshwe sewing industry. The second model (Employment) has a similar *R*-squared of 0.29. According to Gujarati and Porter (2009, p. 243) 'one generally obtains a low adjusted R-squared because of diversity of the cross-sectional units.' Therefore, one should not be concerned about low adjusted *R*-squared in cross-sectional models as long as the model has been correctly specified, regressors have the expected signs, and coefficients are statistically significant. However, a necessary caveat is that the sample size is relatively small (62 responses, of which 53 were included in the regression), which does make results less reliable and generalizable.

For determinants of the amount of turnover (measured as a Rand amount per month), holding all other variables constant at their means, the model showed that there was a statistically significant (at 10% level) and positive relationship between the amount of turnover and the Shweshwe micro-enterprises owner having tertiary education. As expected, a higher level of human capital is associated with more turnover per month (R8147 more) compared to micro-enterprises where the owner did not have post-school education. Also as expected, micro-enterprises that employed more people had a statistically significant and positive relationship with turnover: employing one more person was associated with an increase in turnover of R3872.

The second regression investigated the relationship between the number of people employed in the micro-enterprise (as a proxy for the size of the firm) and firm characteristics. Results show that there was a highly significant (at 1% level) and positive relationship between employment and amount of turnover in Shweshwe micro-enterprises, holding other variables constant. The model also showed that there was a significant (at 5% level) and positive relationship between employment and operating in the formal sector (i.e. a registered business), all else remaining constant: being in the formal sector as opposed to the informal sector was associated with an average increase of 1.23 people employed in the micro-enterprise (owner inclusive), on average, holding all else constant.

In neither of the models was location (in the lower-income, more rural Eastern Cape, or the higher income, more metropolitan Western Cape) a significant determinant of turnover or employment, once other variables in the model had been controlled for. This suggests that enterprise characteristics may be more important than the market in which they operate. It may also be an indication of the ongoing traditional popularity of Shweshwe in more rural areas.

Discussion

The results of this study suggest that, in a global south country context, like South Africa, small businesses in the creative economy, like the Shweshwe sewers, can provide an important source of income and employment for black women in both rural and metropolitan areas. This is unlike other studies of the characteristics of people in cultural occupations, which have been shown to be less socio-economically diverse (Eikof and Warhurst 2013, O'Brien *et al.* 2016).

While working conditions are certainly demand-dependent and precarious (Caves 2000, McRobbie 2016), the micro-business owners in the sample were relatively well-educated, as also found in other cultural occupation studies (Menger 2006), and earnings are also relatively good.

Yet, the majority of those interviewed were operating informally, without registering their businesses. Rather than this being a result of market failure or a lack of resources (Hillenkamp *et al.* 2013), it is suggested that it may be a rational choice, as described by the Voluntarist school of thought (Chen 2012), based on weighing up the costs and benefits of formalization in the volatile market of creative production (Hodder 2018). The 2.4 million SMMEs in South Africa are 70% informal (SEDA 2018), and understanding the sector better is thus of importance.

What is particularly interesting is that operating in an informal or a formal market did not have a statistically significant effect on turnover, when other factors were taken into account. Despite the higher average turnover of formal micro-enterprises, once other factors are controlled for, such as the education level of the owner, the number of people employed, location, and gender, formality does not increase turnover in a statistically significant way. This supports the arguments of Alacovska and Gill (2019) that in the project-based creative industries in developing country contexts, the advantages of operating in the formal sector may not be as great as expected.

However, while the level of formality does not affect turnover (when other things are controlled for), it does seem to affect employment. While the effect is quite small (being in the formal sector as opposed to the informal sector was associated with an increase of 1.23 in the number of people employed in the micro-enterprise), this may be an indication that businesses that operate in the formal sector have better access to loans and other government support than the informal businesses which helps them to develop, as suggested by Dinaridi (2019).

The results of the quantitative analysis are thus somewhat mixed: while formality does not seem to offer any automatic advantages in terms of turnover (holding other variables constant), it does seem to favour employment creation. This may be because government support for SMMEs in South Africa, as well as access to private sector loans, requires that businesses be registered.

A limitation of the research is the small sample size and that 15% of respondents declined to answer the question on turnover. Those who declined to answer this question had higher levels of education, and were more likely to be operating formally. Given the relationships between these variables, particularly the positive and statistically significant relationship between turnover and education levels, it may be that the missing data provides an underestimation of average turnover in the industry, and that the relationships between education levels, formality and turnover may be stronger.

Concluding remarks

The cultural and creative industries have been shown to have the potential to contribute to economic growth and employment in South Africa, as a recent mapping study by the South African Cultural Observatory (2018) showed. However, the sector also needs specific kinds of support in order to thrive. In particular, the view that operating in the informal market is necessarily the result of not being able to operate formally needs to be re-evaluated.

This research focused on the micro-enterprise sewing businesses who use a local fabric, Shweshwe, to make clothes for traditional cultural celebrations. While their businesses were mostly informal (unregistered), this did not, by itself, have an impact on business turnover, when other factors, such as the level of education of the owner, and the location of the business were controlled for.

Contrary to mainstream economic theory, that regards the informal sector as a last resort when the formal sector cannot provide enough employment to absorb available labour (Perry *et al.* 2007; Chen 2012; Hillenkamp *et al.* 2013), this suggests that, for some cultural sector businesses, the informal sector may be a deliberate, rational choice. This may especially be the case when project-based work is the norm, as in the sewing and design industry, where each 'project' is a specific, bespoke outfit for a particular client. Rather than regarding the formal sector as the norm, policies that extend support to informal sector cultural enterprises may be a more effective way to channel support to the industry. Results did show that formal sector micro-enterprises were more likely to employ additional people, pointing to certain benefits associated with formality in the area of employment.

Note

1. Where 1US \$ = R14 on average

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

Funds for the Fieldwork were from a non-specific research grant made to Rated Researchers by the National Research Foundation.

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Appendix

Table A1. The amount and frequency of Shweshwe purchased by micro-enterprises in South Africa.

Purchase frequency	% sample	Average purchase (m) per period	Purchase per year (m)	Mean weighted purchase (m) per year	Median purchase (m) per period	Median purchase (m) per year	Weighted Median purchase (m) per year
Once a week	74%	23.32	1212.64	897.3536	20	1040	769.6
Two–Three times per month	8%	22	528	42.24	15	360	28.8
Once a month	5%	27	324	16.2	20	240	12
Less frequently	13%	15	90	11.7	10	60	7.8
Total Mean weighted purchase per year				967.49	Total median weighted purchase per year		818.2

Source: Authors' own analysis based on interview data.
Notes: Mean and Median Weighted Purchase per year is calculated by weighting the mean or median purchase amount by the proportion of micro-enterprises in this purchase frequency category. For example, for the 74% of the sample who buy Shweshwe once a week and have a yearly average purchase of (1212.64 m, the mean weighted purchase per year is calculated as 1212.64 × 0.74). Doing this for each purchase category gives the total mean and median purchase amounts per year for micro-enterprises taking into account their purchase frequency.

Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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To cite this article: Alfredo Macías Vázquez & Gonzalo Saavedra Gallo (2021) Sustainability and immaterial commons: rentier appropriation and intermediation in the artisanal fishing space of southern Chile, Journal of Cultural Economy, 14:2, 209-224, DOI: 10.1080/17530350.2020.1818600

To link to this article: https://doi.org/10.1080/17530350.2020.1818600

Published online: 17 Sep 2020.

JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 209–224
https://doi.org/10.1080/17530350.2020.1818600

Sustainability and immaterial commons: rentier appropriation and intermediation in the artisanal fishing space of southern Chile

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ABSTRACT

Starting from a theoretical model of the generation of value in a knowledge-based economy, we explore the local management of immaterial resources in a post-industrial economy. To address this question, we analyse the management of immaterial commons in four representative locations of the artisanal fishing space of southern Chile, specifically the production of two marine species: sea urchins and the local mussel known as *chorito*. In this analysis, we observe two patterns through which global and/or local elites co-opt the symbolic value generated by local communities. In both cases, commercial intermediation operates as the basic conditioner of the whole process. On the one hand, the industrial and commercial links of the sea urchin production value chain generate a symbolic value through reference to the association established by global consumers with the landscape of Patagonia. On the other, in the case of choritos there is a symbolic substitution which implies the transformation or annulment of the local nature of immaterial resources in the minds of the same consumers. Both dynamics constitute an obliteration of the differentiation of the product, leading to a common result: over-exploitation of the natural resource and degradation of the environment.

ARTICLE HISTORY
Received 15 July 2018
Accepted 28 July 2020

KEYWORDS
Sustainability; immaterial commons; rent; value; intermediation; Chile

Introduction

The insertion of local communities into global markets is frequently accompanied by the over-exploitation, degradation and exhaustion of the material common resources which have allowed these social groups to reproduce their way of life for centuries. In this work we consider how to explain the environmental dynamics of local communities which specialise in traditional production, in terms of the value attachment processes typical of a post-industrial economy. In concrete terms, we look at how these communities can rethink their future development strategies to make them more sustainable in a post-industrial economy in which value-creation processes are undergoing significant structural variations. To do this it is fundamental to re-open the theoretical debate on the management of commons, with substantial modification of the central questions which have defined its content (Macías Vázquez and Alonso González 2016). Like Ostrom (1990), our basic concern continues to be how to avoid the exhaustion of common material resources; however we reflect on the impact of control on the attachment of value to immaterial resources in the sustainable exploitation of these material resources.

In a post-industrial economy, consumers are prepared to pay a higher price for traditional products which are most clearly related with certain values and significates, from the defence of

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environmental sustainability and local cultures to the promotion of social justice and gender equality. These immaterial resources are perceived as 'different' by other human groups, principally through their presentation in the markets (Comaroff and Comaroff 2009, Callon *et al.* 2012). However, it is frequently the transnational and/or local elites who, by linking themselves more closely to the consumer sphere, have a greater capacity to appropriate this potential added value. This appropriation is *rentier* in nature because the elites which exploit these immaterial resources economically are not the actors who have produced them historically. In our case studies, rentier appropriation by the elites assumes two forms: in sea urchin production, by establishing a generic brand which dilutes and invisibilises local producers; in chorito production, especially by changing the denomination of the product in international markets. In both cases, these mechanisms of substitution and symbolic re-creation function as forms of rentier appropriation because they prevent local producers from developing other alternative forms (such as protected denominations of origin) in order to capture the value generated by these values and significates, which have in fact been produced collectively in the territorial context over time (Chwe 2001). The clearest expression of value appropriation is observed in the intermediation mechanisms enshrined in systems of advances of money and consumables, which is recurrent in traditional fishing (Pollnac 1985). Material resources are scarce, not exclusive, and the subject of rivalry; collective rules are needed to prevent over-exploitation (Ostrom 1990). Immaterial resources on the other hand could potentially be considered as public goods. In principle, they are not the subject of rivalry and use enhances their value. For example, values or significates, like defence of the environment or a local culture through traditional products, could be shared across the network without exhausting the resource. In contrast to material resources, it is not the nature of immaterial public resources which makes them common, but the social rules which ensure their dissemination. Immaterial resources owned privately or by the state, or to which there is open access, are not common goods (Ostrom 1990). If the communities lose control over the use of these resources, it is likely that rentier appropriation by the elites of the value produced by common immaterial resources may generate representations and rhetoric about nature and local cultures (as occurs in the case studies analysed in Chile), helping to exacerbate the processes of material dispossession and environmental degradation in the territories (West 2016). This tragic dynamic leads, in the long run, to the disempowering of these communities in their relations with both local elites and multinational entities, obliging them to intensify the exploitation of material common resources to maintain their income levels.

We enquire, therefore, how local intangible resources are exploited or captured by extraterritorial players or local elites, and how this rentier appropriation is based on symbolic manipulation of immaterial resources, which in this way lose their quality of public goods, thus contributing to the environmental degradation of the material resources. We start with an analysis of the relations between value creation and the rentier nature of contemporary capitalism. We go on to analyse the management of immaterial commons in three scenarios representative of the artisanal fishing space in Chile. We concentrate on two important species produced in the south of the country, sea urchins and choritos (mussels). The case studies were developed in two Fondecyt research projects, the first between 2011 and 2014 and the second currently in execution (2017–2019). In this framework we used two research methodologies in combination, both qualitative and quantitative. We included ethnographic fieldwork, applying interviews, discussion groups with local players and a Likert-type survey applied to 300 fishermen (men and women). In total 30 people were interviewed during the first phase and 40 during the second so far; seven discussion groups have been organised to investigate the impacts of the market on the benthic systems which are the basis for artisanal fishing, and on mussel-farming. The sample design was structural and non-probabilistic (Canales 2006).

Value creation and rentier appropriation of immaterial resources

Hess and Ostrom (2007) ask how a series of resources can be governed which, like the immaterial resources of a territory, largely break with the characteristics that define traditional common goods. The authors propose that 'the costs of sustaining large and diverse resources are much higher than when governing small and relatively homogeneous resources,' since 'when a resource is large and complex, users may lack a common understanding of resource dynamics, and they frequently have substantially diverse interests' (2007, p. 44). Hardt and Negri (2009) also distinguish the two classes of common goods, but their focus is completely different. The important thing is to explain the multitude of complex processes involved in the social construction of these common goods. Thus the main challenge for a community in managing its immaterial resources is how to transmit the meanings, values or purpose of its material production in other cultural contexts than its own. Of course, information and communication technologies help; but new social dilemmas arise associated with this process of transmission between different cultural contexts. For example, it is easy to transmit the material, curative properties of a plant used by communities in the Amazon Basin to treat infections, but it is more difficult to explain to a Western consumer what lies behind an indigenous design or wood-carving. The risk of banalisation of these meanings and values is evident, considering the force of marketing and market research in Western culture. When a topic is banalised, the ability of the business elites to appropriate these immaterial values as rentiers is greatly increased. The meanings and values can easily be reduced to simple, abstract codes, even to mere advertising slogans. This radical coding transforms local knowledge into immaterial commodities, the management of which is under the absolute control of those elites.

As we have noted above, new social dilemmas arise in these processes. For example, the quality coding of certain agro-food products (such as wine or olive oil) through geographical certification has increased the capacity of consumers to interpret the value of these products; at the same time, it has increased their propagation and dissemination in modern commercial distribution networks (Rullani 2004). However, this coding, insofar as it is based on abstract symbols and objective, material indicators, has often encouraged free-riding (Antrosio and Colloredo-Mansfeld 2015), facilitating the appropriation by commercial companies and processors of the immaterial value generated. Furthermore, while a great capacity among consumers to interpret product value, and significant propagation of the quality of the material product, already existed without these codes, a value distribution which favours the rentier elites can have a negative effect by causing over-exploitation of the natural resource to maintain local earnings. This has occurred, for example, in many seafood-producing operations managed collectively by coastal communities. We often find local production of molluscs or crustaceans which historically have enjoyed a high reputation among consumers, even in distant markets; where these communities have not taken the trouble to manage their immaterial resources (such as the reputation and quality of their products) in cultural contexts which differ from their own, they have seen how other, more internationalised links in the value chain have appropriated the rents from the immaterial resources. This obliges the communities to intensify their exploitation of the material resources and causes their quality to deteriorate as a result of smaller-sized individuals, the introduction of new, more productive species, the appearance of new pathogens, contamination of the seabed, etc.

There is then no guarantee that immaterial resources will behave regularly as pure public goods. Harvey (2012), in his analysis of 'accumulation by dispossession,' shows how these elites seek to mercantilise resources produced by community social relations. This is a parasitic tendency of neoliberal capitalism in which individuals seek to appropriate, through different forms of rent, the resources produced collectively by local communities. Certainly, these rentier elites have a greater competitive advantage when it comes to engaging with global markets, but the communities could improve the management of their immaterial resources by incorporating attributes that can easily be recognised by the globalised consumer, such as a long tradition, a life in harmony with the environment, ethical economic relationships, the cultivation of unique varieties, etc. Taking into consideration the fact that immaterial resources require the involvement of the consumer in value-creation processes (Rullani 2004), these management alternatives require the development of new channels that can be sustained through the complicity and identification of the final consumers with attributes of this kind. However, this is a very difficult and complex process. As we discuss below, along the coast of Chile the elites have been able to develop forms of rentier appropriation through mechanisms of substitution and symbolic re-creation in the commercialisation of sea urchins and choritos, preventing local communities from constructing an alternative way of managing these immaterial resources. As West (2016) says, the processes of material dispossession are based on complex processes of symbol manipulation, involving loss of control over the production of significates, values and representations. The consequences of this argument reach back to the first link of the value chain, intermediation, since the symbolism of the intermediaries, and in particular their representations in the coastal communities of Chile, are decisive for analysing native capacities to dispute control over the attachment of value to local resources with business elites.

The important thing is to consider how the attributes and structure of social interactions between members of the community contribute to the generation of these shared immaterial resources (Colloredo-Mansfeld and Antrosio 2010, Bertacchini *et al.* 2012). From this point of view, cultural commons present two further social dilemmas (Antrosio and Colloredo-Mansfeld 2015). The first is the classic problem of free-riding, when others try to take advantage of community production of immaterial resources without contributing financially to the cost of producing them; for example, this occurs when a transnational company appropriates textile designs or indigenous knowledge on the therapeutic benefits of certain plants. The second is the problem of reproducing the resource, due to the uncertainty surrounding its transmission to future generations. In this case there might be an absence of new ideas in the community, or conflicts might arise between groups who develop different views on how to manage these resources.

Immaterial resources can be 'eroded' (Bertacchini *et al.* 2012) and even 'overexploited' (Hess and Ostrom 2007), either because they are subject to uncontrolled changes of internal or external origin (Antrosio and Colloredo-Mansfeld 2015), or because they can be fenced (Boyle 2003). The expropriation of common goods and their added value, in the hands of local and transnational elites, is intensified by the generation of earnings and the hardening of various forms of immaterial fencing, such as copyrights, patents and trademarks (Marazzi 2008, Vercellone 2008). In this situation, the struggle of local communities to retain control of how value is attached to their production no longer derives from the organisation of material production so much as the control of immaterial resources and their modulation by the management of material resources (Pasquinelli 2008).

Thus Elyachar (2010) analyses how informal networks of poor women in Egypt are studied by big telecommunications companies to develop their marketing and market research campaigns. Shiva (2005) analyses how transnational companies have ended up by destroying many food cultures by appropriating their material and immaterial resources (through Trade Related Intellectual Property Rights, TRIPS). West (2016) analyses how representational strategies and rhetoric are fundamental for articulating dispossession and capital accumulation in the global South. This author points to an issue of enormous importance for our study: that these representational strategies and rhetoric are much more than mere discourse. Following Foucault (1970), she considers that these strategies generate conditions which enable us to see, understand and think. If no 'epistemological rupture' occurs in the local communities, the elites translate this power into a process of dispossession and accumulation of resources, both material and immaterial. Indeed, according to West (2016), dispossession should not be reduced to the separation of communities from their lands or natural resources, but also from their symbolic resources. In fact, as we try to explore in this case study, the two processes are inter-related. In general, they suffer a process of disempowerment in terms of control of value-creation processes, which tends to lead to unsustainable over-exploitation of natural resources in an attempt to maintain their previous income levels. As a result, the local elites also tend to suffer, while the transnational elites look for alternative territories in which to reproduce the same predatory rentier strategy.

Management of immaterial commons in the artisanal fishing space in Chile

Below we present our analysis of the results of fishing for two species which are representative of what is happening in the artisanal fishing space in southern Chile. One consists entirely of resources captured by benthic artisanal fleets (sea urchin); the other consists of the products of industrial aquaculture (chorito), however this industry depends on seed captured for the most part by artisanal fishing communities. In order to dimension the phenomenon of the appropriation of immaterial resources from the artisanal fisheries, we establish two expressions of the problem: first the symbolic re-creation of these resources and second their substitution.

Artisanal fishing associations exist along the whole length of the coast of Chile. Their origins go back to the pre-Hispanic peoples whose way of life was based on fishing, hunting and gathering marine (Llagostera 1993, Méndez and Jackson 2004, Quiroz and Sánchez 2004, Reyes *et al.* 2011) and seashore species (Skewes *et al.* 2012, Ther 2012). We may therefore suppose that the remote forebears of these coastal peoples used common or similar, but geo-spatially differentiated, adaptive strategies, as for example the adaptations used in the coastal waters of Calbuco; along the coast of the Valdivia river estuary; or on the open, rocky coast of the centre and north of the country. The processes of colonisation and modernisation have enshrined substantial and significant changes in these ways of life. They have implied a progressive articulation with distribution and consumption markets, first on a regional and national scale and subsequently, as is occurring at present, by consolidating a position as supply economies exporting raw materials.

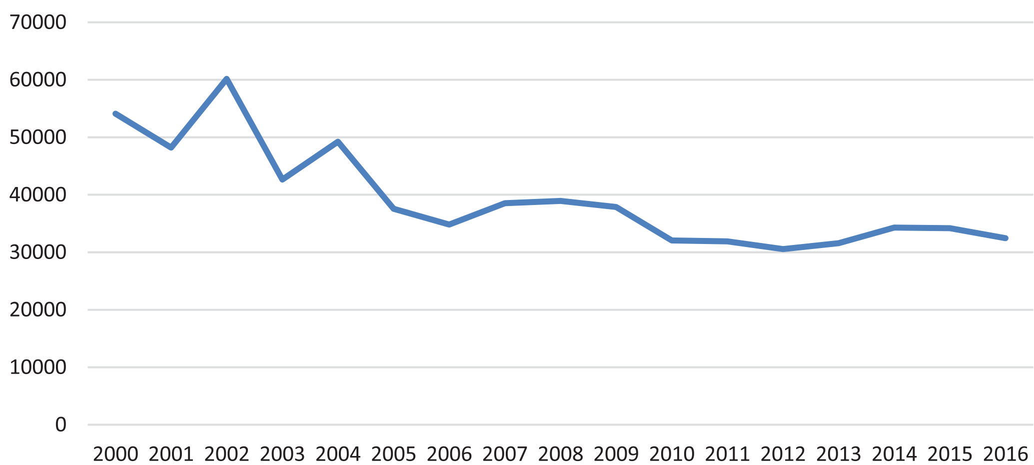
According to the Artisanal Fishing Register (RPA) for 2017, there are 86,925 fishermen in Chile who are formally registered, of whom around 25% are women and almost 75% men. The Regions where the greatest number – and the largest catch – are concentrated are Los Lagos and Biobío; however, there are strongly-rooted fishing villages along the whole length of the Chilean coast. Another important institutional factor is the regulatory and administrative framework set by the passing of the General Law on Fishing and Aquaculture (LGPA) in the 1990s. The main provisions which regulate these activities are rights of access, the RPA, the establishment of restricted catch quotas and the regionalisation of artisanal fishing (limiting the historical mobility of fleets to other regions). Another significant factor in the expression of these modernising logics is that the members of fishing communities – traditionally organised in family systems or neighbour networks – have gradually changed over to organisation in cooperatives (in the 1960s and 1970s), trade associations and independent unions (from the 1980s), and even into micro-enterprises (from the 2000s onwards). Finally, their organisational structure is conditioned by a group of complex relations which enmesh littoral societies in a web of financial interests and flows, eroding their capacity for material self-reproduction (Cunningham and Bostock 2005). These relations are expressed in the way in which artisanal fishermen are articulated with the market, specifically through the intermediaries (in all their variations) and the processing plants.

The case analyses are based on an investigative process carried out in two complementary methodological registers. The first is documentary and includes catch and export data, as well as the principal domestic consumption markets. The second register is local, and provides the basis for the construction of the cases. It is based on fieldwork carried out in three Regions of importance for artisanal fishing in Chile: Aysén, Los Lagos and Los Ríos. Sea urchin fishing is carried out mainly south of Puerto Montt, for example in Melinka (Aysén Region) and Quellón (Los Lagos Region). It is also significant in the southernmost Region of Chile, Magallanes. We have also obtained some testimonies in the coastal district of Valdivia (Los Ríos Region). Chorito cultivation includes locations in the inland sea area between Chiloe Island and the mainland, also in Los Lagos Region. The testimonies and observations were collected in the islands of Chidhuapi and Puluqui, both in the Calbuco Archipelago.

The symbolic re-creation of immaterial values: artisanal sea urchin fishing

The red sea urchin (*Loxechinus albus*) is one of the main benthic species fished in the austral macrozone of Chile. It is distributed from northern Peru to the islands in the extreme south of the continent. Artisanal fishing is carried out by scuba-diving to depths of between 0 and 40 m (although the regulatory limit is 20 m). The sea urchin was part of the diet developed by the canoe groups as they adapted to life in the southern channels over thousands of years (Cooper 1946, Orquera and Piana 2006, Morello *et al.* 2012). As occurs with other types of fishing, it has remained a constant element of consumption among the populations of the Chilean coast. Recent statistics reveal that it was consumed frequently in Chile in the past, but that exports started to rise from 1975, leading to exponential growth in catches. The catch recorded in 1975 was 3,000 tons; in 1985 it had risen to 30,000 and by the early 2000s it was averaging 55,000 tons annually (Arana 2005). The majority of catches were recorded in islands located in the large area of the inland sea of Chiloé and the Aysén and Magallanes Regions. It may be said that the sea urchin is a recent expression – since the end of the 1990s – of a series of fishing 'fevers,' all associated with exports and more specifically with the opening of the Chilean economy to international markets and capital. The high export demand for sea urchins led to increased catches and a notable reinvigoration of business in the areas where benthic fishing was most important, particularly districts like Calbuco and Quellón, in Los Lagos Region, and the Guaitecas Islands, in Aysén. Over the last fifteen years, this species has accounted for between 70% and 90% of all benthic catches (SERNAPESCA 2000–2015). Nevertheless, increased fishing has implied severe pressures on ecosystems, and over-exploitation has led to a gradual decline in catches (Graph 1). In 2002, the catch was 60,000 tons, but in 2010 it barely reached 30,000. The principal export market for sea urchins is Japan, which takes 97% of total exports. In parallel with the decrease in catches, a reduction is observed in exports, which fell from 5,020 tons in 2002–1,800 in 2010 (IFOP 2012).

From an institutional point of view, decisions on artisanal fisheries emanate almost entirely from government actions. In the case of the sea urchin, most of the biomass of which is concentrated in the Aysén Region, a 'contiguous zone' or common exploitation agreement was established between the fishermen of Chiloé and Aysén in 1999. This has led to a system of quotas and a legal minimum size (25,000 tons and 7 cms), and to a persistent conflict between the fishermen of the two regions, since the organisations in Aysén claim legal (territorial) rights while those from Chiloé claim historical rights (up until the 1970s it was a common extraction zone). 'They are taking away what is legally ours,' 'we have always fished in Aysén and Magallanes.' At the same time, since these fleets have a marked monoextractive tendency, this has implied considerable pressure on the natural banks (see Graph 1); indeed, in 2005 the Fisheries Department authorised a reduction in the minimum size to 6 cms. In this context a Fishery Management Committee was formed, consisting of state agents, scientists, businessmen and artisanal fishermen from both regions. They drew up a Management Plan, based exclusively on the two indicators mentioned previously: '(i) determination of a range



Graph 1. Artisanal catch (Tons), Red sea urchin, Chile, 2000–2016. Source: Own preparation based on annual statistics published by SERNAPESCA.

of catch quotas and (ii) definition of a range of catch below the minimum legal size' (SUBPESCA 2007). This makes it clear that as far as sea urchin fishery management is concerned, a purely expert opinion has prevailed, limited to the level of production, and without taking environmental variables into account.

Turning to consumption, we find another central node of the problem. The largest sea urchin exporting companies deploy a strategy which invisibilises the local producers, installing a generic brand in the export market: 'Sea urchins from the seas of Chilean Patagonia' (Agromar), or 'Sea urchins … ' a high quality product ' … in the northern gateway of Chilean Patagonia' (Chile Foods), or 'Patagonian delicacies' and 'Austral delicacies' for coconut-flavoured sea urchin pâté (Sur Mundo). However, the artisanal fleets which catch the urchins belong to very specific locations (Quellón, Melinka, Puerto Aguirre or Puerto Natales), which are not, by any local or native definition, in Patagonia. In fact, they belong to the Sea of Chiloé or the southern channels of Aysén or Magallanes, or to even more specific zones in the archipelago. Furthermore, the artisanal catching technique by diving is invisibilised absolutely, although this practice was in fact part of the repertory of knowledge developed by the extinct canoe peoples of this littoral. In order to understand this process, we need to take into account the strategies deployed by local intermediaries during the process of fishing sea urchins. As verified in our ethnographic work, transactions are made while fishing, so that once ashore the catches do not belong to the fishermen anymore. Moreover, as we discuss below, these transactions are frequently associated with debts contracted by the fishermen with the intermediaries, who advance them money or consumables.

This practice hinders the fishermen's participation in commercialisation activities. Despite their negative opinion of the intermediaries (as expressed on the Likert scale), the fishermen have not as yet developed any alternative strategies to position themselves and their culture in the market. Thus, the commercialisation process becomes a major structural limitation favouring symbolic appropriation of the product. The gap between first sale prices and export prices (Table 1) illustrates this limitation, as well as the potential for the addition of immaterial value to sea urchins in foreign markets.

As West (2016) says, this symbolic re-creation condemns these communities and their resources to existence as mere instruments of the representational strategies and rhetoric of extraterritorial actors. Not only are common immaterial resources invisibilised, but any opportunity to strengthen the capacity for action of local actors in the value chain is crushed. From a commercial point of view, it generates marks of distinction whose generic reference is Patagonian nature. Thus, without specifying the territorial and social conditions related with these artisanal practices, a logic of free-riding is produced in which the communities lack instruments (even legal ones) to protect their incomes (Antrosio and Colloredo-Mansfeld 2015). Furthermore, as Pratt (2007) says, although the local actors assume a strategy of value creation based on immaterial resources, these communities have no alternative form of representation through which to 'sell' nature in the world's middle-class

Table 1. First sale price (Chiloé and Aysén) and FOB export price of Chilean sea urchins, 2004–2016.

Year	First sale prices in US$/kg.	FOB export prices in US$/Kg.
2004	0.6	20.5
2005	0.6	23.3
2006	0.5	21.9
2007	0.5	23
2008	0.6	28.5
2009	0.4	27.3
2010	0.4	27.1
2011	0.4	28
2012	0.5	32
2013	0.6	36.1
2014	0.9	37.5
2015	0.6	32.6
2016	0.8	31.4

Source: Own preparation based on annual statistics published by SERNAPESCA and the Central Bank of Chile.

markets. They therefore end up suffering a process of material dispossession (West 2016), in the form of over-exploitation of the natural resources as the only way of maintaining their income.

Deliberate substitution of local immaterial values: chorito fishing

The chorito (*Mytilus chilensis*) is a filter-feeding bivalve traditionally extracted and consumed in sea-shore homes; since the beginning of the twentieth century it has been sold to processing plants installed in the towns of Calbuco and Puerto Montt. More than any other benthic fishery species, choritos formed a fundamental part of the diet of the canoe peoples of the South-East Pacific (Orquera and Piana 2006). In the 2000s, demand for Chilean mussels, as they were traditionally known, began to rise in Spain and other European countries. This increase in the demand triggered a process of industrial modernisation, improving the efficiency of the businesses established in the area (Fernández and Giráldez 2013); this was the definitive driver of the switch from extraction to cultivation. Recent investigations suggest that seed capture to supply fattening centres is carried out almost exclusively by groups of artisanal mussel farmers, mostly traditional artisanal fishermen (Saavedra Gallo and Macías Vásquez 2016, Fernández *et al.* 2018). This is because the most suitable waters for this stage of the process are located in traditional fishing zones, and the process requires relatively little capital. Then comes the fattening stage, associated with medium and large companies, and finally distribution to Chilean and export markets. It should be noted that all the seeds captured by artisanal fishing communities and organisations (mussel farmers) are delivered to the business sector through informal intermediation agreements. Something similar occurs in cases where fattening is carried out on an artisanal scale (e.g. in the Calbuco Archipelago).

The companies capitalise not only on the hydrobiological advantages of the environment where the artisanal cultivation takes place, but also on the expertise of the fishermen and sea-shore gatherers who for generations have developed the skills necessary to take advantage of the benthic resources available in the area – extraction, management and transformation. Yet these advantages are not recognised in the economic remuneration agreed when contracts are negotiated between the parties.

When it comes to commercialisation, we observe differentiated strategies. In the national market, we find the image of the chorito anchored in the typical bucolic landscapes of Chiloé or Reloncaví, but with no specific connection to the traditional coastal communities. In international markets, we observe the positioning of a generic brand which subsumes territorial identity, hindering the ability of local communities to appropriate immaterial advantages. In the Spanish, French and Italian markets (Fernández and Giráldez 2013), the most profitable strategy was to re-name it as a 'mussel,' in particular Chilean mussel or Patagonian mussel (Carrasco *et al.* 2014). In this way the traditional chorito competes with products in high demand such as the Galicia mussel (*Mytilus galloprovinvialis*). Thus, we see how the export companies developed competitive advantages by managing immaterial resources, thanks to their knowledge of the preferences of consumers located in distant countries. As Table 2 shows, the gap between the first sale price and the export price is considerable. The gap between prices is related to this symbolic substitution, in that it conceals a trade-off between artisanal fishing and industrial farming. This loss of control over the production process, insofar as it condemns fishermen to being mere suppliers of seed mussels for the industry, hinders, from a structural point of view, any kind of collective strategy for value addition. In an interview conducted in Calbuco in 2018, the fishermen clearly expressed their pessimism in the face of this situation: 'Plants have farms as well, so what do they care if we unite, when they will harvest what they grow whether we sell our lot to them or not.'

The institutional design formulated for chorito production illustrates the same tendency. May 2011 saw the formal inauguration of the 'Mussel Cluster' programme promoted by the Regional Productive Development Agency (ARDP) of the Los Lagos Region jointly with the Regional Ministerial Secretariat (SEREMI) for the Economy, in the framework of the Competitiveness Improvement Programme. The object of this initiative, defined as a public-private cooperation, was to 'bridge the competitiveness gaps affecting the mussel industry in the south and far south of the country.' Among its main lines of action were 'promotion in national and international markets,' improving 'load

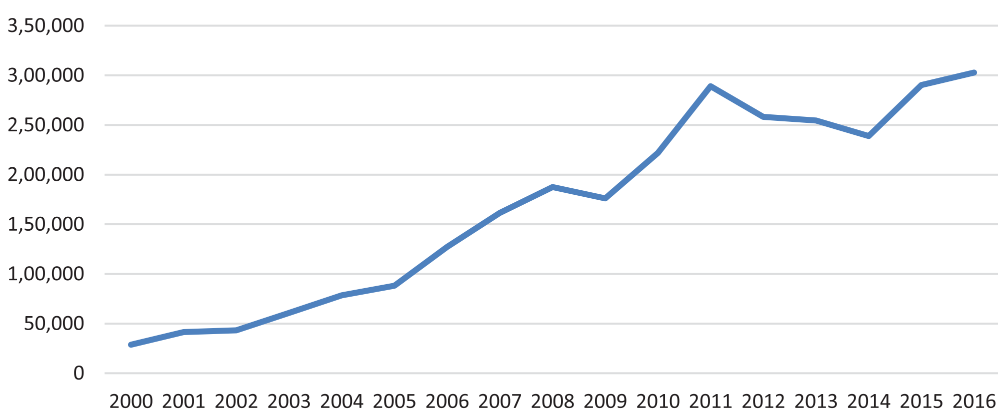
Table 2. First sale price (Chiloé and Aysén) and FOB export price of 'chorito' mussels, 2000–2016.

Year	First sale prices in US$/kg.	FOB export prices in US$/Kg.
2000	0.21	3.3
2001	0.21	3.4
2002	0.27	3.4
2003	0.51	3.3
2004	0.51	3.5
2005	0.44	3.4
2006	0.44	3.8
2007	0.41	3.9
2008	0.40	4.5
2009	0.42	3.8
2010	0.42	3.5
2011	0.12	4.1
2012	No information	3,9
2013	0.30	4.4
2014	0.30	4.6
2015	0.28	4.5
2016	0.30	4.1

Source: Own preparation based on annual statistics published by SERNAPESCA and the Central Bank of Chile.

capacity' and 'business training,' and developing 'a production infrastructure' suited to the new challenges (Aqua, 4 May 2011). The design included appointing a manager who was a specialist in business aquaculture, and a steering committee made up of representatives of large, medium and small production units. In this point it is interesting to detect how traditional local producers – almost all originally artisanal fishermen – perceive that they have no possibility of carrying on their commercial activity independently of the big companies. The big producers control the market, purchase high quality product, process and export it. The only markets directly accessible to small producers are the local fish-markets (Calbuco and Puerto Montt). The following testimony by a mussel-farmer from the island of Puluqui (Calbuco) illustrates this: 'While they are positioning their product, they are not affected if we don't deliver [sell] to them, because we are small. They would even prefer it if we didn't exist, and they owned everything' (Interview, December 2018).

The industrial nature of exploitation allows the catches to increase (Graph 2), without production placing excessive pressure on ecosystems. Nevertheless, the impacts on the ecosystem have been noted at the landscape level with the proliferation of fattening centres in certain parts of the inland sea of Chiloé (Calbuco, Cochamó and Quellón). The hydrobiological conditions affecting native species have deteriorated, especially in the areas with the greatest concentration of fattening lines (Carrasco *et al.* 2014, Molinet *et al.* 2017, Fernández *et al.* 2018).



Graph 2. Chorito (Chilean mussel) harvest, Chile, 2000–2016 (aquaculture). Source: Own preparation based on annual statistics published by SERNAPESCA.

In both cases, a severe environmental impact is found: in industrial aquaculture (chorito), due to the pollution of the seabed, the water column and the coastline; in the case of artisanal fisheries (sea urchin), due to the pressure on the natural banks, with a sustained reduction in availability and consequently in catches. In the case of the chorito, artisanal collection practices have been abandoned.

The role of intermediaries in the obliteration of immaterial commons. 'Habilitación' and indebtedness in the artisanal fishing system.

Sea urchin extraction is representative of practically all artisanal fisheries, not only in Chile but also in other regions of Latin America (Alcalá 1993, Balbi 2008, Monnereau *et al.* 2010, Perea 2016). The remarkable opening of the Chilean economy to export markets in the 1980s, outlined above, led to a significant increase in landings in areas with the greatest abundance and quality of stock (Los Lagos, Aysén and Magallanes Regions). In this context, the figure of the intermediary – in various incarnations – is decisive. In the far south, intermediation frequently appears institutionalised (informally) through a practice called *habilitación*. This system is present in other fisheries and other traditional economies in Latin America (Chirif and García 2007, Villa 2014); it consists in the advance of consumables, food, and very often money, to enable the crews to fit out their boats, cover replacement costs and even leave money with their families while they are away fishing. The following testimonies portray images which persist in ethnographic reports: 'They agree the price with the company and [on this basis] they negotiate with us … They manipulate us; the best thing would be to eliminate the intermediary … ' (fishermen's leader, Quellón, 2013). 'They give you money for fuel and so on, and then you are tied to someone, to deliver him your catch. Then when you go to deliver the products, they set the price, we fishermen don't set the price' (seafood diver, Pureo, Calbuco, August 2017). 'The intermediary commits you, he is the person who always saves you, as we say, he gives you money and then you are obliged to deliver to him' (seafood diver, San Antonio, Calbuco, March 2013).

We have noticed a series of variations in the *habilitación* system. Although we will not enter into detail here, it should be noted it expresses structurally the formation of a social link through debt, as Mauss (2009) stated in his famous investigation into gifts: giving, receiving and the obligation to return the favour, a cycle which in our analysis also appears to be perpetual. On the basis of ethnographic reports, including some expressions drawn from quantitative data, we can show precisely that the enshrinement of debt involves not only loans or advances of money, food or consumables (such as fuel), but also moral, subjective and ideo-symbolic aspects; these may include feelings associated with friendship or family relations, or more generally loyalty towards 'buyers' who have been intermediaries for the fishermen 'for ever' in the territories. This is reflected in the following citations, both from intermediaries.

> The fishermen say to you, *Old chap, I want to go out to work but I need a net,* or *I need fifty thousand pesos;* but this is a question of trust built up over years … I help to fit them out, I give them money and they generally buy fuel and food, and when they come back we settle the account. This is a risk that the supplier takes and that the company is not prepared to take. (Jorge, intermediary, Calbuco, October 2017)

> Everything I do is on trust; if they ask me to buy something for them, I buy it. If they ask me for so many millions, I give them the money, we very seldom sign a contract. It is an advance. They have a saying: 'Better the thief you know than the thief you don't' … We are their friends, we have known them for years. (Carlos, intermediary in Valdivia and Calbuco, May 2018)

In the case of choritos, as noted above, intermediation also persists in the first links of the production chain. Here, once the seed has been captured, artisanal organisations or mussel farmers commercialise the product to the big companies who do the fattening. This is where the intermediation system observed in artisanal fishing (*habilitación* and debt) operates, either through dealers who specialise in providing seed to companies or through buyers representing the company itself. In the case of artisanal fattening, for example in the Calbuco Archipelago – where there is a mussel farmers' association consisting mainly of artisanal farmers – the producers deliver their harvested product to the big exporters. In this case the companies provide part of the consumables needed for installing the long lines for capture or fattening. Even where there is no *habilitación* or advance of consumables, the trading circle remains equally narrow, since the big companies are always the only options for commercialising the product for export, even though a local market exists which buys the lower quality leftovers. The following testimony, obtained on the island of Chidhuapi in Calbuco, offers a fairly representative account of intermediation in mussel farming:

> We work with a Spanish company based in Ancud, called Cataluña. We grow the mussels and they put up the money; they come and harvest and after the sale we go half and half. These are unwritten agreements … So for example, if it doesn't work this year … they go off and they take half the floats, [but] the concession goes on [being mine]. The agreement with Cataluña is just by word of mouth, we made a contract but in the end we never signed. [They have respected the contract for ten years]. In February we didn't sell because they were harvesting, because they have several farms … they have [farms with people] in Hornopirén, in Chiloé, various places. (resident of Chidhuapi Island, 2017, Calbuco)

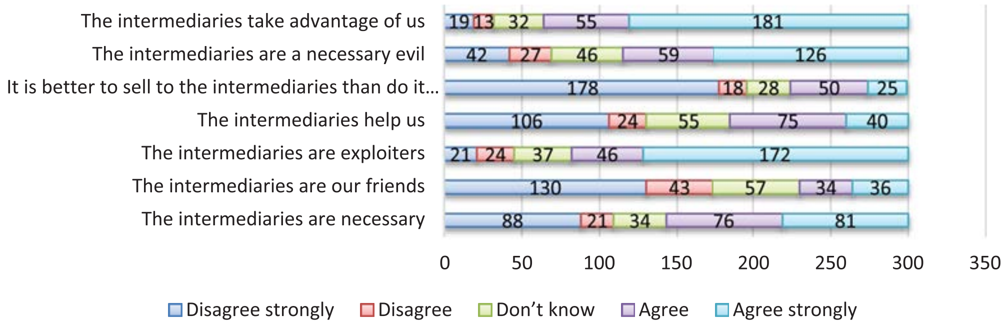
In research carried out in 2009 and 2010 (Saavedra Gallo and Macías Vásquez 2016) we interviewed members of eight associations of local seed producers (who all combined this activity with artisanal fishing) in the Reloncaví Estuary (the main capture zone in southern Chile). We detected three ways of organising capture, harvest and commercialisation; however, in all eight cases we found that seed commercialisation always occurred through an intermediary, either an individual agent or a contact with one of the fattening and exporting companies. In other words, as in artisanal fisheries (like sea urchin), the role of the intermediaries is an inescapable part of the economic-anthropological analysis of the value chain of the chorito or mussel. Of course, as in fishing, artisanal mussel farming has also been co-opted by several variants of the *habilitación*-debt system. This fact explains a condition which has great structural significance, namely the agreement (generally informal) between the intermediaries and the exporting or distributing companies. It is this link which places such an impenetrable limit on the fishermen, closing off the possibility of exploring other options for commercialising and positioning their products – with their denominations – not only in international markets but also in the domestic market. In local testimonies the explanation is always the same, and it is correct: 'the companies only buy product from the intermediaries, not from us,' 'they can guarantee volume, we can't,' 'they can wait 30 or 60 days to be paid, we live from day to day.'

Social representations of intermediation in the artisanal fishing space of Chile

According to the most recurrent testimonies, intermediaries actively hinder attempts by the communities to develop a greater capacity to control their immaterial resources. They act to block or limit the prospects for exchange in the local space. Although it is clear that the sea urchin and the chorito are destined for export, we have studied the records of our fieldwork to see what the fishermen think is the final destination of the product. The most recurrent replies are of the kind: 'Don't know, no idea,' 'I'm not sure'; or, less frequently: 'It seems they go to Japan or China,' 'They say they go to Spain.' In other words, it appears that the great majority of the local producers do not have precise information about the value chain of their products.

As noted above, regardless of whether the intermediaries are local or external to the fishing communities, the local representations of these players are predominantly negative. The testimonies recorded are similar: ' … the intermediary … takes money out of your pocket. It's daylight robbery, you know that the intermediary is going to rob you and they are quite bare-faced about doing what they do. These people make their money out of the fishermen' (Feshermen, Calbuco archipelago, 2017). Nevertheless, the intermediaries are recognised as decisive players in local life, demonstrating the collective inability of the fishermen to organise the value chain. The following testimony recorded in Valdivia makes the point:

> You get up at 5 in the morning and you get home at 6 in the evening. All day in the sea, just imagine! And then to have to go out to sell to the restaurant or in Valdivia! Your body can't take it, it just can't, because you have to rest, and the next day go out to fish again; your body isn't up to it, it never will be. So that is the place filled by the intermediary. You will always be fighting them, because they always earn a good slice, they earn almost as



Graph 3. Degree of agreement in representations of intermediaries in the Artisanal Fishing Space in Chile. Source: Own preparation. Likert-type scale, Calbuco, Valdivia, Los Vilos, 2017–2018.

> much as you; but it is necessary, it makes my life much easier, any intermediary makes my life easier. Then you start to think: *Well, he makes more money than me, he doesn't work as hard*; but what can you do? If I go to deliver [sell] my catch somewhere, I'll miss that time fishing. It's heads or tails. (Conversation group, Los Molinos, Valdivia, 2017)

When the interviews are crossed with the data obtained by a Likert-type survey (Graph 3), applied to 300 fishermen, the predominant representations of the intermediaries are as a 'necessary evil,' 'exploiters,' 'people who take advantage.'

When we observe this vector from the reverse angle, from the point of view of the intermediaries (or dealers), we get a fuller, more nuanced representation, precisely from the images constructed by these players of the fishermen or the coastal communities of southern Chile. Among the most recurrent comments are: 'they are very poorly educated,' 'they aren't reliable,' 'they may fail you at any moment.' The latter idea explains, in part and with some subtleties, why the export companies prefer to deal with the intermediaries and not directly with the fishermen. Under this point we may add an aspect which is often ignored in the most critical analyses of intermediaries, namely that they assume the risk involved in a market with fluctuating demand and prices (Clemente 2009; Stotz 2018), which the fishermen are not financially able to assume. The intermediary acts first and foremost as a collection point, and also carries out an initial step towards processing the raw material. At the same time, the *habilitación* system – generalised in artisanal fishing, and not only in Chile – enshrines this structural asymmetry which is expressed in the transfer of material and immaterial values to the intermediary, who in turn merely transfers them to the exporter.

Conclusions

In the artisanal fishing space of southern Chile, a unique combination of environmental conditions and artisanal practices constructed in common has historically resulted in differentiated production of seafood products. However, a number of mechanisms have become established for the appropriation and transformation of these immaterial common resources which threaten the sustainability of marine resource extraction and product quality (Table 3), with negative long-term consequences for

Table 3. Principal variables in the management of immaterial commons in the artisanal fishing space in Chile.

Fishery	Origin	Obliteration of the difference	Derived immaterial value	Appropriating agent
Sea urchin	Native artisanal	Commercialised as a Patagonian product, obliterating its local identity.	Patagonia (Chiloé island)	Private company
Chorito	Native industrial	Commercialised as a substitution species, obliteration by substitution	Galicia Mussel / Chilean Mussel /Patagonian Mussel	Private company

Source: Own preparation.

all the players in the value chain (not only the locals). To a large extent, this rentier appropriation of immaterial common resources is carried on by large business groups (Agromar, Chile Foods, Sur Mundo, etc.) who follow strategies of invisibilising the immaterial commons.

The invisibilisation of these immaterial common resources, through transformation or direct substitution, prevents the local communities from developing a strategy for extracting value from the resources in accordance with the possibilities offered by a post-industrial economy. As we show in the results of our ethnographic work, this problem does not arise exclusively from the greater competitive capability of the business elites in managing these immaterial resources (which would be a reflection of their greater knowledge of the preferences of consumers at any point on the globe). Furthermore, and this must be underlined, the intermediaries, especially those who form links in the value chain closest to the production zones, actively hinder collective attempts to develop a local strategy to manage the accumulated symbolic capital. Very often these efforts by the intermediaries enjoy the complicity of local players, who justify their acts with a variety of arguments. However, as mentioned above, all the links in the chain closest to the territory, including the intermediaries, will see their economic positions significantly prejudiced if the loss of control over the immaterial common resources leads to over-exploitation of those resources and – in the final event – to environmental degradation of the coastal zones and thus to an irremediable deterioration in the reproduction and quality of the species. The intermediaries are decisive players in the rentier appropriation apparent in the global dynamics of production of these two species (as in the whole traditional fishery system). Their position in the chain is complex, since whatever the variant under which they act, a relationship is established through a debt which does not only involve paying back the money; in other words it is not restricted to material aspects, but – and this is the key point – also involves symbolic factors, in particular related with the social representations and significations of the intermediaries within the communities, and of course those which they hold of themselves. It is evident that these representations are ambiguous and ambivalent. This may be explained in part by the fact that many intermediaries are members of the communities – some indeed come from fishing families – or have known the communities 'for ever'; or, which is linked to these factors, because the relationships that they establish with the fishermen involve trust, family relations, in some cases friendship; or finally, as witnessed in several methodological records, because they are needed ('they are a necessary evil,' 'better the thief you know than the thief you don't'), and above all due to habit and custom. Thus the obligation to return an advance always contains a subjective element which escapes, for example, pecuniary quantification. To summarise, *habilitación* imposes on the fishermen not only a material debt in the conventional sense, but more especially a moral indebtedness, as has been amply shown in some of the classic works of economic and political anthropology (Sahlins 1963, Mauss 2009).

In this context we ask what is the real significance of neoliberal rhetoric on the reinvention of territories. For several decades, neoliberalism has preached that territories must be competitive; that they must reinvent themselves permanently through the use of their resources, their identities, their cultural practices, etc. In other words, in this rhetoric, territorial differences are considered as just another type of merchandise. This implies, in a context of growing global competition, that territories must seek imaginative formulae by which to renew themselves constantly. Nevertheless, what our analysis shows is that this rhetoric conceals the obliteration of immaterial common resources, which leads in the end to an irreversible deterioration of local material resources. In other words, territories are conceived as no more than spaces for predation, which when they are environmentally exhausted will be replaced by others which are still virgin.

As a consequence of the need to compensate for the fall in their income, the producers have recourse to intensified exploitation of the natural resources. Where artisanal practices still prevail, as in the case of sea urchins, this intensification translates into a significant reduction in the overall harvest of the species. Where industrial practices are used, as in the case of the chorito, the environmental impact has various aspects: on the one hand, health crises occur in the resource species as a result of increased cultivation density and the introduction of foreign species with a higher yield, substantially increasing the death rate in some cases (as has occurred with salmon); on the other, the forms of feeding and medication associated with the industrialisation of marine aquaculture provoke an increase in sea-floor contamination and – as science is increasingly confirming – human health problems. The transformation of the coastal landscape must also be considered, which has an impact on the lives of other species which live there.

As West (2016) proposes, the representational strategies of the extra-territorial players have led to a degradation of both immaterial resources and the environment on the coasts of southern Chile. Given their nature as public goods, these immaterial resources could potentially have generated other results if the local communities had shown a greater ability to control the process by which value is attached to them. As Rullani (2004) says, the post-industrial economy offers mechanisms by which these communities could strengthen their agency by collective action to overcome the obstacles analysed in our ethnographic work. But in this post-industrial economy, as Harvey (2012) discusses, rentier appropriation of these resources, once privatised, increases and accelerates the devastating effects on both material and immaterial resources. The risks generated by the rentier appropriation of immaterial resources must be considered as a fundamental dimension of the sustainable development strategies of local communities.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by Fondo Nacional de Desarrollo Científico y Tecnológico [grant number 11110542,1171309]; Secretaría de Estado de Investigación, Desarrollo e Innovación [grant number CSO2017-85188-R].

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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To cite this article: David M. Batt (2021) Depoliticisation, technical discourse, and paper-money: a case study in the bank restriction period, Journal of Cultural Economy, 14:2, 225-239, DOI: 10.1080/17530350.2020.1812420

To link to this article: https://doi.org/10.1080/17530350.2020.1812420

Published online: 14 Sep 2020.

JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 225–239
https://doi.org/10.1080/17530350.2020.1812420

Depoliticisation, technical discourse, and paper-money: a case study in the bank restriction period

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ABSTRACT
This article looks at the controversy which emerged between the Bank of England and a number of external actors over various proposals to modify the printing of the Bank's paper-money during the Bank restriction period of 1797–1821. As a result of this controversy, the debate over the best method to prevent the forgery of the Bank's paper-money became increasingly technical and specialised over the Restriction period. I argue that, as a result of the growing technical nature of the controversy that emerged, the problem of the forgery of the Bank's paper-money became depoliticised – separated from the controversial political and social context that attended the widespread introduction of paper-money in early nineteenth-century British society.

ARTICLE HISTORY
Received 27 March 2020
Accepted 28 July 2020

KEYWORDS
Bank Restriction period; paper-money; forgery; depoliticisation; Bank of England

Introduction

From 1797 to 1821 the Bank of England's obligation to pay the bearer of its notes in gold was suspended by the British parliament (Clapham 1945, pp. i:266–72). The restriction of payments in gold forced the privately issued paper-money of the Bank into widespread circulation for the first time, and initiated the printing of one- and two-pound notes to replace the government-minted gold coins which had begun to rapidly disappear from circulation after 1797. During this period, known as the Bank Restriction period (Hawtrey 1918, Shin 2015), the Bank of England's authority as a political institution became wedded to its ability to ensure the acceptability and legitimacy of its monetary supply: the Bank of England note.

In this paper I will look at one of the greatest problems which arose in early nineteenth-century Britain during the Bank Restriction period – banknote forgery. This was one of the greatest political and social problems in early nineteenth-century Britain: political, because of the challenge, which the forging of the Bank's privately issued paper-money represented; and social, because of the large numbers of men, women, and children sentenced to death or transported for forgery over the twenty-five-year period (McGowen 2007, Desan 2014). As a result of this problem, both the Bank of England as well as a number of external actors, including some with professional experience in the fields of printing, mechanics, and the arts sought to improve the material and technological basis of paper-money – to bring about what Mary Poovey (2008, p. 337) calls the *naturalisation* of paper-money.[1] These external actors, despite being interested in improving the Bank's paper-money, were largely working in an environment that was independent from the political institution of the Bank. Their diverse claims that certain changes which, if introduced into the design and manufacture of banknotes, could help to naturalise paper-money and thus prevent its forgery contrasted, however, with the Bank's official position which came to deny the efficacy of substantial change.

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Following the account given by Bruno Latour (1987) I will show that the controversy between the Bank and these external actors generated a discourse that became increasingly more technical and specialised over the Restriction period. As individual external actors sought to continue to oppose the Bank's official position and correspondingly strengthen their own, they came together to collectively debate and further refine their proposals to modify the method of manufacturing paper-money. This generated a heterogeneous network of actors filled with new technical objects that were enrolled to help construct a naturalised paper-money that would resist imitation. Using Nadia Urbinati's (2014) concept of the 'unpolitical,' I will then argue that, as a result of the growing technical nature of the controversy that emerged between the Bank and external actors, the problem of the forgery of the Bank's paper-money became depoliticised – separated from the controversial political and social context at its origin. This separation should not be seen as an effect of a strong political will over a weaker scientific one; but rather, the effect of a heterogeneous network of technical scientific discourse on the world that helps construct it. In this case, the existence of a highly technical and specialised literature enabled the British parliament in 1819 to defer debate on the forgery of the Bank's paper-money – and the whole basis of the Restriction of 1797 – to an external Royal Commission consisting of 'qualified men of science.'

A short note on empirical material: In this paper I rely on the histories written of the printing of the Bank of England's paper-money by Hewitt (1998), Hewitt and Keyworth (1987) and Mackenzie (1953). For a general overview of the events around the Restriction period the original is Hawtrey (1918) and Shin (2015) is a good contemporary account. My empirical material largely consists of digitised documents accessed from a number of archives: (1) primary manuscripts from the Bank of England archive, namely its Court of Directors minuets (BOE Court Minutes, G4) and its Committee of Treasury minuets (BOE Committee of Treasury, G8). (2) Published pamphlets, books, and periodicals written during the Restriction period accessed from the Internet Archive or Google Books, for example the report published by the Society of Arts in 1819 (Society of Arts 1819) or Charles Wye Williams' pamphlet *Considerations …* (Williams 1818). (3) Hansard's parliamentary debates of the House of Commons for the year 1818, referenced as (HC Deb vol. 37 and 38) as well as a Royal Commission report on the prevention of forgery (Banks *et al.* 1819).[2]

The problem of forgery

In 1797 the number of forgeries of Bank of England notes stood at 901, in 1812 the numbers had risen to 17,290, and by 1820 the number of forgeries reached its peak at 30,217 (McGowen 2007, table 1). The forgery of Banknotes stemmed from the suspicion many held that paper-money was fictitious in value; since, from the foundation of the Bank of England in 1694, the government had licensed the Bank to issue paper-money as a 'new public mode of payment' so long as it was backed, not by gold, but by a suitable share of the National Debt (Ingham 2004, pp. 126–31, Desan 2014, p. 2). To many in the late nineteenth century, the Bank was merely 'creating cash out of the promise of taxes to come' (Desan 2014, p. 18, Dodd 2014, pp. 102–11). Thus it made sense that if the sole value of the new one and two-pound Bank of England notes were the written signs and material inscriptions impressed onto a piece of paper's surface promising the value they represented, they along with their value could be forged. The essential difference between a forged note and an authentic note, it was thought, was that of the political status of the one who made it (Ingham 2004, p. 47, Desan 2014, pp. 19–22). Many would claim in the Bank Restriction period: 'One forgery makes a felon, millions a statesman' (quoted in Hewitt 1998, p. 204).

The seriousness of the challenge that forgery represented found its expression in the criminal codes of Britain wherein the act of forging a Bank of England note and that of uttering – distributing a forged note or using one for payment – were capital offences. During the Bank Restriction period, merely to be in the possession of a forged note became punishable with transportation to a penal colony for fourteen years (McGowen 2007, p. 252). But, much to the consternation of the Bank and British government, the severity of the punishment and frequency with which it was resorted was not enough to deter the large number forgeries and the challenge they posed to the Bank. One MP complained in 1818 that those who were 'doomed to death' for forgery

> were, in many cases, far from feeling that they had committed a great moral offence against the law of God. … When they came on the scaffold, what were the feelings excited among the crowd? They were any thing but what ought to be excited by such a spectacle. The culprits were objects of compassion, and the selection of them for punishment a subject of general indignation. (HC Deb vol. 38, 684)

Indeed, the number of criminals convicted for forgery were 'so excessive' during the early nineteenth century 'that government dared not put the sentence of the law in execution,' and started to prosecute on the lesser charge of possession in exchange for guilty verdicts (HC Deb vol. 38, 684, McGowen 2007, ch. 4). Between 1797 and 1820 there were in total 1,864 prosecutions relating to the forgery of Bank of England notes; these resulted in 482 capital convictions for which the perpetrators were hung, and 1,100 convictions for possession which saw many transported to the mass penal colonies of the antipodes (McGowen 2007, table 1). The spectacle of the scaffold rather than enforcing the new paper-money of the Bank, merely brought to light its failure.

Given the social and political problem, which the forgery of the Bank's paper-money represented, the Bank not only feared that its paper-money too easily emphasised the fictitious nature of credit, it was also concerned that the frequent and severe punishments did nothing to deter those who forged its notes. These two concerns led the Bank to attempt to find a technological solution to the forgery of its notes. In early 1797 the Court of Directors of the Bank held consultations 'with Men of Science, and with Artists of eminence, who were cordially invited to give their attention to the Subject, and to communicate … the result of their reflections and enquiries' (BOE Court Minutes G4/41, p. 206).

The Bank sought assistance from 'Men of Science' and 'Artists of eminence' to change the materiality of its notes so they would be less susceptible to the challenge of being fictitious. These changes were intended to address the difficulty with which the Bank could detect forgeries of its notes and the administration of their issuance, and thus act as what Poovey (2008, p. 338) calls material *props* to the eventual naturalisation of the Bank of England's notes – helping them shed their history as a materially constructed human artefact. The changes[3] that were ultimately introduced by the Bank, however, were minimal in the effect they had on the design and manufacture of their notes; and over the whole twenty-five years of the Bank Restriction period – even though the numbers of forgery would continue to rise – not a single proposal sent to the Bank was adopted (BOE Court Minutes G4/41, pp. 208–9, Mackenzie 1953, p. 78). The social and political problem of banknote forgery was ultimately resolved in 1821, not when such a technological solution was found but when the Bank withdrew its low denomination paper-money and the problem of its forgery, naturalisation, and the capital convictions which it gave rise to, was placed in suspension (Clapham 1945, pp. ii:51–76, Hewitt 1998, pp. 216–17). The reasons for this withdrawal and the subsequent introduction of the Gold Standard are complex and will not be the subject of this paper (Desan 2014, ch. 12).

The Bank of England, however, was not the only actor who held a desire to see knowledge from the sciences and the arts apply itself to the problem of the naturalisation of paper-money. Over the Restriction period, a number of external actors came to criticise the Bank and their 'seemingly unimaginative and intransigent attitude towards change' (Hewitt and Keyworth 1987, p. 38). Indeed, the Bank noted in 1818 that their 'mode of trying the worth of some of the plans' had given rise to the view that 'the Bank Directors were predetermined to admit nothing … that [the Bank Directors thought] no one Man can invent, what some other might not be found to imitate' (BOE Court Minutes G4/41, p. 210). In this paper I will look at three of these external actors in more detail. They can be understood broadly in the following way: individuals, the Society of Arts,[4] and parliament.

In the next section, I will argue that the growing controversy that began to emerge between individual external actors and the Bank over the possible technological solutions to the problem of forgery resulted in an increasingly more technical and specialised discourse around the problem of forgery. Part of this increasing specialisation resulted from individual external actors that came together to associate themselves with more and more individuals and resources in order to continue opposing the Bank's rejection of their proposed technological changes. Similarly, a highly technical and specialised literature began to develop with the proliferation of new non-human actants – from 'typographic art' to 'machine engraving' – that were defined and described by these external actors in their attempts to find a technological solution to the problem of forgery.

A growing technical discourse

Individuals

In 1797, as a result of the large number of forgeries following the issue of the new one- and two-pound notes, a large number of proposals were submitted to the Bank by individuals who had reputations for technical expertise in printing and the mechanical arts.

The first promising proposal sent to the Bank in 1797 was by printer, publisher, and inventor Alexander Tilloch. He had been moved to submit his proposal to the Bank when, in 1787, he had relocated to London from Scotland and 'saw with pain and regret the numerous victims which every year suffered for forging Bank of England notes' (*Literary Chronicle* 26 Feb 1825, p. 141). The novelty of Tilloch's proposal centred around its use of a modified stereotype process of printing, which cast the note's design in relief from a single block, which design normally would have been engraved onto copper-plate for intaglio printing (Hewitt 1998, p. 201, Crosby 2011, p. 818). In his proposal of 1797 Tilloch claimed that his new design and method for the manufacture of paper-money would reduce the number of forgeries by making a convincing forgery more difficult to achieve: 'in the proportion as forgery was rendered difficult, it would be unfrequent' (*Literary Chronicle* 26 Feb 1825, p. 141). Adding to this, Tilloch included a certificate of evaluation signed by nineteen of London's foremost professional engravers. In this certificate it was claimed that the 'Specimen of an Art' invented by Tilloch, appeared 'to be highly deserving of the notice of the Bank … as an art of great merit and ingenuity, calculated, not merely to detect, but, to prevent the possibility of forging Bank and other circulating Bills' (quoted in Crosby 2011, p. 823).

The claim made by Tilloch's proposal, then, already positions Tilloch as the representative, or *spokesperson* (Latour 1987, pp. 70–4), of the new techniques of printing he had developed. Since it does not yet speak for itself, Tilloch speaks for his modified stereotype printing process, saying – from firsthand experience – how difficult it makes the act of imitation. Such a claim leads the reader away from the technical conditions of its origin (the modified stereotype method of printing) to the effect which it is believed they will bring about (the difficulty of its imitation). This exhibits what Latour (1987, p. 23) calls a *positive modality* since it attempts to 'lead a statement away from its conditions of production making it solid enough to render some other consequence necessary.' Here, the 'other consequence' is the incorporation of Tilloch's plan into the Bank's printing department. By inserting his new method of manufacturing into a sentence that already claims the difficulty of forgery, Tilloch makes its incorporation in the Bank's printing department more inevitable – more like a fact (Latour 1987, p. 25). Thus the positive modality is used by actors to help establish a claim as a fact by attempting to incorporate it into later statements, processes, and actions, that will ultimately render it indispensable (Latour 1987, p. 29). The positive modality is opposed by the *negative modality,* which leads a statement 'towards its conditions of production' and explains 'in detail why it is solid or weak instead of using it to render some other consequence more necessary' (Latour 1987, p. 23). The negative modality is used to oppose claims made by an actor seeking to establish a truth. Thus in coming to reject Tilloch's proposal and deny it its incorporation into their manufacturing process, the Bank will attempt to make Tilloch's claim less of a fact and more of an artefact by giving it such a negative modality.

The Bank gave the proof of Tilloch's new note to its engraver Garnet Terry, a successful artist in his own right whose job it was from 1795 to oversee the engraving and printing of the Bank's paper-money (Mackenzie 1953, pp. 40–1). The Bank decided to make Tilloch's claim less of a fact by bringing the claim back to its conditions of production and thus attempted to make Tilloch's specimen say the opposite of what he – as spokesman – claimed it had said. And so by attempting to imitate the note themselves the Bank subjects Tilloch's proposal to a *trial of strength* (Latour 1987, p. 78). They asked Terry to make a copy of Tilloch's note in copper-plate engraving. This copy was examined by the Committee of Bank Directors along with Tilloch and it was decided to reject the proposal, on the advice of Terry, noting that although the copy was plate-printed while Tilloch's engraving was in relief for surface-printing, 'Mr. Terry had produced so near an imitation of Mr. Tilloch's Engraving, that, tho an Artist might detect a variation between the Plan and the Copy, yet that no difference could be perceived by the Public' (Committee of Treasury G8/8, 39).

In total there were 108 proposals sent to the Bank from which there were 70 that were answered directly, 12 of 'superior skill and ingenuity,' and 9 of 'such originality or ingenious combination' to have required more particular attention (Banks *et al.* 1819, pp. 304–5). From this example, I believe it is possible to gain a general sense of the way in which individual proposals were rejected by the Bank.

(1) The individual concerned would construct a specimen banknote using a new technique they had developed.
(2) Describing, from their first-hand experience of the manufacturing process, the difficulty of its being reproduced exactly, the individual becomes the spokesperson for that particular specimen or technique, claiming that since it makes imitation more difficult, it's adoption will lead to the reduction of forgeries of the Bank's paper-money.
(3) The submitted specimen would then be subjected to a trial of strength by the Bank in which the individual would be challenged as a spokesperson for the technique they have used and upon which they make their claims.
(4) The specimen is imitated by Terry using copper-plate engraving and the views of the spokesperson become more of a *subjective* representation of the techniques as opposed to an *objective* representation which can withstand the Bank's criticism (Latour 1987, p. 78).
(5) The Bank rejects the proposal.

Such a rejection by the Bank, however, would not be the end of the controversy. Many individuals who submitted proposals to the Bank over the course of the Restriction period would come to feel that in testing only for imitability, the Bank would be subjecting their proposals to an unrealistic test. Writing later in 1818 Charles Wye Williams would observe that in acting the way it did the Bank

> seems to have proceeded as though they were under the impression that whatever it is in the power of man to copy—without any the least reference to the *difficulties which attend the production of the copy, or the talent of the copyist*—was unsuited to their purpose, and unworthy of their attention. (Williams 1818, p. 47)

Thus when the Bank came to reject the proposals sent to them by individuals from the fields of science, mechanics, and the arts, the controversy over the best way to modify the manufacture of the Bank's paper-money was to escalate. The report written by the Society of Arts in 1818 on the methods to prevent the forgery of paper-money represents the next stage in the controversy.

Society of arts

The Society of Arts was founded in 1754 for the express purpose of promoting the usefulness of the applied sciences and arts in manufacturing and commerce. This was done through the public promotion of prizes and 'their utility as a method of stimulating inventiveness' (Bennett 2017, para. 2). The committee set up by the Society of Arts provided a legitimate and prestigious forum in which experienced men from the fields of mechanics, printing, and the arts could come together and discuss technical solutions to a problem that they were aware left a 'very serious impression on the public mind' and for which 'no successful precautions [had] apparently been taken' (Society of Arts 1819, p. 1).

In 1818, the proposals of individual external actors were debated, analysed, and finally brought together by the Society of Arts in a published document that collectively argued for change in the design and manufacture of the Bank's paper-money. The report concludes that 'the absolute identity of almost an indefinite number of Notes … appears to be provided for,' and that 'the means appear to be accessible to the Bank of England, of rendering the forgery of their notes in a high degree more difficult than at present' (Society of Arts 1819, pp. 7, 10–11). In this way, the claims of formerly isolated external actors take on a greater force in opposing the rejection of the Bank because the number of people engaged in their diffusion increases and they cease being isolated (Latour 1987, p. 33). Each individual claim is now given the weight of many who all speak in unison. J. T. Beaumont, who had previously submitted a proposal to the Bank, emphasised this point in his address:

> if a succession of persons, who are known as men of science or business, suggest similar means of prevention, the reasonable inference, I submit, is, that opinions so concurring are right. (Society of Arts 1819, p. 14)

The conclusions of the report with its concurrence of opinions are possible only in the context of a community of external actors who have allied themselves together: the Bank must now reject not only *individual* proposals, but a *community* of dissenting actors embodied in the report of the Society of Arts.

This sense of solidarity was an important feature in the Society of Arts' defence against the political authority of the Bank of England. The individuals who appeared in the report would thus appeal to the normative qualities of gentlemanly virtue as a way of contrasting their collective position with that of the isolated Bank (Shapin 1994). Beaumont argued that it was

> high time for persons of intelligence and influence to exert themselves for the prevention of the evils [of forgery] … In addressing the Society of Arts, I appeal to a body of gentlemen who are qualified to be the best judges on the subject. (Society of Arts 1819, p. 13)

The gentleman was a privileged figure in early-modern British society whose economic and social position helped to determine their ability to make impartial and disinterested judgements free of external influence (Shapin 1994, pp. 48–52, 83–6). Such freedom meant the gentleman was expected to honour his word and speak only the truth, as well as act as an authoritative and legitimate political representative for the interests of those who served him (Shapin 1994, pp. 43–7). By saying what he did, Beaumont was claiming that it was precisely the Society of Arts and its members, not the Directors of the Bank with their vested institutional interests and indifference to the suffering of the public at the hands of forgers, who could claim the disinterested and objective qualities of gentlemanly virtue. The gentlemen of the Society of Arts, it was claimed, were better judges of the proposals and their potential effect on the British public precisely for this reason. And so it was to endanger the 'credit of their country,' not just the Bank of England, another member R. H. Solly would warn, that new technological advances were being ignored in the production of paper-money:

> The Bank must not suppose that they may safely stand still while the rest of the world are going on improving in knowledge and science; they also must avail themselves of the successive improvements. (Society of Arts 1819, p. 45, 52–3)

Thus in order to continue to oppose the Bank, external actors had to start bringing in more resources and increasing the number of their associations with others. This represents one of the ways in which the discourse surrounding the controversy becomes increasingly more technical and specialised (Latour 1987, pp. 60–2). The other results from the proliferation of new non-human *actants* within the discourse of the report, which external actors continue to define and develop in their workshops and studios to help them 'break the stalemate' between themselves and the Bank (Latour 1987, p. 86). The external actors included in the Society's report begin to speak in the name of these new objects using their highly specialised and technical nature as a way not only of generating new constraints to be applied to the manufacture of Banknote, but of generating new ways of describing and understanding the nature of inimitability as a material effect of these new objects. I will discuss two of these new actants below as an example of the technical discourse that was being developed in the Society's report.

A plan submitted by T. C. Hansard in the Society's report describes a new way of constructing a Banknote which would be based primarily on the techniques of typography and involve no less than twenty separate arts from engraving to type-founding, and stereotyping to printing (Society of

Arts 1819, p. 24). The actant that Hansard brings to his aid in the construction of inimitability is a new form of 'typographic art' which was to fill the top, sides, and bottom of the note (Society of Arts 1819, p. 25). This typographic art would consist of the careful and precise arrangement of a large number of very small individual characters placed, either individually or in a continuous block of type, 'so that at a little distance from the eye the effect would be of the words One, &c.' – see Figure 1 (Society of Arts 1819, p. 27). These individual characters would be made from a type 'at least equal in minuteness to that denominated *Diamond*, but of such peculiar form and proportions that it could never be required for any other occasion' (Society of Arts 1819, p. 25). To produce the required compound effect of typographic art alone, Hansard says, no less than twelve complete sets of characters or *founts* would be required. Some of these founts would be in standard roman or italic type, but the others would consist of nonstandard type like leftward slanting italics. These twelve founts would necessitate a range of highly specialised practices from 'matrix-making, justifying, mould making, casting, dressing, &c.' before being ready for stereotyping and printing (Society of Arts 1819, p. 29). Once this was complete, however, such a set of diamond type in the hands of a skilled artist would have 'everlasting duration,' and the typographic art produced would have 'all the infinitude of change that twelve kinds of type – like the changes upon twelve musical note – are capable of' (Society of Arts 1819, p. 29).

Similarly, methods of engraving upon steel-plates with the aid of newly designed mechanical devices, variously labelled 'rose engines,' 'ruling machines,' and 'mechanical engravers', were proposed by R. Williamson and R. H. Solly (Society of Arts 1819, p. 57, 41). Steel-plates had the advantage of being made extremely hard through heating and rapid cooling after engraving, so that, compared to the 6,000 impressions a single copper-plate allowed, 'steel-plates being so much harder, will assuredly stand 100,000 copies at least' before they began to wear (Society of Arts 1819, p. 5, 57). The engraving machines described by Williamson and Solly were hand-operated and designed to inscribe onto the surface of a printing plate complex geometrical patterns with 'mathematical

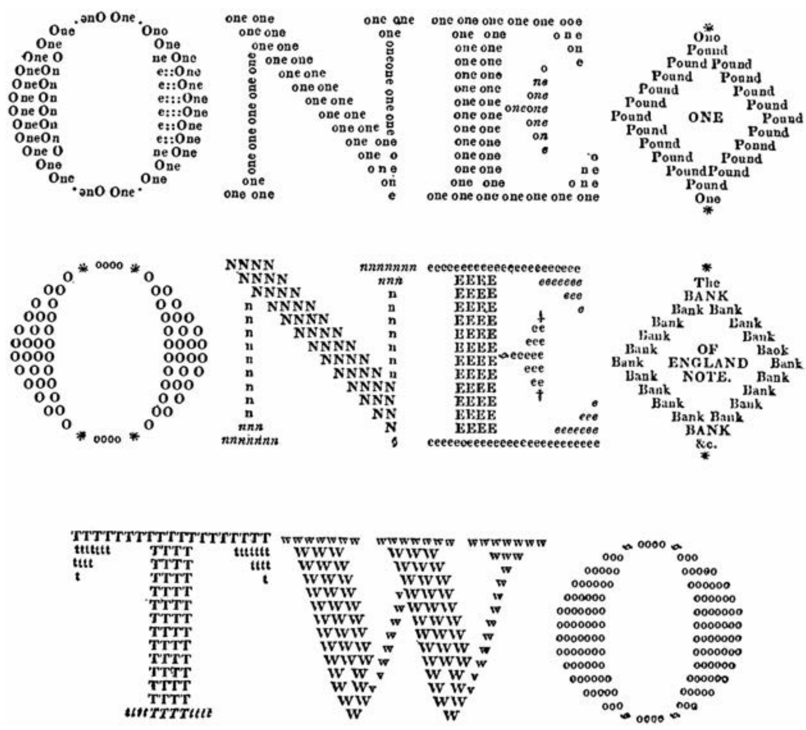

Figure 1. T. C. Hansard's example of 'typographic art.' Each individual letter is in diamond type: 4.5pt or aprox. 1.59 mm in height so that each large letter is 2.2 cm high (Society of Arts 1819, p. 26).

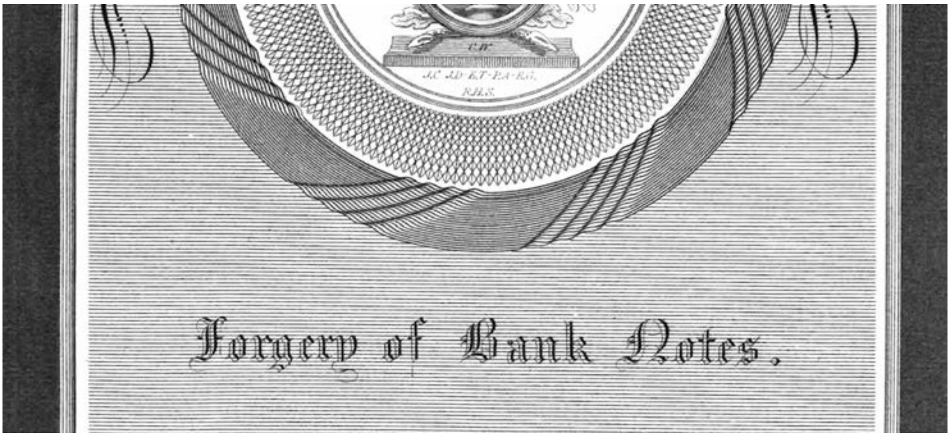

Figure 2. Solly's note showing his various machine ruled engravings (Society of Arts 1819, pp. 50–1).

accuracy' (Society of Arts 1819, p. 10). Such patterns – from exactly proportioned circles and intricate rosettes, to endlessly repeated ruled lines admitting minute changes in width and form – would be brought about by the steady rotation of a large number of cogs and wheels of various sizes all of which could be permuted in endless combinations (Mackenzie 1953, p. 43, Hewitt and Keyworth 1987, p. 88). The works printed from such mechanical engravings consisted of 'straight, waved or

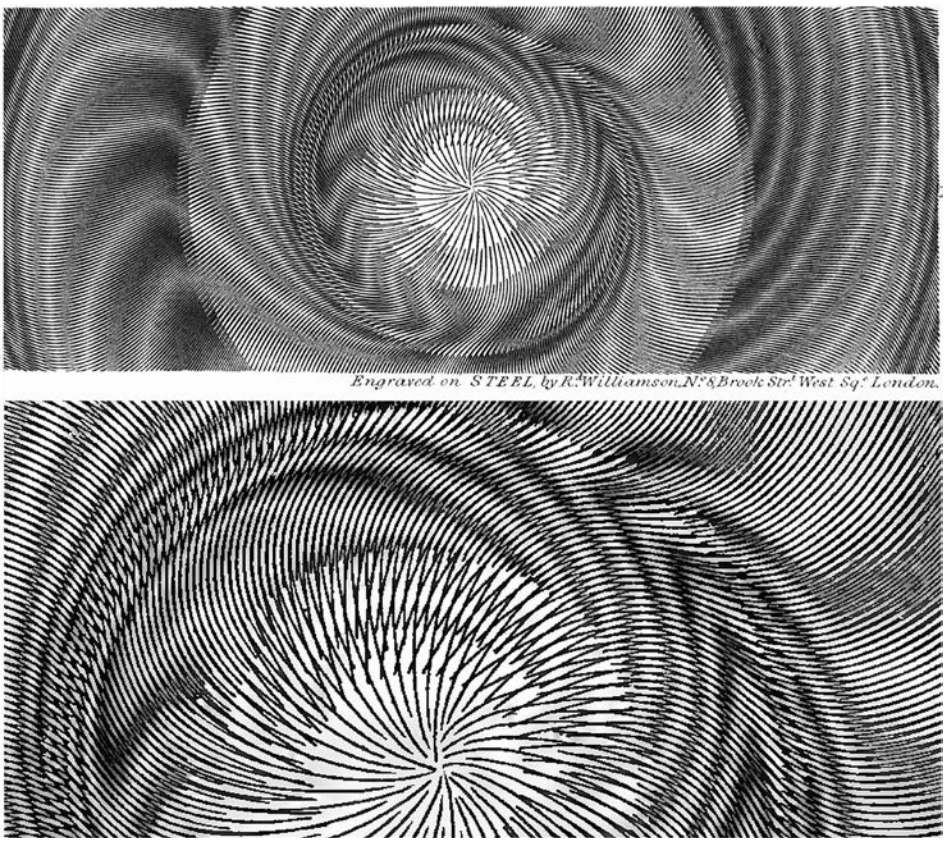

Figure 3. A print of R. Williamson's steel-plate engraving using his rose-engine technique with detail below (Society of Arts 1819, pp. 58–9).

curved lines' which would create a 'dazzling play of light and shade,' on the surface of the note, producing the general effect of a tint 'over every part covered by the engraving' – see Figures 2 and 3 (Society of Arts 1819, p. 8, Hewitt and Keyworth 1987, p. 68). Such indefatigable machines, the report suggests, admit adjustments 'of so much variety, that even allowing the forger to be possessed of a similar engine, the chances against his hitting of the several adjustments requisite to produce any particular pattern, are almost infinite' (Society of Arts 1819, p. 7).

A case study of depoliticisation

I will now argue that, as a result of this technical discourse, when the problem of forgery came to be debated in the British parliament in 1818 it was possible to transform the political and social problem of forgery into a much narrower epistemic problem to be debated externally amongst qualified men of science and the arts.

Depoliticisation and technical knowledge

The discourse that developed amongst the external actors I discuss above developed as a direct result of the controversy over the forgery of the Bank's paper-money. Its highly technical and specialised nature was an effect of the attempt, by multiple actors, to legitimise the Bank of England's paper-money and thus prevent the problem of forgery through technological means. According to Alfred Moore, this places the technical discourse of the external actors in the domain of politics *ab initio* since 'where economic, cultural or coercive power is present, and there is conflict in which a collectively binding decision is at stake, then we have the domain of politics' (Moore 2017, p. 35). The 'coercive power' and 'conflict' which is so important for Moore in the definition of politicised expertise is precisely the conflict over the large number of executions and transportations which resulted from the emergence of the power to issue a new and unfamiliar form of inconvertible paper-money in the private hands of the Bank of England (Ingham 2004, pp. 74–80, Desan 2014, pp. 14–21). Thus the highly technical and specialised knowledge developed by the external actors is already political 'to the extent that it is a site of conflict under the shadow of coercive decision' (Moore 2017, p. 36).

On Moore's (2017, p. 37) account, there are two different types of 'anxieties' when understanding the role that technical and specialised knowledge can have in the context of political decision-making. The first results from a positive claim over expertise and the second from a negative claim. The *positive* claim emphasises the way in which technical and specialised knowledge can transform democratic self-governance in advanced technological societies. On this view, political decision-making is improved by acknowledging that 'some people know some things better than others,' and that we would make better collective judgements 'if we deferred to their knowledge, skills, and experience' (More 2017, p. 42). The anxiety that results from this view derives from the desire to keep the technical and the political separate, since such knowledge 'has the potential to operate as a constraint on politics' only when isolated from the logic of political struggle (More 2017, p. 57). The *negative* claim, however, emphasises the problematic role that such a separation can play in transforming the nature of political decision-making (More 2017, p. 37). Here the concern about the position of highly technical and specialised knowledge in political decision-making is that 'the necessary delegation to experts [that results] can amount to a *de facto* alienation of control' (More 2017, p. 39). In the negative view, specialist knowledge can seem to be a good thing because it contributes to the empowerment of democratic collective action through a 'division of labour' (More 2017, p. 45). However, such knowledge in the hands of delegated experts who are insulated from the vicissitudes and accountability of politics can give rise to the anxiety that the social and political basis of certain matters of expertise is no longer democratically determined but has been surrendered (More 2017, pp. 40–1).

Urbinati sees the anxieties of the positive claim of expert knowledge outlined above as the fear that the political decision-making process has become too highly politicised and thus cannot maintain the separation needed to function properly. Here, the fear stems from the criticism that democracy, by its very nature, is not capable of being ruled by any timeless or transcendent political truth directing it from without; rather, it is too exposed to the disorderly, unpredictable, and arbitrary nature of popular rule (Urbinati 2014, p. 88). The constant exposure of political decisions to popular assent seems to carry with it a danger that, through such politicisation, no one will agree on anything. The response to such fears is what Urbinati calls the *unpolitical*, that is the call to neutralise the decision-making processes of government from dispute, disagreement, and deliberation by bypassing the partisan nature of political discussion in favour of expert judgement (Urbinati 2014, p. 81). In doing so, the call of the unpolitical attempts to strengthen democracy by being more 'like judges and juries or committees of experts' because such bodies can create definitive judgements on issues to which all are bound to obey (Urbinati 2014, p. 83). Urbinati's account of the unpolitical thus sees the anxieties of the positive claim of expert knowledge as a process that leads to the *depoliticisation* of political decision-making, its separation from overt political debate. This form of depoliticisation, however, 'leads to the devaluation of democracy, and finally its disfiguration' (Urbinati 2014, p. 83) because by insisting on the separation of politics and technical decision-making too strongly and emphasising expert knowledge over popular assent, a society is led away from the unqualified opposition of political struggle to a form of judgement in which 'issues of public concern [are] given depoliticised answers' (Urbinati 2014, p. 91). The resulting anxieties of Moore's negative claim then begin to dominate a society and lead it towards a path of populism (Urbinati 2014, p. 83).

I believe that Urbinati's account of depoliticisation captures *how* the political and social problem of the forgery of the Bank of England's paper-money was transformed over the Bank Restriction period. At its heart depoliticisation represents the way that epistemic reasoning comes to replace the nature of political decision-making processes. Urbinati (2014, pp. 89–93) sees this as an inherent opposition between *episteme* [truth or knowledge] and *doxa* [opinion]. In attempts to try and protect politics from the ostensible harm of partisan opinion, *episteme* comes to replace *doxa* along with the fundamental basis of democratic politics – that decision-making be a representation of the opinions of the people. This translation captures the opposition Daniel Sarewitz identifies between science and politics when he states that 'arguing about science is a relatively risk-free business … But talking openly about values is much more dangerous, because it reveals what is truly at stake' (Sarewitz 2000, p. 91). Thus in the case of a scientific controversy when such epistemic claims exist in excess and saturate the discourse, the process of depoliticisation and the emphasis it places on technical and specialised knowledge 'often does us very little good at all, and sometimes makes considerable mischief' (Sarewitz 2000, p. 81).

In the following section I will show that the issue of the forgery of the Bank's paper-money came to be debated in the British parliament in 1818 in the form of a proposal for the initiation of a parliamentary inquiry into the problem of the forgery of the Bank's paper-money. This proposal, however, was defeated precisely because those who opposed debating the social and political consequences of the Bank Restriction and the Bank's growing political power were able to defer to the increasingly technical and specialised discourse that had developed as a result of the controversy between external actors and the Bank. In line with Urbinati's account of depoliticisation, the proposed parliamentary inquiry was transformed into a Royal Commission, external to the deliberative forum of parliament, and headed by qualified men of science and the arts who would spend their time investigating the technical discourse of forgery prevention rather than the social or political problems at its origin.

Parliament

During the final years of the Bank Restriction period there was much debate in parliament about the role the government should play in the problem of the Bank of England's paper-money. There was a general acceptance that something needed to be done to reduce the large number of convictions for Banknote forgery which were contributing to an already seething and congested penal system. But given the political and social problem which it represented, to have the Parliament investigate the means by which the Bank's paper-money could be made less susceptible to forgery, could do more to expose the infamous origins of the Bank's suspension of payments than to effect its naturalisation. Concurrently, the existence of a highly technical and specialised discourse surrounding the problem of the prevention of forgery meant that many parliamentarians were not familiar with the details of the new techniques and methods of manufacturing that would be proposed.

On 14 May 1818 the opposition MP, Sir James Mackintosh, proposed a Parliamentary Committee 'to inquire into the means of more effectually preventing the Forgery of the Notes of the Bank of England' (HC Deb vol. 38, 681). In calling for an investigation to be made by the House of Commons into the problems of the Bank's paper-money, Mackintosh desired not just to inquire into the methods available to prevent the problem of forgery, but to criticise the whole basis of the Bank Restriction which had started in 1797 under the Tory-led government of William Pitt.

In February of 1818, Mackintosh had successfully debated in parliament that 'the number of prosecutions, convictions, and executions for forgery' were not an instance of a general trend of rising crime rates – as suggested by the Tory government – but rather 'owing to the restriction upon cash payments by the Bank, and the consequent issue of a vast number of small notes' (HC deb vol. 37, 604–6). He argued that the severity of punishments had had no effect on reducing these numbers; that, 'the more the promoters of capital punishments cried hang! hang! hang! the more the offence was committed, and the more numerous were the offenders executed' (HC Deb vol. 38, 275).

Mackintosh saw the very materiality of paper-money itself – that it was a mere promise to pay its barer on demand, with no intrinsic value – and its forced circulation after 1797, as the primary cause of the large increase in the numbers of men, women, and children charged with forgery. As a result, he suggested, the 'natural' solution was to repeal the Bank Restriction Act and 'revert to that state in which there had been no forgeries [of paper-money]' (HC Deb vol. 38, 277). But 'if this could not be done' however, it would instead be necessary 'to seek out some plan for diminishing the calamities consequent of a paper circulation' (HC Deb vol. 38, 277). The investigation called on by Mackintosh would engage the House to consider the work of 'many ingenious and scientific persons' on the issues surrounding the Bank's paper-money and whether, if 'the evil [of forgery] could not be entirely suppressed whilst the circulation of notes continued, it might be considerably mitigated' (HC Deb vol. 38, 679). The inquiry proposed by Mackintosh, then, must be seen not just as an inquiry into the technological means of preventing forgery; but as a direct attempt to debate in parliament the social and political implications of the forced issuance of the Bank's paper-money. Thus Mackintosh would warn

> If upon inquiry the evil … was found irremediable, that discovery would serve to guide the judgment of the House in determining upon the policy of continuing that system of restraining cash payments. (HC Deb vol. 38, 678–9)

The way this debate was resolved shows, with Urbinati and Sarewitz, how important public issues which involve technical problems of specialised knowledge can become divorced from the sphere of political debate as a result of the translation of a political problem into an epistemic problem. The Chancellor of the Exchequer,[5] who was a notable defender of the Bank's private interests, had no desire to debate with opposition MPs over the government's initiation of the Bank Restriction of 1797. He responded to the call for a parliamentary investigation by directly referring to the highly technical and specialised literature around forgery prevention:

> To investigate this subject would require a degree of patient research and scientific knowledge, which was not, he, with all deference, apprehended, to be looked for in a committee of that House, and therefore he thought it more advisable to have such an investigation conducted by a special commission, consisting of fully qualified persons, and having an opportunity of consulting the first artists in the country. He therefore proposed to move for the appointment of such a commission. (HC Deb vol. 38, 681)

The Chancellor proposed a Royal Commission to be conducted not by elected parliamentarians but an external body of qualified persons from the sciences and arts precisely because he was able to argue that members of parliament were not qualified to engage with the technical and specialised scientific discourse that had, by this time, developed around the prevention of forgery. Sir

Charles Mordaunt MP, disagreeing with the Chancellor, could not understand why 'a committee [of parliament] should be deemed incompetent,' since 'there was perhaps no subject more deserving the attention of that House, nor one to which it would be more creditable to its character to devote its time' (HC Deb vol. 38, 684). But it was remarked in support of the Chancellor that 'if a committee were appointed, however competent it might be … [one] could not look for their coming to any practical conclusion,' for it is only a commission of practical men familiar with the appropriate literature which 'would be most likely to supply an efficient remedy' (HC Deb vol. 38, 694).

Urbinati (2014, p. 119) sees the process outlined above as a form of depoliticisation since, by preferring a Royal Commission over a parliamentary committee, the parliament has separated the decision-making prerogative – now entrusted to a commission of experts – from deliberation and debate. Such a displacement shifts the locus of debate from the floor of parliament, with its 'politics of passion' and vehement multiplicity, to the swift and efficient mechanism of trained, expert judgement; thus transforming parliament into a body that simply votes instead of debating (Urbinati 2014, p. 119). External judgement usually takes the form of 'commissions' or 'bodies of expertise' and are often done when sensitive issues emerge in politics 'so as to take away from politicians and political parties topics that can be easily used to exploit prejudices' (Urbinati 2014, p. 119).

What is taken away though can sometimes obscure the political or social basis of an issue, since the results of a technical inquiry whose epistemic concern is truth, can rarely tell what policies and social objectives a society values (Sarewitz 2000, pp. 86–9). There is no doubt that, since science and the technical discourse it creates is sufficiently powerful 'to provide comfort and support for a range of subjective, political positions on complex issues,' a solution would eventually be found to naturalise paper-money (Sarewitz 2000, p. 90). But the question, which was depoliticised into a purely epistemic problem and which could not be answered through appeals to epistemic truth, was whether this naturalisation embodied the values of early nineteenth-century British society. Thus, objecting to the commission, Mackintosh would say

> He could not agree that men of science would be the best judges upon a question of this kind. They might be the best witness, but it was for men of sense and education to decide, uninfluenced by the power of the Crown, and fearless of consequences of displeasing Ministers. (*The Examiner* May 17 1818, p. 311)

The tension underlying this debate was expressed well by the contemporary Charles Wye Williams who observed that

> the *nature* of the remedy, whether mechanical or chemical, fine art, or otherwise, *yet remains to be determined*. The decision is not on the demonstration of a difficult problem, the truth of a chemical test, or the discovery of a new power in mechanics; but a *matter of opinion*, the very soul and essence of controversy. (Williams 1818, p. 132)

It was precisely this 'matter of opinion, the very soul and essence of controversy' which would be taken away from the political and social problem of forgery in the establishment of a Royal Commission. The debate was eventually resolved in the Chancellor's favour, and later in 1818 an address was presented to his royal highness that he be 'graciously pleased' to issue a commission of qualified men from the arts and sciences to 'consider the best means of preventing forgery' (HC Deb vol. 38, 699).

The commission of seven qualified men chosen were mostly from the Royal Society led by its president Sir Joseph Banks, and included William Congreve, who had previously investigated the application of automated mechanical technologies for the manufacture of paper-money similar to those proposed in the Society of Arts' report (Banks *et al.* 1819, Elizabeth 1968). The commissioners also included a current Director of the Bank, Jeremiah Harman, whom the Bank's Court of Treasury specifically congratulated on being appointed to the commission (BOE Court Minutes, G4/41, p. 230), and thanked again in January of 1819 when the commissioners' report came out for the 'share he has taken in the labors of the commission so highly important to the Bank and the Public' (BOE Court Minutes, G4/41, p. 289).

It is thus understandable why the report was 'in effect, a vindication of the Bank of England for not having introduced change' (Hewitt 1998, p. 210). The commissioners examined all the projects which had previously been submitted to the Bank along with many of those that were also submitted to the Society of Arts; (BOE Court Minutes, G4/41, pp. 209–10) and concluded that 'no one of these could have been adopted with such a prospect of solid advantage to the Public' (Banks *et al.* 1819, p. 304). The commissioners were confident, however, that the Bank was not absolutely against the idea of change, for it seemed they were in fact 'sincerely anxious to adopt any plan, which shall be found, after patient examination, to be worthy of adoption' (Banks *et al.* 1819, p. 306).

What is important for my argument, here, is that the political and social problem that Mackintosh had wanted to debate in parliament had been sufficiently depoliticised in the commissioners' report. Indeed, the commissioners did not 'think it necessary to recapitulate statements [of opinion and controversy] which are already before Parliament and the Public,' (Banks *et al.* 1819, p. 303) choosing instead to avail themselves 'with such information as was within our reach, relative to our subject of inquiry' and to 'examine in more detail' the plans before them (Banks *et al.* 1819, p. 305).

Perhaps in a foreshadowing of the many commissions established today in the attempt to settle a political controversy involving maters of science, in the end the commissioners' investigation did more to confound the issue of the prevention of forgery than to settle the controversy begun in 1797. Writing at the end of their report the men of science and the arts who comprised the investigation of the Royal Commission felt that

> the investigation in which we have been engaged, has strengthened rather than removed our feelings of the difficulties with which the whole subject is surrounded. (Banks *et al.* 1819, p. 306)

Epilogue

In the midst of a political controversy involving highly specialised matters of science and technology it is common to think that if only the science could speak for itself the controversy would be resolved; let experts tell us what the truths of the matter are and politicians can get on with the job of implementing policy in line with those truths (Sarewitz 2000, pp. 81–4).

I believe that the critique of this view that comes from detailed case studies of science in action is that we are mistaken if we think that certain technical and scientific problems faced by society – like society's response to climate change – can be discussed as though scientific knowledge itself were enough to give us the answers of what should be done (Sarewitz 2000, Lahsen 2005). What happens when certain problems come to be divorced from their underlying values is that 'properly political struggles are conducted by proxy on the terrain of claims to expertise,' instead of being contested in the realm of politics (Moore 2017, p. 41). Expert knowledge in particular – and scientific knowledge more generally – has the power to draw attention away from political controversy and social values by treating politics as a game of truth in which the question becomes that of one's ability to construct authoritative epistemic claims rather than to engage in political struggle (Miller 2017, p. 30). This 'excess of objectivity' highlights the way that political problems can, when mistaken for epistemic claims divorced from political and social reality, become a site of diversion, frustration, and obstruction – a modality of Truth just as effective as its ability to lead to the Good (Sarewitz 2000, p. 90).

In line with this critique, in section two I outlined the nature of the problem of forgery that resulted from the Bank Restriction in 1797. The response from both the Bank and external actors was to try and find a technological solution to the social and political problem that forgery represented. In section three, I argued that the growing controversy over this technological solution and the resulting attempt by external actors to continue to oppose the Bank of England, resulted in an increasingly more technical and specialised discourse around the problem of forgery. What my case study of the problem of forgery in the Bank Restriction period illustrates is one of the effects that the emergence of such a discourse can have when its origin is the attempted resolution of a political and social problem. Rather than necessarily leading to the eventual closure of the very problem at its origin, such a technical discourse with its proliferation of new objects, actors, and instruments, can give rise to the problem's eventual depoliticisation: the separation of the epistemic ground of truth from the controversial political and social context from which it originated.

As the commissioners' report of 1819 illustrates, such depoliticisation – as it focuses on the ideal of epistemic truth – rather than removing the feelings of difficulty that surround such problems, can instead give rise to the very opposite. From the case study I describe in this paper, I would like to suggest that this separation should not be seen as the domination of a strong social world over a weaker scientific one in an attempt to further political ambition at the expense of open political debate; but rather, such depoliticisation is the direct effect that a heterogeneous network of technical scientific discourse can have on the political world that was its origin (Michael 2000, ch. 2). That scientific discourse constructed precisely to solve certain social and political problems can in fact separate from such problems when the discourse becomes increasingly technical and specialised.

Notes

1. Poovey defines *naturalisation* as:

   > the *social* process by which something that is humanly constructed sheds its history *as* a human artifact. As a consequence of naturalisation, things and processes come to seem like parts of nature … Naturalisation functions to shield something that human beings have collectively made from certain kinds of analysis—including the kind of analysis that would expose its constructed nature. (2008, pp. 337–8)

2. The empirical material I have used is not as complete as I would like: there is important material in the Bank of England archive relating to this period that is not digitised which I have not been able to access. See Bank of England archive M5/245-261.
3. For example, in 1800 the Bank adopted the design of a new kind of paper (Mackenzie 1953, pp. 51–2). Similarly, in 1809 the Bank introduced a machine for mechanically printing the serial number of each note on its surface (Mackenzie 1953, pp. 21–2).
4. The full name is: the 'Society for the Encouragement of Arts, Manufactures and Commerce'. It was renamed the 'Royal Society for the … ' in 1908 (Bennett 2017).
5. The Tory MP Nicholas Vansittart (1766–1851).

Acknowledgments

A thanks both to my supervisors Darrin Durant and Kristian Camilleri at the University of Melbourne, as well as two anonymous reviewers who gave me critical yet helpful feedback.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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To cite this article: Brian J. Hracs & Jack Webster (2021) From selling songs to engineering experiences: exploring the competitive strategies of music streaming platforms, Journal of Cultural Economy, 14:2, 240-257, DOI: 10.1080/17530350.2020.1819374

To link to this article: https://doi.org/10.1080/17530350.2020.1819374

Published online: 26 Sep 2020.

JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 240–257
https://doi.org/10.1080/17530350.2020.1819374

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From selling songs to engineering experiences: exploring the competitive strategies of music streaming platforms

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ABSTRACT

Economic, cultural, social, and political life is being increasingly shaped by digital platforms including social networking sites (Facebook), streaming services (Netflix) and sharing platforms (AirBnB). While social scientists have tracked the rapid emergence of platforms and developed useful conceptualisations about what they are and how they operate, surprisingly little attention has been paid to the nature of platform competition or the experiences of users. To address these gaps, this paper focuses on the illustrative case of recorded music, where platforms, including Spotify and Apple Music, face intense competition due to similarities in price and content. Drawing on 42 semi-structured interviews, 20 app 'walk-alongs' with Spotify users and an analysis of 120 documents (industry reports, trade magazines, press releases and news articles), it demonstrates how the basis of competition has shifted from content, price and curation to the engineering of compelling experiences that harness the unique and interconnected affordances of platformisation. The paper nuances our understanding of the dynamic and contingent nature of platforms, the processes of datafication and curation underpinning their interventions in markets and everyday life, the geographies of these virtual distribution and consumption channels, and the ways in which users imagine, value, and experience music streaming platforms.

ARTICLE HISTORY
Received 5 March 2020
Accepted 4 August 2020

KEYWORDS
Digital platforms; competition; music streaming; curation; consumption; experiences

Introduction

Digital platforms, including social networking sites and streaming services, have disrupted cultural markets globally and established themselves as powerful economic actors. They are contributing to the re-organisation of a range of marketplaces, ways of working, and forms of value creation, communication and capture (Kenney and Zysman 2016, Langley and Leyshon 2017, Srnicek 2017, Nieborg and Poell 2018). Social networking platforms, such as Facebook, Twitter and Weibo, enable millions of people to socialise online, whilst creating opportunities for advertisers to reach audiences in increasingly intimate ways (Graham 2017, Smith 2019). Streaming platforms, such as Netflix, Audible, Spotify and Amazon Prime, have opened up access to vast catalogues of music, film, tv, audiobooks and podcasts, creating opportunities for creators and rights holders to distribute and monetise intellectual property (Morris and Powers 2015, Wayne 2018, Webster 2019b). By extension, sharing platforms, such as AirBnB, Uber and TaskRabbit, have created online marketplaces where 'ordinary' people can sell access to their homes, vehicles and labour to those in need of their services (Srnicek 2017).

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Despite the recent and rapid emergence of digital platforms, social scientists have developed useful conceptualisations (Van Dijck 2013, Langley and Leyshon 2017, Srnicek 2017, Mackenzie 2018). This literature suggests that digital platforms are socio-technical infrastructures and business arrangements that facilitate and co-ordinate interactions between different sides of a marketplace (Langley and Leyshon 2017, Meier and Manzerolle 2019). They provide the means for people, content, brands and businesses to interact online, from the technical infrastructures that enable the flow of data, to the interfaces through which interactions occur. Yet, digital platforms are not mere conduits or neutral facilitators; rather, they actively seek to shape what and how actors interact within the spaces of their platforms (Van Dijck 2013, Kenney and Zysman 2016, Nieborg and Poell 2018, Eriksson *et al.* 2019). They exploit their ownership of the infrastructure to manipulate how people, information and cultural goods interact and ensure that interactions are optimised for the platform's desired end(s). For example, Google invests in its predictive capabilities to ensure that it can select people who have a high likelihood of clicking on an advert, as this allows it to charge a higher price to businesses (Smith 2019).

Digital platforms are understood to be highly dynamic and contingent in nature (Mackenzie 2018, Nieborg and Poell 2018). What they are and how they intervene in markets and everyday life is shaped by changing user behaviours, company objectives and the tactics of competitors (Van Dijck 2013, Sanz 2014). Because they exploit network effects, platforms like Facebook must ensure they have a large and highly engaged user base to attract additional users and to sell advertising (Srnicek 2017, Smith 2019). As such, attracting and engaging users is integral to the commercial success of platforms and a key motivator behind why and how platforms seek to manipulate the flow of information, people, goods and services (Webster 2019b). Thus, *platform competition*, in the form of competition for users' attention and competition between rival platforms and non-platform alternatives is also central to understanding what digital platforms are and how they evolve. To date, however, platform competition remains understudied.

The platform studies literature has identified the practice of curation – the strategic selection, presentation and arrangement of information, goods, services, and people – as central to how digital platforms generate value for themselves and their multiple users (Van Dijck 2013, Morris and Powers 2015, Barna 2017, Srnicek 2017, Jansson and Hracs 2018, Prey 2018, Drott 2018a, Webster 2019b, Eriksson 2020). By deciding what is valuable or relevant to a given situation and what is not, Bhaskar (2016) asserts that curation is reducing complexity, saving time, reducing cognitive burdens, filtering for quality and overcoming 'choice overload,' a bi-product of having abundant access to goods and services in the platform economy. There is a growing body of research examining curation in physical spaces, such as record stores, food markets, and fashion boutiques, which demonstrates how different forms of expertise as well as specific spatial and temporal dynamics shape the performance, value, and experience of curation (Joosse and Hracs 2015; Leslie *et al.* 2015, Hracs and Jansson 2017). Yet, in the digital age curatorial practices and processes which occur in virtual spaces need to be taken seriously and curation, as a set of activities and processes, requires ongoing conceptualisation and empirical enquiry (Jansson and Hracs 2018, Jansson 2019). Indeed, little is known about the ways in which curation is performed by digital platforms, in general, and how the practice is embroiled in platform competition, more specifically.

A distinctive affordance of being a digital platform is the ability to create digital data (Langley and Leyshon 2017, Srnicek 2017, Hamilton 2019, Smith 2019, Cochoy 2020). Platforms are contributing to an extensive process of datafication, where every aspect of people's lives, from what they purchase to whom they chat with online, is being captured and rendered as digital data (Smith 2019). By providing the socio-technical means for different sides of a marketplace to interact, platforms are uniquely positioned to create and exploit information related to what, when and how people interact with others or consume cultural goods, such as music and television (Langley and Leyshon 2017, Srnicek 2017, Webster 2019a). Digital data is a valuable asset, marketable to other economic actors, including advertisers (Drott 2018b, Meier and Manzerolle 2019), but it can also shape how platforms curate by enabling the generation of personalised recommendations (Prey 2018, Drott 2018a, Webster 2019b, Cochoy 2020). Again, however, our current understanding is limited and there is a need to investigate how platforms collect and use digital data to compete and embed themselves further into markets, societies and the daily lives of users. These issues are connected more broadly to concepts such as 'surveillance capitalism' and the emerging field of data privacy and politics (Drott 2018b, Smith 2019).

The dynamic and contingent nature of digital platforms, coupled with their interest in amassing and deploying data about user behaviour, makes clear that their existence in the world ultimately rests on how they are experienced and adopted (Van Dijck 2013, Bardhi and Eckhardt 2017, Ruckenstein and Granroth 2020). Without the involvement of the people who use them, platforms are unable to cultivate network effects nor collect the data used to drive these effects. Despite its importance, the limited research on platform competition has paid insufficient attention to the experiences of users. Bucher (2017) has examined everyday encounters with Facebook's news feed, to highlight how people form imaginaries about how these technologies work, whilst Rein and Venturini (2018) have examined how the practices of news publishers are being shaped by the introduction of live streaming on Facebook and the immediacy this brings. But how these interventions shape people's motivation to engage with a platform over time remains understudied. Put simply, the development of platforms is inseparable from user practices and more research in this area is needed (Van Dijck 2013).

Working through the case of recorded music, where digital platforms, including Spotify, Apple Music and Amazon Music, have come to dominate how music is circulated and consumed (Morris and Powers 2015, Webster 2019a, Eriksson 2020), this paper addresses these gaps. Recorded music is a highly illustrative case for the study of platform competition because competition between platforms is intense. All of the leading platforms provide access to similar content at a similar price point, and they all provide basic forms of curation, requiring these firms to develop innovative ways to attract and engage users. Recorded music is ubiquitous in people's everyday lives, 'soundtracking' people's travel time, working hours, and social and recreational activities (Fuentes *et al.* 2019). As such, becoming individuals' platform of choice has the potential to be lucrative both in terms of revenue and data creation.

Drawing on a mixed-method approach involving 42 semi-structured interviews, 20 app 'walk alongs' with Spotify users and an analysis of 120 documents, including industry reports, press releases and relevant media articles, this paper demonstrates how platforms seek to attract and engage users. Building on the experience economy literature which asserts that firms operating in competitive markets must transition from providing products to offering experiences (Hracs *et al.* 2013, Lorentzen and Jeannerat 2013, Joosse and Hracs 2015), this paper argues that music streaming platforms are leveraging the quality of their user experience to secure competitive advantage. In particular, it outlines three interrelated strategic practices (1) the mobilisation of different forms of curation underpinned by the exploitation of digital data, (2) the manipulation of the spatial and temporal dynamics of the user experience, and (3) the imposition of technical constraints on user interactions, to engineer compelling experiences that seek to attract and engage consumers over time. In so doing, the paper argues that music streaming platforms have moved beyond differentiation on the basis of what they provide to how they make people feel.

This paper makes several important contributions. First, by examining the activities they undertake to attract and engage users, namely the practice of curation, this paper contributes to existing accounts about what digital platforms are and how they facilitate and co-ordinate interactions between different user groups. It demonstrates how the dynamics of competition between digital platforms is integral to understanding how, in material ways, they intervene in economic and cultural life. Second, this paper nuances our understanding of how digital platforms curate, highlighting how its performance is related to processes of datafication, the spatial and temporal dynamics of consumption, and the materialities of the platforms and devices used to interact with them. These findings refine our understanding of the fuzzy concept of curation, which has mostly been conceptualised in relation to physical spaces of consumption where curation is performed on a smaller and more individual scale. Third, this paper incorporates a much-needed consideration of the experiences and perspectives of platform users who play an integral role in determining the success of platforms, both in terms of adoption but also data creation. By focusing on the consumer perspective, this paper is able to demonstrate how platforms are exploiting the dynamic needs, preferences, and emotions of individuals to retain them as users.

After reviewing the methodology, the paper provides an overview of the case of recorded music. This is followed by three empirical sections which address how music streaming platforms (1) create unique user experiences through mass personalisation, (2) manipulate micro-spatialities and moments, and (3) encourage and leverage user loyalty through forms of lock in. The conclusion highlights the need for ongoing research to continue to refine our understanding of the dynamic and contingent nature of platforms and intensity of platform competition.

Methodology

The empirical material presented in this paper draws on data collected from 2016 to 2018 in two phases.

Phase 1: key informant interviews

To investigate how music streaming platforms operate and their competitive strategies, 22 semi-structured interviews, lasting between 45 and 60 minutes, were conducted with key informants. Three interviews were conducted face-to-face and 19 interviews were conducted remotely using the video conferencing service, Skype. These individuals, who were located in the industry and technology clusters of London, Stockholm, New York, and Berlin, work as playlist editors and data scientists at leading music streaming firms, executives at major record labels and journalists covering the music industry. Participants were selected purposively based on their position in and expertise about the recorded music marketplace. Participants were identified by reviewing company websites and LinkedIn pages and recruited through prospective contacting via email. Snowball sampling was subsequently used to facilitate the recruitment of additional key informants.

Although the interviews generated detailed data and allowed respondents to express experiences and opinions in their own words, the competitive strategies of streaming firms are closely-guarded secrets and respondents were reluctant to answer some questions (for a detailed account of the challenge of accessing and researching Spotify, see Eriksson *et al.* 2019). Therefore, interviews were supplemented and triangulated with the collection and analysis of 120 documents, including promotional and marketing material, reports and media articles about leading streaming firms, their strategies and the marketplace more broadly. We collected 10 annual reports about the state of the digital music market created by the International Federation of Phonographic Industries (IFPI), dating back to their first publication in 2008, which provided valuable insights into growth and change in the marketplace. We also acquired a subscription to the music industry trade magazine, *Music Week*, which opened up access to interviews conducted with executives from music streaming platforms and incumbents in the recorded music industry, such as major record labels, about changes in the recorded music industry associated with streaming. Additional documents were sampled purposively and collected from the Web using the search engine, Google. Combinations of key terms, such as 'music streaming platforms,' 'Apple Music,' 'Spotify,' 'curation,' and 'consumption,' were used to seek out relevant documents. During this process we scanned the results for relevance by reading abstracts, key words, and introductions and conclusions. We did not seek to collect a set number of documents, but we discarded anything deemed irrelevant. Those left in the sample of 120 were read and manually coded in their entirety.

Phase 2: user interviews

To obtain a more balanced understanding of the competitive strategies of music streaming platforms, a further 20 semi-structured interviews, lasting between 45 and 60 minutes, were conducted with

Spotify users located in Southampton, UK. The sample included a mix of ages (early 20s to late 40s), gender (13 women and 7 men), and education and occupational profiles (including school-leavers, graduates, service workers, and professionals). The interview questions featured a narrative component and explored the 'music biographies' of participants, how they use Spotify in everyday life, and how it compares to the other streaming platforms, music formats, and curators they engage with. For example, we asked 'Does it feel like the service that Spotify provides is personalised to you?' and 'Do you think that using Spotify has changed how you listen to music?'

To probe deeper into the commercial strategies, micro-spatialities, and user experiences of music streaming platforms, we conducted app 'walk alongs' during interviews with Spotify users (Light *et al.* 2018). Participants were invited to bring along their own music device (e.g. smartphone) and individuals were encouraged to discuss their feelings about different aspects of their chosen service, such as the platform's attempts to personalise the user experience through individually-tailored home screens, playlists, and recommendations. This method facilitated triangulation – comparing what participants said about their experiences using Spotify with what we observed about how they access and engage with music on the service. The walk alongs, which lasted 30 minutes, were guided by open-ended prompts. Data was collected in the form of hand-written observational notes, describing what the participant was doing, whilst a Dictaphone was used to capture what was being said.

Data analysis involved a systematic process of coding and re-coding. Each transcript/document was analysed phrase by phrase, while thematic codes, annotations, and reflective notes were added. After this 'open coding,' the data was organised into categories which corresponded to the themes and questions from the interview guides, literature, annotations, and reflective notes. A process of axial coding followed through which connections between and within categories and subcategories were made. At this stage, some codes and subcategories 'broke down' while others emerged as more pervasive or poignant across the sample. We then moved toward identifying preliminary theories and collapsing categories into overarching themes through an iterative process of moving back and forth between the data and the research questions, interview guides, and literature.

The case of recorded music

Although platformisation is playing out in many areas of the contemporary economy, as with earlier rounds of digitally-driven restructuring, the marketplace for recorded music is a leading and illustrative case for the study of platform competition (Jansson and Hracs 2018). Music streaming platforms such as Spotify and Apple Music have rapidly gone from a niche alternative to the dominant mode of music distribution and revenue stream for the music industry (Webster 2019b). These platforms have introduced subscription-based business models into a marketplace traditionally organised around the buying and selling of physical and digital goods (e.g. CDs, vinyl, digital downloads) from bricks-and-mortar and online retailers (e.g. record shops and Apple's iTunes music store).

These platforms not only provide a useful lens through which to better understand the challenges associated with attracting and engaging users but also the ways in which rival platforms compete and the strategies they use to generate distinction, value, and loyalty. Competition in the marketplace for music streaming is particularly acute because of what we call *platform parity*. All of the leading music streaming platforms, including Spotify, Apple Music, and Deezer, offer access to similar catalogues of music and similar functionality, such as the ability to browse, search and create playlists. On paper, the price point for a monthly subscription is similar (around £9.99) but there is variation as some companies provide discounts (e.g. student discounts), offers to attract new users (e.g. free for the first three months), and bundling with other services (e.g. offering discounted subscriptions in partnership with mobile telephone communications companies). However, these discounts are often imitated by competitors, undermining their ability to serve as a source of differentiation.

Beyond cost, music streaming platforms have attempted to differentiate themselves on the basis of their content offerings, specifically in the form of exclusive releases (for a more in-depth review of these practices see Meier and Manzerolle 2019). Services, such as Apple Music and Tidal, have struck exclusive license agreements with well-known recording artists, such as Frank Ocean, Drake, and Beyoncé, which guarantee exclusive access to their latest releases for a period of time. For example, in 2016, albums by Frank Ocean (*Blonde*) and Drake (*Views*) were released exclusively on Apple Music two weeks ahead of the competition (Hogan 2016). Firms leverage different strengths to secure these deals. Apple Music deploys its substantial cash reserves to offer lucrative up-front cash payments or long-term exclusivity deals worth millions of dollars, whilst Tidal secures exclusive releases through the unique relationship one of the company's owners, Jay-Z, has with recording artists (Hogan 2016). Exclusive releases can attract consumers to specific platforms but the practice is controversial and its effectiveness and sustainability have been questioned (Roberts 2017). For cash-strapped firms such as Spotify (Eriksson *et al*. 2019), trying to outspend Apple to secure deals is likely to be unfeasible as the basis for platform competition.

In addition, exclusive releases limit the commercial potential of new recordings. Audience maximisation is crucial to the profitability of the recorded music industry, both for record labels and streaming firms, yet exclusive releases limit the potential audiences of new releases. As Meier and Manzerolle (2019) note, exclusivity makes it harder to achieve the economies of scale needed to make a profit from recorded music, potentially straining relationships with record labels and other streaming platforms. Indeed, exclusive releases can also alienate consumers who, depending on what platforms they subscribe to, may not get access and may become frustrated and resort to piracy, which has negative consequences for the whole music industry (Meier and Manzerolle 2019).

Platform parity and the ineffectiveness of exclusive releases makes it challenging for music streaming platforms to stand out in the crowd, introducing a need to compete beyond price and content (Hracs *et al.* 2013, Sanz 2014). Recent literature suggests that helping consumers navigate the abundance of music, and information about music, can be an effective way to generate distinction and improve the quality of the service offering (Morris and Powers 2015, Barna 2017, Jansson and Hracs 2018, Drott 2018a). The sheer volume of recorded music made available by streaming platforms – over 50 million tracks and three billion playlists, in the case of Spotify – intensifies the need to provide experiences that both stand out from the crowd and deliver on the promise of helping users find and engage with relevant music. To put this in perspective and highlight the extreme nature of recorded music, there are a mere 200,000 audiobooks available on Audible and Netflix offers less than 10,000 movies and shows combined. Bhaskar (2016, p. 202) argues that the proliferation of music, alongside other content, such as podcasts and videos, has created a problem of 'knowing what to listen to.' During interviews, 'choice overload' was cited as an important challenge inherent to the access-models of music streaming companies. As one respondent explained: 'When you have unlimited access that means you've got unlimited choice and with that you need guidance' (Music Journalist, Broadsheet Newspaper).

The marketplace for music has long relied on a range of curators, including record labels, music journalists, radio DJs, and record store clerks, to find, evaluate, promote, and sell the oversupply of musical talent and music-related goods and services (Hracs and Jansson 2017). More recently, and through the creation of editorially-curated playlists and individual tracks, album and artist recommendations, music streaming platforms have extended this practice to their digital platforms to help users overcome choice overload. All of the leading music streaming firms provide some forms of curation, including editorially-curated and personalised playlists and recommendations, such as Spotify's 'New Music Friday' playlist and Apple Music's 'New Music Mix' (Barna 2017, Eriksson *et al*. 2019, Eriksson 2020). Despite the long history of curation in the music marketplace, Drott (2018a) highlights that music streaming platforms have successfully recast abundance as a problem and fabricated a need for assistance for which they claim to be uniquely positioned to resolve. Music streaming platforms have (re)introduced a type of artificial scarcity – in this case, a shortage of curation – to imply to the outside world that they are addressing an underserved need.

However, in addition to similarities in price and content, there is also increasing parity in the curation performed by music streaming platforms. Until recently, helping users navigate the 'paradox of choice' was an effective source of differentiation (Barna 2017). But due to platform parity we argue that much like exclusive releases, the extensive provision and promotion of basic forms of curation has eroded its value as a mechanism for attracting and engaging consumers, challenging existing accounts about its value as a source of differentiation (Morris and Powers 2015, Bhaskar 2016, Eriksson 2020).

Unlike other cultural goods, such as film, TV or books, which require greater focus and are typically consumed at set times of the day, recorded music is omnipresent in many people's everyday lives, providing the 'soundtrack' to travelling, working, socialising, and relaxing (Fuentes *et al.* 2019). For platforms that can successfully compete, there is a highly lucrative opportunity to embed themselves in millions of people's everyday lives, opening up vast revenue and data streams about what, when and how people consume recorded music. So as competition between streaming platforms intensifies, platform parity is forcing rival firms to create and communicate new forms of uniqueness and value which will attract new users and engage existing users.

Unique user experiences through mass personalisation

One way in which music streaming platforms seek to attract and engage users, thereby establishing their market dominance, is by providing personalised curation at scale. Whilst some existing literature has discussed how curation is used to address the information retrieval problem of choice overload (Bhaskar 2016), it underplays how it is leveraged in more nuanced ways to engineer attractive and engaging experiences. Music streaming platforms have moved beyond a 'one-size fits all' approach to curation to one that seeks to create experiences that appeal to the dynamic needs and sensibilities of different types of consumers simultaneously. These platforms 'see' their users as 'dividuated' individuals, composed of multiple identities with different preferences, needs and behaviours performed at different moments in time (Prey 2018, Drott 2018a) – and they seek to persuade subjects to see themselves as such (Eriksson *et al.* 2019). To generate demand for their services, music streaming platforms must convince individuals that their lives are decomposable into a series of moods, moments and need states, for each of which there is an ideal song or playlist to be found (Drott 2018a).

In this section, we demonstrate how music streaming platforms seek to cater to these multiple states through the staging of what our participants called 'lean forward' and 'lean back' experiences. Whilst Drott (2018a) uses these same concepts to distinguish between different services (e.g. Pandora Internet Radio [lean back] and Spotify [lean forward]), the following demonstrates that this usage of the terms overlooks a single platform's sociotechnical capacity to stage different types of experiences for different types of users at different points in time, all within the same virtual space.

Music streaming platforms accommodate the need for active music discovery. They stage 'lean forward' experiences that seek to exploit the desires of users who are interested in music discovery as an end in and of itself and who take pride in cultivating their musical expertise. For example, Christian (pseudonyms used) uses curation to increase the rate and scale at which he can discover new music: 'It's really satisfying knowing that it's (Spotify) helping you listen to more music, broadening your musical tastes.' To achieve this, Spotify and Apple Music have frontline editorial playlists, such as Spotify's 'State of Jazz' and Apple Music's 'Today's Hits', that feature new releases and are updated on a regular basis to expose audiences to new music. These platforms have discovery-centric personalised playlists, such as Spotify's 'Discovery Weekly' (a personalised playlist of new music updated once a week) that are created and packaged to encourage people to discover new music. These services also provide users with the means to browse catalogues, such as providing 'related artist' recommendations.

Yet, music streaming platforms also accommodate the needs of the 'casual' listener. These platforms stage 'lean back' experiences to allow people to outsource choice for the sake of convenience. At times respondents take pride in finding music and building playlists while at other times they prefer to remain passive and allow the platform to save them valuable time and energy (Joosse and

Hracs 2015). As Marie put it: 'Sometimes it's nice, like when I've got work to do, for somebody else (Spotify) to make that decision for me (choosing music), but it still kind of knows my preferences.' To address this need, music streaming platforms have created catalogues of 'moods and moments' playlists, such as playlists for relaxing, working out or sleeping, which provide music that suits particular contexts, such as Spotify's 'Peaceful Piano' and Apple Music's 'Pure Motivation' playlists (Eriksson *et al.* 2019).

The staging of lean back experiences seeks to reflect and advance how music is experienced in everyday life (Hagen 2015, Åker 2018, Fuentes *et al.* 2019). People incorporate music into everyday activities, such as commuting, working, hanging out and driving, and carefully curate music – a process Fuentes *et al.* (2019) describe as 'soundtracking' – to ensure that it matches the moment (Eriksson *et al.* 2019). Hagen (2015) demonstrates how soundtracking has been extended to the playlist creation strategies of streaming users, who use mood, feelings, temper, memories, and biographic history as pillars to sort their digital music collections. The moods and moments playlists curated by music streaming platforms, seek to complement these everyday activities and ways of curating music. However, in contrast to Fuentes *et al.* (2019), who suggest that having control over what music is heard is integral to the performance of soundtracking, our findings highlight that this is not always the case. Rather, some people prefer to outsource the responsibility of soundtracking some or all of their everyday activities to music streaming platforms.

Åker (2018) argues that the ways in which music is curated by music streaming platforms expresses 'contradictory articulations.' The curation performed by these platforms is well suited to 'distracted' listening – music in the background – while at the same time providing ample opportunities for people to engage in more focused listening. We argue that it is precisely this capacity to accommodate contrasting needs, through the staging of lean forward and lean back experiences, that underpins how music streaming platforms seek to attract and engage users. Importantly, music streaming platforms 'see' listeners not as having one stable identity, but as adaptive individuals with many identities that are performed through practices and captured in the digital data traces they leave behind (Prey 2018, Drott 2018a). Staging both lean forward and lean back experiences allows music streaming platforms to cater to the changing needs of different individuals as they interpolate across time and space.

Crucially, this form of personalisation at scale is made possible by the affordances of platformisation (Mackenzie 2018). In comparison to bricks and mortar record stores, where spatial constraints are imposed on what content can be sold and how it can be displayed, digital platforms operate at scale and can be many things to many people. Furthermore, the digital data these platforms collect allows them to create data subjects of people (Prey 2018). It allows them to see people as dividuated individuals and optimise how they deliver personalised recommendations to the varying need states of individuals (Drott 2018a). These platforms collect data about micro-interactions with music, from what people search to when people listen to music (Webster 2019a). Being able to use behavioural signals (e.g. saves, skips, repeat plays) to detect when users discover music on a platform or engage in habitual listening, allows these companies to design algorithms to recommend music that are optimised to drive further discoveries or habit formation and continuation. As the findings presented throughout this paper illustrate, being able to reliably predict what music people like and being able to package these recommendations in a compelling way is important to platform competition.

Data collection is not only important for powering personalisation, but also the advertising businesses of music streaming platforms (Prey 2016, 2018, Drott 2018b, Eriksson *et al.* 2019, Meier and Manzerolle 2019, Eriksson 2020). Spotify and Deezer provide a free, ad-supported tier that is used to cultivate brand loyalty and in turn convert ad-supported users into more lucrative paying subscribers. The data these platforms collect about user behaviour enables these firms to sell targeted advertisements to brands and deliver advertisements not only according to demographic criteria but also behavioural patterns (Prey 2016, Eriksson *et al.* 2019). Indeed, Eriksson (2020) highlights that playlists are not only the driving force behind music discovery, user engagement and platform differentiation, they play an increasingly important role in the business of advertising. Playlists are not mere containers of tracks designed to supply music; rather they transform listeners into a resource whose attention can be sold to advertisers. For example, moods and moments playlists (e.g. motivational playlists, heartbreak playlists) are crucial to the provision of programmatic advertising. Several 'calculative operations' are triggered within and around a playlist (Eriksson 2020), allowing these firms to infer information about the social, spatial, and emotional contexts of consumers at particular points in time, creating audience segments to be sold to third-party brands.

Despite these attempts to create different kinds of experiences through personalisation, it is difficult to evaluate whether the experiences engineered by these platforms are uniquely personal. However, the interviews we conducted with Spotify users suggested that having a truly unique experience is not necessarily essential to creating a satisfying experience. Rather, as the examples of fashion retailers and independent record stores producing limited runs of designer dresses or special edition vinyl releases demonstrate, 'imagined' exclusivity, where actual scarcity is replaced by a perceived rarity, is often enough (Hracs *et al.* 2013). Prey (2018) highlights how the processes by which the data subjects are constructed to achieve personalisation are hidden from consumers and most are unaware why they are receiving a recommendation for a given song. Whilst Prey (2018) suggests that this is problematic because it limits a person's ability to freely develop an identity with and through music consumption, our findings suggest that not knowing why and how personalised recommendations are generated does not matter as long as recommendations feel relevant. As Christian's comments highlight:

> You know thousands of other people have probably got a very similar playlist to my 'Discover Weekly,' but it does feel like they are taking what I've listened to and tailoring and curating that playlist based on my interests.

Indeed, Eriksson *et al.* (2019) demonstrate that many song recommendations in personalised playlists are in fact duplicates. Their experiments with bots and a diverse range of user profiles over time demonstrates that around 70% of the recommendations were duplicates, offered several times during the course of data collection. Whilst these observations bring into question the uniqueness of the personalisation performed by music streaming platforms, this does not necessarily matter as long as these platforms can convince their users that what they are experiencing is uniquely personal. Again, it is perception not reality that generates value and satisfaction (Hracs *et al.* 2013).

Music streaming platforms use curation to engineer experiences that are relevant and engaging for different need states, including when someone wants to discover music and when someone wants to outsource choice. Importantly, whereas the marketplaces for music and other products such as art, fashion, and food have traditionally featured a range of different curators to cater to the varying motivations, needs, and preferences of individual consumers, music streaming platforms are attempting to accomplish this within the same space (Joosse and Hracs 2015, Jansson and Hracs 2018). Whilst others have demonstrated that existing and emerging sources of curation, such as record stores, radio, social media influencers, online forums, and friendship networks still play an important role in the circulation and consumption of recorded music (Joosse and Hracs 2015, Hracs and Jansson 2017, Jansson and Hracs 2018, Jansson 2019), music streaming platforms are seeking to capture as much curation and consumption, as well as data and advertising potential, as possible by tailoring how they curate to the different user needs.

Manipulating micro-spatialities and moments

Music streaming platforms seek to attract and engage users by manipulating micro-spatialities and choreographing time. Whereas existing studies of designing environments and staging experiences have focused on physical spaces, such as flagship fashion stores, independent record shops, and food markets, less is known about the ways in which spatial and temporal dynamics are being manipulated to enhance user engagement and satisfaction within virtual spaces including retail websites, social media and digital platforms (Crewe 2013, Hracs *et al.* 2013, Hracs and Jakob 2015, Leslie *et al.* 2015, Hracs and Jansson 2017). Indeed, Ash *et al.* (2018) demonstrate that digital practices and platform environments are characterised by uneven geographies and dynamic relationships between bodies and screens which can cultivate new modes of spatial awareness and guide users without thinking in order to capture and hold their attention. Addressing Pike's (2015) call for critical examinations of the multiple and overlapping geographical associations – which may be material, symbolic, discursive, visual or aural – to identify and understand the ways in which brands and brand actors strategically emphasise or obscure specific elements, we highlight how manipulating space and time extends and deepens user engagement by engineering serendipity and introducing behavioural mechanisms that keep people returning.

Record shops and fashion boutiques, are confronted by the spatial constraints of their stores, limiting what can be displayed at any one time (Leslie *et al.* 2015, Hracs and Jansson 2017). Existing research has documented how clerks engage in practices of curation, in the form of the intentional arrangement of things, to strategically highlight products and overcome these spatial constraints (Hracs and Jansson 2017). Music streaming platforms are confronted by a similar but more acute challenge of having extremely finite space – the screens of computers, tablets, phones, and even watches – to display millions of songs, playlists, and images. Like their counterparts in physical retail, curation is one way platforms seek to overcome this. As one respondent put it:

> The real estate, particularly if you are on a mobile, is minuscule. So that issue of serendipity, of just walking around the store doesn't exist. So recommendation, discovery, algorithms, and playlists are important. So it's about getting people to dig deeper into the catalogues so that they feel they are justifying their £10 a month. (Music Journalist, Broadsheet Newspaper).

However, because of the affordances of platformisation, music streaming platforms are also able to manipulate the micro-spatialites of their platforms in more sophisticated ways than otherwise achievable in physical spaces of consumption (Hogan 2016, Eriksson *et al.* 2019). More specifically, music streaming platforms dynamically adapt their user interfaces and strategically arrange space. For example, Spotify's 'homepage' is a dynamic and personalised space. Its content changes during the day, such as 'wake-up' playlists presented in the morning and 'party' playlists presented on a Friday night, and also incorporates personalisation, such as recently played content and recommendations based on a recent listening. By making this space dynamic and highlighting, through relocation, specific content that is deemed to be relevant to a person at a given moment, music streaming platforms are able to overcome the spatial constraints imposed by digital devices and introduce novelty, relevance and serendipity into the user experience.

Developments in context-aware recommender systems are likely to enable these platforms to manipulate the spatial dynamics of music consumption in more dynamic and intimate ways (Baltrunas 2011, Schedl 2015). Context-aware recommender systems draw on contextual data representing features such as location, time, weather, activity, emotional state, social context and cultural context, to make predictions about what music people are likely to appreciate in particular contexts (Schedl 2015). Rather than curating music using generic heuristics, such as presenting 'wake up' playlists in the morning, context-aware recommender systems will allow these companies to personalise the types of music people see and hear at particular moments, such as recommending rock music to people who like to work out to rock music when they arrive at their gym. These approaches are reflected in the tactics of other platforms, such as Google, which exploits geo-spatial information, where people are when they are using their products, both spatially (e.g. on their home wifi network) and geographically (e.g. in Sweden, based on GPS data), to contextualise the affective states of consumers to generate 'micro-moment marketing' (Smith 2019) and 'targeted advertisements' which seek to engineer serendipitous encounters with advertisements (Eriksson *et al.* 2019, Ruckenstein and Granroth 2020).

Despite the global and homogenous nature of music catalogues and broader claims that technology will make consumption 'placeless,' geographical associations remain important for inscribing meanings and values while differentiating cultural products and experiences (Hracs *et al.* 2013, Pike 2015). Our findings suggest that music streaming platforms seek to identify and understand regional differences within the wider global marketplace and then optimise the user experience accordingly. Editorial playlists are produced and promoted on a global, regional (e.g. South America), national and local (i.e. city) basis. Playlists are curated around local cultures, such as playlists featuring regional or local music (e.g. Apple Music's 'Bachata Classics' or Spotify's 'Made in London') (see Figure 1), whilst there are country-specific variants of Apple Music's Top 100 playlists, which feature popular music from a country, updated on a daily basis. Eriksson *et al.* (2019) demonstrate in their experiments that Spotify is also selective about what editorial content it displays in different regions. For example, in Spotify's 'Browse,' a space where users can explore music organised in terms of genre, a Christian music category was downranked in European countries compared to the rest of the world, whilst Latin music was among the top choices for users registered in Spain and Mexico.

Beyond curation, music streaming platforms are adapting to the needs of different regions through changes in the user interface and underlying software. For example, in 2019 Spotify introduced Spotify Lite, a simplified version of its app (Spotify 2019a). Spotify Lite is designed to take up less storage space, require less power and allows users to set data spending limits. Rather than being available worldwide, its availability is limited to 36 markets, covering South America, the Middle East and Southeast Asia. Meanwhile in preparation for Spotify's 2019 launch in India, it developed multi-language music recommendations, allowing recommendations to be adapted to several local languages, including Hindi, Punjabi, Tamil and Telugu (Spotify 2019b).

These examples illustrate how platforms are adapting to 'uneven geographies' and remind us that virtual spaces can be localised and should be regarded as experiential spaces that are actively produced and negotiated through the practices of its creators and users. Providing a lite of version of Spotify allows the company to reach users in the parts of the world that have access to less reliable

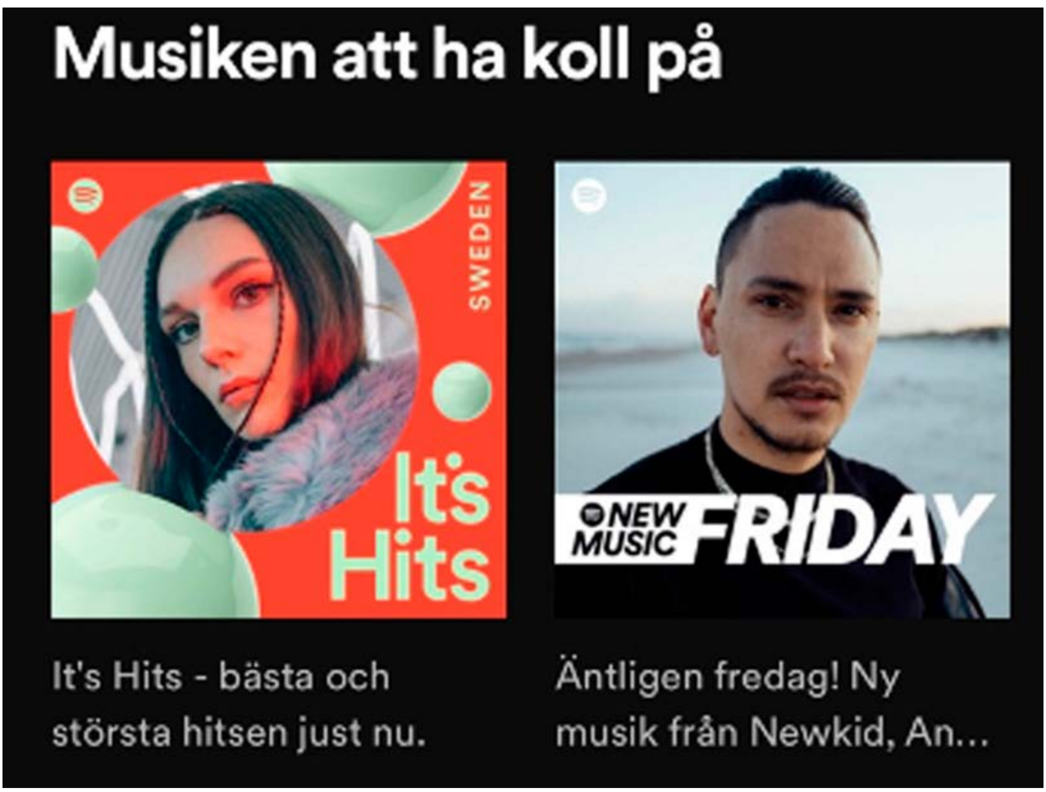

Figure 1. Regionalised content presented on Spotify's homepage in Sweden (translation: 'The music to keep an eye on').

Internet and slower smartphones, whilst creating and promoting editorial playlists on a regional, national and local basis illustrates the significance of local music cultures in shaping the experience of using music streaming platforms (Eriksson *et al*. 2019; Spotify 2019a; Spotify 2019b).

Music streaming platforms combine the strategic manipulation of space with the artificial imposition of temporal scarcity. According to Eriksson (2020), playlists are 'logistical devices' that arrange people and specific pieces of music in space and time by imposing rules about what and how music can be accessed and used. For example, much like physical 'pop-up' shops, which are temporary events where shoppers have limited time to purchase goods before being replaced by a new store (Joosse and Hracs 2015), Spotify's 'Discover Weekly' playlist is only made available for one week before being erased and replaced with a new compilation of songs. Temporal windowing is used by Spotify to encourage users to maximise their engagement with specific content before it is replaced. Whilst music streaming platforms 'play up' (Pike 2015) the virtues of unrestricted access and the unprecedented possibility of choice regarding what to listen to, this example demonstrates that they are also re-introducing forms of scarcity (Drott 2018a). In so doing, music streaming platforms seek to habituate consumer behaviour and create what one key informant described as 'appointments to listen' (Digital Manager, Music Distributor). Consumer interviews also highlight this practice:

> When I first started out using it I'd gone through Spotify and saved a bunch of stuff that I was already into and it started putting this playlist together, and week on week I found myself skipping fewer and fewer tracks. My process was always like: right, Monday morning, cool, thirty new tracks to get through, listen to all of them, and then anything that I like I save it in a playlist. (Jamie, Consumer)

Beyond temporally windowing access to content, music streaming platforms have extended the programming practices of radio to create temporary events around the consumption of music. Apple Music's Beats 1 radio station has a scheduled programme of live radio shows. Once again, this contrasts with the on-demand nature of music streaming, as scheduled shows force users to 'tune-in' at particular times. Apple Music makes recordings of Beats 1 radio shows available after the fact, but the live nature of these shows, combined with audience participation through social media as well exclusive first-plays of new releases by well-known artists, creates a temporary event and attractive experience which encourages consumers to engage with the service at the scheduled time (Joosse and Hracs 2015). Whereas literature on the ephemerality of 'liquid consumption' (Bardhi and Eckhardt 2017) suggests a speeding up of product lifecycles and planned obsolescence, as notably demonstrated by pop up shops and one-off events in physical spaces, music streaming platforms combine the temporality of specific elements, such as weekly playlists, with longer-term engagement which generates more intimate and satisfying experiences for 'regulars' (Hracs and Jansson 2017, Eriksson *et al.* 2019, Eriksson 2020).

Leveraging loyalty and lock-in

The ways in which music streaming platforms engineer compelling user experiences through curation contribute to the competitiveness of platforms by cultivating loyalty, user lock-in(s), and first-mover advantages. The Spotify users we interviewed expressed an affinity for the platform because it has learnt their music tastes over time and they trust the recommendations they receive. As Ruckenstein and Granroth (2020, p. 20) discuss in relation to targeted advertisements, when personalisation is successful it can trigger a 'pleasurable feeling of recognition.' During interviews it was this feeling and the fear of resetting this relationship that encouraged participants to stay with Spotify and this finding is crucial for understanding the nature of platform competition. Hamilton (2019) similarly identifies how music streaming users are often aware that the platform is 'listening' and recognise that their consumption in the present will shape what they experience in the future, which we found to further cement the pleasurable feeling of recognition because engagement is rewarded.

Christian's comment exemplifies the emotional connection some people form with the recommendations provided by music streaming platforms and the lock-in it creates:

> If I was to leave, jump ship and go to another streaming service, it's going to take a while for that streaming service to learn what I like. So for the first 6 or so months, or for the first year or something, it's going to have a few hits, but also a few misses because they don't know me as well as Spotify knows me.

As with record stores, valuable trust is forged and fostered over time through repeat interaction. But instead of being tied to a specific individual, such as a record store clerk, and their perceived personal biographies, cultural capital or legitimacy, streaming users trust platforms and become attached based on the effectiveness of recommendations (Jansson and Hracs 2018). In so doing, Drott (2018a) suggests that personalised music recommendations have the potential to (re)imbue music with the 'affective intensity' – evoking pleasure and delight – that has allegedly been lost in an age of abundant access to digital music. As Eriksson *et al.* (2019, p. 136) put it: 'the selling point of Spotify is not necessarily music but music streaming framed as a deeply personal and intimate even happiness inducing practice.'

Whilst trust and pleasurable feelings of recognition have a positive impact on user satisfaction, technical forms of lock in, specifically in terms of trapped data and the risk of losing music libraries built up over time, dis-incentivise people from switching platforms. Firms create what Roberts (2017) refers to as 'velvet handcuffs' in several ways. First, the data that fuels personalisation at scale are trapped within a platform. As this resource is proprietary and of substantial economic value, platforms are unwilling to let this data leave (Drott 2018b). Thus, changing platforms would result in losing this recorded history which helps platforms improve the familiarity of their recommendations. Indeed, restricting access to this data is potentially important to platforms' market power more broadly (Langley and Leyshon 2017, Srnicek 2017, Meier and Manzerolle 2019, Eriksson 2020). This is because data allows consumer attention to be bought, sold and supplied on the market (Eriksson 2020). As discussed in this paper, data helps these firms attract and sustain the attention of consumers by supporting the creation of editorial and personalised playlists and recommendations, and it enables these firms to sell the attention of consumers through advertisements, allowing them to target advertisements based on identities, behaviours and contexts (Prey 2016). Ensuring that data stays trapped within a platform helps firms accumulate influence in both the recorded music and advertising industries.

Second, music streaming platforms encourage people to build their own music libraries of albums, tracks and playlists and create their own playlists for themselves or to be shared with others. In contrast to other perspectives, which claim that with the rise of online, access-based services people's interactions with cultural goods are becoming looser and more transactional (Bardhi and Eckhardt 2017), our participants feel attached to their digital music libraries, as they represent significant investments of time and contribute to a service feeling familiar and personal, establishing a 'sense of place' and a '… fixed point from which to structure their music consumption' (Sinclair and Tinson 2017, p. 5). Moreover, in suggesting that brand loyalty is of paramount importance for attracting and retaining the attention of consumers in online spaces of consumption, Pike (2015) claims that there are 'zero switching costs' to moving between service providers. Our findings suggest that this is not the case and technical lock-in is a strategy used by platforms to strengthen their competitive advantage. Sinclair and Tinson (2017) demonstrate that this kind of 'investment of the self' contributes to loyalty to a platform and is a key antecedent to developing a sense of psychological ownership over a particular platform and the experiences it engineers. The story told by Elizabeth about a time when she thought she had lost her music library after performing a routine Spotify software update makes clear the value people place in the collections they have amassed on particular platforms:

> The idea of losing what I've collected is really upsetting … I did an update on it and then I lost what was the 'starred list,' the things that you particularly like you save it. And I freaked out and for a couple of hours I was just like (imitates shouting), mum, my playlist is gone. It really upset me, like a shocking amount.

Hagen (2015) highlights how investing in playlist curation is a way for streaming users to establish uniqueness and a sense of ownership in a context where ownership appears to be more ephemeral, immaterial and generic. Paradoxically, our findings demonstrate that in making these investments people are also sacrificing control; they become dependent on a platform because their music collections are trapped within its walled gardens.

Together, the cultivation of platform loyalty and the trapping of digital data produce imbalances of power between music streaming firms, resulting in first-mover advantages (Meier and Manzerolle 2019). Spotify, which launched in 2008, has established itself as the market-leading music streaming platform, despite competition from incredibly wealthy technology firms, including Apple, Amazon, and Google, who have all introduced their own music streaming platforms but failed to overtake Spotify's lead. According to De Silva (2019) Spotify boasts 248 million active monthly users and 113 million paid subscribers followed by Apple (60 million paying or free trial subscribers) and Amazon which has 32 million users bundled with Amazon Prime. These rival firms have vast amounts of cash to spend and access to diverse data generated from their user-ecosystems, such as spending habits and smartphone device usage, yet they still struggle to compete. The findings presented here emphasise the importance of a first-mover advantage; Spotify has spent a longer time amassing data and cultivating platform loyalty, helping it to provide a better experience than its competitors. As Langley and Leyshon (2017) argue, continually attracting and engaging users creates further opportunities to create data and cultivate and capture value at an ever-greater scale.

However, it is important to remember that power is a relational effect and in a constant state of contestation. Music streaming platforms are engaged in a delicate balancing act between protecting the loyalty and trust of consumers and satisfying commercial imperatives (Drott 2018b). This is especially true for firms such as Spotify and Deezer, whose revenue, unlike Apple, Amazon, and Google, is generated entirely from music streaming. In 2018 Spotify put the hip-hop star Drake's photo on hundreds of playlists, including ones that did not feature his music, resulting in demands for refunds from users with advertising-free premium accounts, who equated this practice with advertising (Meier and Manzerolle 2019). Such instances are connected to wider accusations of so-called playlist 'payola' where major record labels are seen to be buying access to playlists (Eriksson 2020). Recently, Spotify started offering brands, beginning with Microsoft, the option to sponsor its signature personalised playlist 'Discover Weekly' (Tiffany 2019). Although it is too early to gauge the awareness and reaction of users to these practices it is clear that any change that might damage trust, the user experience or perception of a brand could disrupt the dynamics of power in the music marketplace and create the space for new market leaders.

Conclusion

With billions of monthly users combined, digital platforms have become dominant actors in the contemporary economy. Whilst the existing platform studies literature has come a long way in helping us to understand what platforms are and how they might be impacting social, economic, political and cultural life, important gaps persist. In particular, key questions remain about how platforms compete, perform curation and are ultimately imagined, valued, and experienced by users.

To address these gaps and nuance our understanding of what platforms are and how they are intervening in markets and everyday life, this paper examined the nature of platform competition between music streaming platforms. It argued that firms such as Spotify and Apple are attempting to generate distinction, value, and loyalty in new ways. Moving beyond strategies related to price, content, functionality and basic forms of curation, these rivals are harnessing the unique and interconnected affordances of platformisation to engineer compelling experiences to attract, engage and retain users. The empirical sections outlined how music streaming platforms are exploiting digital data to perform curation and personalisation at scale, manipulating spatial and temporal dynamics to enhance the user experience and imposing technical constraints and lock-ins to keep consumers using and paying for the platform over time.

The findings make several important contributions. The consideration of how music streaming platforms compete nuances our understanding of the dynamic and contingent nature of platforms – what they 'are' but also how they 'evolve' based on the strategic interests and tactics of competitors (Van Dijck 2013, Mackenzie 2018, Nieborg and Poell 2018). The paper also contributes to our understanding of the fuzzy, yet important, concept of curation (Bhaskar 2016, Jansson and Hracs 2018). Whilst curation has been examined in relation to physical spaces of consumption, this paper addressed the need to examine how it is being extended to the virtual spaces of digital platforms (Jansson 2019). Teasing out the ways in which the affordances of digital platforms, including the scale at which they can operate to access vast troves of digital data, also builds on existing literature which focusses on curation performed by human actors.

Spatially, the paper addressed recent calls by highlighting the geographies of digital platforms and how they produce dynamic, and temporally contingent, relationships between bodies, screens and moments (Ash *et al.* 2018). By teasing out how music streaming platforms optimise user experiences for cultural and infrastructural differences across space, the paper also highlights the ways in which platforms are adapting to uneven geographies while reminding us that virtual spaces can be localised.

Finally, through the fruitful combination of interviews and app 'walk alongs,' the paper provided a much-needed consideration of the experiences and perspectives of platform users who play an integral role in determining the success of platforms, both in terms of adoption but also data creation (Van Dijck 2013). It helped to explain why people use particular music streaming platforms and how the curation they perform is shaping music consumption practices. As Ruckenstein and Granroth (2020) encourage, this paper has taken seriously the emotional reactions of platform users and demonstrated some ways emotions are exploited to achieve platform loyalty. Specifically, it highlighted the importance of different forms of lock-in to the competitive advantage of music streaming platforms, creating a first mover advantage. Concomitantly, the paper underscored the dynamic nature of market power and the danger of abusing the trust of loyal users to satisfy commercial imperatives. By extension, the findings challenged some existing assumptions about the nature of liquid consumption, demonstrating for example the persistent attachment to music libraries (Pike 2015, Bardhi and Eckhardt 2017).

Going forward, the dynamic and contingent nature of digital platforms and intensity of competition requires ongoing research. Music streaming platforms are continually innovating and imitating and new ways to attract and engage users are likely to emerge. In particular, the longer these platforms remain in existence, the more data they are able to collect, creating opportunities to exploit this information to roll out even more seamless forms of advertising or to improve how they personalise the user experience or manipulate space and time (Drott 2018b). In particular, additional research is needed about how people perceive and experience personalisation. The impact of personalisation and evolving forms of curation on the diversity of individual music tastes, preferences and practices and how these are differentiated across local, regional and national markets within the wider global marketplace should also be considered. Put simply, the scale at which these platforms operate has the potential to radically transform the nature of music consumption and further and ongoing research is needed to track and investigate the range of related developments.

Whilst music streaming platforms are an important and illustrative case, there is also a need for more research examining platform competition in other marketplaces. Future research could build on the findings presented here and consider how other platforms are leveraging experiential qualities to generate distinction, value, and loyalty. Experiences may be important to platforms in other marketplaces, but how they are engineered and monetised is likely to be different, as other platforms have different forms of data at their disposal and platform users will have different needs and expectations depending on what goods and services they are accessing and consuming. Studying platform competition has the potential to become a vital lens through which we understand how platforms are extending their control of markets and shaping our everyday lives.

Acknowledgements

We thank the anonymous reviewers and journal editor, Carolyn Hardin, for helpful comments. An earlier version of the paper was presented at the 7th European Colloquium on Culture, Creativity, and Economy in Stockholm and we are grateful to our discussant Laura Nkula–Wenz. This paper is an outcome of the research project 'Intermediation, place and value creation: Exploring the processes and spaces of curation' which is funded by Riksbankens Jubileumsfond in Sweden (project ID: P14– 0547:1), and Brian J. Hracs would like to thank his fellow investigators Johan Jansson (Uppsala University), Dominic Power (Stockholm University), Jenny Sjöholm (Linköping University), and Anders Waxell (Uppsala University). More broadly, many ideas in the paper were developed through discussions and collaborations with colleagues and we would like to thank Patrick Adler, Charlotte Campbell, Paz Concha, Nicholas Gibbins, Susan Halford, Atle Hauge, Doreen Jakob and Sofie Joosse.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by Engineering and Physical Sciences Research Council: [Grant Number EP/LO16117/1] and by Riksbankens Jubileumsfond in Sweden: [project ID: P14- 0547:1].

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

The Smart City in a Digital World

by Vincent Mosco, Bingley, UK, Emerald Publishing Limited, 2019, 288 pp., $24.00 (paperback), ISBN 978-1787691384

Kathleen F. Oswald

JOURNAL OF CULTURAL ECONOMY
2021, VOL. 14, NO. 2, 258–269

BOOK REVIEWS

The Smart City in a Digital World, by Vincent Mosco, Bingley, UK, Emerald Publishing Limited, 2019, 288 pp., $24.00 (paperback), ISBN 978-1787691384

Over the past decade, the term ‘smart’ has become a keyword intimating that everything from kitchen appliances to the very Earth can be made better by technologies that collect data, process it into information, and create knowledge that can be used to manage daily life. In *The Smart City in a Digital World*, Mosco focuses on the impacts of the concept ‘smart cities’ for companies, governments, and especially citizens, arguing that the latter should be considered first in making cities truly ‘smart.’

Rather than focusing on the cost savings and efficiencies often celebrated by companies that market smart city solutions or the governments that implement them, Mosco’s critical view looks to the effects these implementations have on residents. Smart cities projects are often carried out through public private partnerships (P3) that result in a shift in governance from elected officials to a combination of democratically elected leadership and unelected companies that end up changing the fabric of daily life. This shift in governance and the need to place citizens at the center of city planning are a main focus of the book: ‘Smart cities are not just about the development and application of technologies that can improve urban life. They are also about who governs cities, who profits, and who is left out’ (p. 7).

The Smart City in a Digital World is part of a trilogy of books written by Mosco, starting with *To the Cloud* in 2014 and *Becoming Digital* in 2017. While familiarity with these and other pieces written by the author is helpful, the volume serves as a standalone work accessible across disciplines for those interested in smart cities. Mosco’s book incorporates discussion of smart city projects from Waterfront Toronto to state and corporate-led projects to both rejuvenate old cities and build new smart cities from scratch. These examples are contextualized in the broader history of city imaginaries and the role of story and myth in imagining and building the smart city today.

Mosco argues that ‘It is now time to address the issue of what makes a city “smart” in all of its manifold dimensions, but especially in how to make it a place where a diverse collection of people can come together to enrich each other’s lives and live with a large degree of freedom to become whoever they want to be’ (p. 12). To do this, he contextualizes the smart city across scales, space, and time. Cases in the book vary in scale from national smart city initiatives to smaller projects such as Google’s failed fiber project in Louisville, Kentucky. Examples are drawn from North America, Europe, and Asia, providing important points of divergence in the goals, implementation, and challenges of various smart city initiatives. Mosco challenges the notion that smart cities are new, grounding the smart city in a long line of ideas about urban planning: the creative city, the wired city, the organic urban village, the radiant city, and the garden city.

Those looped into the broader discourse on smart cities will likely remember Bruce Sterling’s argument that smart cities did not hold the transformative power they promised, and suggested instead that ‘[t]he future smart city will be the internet, the mobile cloud, and a lot of weird paste-on gadgetry, deployed by City Hall, mostly for the sake of making towns more attractive to capital’ (2018: para. 8). He sees ‘smart’ as a cover for a transformation that is never going to be about making cities better, more democratic, or greener, leveling that they will reify unjust practices in code. He thinks we need to set the focus on smart aside. Smart is just a means to be all of the things that cities have always sought: ‘to be rich, powerful, and culturally persuasive, with the means, motive, and opportunity to manage their own affairs’ (para. 30).

Mosco responds to this argument by suggesting that since the term ‘smart cities’ isn’t going away anytime soon, we should look closely at how smart cities have been understood and rethink the concept. Chapter two calls for expanding the definition to include the intelligence of city-dwellers, the work of planning and responding to citizen needs, and the ability for humans living in the city to realize their potential. For example, Mosco draws on Monica L. Smith's historical work on the ancient city of Sisupalgarh in India as an example of an ancient smart city, and later suggests that original human settlements 'provide exemplars that enrich the concept of "smart" to include the local, the lived and the human' (p. 41). In demonstrating the long history of planning and promise that sought to make cities better, he questions what we mean by 'smart' when we talk about cities.

In chapter three, Mosco summarizes his work on the 'Next Internet Systems' that enable today's smart city deployments, including the Internet of Things (IoT), decentralized processing in the cloud, and the analytics that are so often outsourced to corporations. The main focus of this chapter is on the P3 arrangements common in smart city projects, where projects such as Waterfront Toronto and Alphabet's Sidewalk Labs demonstrate the extent to which such partnerships can cut residents out of decisions about how smart city projects develop, including a lack of public oversight and information about what is happening in their communities (p. 87). Mosco explains that Sidewalk Labs' previous efforts to make New York City smarter in the 2010s similarly fail to address serious concerns about data privacy and security for users (pp. 82–83). While the P3s 'make it easier to transfer political authority to unelected private entities' (p. 85), they persist due to a reliance on companies to deliver on government promises of smarter cities. Many governments simply do not have (or do not want to invest) the capital to implement these programs, and corporations with the means and motive to make smart cities profitable are more than willing to help.

Chapters four to six describe three forms of smart city governance: state-driven, business-driven, and finally a citizen-centered form which he describes as 'municipalism,' which he argues is the best starting point for making cities smart. In chapter four Mosco takes on state-driven smart city projects, starting with the City-State of Singapore which has informed many smart city projects in the Middle East. The chapter also includes a comparison between the centralized nature of China's smart city efforts to the more distributed approach of India's 'Smart Cities Mission' plan to make cities smarter. While China is able to quickly build new cities from the ground and implement programs to alter existing cities at the national level, India's states and municipalities have more control over their own development and decisions are affected by the voices of residents, academics, urban planners, and environmentalists (p. 121).

Chapter five focuses on private development projects, including the Florida Project (resulting in Disney World, EPCOT, and the town of Celebration) and Henry Ford's attempt to create an ideal city in the Amazon Rainforest. Built with the goal of maintaining access to Brazilian rubber needed to manufacture vehicles, Fordlandia is an interesting case of failed technology transfer that I was surprisingly unfamiliar with. These past private smart cities lay the foundation for Mosco's examination of the resurgence of the company town, from Amazon's use of Seattle as a test-city for smart implementations to projects underway by Facebook (Willow Village), Tesla (Yarra Bend), and Peter Thiel ('Floating Cities') among others. These developments are largely driven by the same Silicon Valley interests who have already broadly reshaped digital and economic life, and the unregulated extension of data collection to the 'last mile' of everyday life should give us pause. In light of conversations and contestations over access to affordable housing, concerns about private control over the city are more important than ever: 'We are now entrusting the future of urban life to the very people who, in addition to creating vast amounts of wealth, have built what amounts to a caste system in the richest part of the richest country in human history. Is this smart?' (pp. 146 - 147).

The alternative to smart cities driven by state and private interests are those that put people at the center. This is the case in Barcelona, a city 'at the forefront of a global movement of cities known as *municipalism*, the slightly awkward name for the view that, especially in the current political climate cities represent the only alternative to neo-liberalism globally and right-wing populism nationally' (p. 155, emphasis original). The city of Barcelona maintains this focus by avoiding exclusive deals with tech companies and treating citizen data as something that should benefit city residents rather than as a source of government control or corporate profit. Mosco argues that the generative force behind smart cities is important, and that the people who embody the intelligent and creative potential of the city – its citizens – should be the ones shaping its future.

Chapter seven, Myths and Markets, centers the stories and myths that help to build, inform, and support visions of new city forms:

> As myths, the garden city, the Radiant City, the organic city, the creative city and now the smart city, are assessed and valued not for how accurately they reflect a specific city but in their believability … Belief, not scientific veracity, gives them life and it is typically only a new, more convincing or more effectively aestheticised myth that can replace them. (pp. 171–172)

So how did we get to the smart city being the most believable form? Mosco argues that Richard Florida's 'creative city' is a close ancestor. In the creative city myth, young professionals in fields from IT to media and the arts were drawn to cities, and to attract this new class of citizens it was necessary to provide cultural venues, entertainment, and housing that would encourage them choose to come to your city. Mosco explains the argument that changes made to attract the creative class 'became the near-perfect story to justify massive gentrification, an epidemic of evictions, and redevelopment of entire areas that had been homes to generations of the working class and the poor' (p. 191). While this chapter focuses on visions for building the city anew, the reader should think back to the concept of municipalism (chapter six) when reading about these myths: Who and what needs to give for the smart city to arrive? How can residents work with government to create a shared vision for how a smart city should look?

Of particular interest here is the role of discourse in city building, which is central in selling the vision of smart cities. These visions are often crafted by those who stand to gain most from a smart transformation: companies that manufacture, install, and maintain smart city sensors; those that transport, process, distribute, and sell the collected data; and governments that can attract more development and investment based on smart transformations. Mosco explains that the interest of smart cities now 'transcends dominant ideologies throughout the world' and 'is one of the few themes that unites neo-liberal internationalists and conservative nationalists' (p. 209).

The book closes with a review of the challenges of smart cities, from the concentration of power by companies and governments who benefit most from their revenue and surveillance potential to upgrades that seem green while actually doing environmental harm. Throughout *The Smart City in the Digital Age*, Mosco works to center municipalism as an important model for the smart city 'out of a belief that the municipality offers the greatest hope for democracy today' (p. 239). The 'Smart City Manifesto' in the final pages outlines what it means to make a city smart, listing first that 'People make cities smart' and including calls for smart cities to be democratic, share data, protect the environment, deliver services, and make cities about people rather than cars (pp. 241–244). The argument that real improvements for citizens and cities should be at the center of our thinking about urban spaces is the core argument of this book, which leaves you with the sense that there is a path forward in making cities better. As such, the work to redefine 'smart' throughout feels like a distraction. Perhaps we should acknowledge and temporarily set aside the ambiguous term 'smart' and instead focus on what other goals we have for cities: making them better, happier, more effective communities for their inhabitants. In this case, a new word may be a better one.

In summary, Mosco's book offers a fresh take on the smart city that can serve as a primer for readers interested in what is happening at the intersection of residents, governments, corporations, technologies, and cities today. Whether you agree with Mosco that we need to redefine the term 'smart cities' or with Bruce Sterling's argument that we should give up on the term altogether, *The Smart City in a Digital World* will leave you asking the following questions: What makes a city smart? What should a smart city look like? Who are smart cities for? Even without definitive answers, continued conversation in our interdisciplinary communities brings us closer to realizing what it will take to build and rebuild communities that focus on people rather than constituents or customers. *Better* cities.

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https://doi.org/10.1080/17530350.2020.1840420

On Trend: The Business of Forecasting the Future, by Devon Powers, Urbana, IL, University of Illinois Press, 2019, 216 pp., $19.95 (paperback), ISBN 978-0-252-08469-0

Trends express trajectories of popular social influence and are frequently invested with deep cultural value and meaning. Rather than treating trends as confined to national cultures, they need to be considered from the perspective of transculturality and travel. In her book on the cultural economy of trend companies, Devon Powers undertakes not only a thorough analysis of trending and the business culture(s) of forecasting but also brings us considerable first-hand material through her fieldwork visiting companies in this sector. Enticingly written, the book opens with a detailed description of the trending company Sparks & Honey, which offers an in-depth picture of a perceived leader in the field. Similar detail can be found in her description of an encounter with staff who worked for a trend company in Dubai. Since trends are about future imaginaries, Powers' thick descriptions offer an ideal opportunity to satisfy our curiosity.

Focusing on the question of how a 'trend' becomes a commodity, Powers introduces the concept of the trend, outlines the history and politics of the industry, introduces cool hunters who operate as trend forecasters, and critically assesses the industry's social effects, including an evaluation of trend forecasting as an apparatus of cultural colonisation.

Powers specifically foregrounds her ethnographic research method, which contributes to her evocative writing style. This approach is of particular value since it is a move away from previous thinking about trends based in marketing studies that deploy quantitative methods to conduct their research. Her first-hand material about trends is gained through qualitative observation of patterns rather than depending on the numbers in order to understand how professionals in this industry influence changing tastes, attitudes, or practices. The value of this ethnographic data is most vivid in the two urban case studies that Powers compares, Dubai and the Netherlands, in Chapter 5. While Dubai invests in strategic initiatives that focus on their interpretation of global futurity, the Netherlands peddles proactive optimism to harness control of the future for good.

One particular relationship that Powers examines is how cultural production tracks between mainstream and subcultures. In Chapter 3, 'Cool Hunting,' she describes how new subcultures can establish emergent trends and looks. More importantly, she explains how subcultures can be considered 'cool' and can supply target markets as well as icons of resistance. This chapter in

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One particular relationship that Powers examines is how cultural production tracks between mainstream and subcultures. In Chapter 3, 'Cool Hunting,' she describes how new subcultures can establish emergent trends and looks. More importantly, she explains how subcultures can be considered 'cool' and can supply target markets as well as icons of resistance. This chapter in particular demonstrates the value of ethnography, since Powers gained her insights from a prominent cool hunting firm, Mina. Thus, consumer ethnography, an approach that relies on embedding with consumers, becomes necessary. This approach can be dated back to the 1980s, when cultural anthropologists were hired to observe and videotape customers in a wide range of sites of consumption, revealing the symbolic meanings of products and the behaviours that consumers may not be able to articulate themselves. This method provides insight into how 'coolness' becomes commodified and can transform into a trend, since this process deploys the concept of subculture without stressing its resistant characteristics, as identified in earlier discussions in the field of subculture/ post-subculture studies.[1]

While globalisation describes a set of relationships that shape transnational culture and trends, Powers discusses its influence from the perspective of fusion as well as stratification. The most recent wave of globalisation is generally regarded as central to the rise of neoliberalism, enabling corporations to seek new international markets while being subject to increased competition (Kotz 2002). Although globalisation has been criticised for producing growing inequality (Saval 2017), Powers points out that it also continues to create benefits from its association with positive values such as tolerance and betterment, 'especially as inflected by inventiveness and enterprise' (Powers, p. 114). Because globalisation can help us imagine interconnection or transformation (Tsing 2000), it not only drives processes of change but also a belief in the possibilities of such change.

In Chapter 5, 'Global Futurity,' Powers further contends that trends travel and their development is not restricted to the local. As those trends undergoing transformation will usually be renamed, transcultural trends have become the norm and benefit from increased visibility through media exposure. Most interestingly, the business of trends rests on the assumption that newness derives from somewhere else. The chapter title is intriguing since it captures the essentially global character of the trend industry. Powers further highlights paradoxical attitudes within the trend industry towards globalisation. While business depends on the continuing disappearance of global boundaries, it reproduces global difference to allow the future to be 'unevenly distributed.' This process of producing a stratified future in the trend industry is demonstrated in several ways: the forecasters privilege certain locations over others; they usually live in more affluent areas; and the cultures of the Global South are usually simplified when circulated abroad. The fact that culturally dominant locations demand cultural resources from elsewhere to commodify as trends does not stop them from neglecting areas on the so-called 'periphery.' One statement is particularly interesting: 'the trend industry often promises a wonderful global future, but one that may not help the people who need it most' (p. 133).

The politics of stratification are central to the trend business, which as Powers argues, produce political ambiguities. While the trend business can be derived from subcultures or radical cultures, no matter what political stance the business affirms, trends can become unpredictable in the constant shifts between revolutionary and compromised attitudes. For instance, underground music or other counterculture practices easily lose their edge. Regarding topics related to racial inclusion, racial difference often becomes the source of brand value celebrated and marketed as diversity. The constant shifts back and forth between difference and inclusion exist as part of an ongoing, never-completed process of the commodification of difference. Moreover, trend businesses can reveal deep contradictions between their political commitments and their actions. As Powers believes the trend business can go beyond being a private commodity and become public, the conclusions she draws not only have appeal for academics and relevant industry professionals but also have public value. Trends reflect on our communities and offer a means of seeing ourselves. Powers advocates the inclusion of more diverse people into the trend business, including especially young people, women, people of color, etc. Moreover, she advocates taking localness seriously as another approach to improving its publicness.

The book's scope nevertheless remains incomplete since cases are lacking in several other social contexts, especially the East. While Powers has pointed out that trend forecasting is not well known to the general population in Asia, it would be interesting and is necessary to explore how trends are understood in places such as China, thus strengthening the book's emphasis on globalisation. More importantly, this would enable a better understanding of the transcultural processes of trends in terms of borders disappearing and new ones emerging, since when national borders disappear, other borders may arise, and vice versa.

Note

1. The Center for Contemporary Cultural Studies (CCCCS) scholars have gained a reputation for contributing to subcultural studies by conceptualising the opposition between class-based subcultural groups and their parent culture in Britain (Hall and Jefferson 1976). The 'post-subcultural' approach (Muggleton and Weinzierl 2003) that emerged later advocates abandoning the CCCS subcultural framework and shifting the focus to the individualised ways through which youth construct and express their identities (Shildrick and MacDonald 2006).

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https://doi.org/10.1080/17530350.2020.1846595

Black Market: The Slave's Value in National Culture after 1865, by Aaron Carico, Chapel Hill, The University of North Carolina Press, 2020, 285 pp., $90.00 (hardcover), ISBN 978-1-4696-5557-4 / $29.95 (paperback), ISBN 978-1-4696-5558-1

Aaron Carico's *Black Market: The Slave's Value in National Culture after 1865* presents a welcome new edition to the latest body of works in the Economic Humanities that are specifically concerned with the ongoing derivation of value from African American bodies. Alongside Daina Ramey Berry's *The Price for Their Pound of Flesh* (2017), Elizabeth Young's *Black Frankenstein* (2008), Walter

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ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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Amy Bride

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Johnson's *River of Dark Dreams* (2013), and Amy Louise Wood's *Lynching and Spectacle* (2009), Carico's work analyses how African American bodies (both as physical beings and as depictions in art, literature, and journalism) have been abused, manipulated, caricatured, and exploited for the benefit of white American society for decades. What sets Carico's work apart is not merely its focus on the financial valuation of enslaved peoples – which is shared by Berry's and Johnson's works – nor its reliance on cultural productions as primary research – an approach also adopted by Young and Wood – but its marrying of the two across the Civil War era and beyond. Most distinctly, *Black Market* interweaves an analysis of antebellum practices and abuses rooted in the slave trade with an exploration of how these practices lived on in the post-bellum consciousness, and were kept alive through the damaging portrayal of the slave trade and enslaved peoples in American culture. Carico's opening critique of existing scholarship, namely that history inaccurately treats the Civil War as a clear boundary line between slavery and freedom, between a backward past and a progressive freedom, is not only warranted, but partly corrected in *Black Market*. Carico's analysis of the survival and revival of antebellum abuses against African American peoples, as evidenced in American cultural production, is not only astute and compelling, but also startlingly relevant to the present socio-political moment despite a temporal focus that does not extend past the Second World War.

Black Market opens its analysis by challenging twenty-first century understandings of the impact of the Civil War. Carico outlines the stark contrast between how many people continue to imagine and present emancipation as the total and final liberation of enslaved people, and the cruel historical reality of African American death and destitution at the hands of the Union who 'fought for an ideal of free labor and not for the sake of black life' (p. 2). Rather than acting as a benevolent, humanitarian saviour to enslaved African Americans, as the Civil War North is often depicted in contemporary media, Carico argues that the Union in fact 'emancipated many thousands into open graves' (p. 2). For Carico, emancipation did not equate to or create the conditions of true liveable freedom, but rather released thousands of African Americans into a system which was not willing to let them live, with many stranded and starving in disease-ridden refugee camps which future president Andrew Johnson refused to supply with tents for the winter. The later confiscation and redistribution of Confederate lands back into the hands of former white slaveowners, the mass imprisonment of African American men for misdemeanour crimes (which then revoked their newly-gained rights to own property and vote), and the effective re-enslavement of many Southern blacks through the share-cropping system, each highlight how the legal emancipation of the enslaved African Americans did not, in fact, equate to the abolition of slavery. Appearing in the introduction and thus framing the wider argument of the entire book, this revelation may be the most important and valuable of *Black Market*'s conclusions. Whilst, for American history scholars, the fact that share-cropping and Jim Crow laws were effectively slavery under a different name may now be somewhat of a truism, the brutal reality of this fact – the coercion, violence, and death inflicted upon supposedly free African American citizens during this time – is too often glossed over and subsequently swept aside in pedestrian understandings of the Reconstruction era. The viscerality of Carico's descriptions here, which are largely derived from first-hand testimony, anchor the wider cultural critiques in real experiences of brutality that are crucial to a more complete understanding of the slave trade and its lasting legacy, as well as painfully relevant to contemporary America.

From this opening, Carico constructs a series of arguments regarding the continuation of this abuse and exploitation as evidenced in a variety of cultural artefacts of the nineteenth and twentieth centuries. From William Harnett's 1878 trompe l'oeil painting *Attention, Company!* and the 1895 travelling show 'Black America' (promoted as 'The Greatest Novelty Ever Seen in America!' showcasing 'Real living scenes in the life of the real Southern negro, amidst real cotton fields and in real cabins' [Carico, p. 73]), to Harlem Renaissance writing, Carico's analysis covers a dizzying selection of mediums to demonstrate the pervasive and ongoing abuse of African American peoples following the end of the Civil War. What make these cultural readings stand out from other, similar studies however, are the connections made between art, literature, and performance and the

American economy. *Black Market* moves between a detailed account of share-cropping laws that saw African American tenant farmers driven into ever-deepening debt (owed to white landowners who continued to line their pockets off the back of black labour even after emancipation) and the inescapable cycle of rural production. In doing so, Carico presents an acute critique of travelling theatrical shows like 'Black America,' which enlisted African American actors to re-enact, over and over, the physical labour of the plantation (without actually producing any material commodity), all for the benefit of white audiences. Shows like *Black America*, which fed off the success of Wild West shows and World Fairs, were performed across the U.S. and appealed to white nostalgia for the pre-war South as a lost dynasty of gentile antiquity. As Carico outlines, this transition between commodity and performative production acts to financialize the mechanised labour performed by African American bodies (in that a profit is derived from their actions despite nothing material being created) which in turn commodifies the African American actors themselves, as they become the product that is purchased and consumed by white ticket holders. Whilst these actors were not strictly enslaved at this point, their repeated performances of slave labour along with minstrel dances and other, racist caricatures, holds them in a perpetual state of slavehood in the eyes of their audience, and presents them as beings that exist for the benefit of white wealth and pleasure.

Later, in a chapter entitled 'Cowboys and Slaves,' Carico investigates the often-distorted relationship between the slaveholding South and the Wild West, which was, contrary to popular belief, highly co-dependent. This relationship is examined through an analysis of Owen Wister's 1902 novel *The Virginian*, which kickstarted the Western genre. The conspicuous lack of black characters in *The Virginian* (conspicuous because, as Carico notes, 'Up to one in four cowboys was black, according to some historians' estimates' [p. 106]), along with an argument over property ownership and respectability that sits at the centre of the narrative, situates Wister's novel as a kind of anti-abolition propaganda. Carico notes how the novel, and the Western genre more widely, attempts to re-write the history of U.S. land-grabbing by positioning the white cowboy as the dignified conqueror of territory which was, in many cases, cleared and cultivated by enslaved hands, or else purchased and developed using funds gained through the trade of enslaved peoples. Beyond this, Carico argues that texts like *The Virginian,* which pitch the cowboy, a manager of rural labourers, as the all-American hero, re-enact the mechanisms of the plantation economy in an all-white environment. This allows for the erasure of the potential for white guilt towards enslaved African Americans whilst preserving the ability to feel pride in, and actively profit from, the systems which continued to benefit whites at the expense of blacks well into the twentieth century. The eponymous Virginian's income is ultimately financial; he does not produce anything, but rather derives a speculative profit through the labour of others, in contrast with other rural actors who derive economic profits from the production of physical goods. By investing (both financially and emotionally) in the frontiersman myth, white Americans buy into a fantastical history of the United States in which the massive contribution of African American labour is erased (and, along with it, any potential for reparation) at the same time that whites are encouraged to continue to be 'masters' of a work force whose labour cultivates the land for white benefit.

It is these financially-inflected readings, these investigations of how the value of African American peoples fluctuates between financial and cultural, and the different ways that the actions and mechanisms of the slave trade are preserved and revitalised decades after the Civil War, that makes *Black Market* stand out. By critiquing racial inequality in relation to American capitalism, and thereby providing an analysis of postbellum culture that is rooted in racial capitalism, Carico's work complements the likes of Edward E. Baptist's *The Half Has Never Been Told* (2014) and Sven Beckert's *Empire of Cotton* (2014). However, Carico's analysis is made more palatable to those unfamiliar with economic history via its inclusion of cultural material, thereby making it an ideal text for newcomers to racial capitalism studies and the Economic Humanities. Whilst the later chapters take the reader on a more relaxed, slow-burning journey through the primary material, this is a welcome respite from the hard punches of the opening chapters, whose shocking content is a vital inclusion in a work dealing with over a century of continued exploitation. Art historians may not gain as much from the fiction chapters as literary scholars, and vice versa, but *Black Market* offers something substantial to a number of different disciplines, and will be a go-to volume for those working on African American history and culture, nineteenth-century American Studies, and the Economic Humanities.

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Amy Bride graduated with a PhD in American Studies from the University of Manchester in 2020. Her thesis examined the intersection of race and finance in American gothic monster fiction from 1886 to the present day. She has published articles on the work of Bret Easton Ellis as Late-Capitalist Hyper-Gothic, and her other research interests include the Blank Generation, gothic bodies, technogothic, and cinema of the 1980s.

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https://doi.org/10.1080/17530350.2020.1850505

Dark Finance: Illiquidity and Authoritarianism at the Margins of Europe, by Fabio Mattioli, Stanford, CA, Stanford University Press, 2020, 248 pp., $85.00 (hardcover), ISBN 9781503611658/$26.00 (paperback), ISBN 9781503612938

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Journal of Cultural Economy

ISSN: (Print) (Online) Journal homepage: https://www.tandfonline.com/loi/rjce20

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In the Introduction, Mattioli sets the stage for his argument by pointing out that the proliferation of approaches to financialization has expanded its meaning beyond the strictly economic domain. It increasingly describes processes that have significant political, social, and cultural dimensions, and that vary in terms of their actors, settings, and outcomes. Scholars such as Brett Christophers (2015) warned that this stretched the concept to the point of stripping it off much of its analytical value. Natascha van der Zwan (2018) proposed to restrict the scope of the concept to a more narrowly economic and 'technical' process of 'financialization of finance' – a deepening of specific calculative and market logic in the domain of finance proper. However, Mattioli (pp. 6–7) argues that such conceptualization would not account for financial expansion in peripheral settings such as Northern Macedonia where it inevitably engages actors and spaces far beyond the world of financial professionals. Accordingly, the process needs to be described in a manner that is self-consciously 'expansive' (p. 18) as well as relational in the sense of attending to the embeddedness of financialization in social relations (for a similar argument, see Kalb 2020, p. 2). In such perspective, financialization is a 'political and economic conjuncture that shapes, defines, supports, or structures financial expansion – the result of more or less continuous interactions, relations, and struggles' (p. 7). Mattioli seeks to capture this kind of conjuncture in Northern Macedonia in the 2010s, and its constitution by particular actors and practices in the given geographic and historical setting, by combining ethnography, archival research, and analysis of documents and statistics in an approach that he dubs 'organic political economy' (p. 10).

Dark Finance argues that the apparently paradoxical experience of financialization in Northern Macedonia was central to the character and trajectory of Gruevski's regime, and as such it was embedded in the country's long-term trajectories of state-building and integration into the global economy. In the aftermath of the 2007–2008 global financial crisis, Gruevski's neoliberal policies and branding of Northern Macedonia as a business-friendly, high-reward 'emerging market' attracted substantial foreign investments from global investors and international financial organizations. This policy successfully tapped into global sources of liquidity, but it was matched by rampant illiquidity in the domestic economy, manifested in ballooning government and intercompany arrears. Building on his 2012–13 fieldwork in construction companies, Mattioli unpacks this apparent paradox through an analysis of the case of Skopje 2014 – a much-criticized urban development mega-project that consumed a substantial share of the foreign capital inflows, and yet left many subcontractors bankrupt and workers deprived of wages. The key empirical assertion of *Dark Finance* is that this illiquidity was a 'set of forced credit relations' (p. 16) that the top of the political and economic system – the leaders of the regime and their oligarch cronies – engineered by monopolizing money supply, delaying payments, and forcing subcontractors and workers to effectively credit the main contractors and the state by working for free or for unwanted in-kind payments, mainly in the form of housing units. Beyond furnishing opportunities for 'creative dispossession' (p. 14) of those lower in the hierarchy, this asymmetrical illiquidity also served as an instrument of 'existential' forms of domination and oppression among the workers and entrepreneurs who came to see the regime as the only real locus of power and value in the country (pp. 15–16).

Mattioli develops his argument in six chapters. Chapter 1 provides more detail on the Skopje 2014 project and places it in a setting characterized by strong ties between business, politics, intelligence agencies, and kinship networks, a history of marginality within the European and global economy, and rampant postsocialist informalization and criminalization. This sheds some much needed-light on the social relations between the key actors of the financial expansion as well as the regime's likely motives for directing much of the foreign capital to the construction sector. Chapter 2 digs deeper into the rent-seeking logic of Macedonia's peripheral financialization by focusing on the experiences of several Italian 'micro-investors' attempting to gain a footing in the local construction industry. These men saw their original business in Italy collapse amid the post-crisis austerity and relocated to Northern Macedonia in hope of intercepting the inflows of foreign capital and benefitting from the country's low-cost environment – only to become themselves objects of the extractive expectations of local businessmen. Chapter 3 presents a closer analysis of the practices used to force illiquidity onto actors in structurally subordinated positions – forced credit and in-kind payment, known locally as 'compensation' (*kompenzacija*). While bearing superficial similarities with relatively benign informal practices of the socialist and early postsocialist periods, in this context they helped impose a 'need to convert value across means of payment' in a way that allowed the regime to '[reach] deep into people's social networks' (p. 17).

The next two chapters offer the most sustained glimpses into the environment of construction companies in which Mattioli conducted his fieldwork, and focus on the 'existential' dimensions of financialization represented by everyday experiences of ordinary workers. Chapter 4 examines temporality at a construction site run by a company that ran into financial problems due to the generalized illiquidity and left its workers without wages for months on end. Workers attempted to establish a degree of agency and control over this situation of prolonged uncertainty through various practices of 'weaving time,' such as slowing the pace of work, engaging in social rituals, working two jobs, and so on. However, such practices did nothing to change their material predicament. Chapter 5 zooms in on gendered experiences of illiquidity, namely the contradictions between the regime's masculinist ideology and the threat to workers' own masculinity in the lack of salaries and meaningful work. Instead of building on their shared predicament to develop a counter-hegemonic solidarity, workers adopted the regime's scapegoating narratives to blame women, non-heterosexual men, and ethnic Albanians for their troubles.

Chapter 6, which is a de facto conclusion, argues that the (ab)use of finance allowed the regime to extend its power over society by disseminating the expectations of rent that underpinned its own relationship to the outside world – a 'predatory attitude' of 'inhabiting relationships of inequality and turning them into profit' (p. 156) – and legitimizing them as normal. Mattioli builds on this argument to formulate his idea of predatory authoritarianism – one that does not explain the rise of authoritarianism by populist mobilization but rather by the proliferation and normalization of rent-seeking expectations that starts from the top and extends through the entire society. This reveals the 'predatory but social and participatory character of financialization' (p. 160). While recognizing that the small scale and peripherality of Northern Macedonia make this relationality of financialization particularly visible, Mattioli (pp. 160–161) again rejects this as a reason for discarding a 'unitary' concept of financialization that is sufficiently expansive as to encompass a variety of experiences including the Northern Macedonian. On the contrary, such a concept renders visible the growing political similarity of the core and the periphery under financialization: the nexus of rentier expectations and authoritarianism. Restating his relational and holistic approach, Mattioli suggests that the way forward in research on financialization is to move away from a fetishistic view of finance as a force external to society and instead capture its workings as a social process.

Mattioli excels in this respect: documenting the operations and implications of finance and financialization beyond its own narrow social domain – the one of financial markets, institutions, expert knowledge, and so on – and within the life-worlds, relations, and practices of a variety of social actors. This allows him to analyze aspects likely to be missed by other perspectives, especially the embeddedness of the distinct form of financial expansion in Northern Macedonia in established elite relationships and informal economic practices, and the ways in which it enrolled actors such as blue-collar workers.

Nevertheless, while the argument about the connection between this particular episode of financialization and distinct form of authoritarian and illiberal politics is intriguing, parts of it remain open to questioning, in particular when formulated in strong terms. For example, Mattioli repeatedly insinuates that the regime deliberately engineered illiquidity to solidify its power over society, but there is little that directly proves this claim. Indeed, a plausible alternative explanation is briefly floated that the government used the strategies of delayed payments and forced credit to create a semblance of financial discipline to appease foreign investors (p. 14). In other words, illiquidity might have been an unintended side-effect of botched austerity efforts rather than an intentional

Machiavellian operation. Similarly, Mattioli argues that illiquidity 'force[d] businesses and individuals to embrace illiberal politics' (p. 4) and led the dispossessed entrepreneurs and workers to 'reconstruct their personhood on the bases of the illiberal moral values that [the regime] utilized to rule Macedonia' (p. 11), but one can ask whether this does not exaggerate the immediate, direct effects of financialization. Instead of pinning it down on a financialized 'speculative masculinity,' the turn of blue-collar workers to revanchist hegemonic masculinity might be explained more conventionally by a fit between established gender relations and the regime's propaganda at a moment of economic hardship.

At times, then, Mattioli's argument seems more elegant and, indeed, 'expansive' than justified by his evidence. In part, this could be due to the focus of his ethnography, which focused on the construction industry as one level in the scaffolding of relations implicated by financialization. But it could also be seen as reflecting the tendency of financialization studies to overstate the significance of financialization both in terms of its impact and historical novelty (Christophers 2015). For example, although Mattioli revisits aspects of Northern Macedonia's Yugoslav socialist past, he does not theorize the similarities between the heavy foreign borrowing under Gruevski and in late Yugoslavia. He also does not sufficiently acknowledge the multiple roots of the broader parallel rise of authoritarianism across (South) East Europe, which cannot be reduced to financial expansion of the kind seen in Northern Macedonia. The framework of financialization enabled Mattioli to bring his case study into conversation with a rich and fast-developing literature and formulate an inspiring anthropological take on financialization, but possibly at the cost of leading him to attribute more significance, coherence, and novelty to the financial expansion under Gruevski than necessary.

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https://doi.org/10.1080/17530350.2020.1840419