

Dear workshop members,

This is a very rough draft of a chapter of my dissertation, titled *To Pay or to Protest: Consent and Resistance to Social Housing Debt in Chile*. I have added a couple of sections to provide context.

I would be particularly interested in hearing comments about the argument of the chapter, but also about how it relates to the overall argument of the dissertation, especially vis-à-vis three issues.

The question of the dissertation is *how do debtors, their social movement organizations (SMOs), state, and the banks produce the meanings that motivate protesting against debt or paying?* So far the overall argument focuses on explaining that the meanings are partially induced from the top-down by the state, banks, and organizations, but that the meanings induced are negotiated and modified by debtors, both through motivated reasoning and practices, and in peer interactions. In this sense, I am bridging top-down theories of political consent and protest (Marxist, Bourdieuan, and social movement framing) and bottom-up (interactionists, e.g. Eliasoph) theories of political acquiescence. The first issue, then, is what does this chapter say about the top-down/bottom-up creation of meanings? Does bridging both approaches sound like a reasonable interpretation?

The second issue is the rationality of the meanings created. Various chapters indicate that while the decision to pay or to protest is often framed by debtors as a rational choice, the decision is “pseudo-rational”: expectations about outcomes of each alternative are induced from the top (by SMOs, the state, the banks) and also created or modified by debtors. For lack of a better word, I call this meso-cultural pseudo-rational choice theory (but I’m not very happy with the term). The point is that the choice is not rational not only in that it is constrained by “macro” culture as some theories suggest, but also by meanings created in interaction (meso-level “group culture”) and psychologically motivated—the latter does not really fit the term. Does the evidence in this chapter suggest such an argument is plausible?

The third issue regards the role of norms. Do norms only provide post-hoc justifications for strategically actions or do they actually constrain decisions or have any other causal force? Right now, it appears to be the latter. What do you think? Or perhaps I cannot answer this question?

Finally, I’d also appreciate knowing what kind of evidence you think I’m be missing to either reaffirm or possibly contradict my argument.

Thank you very much in advance for your comments, they are greatly appreciated. And pardon the late submission.

Best,

Sebastián

# “Mortgage Installments are Sacred:” Normalizing and Breaking Normalized Consent to Debt Payment in Chile

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In Chile, a large proportion of social (low-income) housing is sold by private developers and financed by a combination of state subsidies, individual savings, and bank loans. Since 2007, the National Association of Home-Mortgage Debtors (ANDHA) and its splinter groups organized thousands of social housing debtors to collectively default and thus pressure the state to cancel their mortgages. As a response, the state put a moratorium on foreclosures still active today. By 2010, more than 145,000 (41%) social housing debtors were in default. Yet, in spite of the moratorium, many debtors continue to pay. My dissertation explores how some debtors are motivated to consent to debt payment and make sense of it, while others resist it.

When I talked to debtors who paid their mortgage, they often said “mortgage installments are sacred.” That was all the explanation they needed to explain their behavior. But by sacred they did not mean that they were an obligation they considered fair, as religious worship, but simply that they were the first priority, even before eating. As Luisa put it:

You know that you got into buying this house and what you had to pay; now, if you don't have money, well, you put up with it; as the saying goes: you can eat bread soup, but mortgage installments are first.

When I asked debtors what they meant by sacred, they would say that it was the first thing to pay and that it was *because it's my house*. They then add, often only after further questions, that they can't lose the house, and that if they can't pay one month, they wouldn't be able to pay the next month. It seems like a rational decision, especially given the uncertainty of what will happen the next month. But it is rational only if debtors *assume* they will be foreclosed upon or that, even if they do not pay for some months, they will have to go back to paying again eventually and there is a good chance they will not have the means to pay when that moment comes. These are all unfounded assumptions, given that (a) the moratorium on foreclosures that had been current for four to five years during my fieldwork and (b) almost all former defaulters who now paid had a large subsidy for each installment. But perhaps most interestingly, because of these assumptions, most payers did not even consider the possibility of defaulting. Those who considered not paying during a bad month only missed a payment assuming they would pay the in the next month or so, when they obtained a job. In sum, the unfounded fear of coercion motivated debtors to pay without question.

Given this normalization of payment, how did ANDHA manage to motivate hundreds of thousands of debtors to strike? If people only paid because of fear, did they question the legitimacy of paying? How did they make sense of the unfairness of paying?

In this chapter, I explain the process of normalizing and legitimating debt paying and how ANDHA countered this process. I argue that these debtors do not normatively agree with the amount of debt that they have, but do not even consider defaulting as an option. Nonetheless, they also engage in symbolic practices such as identity boundary work (Lamont 1992) to frame themselves as better than non-payers and reaffirm their decision (or non-decision) to pay. Similarly, debtors who are afraid of lying to the state to lower their Social Welfare Record scores and qualify for subsidies also draw moral boundaries (Lamont 1992) to distinguish themselves from those who lie and justify their consenting behavior as superior. I also explain how ANDHA broke the normalization of debt payment through a two-step process of gradual involvement in the strike and the role that economic deprivation played. Likewise, I explain how they broke

debtors fear of protest. This has both theoretical and practical implications. But before doing so, I shall briefly discuss the literature, the methods, and the case of Chilean debtors.

## GRAMSCIAN AND BOURDIEUAN THEORIES OF CONSENT, COERCION, AND NORMALIZATION

Consent means active cooperation with norms or demands of a dominant agent or group—an employer, a state, a class, etc. In Gramsci's formulation, consent referred to voluntary compliance, distinguished from compliance by coercion, or, as he put it, hegemony is force secured by a combination of consent and force (1971:80ff). Although with some ambiguity, Gramsci seems to argue that coercion is latent behind consent but only necessary to secure hegemony *if* consent breaks down. As Przeworski interprets Gramsci "if schools socialize people to work, there is no need for anything else" (Przeworski 1985:169).

Critical followers of Gramsci have reformulated or further specified Gramsci's ambiguous idea. Scott (1985) and Przeworski (1985:163-9) argue that consent is not only surrounded by coercion, but that people consent *because* of the threat of coercion, even if coercion does not occur. Przeworski adds, following Gramsci, that for the dominated subjects to consent, their material interests must be served by the norm, institutions, or production system, at least in the short term (p.145-56). In contrast, Levi (1989) argues that consent is often "quasi-voluntary compliance" to norms people agree with, such as tax requirements, but only because they expect that coercion will secure a minimal of compliance of others. In this case, coercion creates the context for consent, but the threat does not directly motivate most consenters' behavior. Burawoy and Wright (1990:253) argue that while cooperation may be elicited by coercion, workers' consent to put out labor effort is not a strategic response to coercion, but that it is motivated by other factors. These factors include the involvement in games and other practices that provide psychological and social rewards to consent (Burawoy 1979; Sherman 2007).

One of the interesting contributions of the approaches focusing on non-strategic—or "unconsciously" strategic (Bourdieu 1998; Sherman 2007)—behavior is their evidence that when people consent, the norms regulating consent are *normalized*, that is, taken for granted. Because people are involved in a game or symbolic practices that provide rewards, they unconsciously end up defending the rules of those games (Burawoy 1979; Sherman 2007). From a different perspective, Auyero (2001) argues that the norms reproducing clientelist consent are normalized by routinization. As the result of routine interactions following a pattern, poor people come to understand that pattern—clientelist exchanges—as the only way of doing politics. After a while, they "know" that they have to behave in certain ways.

Perhaps because of the cases observed, coercion did not play major role in normalizing voluntary consent in these scholars' argument. However, in the case of Chilean debtors, consent seemed to be at the root of normalization. Consenting debtors often told me that they "know" they "have to pay" and that they did not even consider whether or not to pay when they faced economic difficulties; they would cut expenses in food or something else. Even if they would not be foreclosed the first month, they knew they would not be able to catch up with their payments later, so they "had" to pay. Thus, it seems like the threat or fear of coercion normalized consent.

## A BRIEF HISTORY OF CHILEAN MORTGAGE DEBTORS

One of the most important Chilean social movements between 2003 and 2009 was the mortgage debtor's movement, represented by the original ANDHA-Chile and its splinter groups. ANDHA-Chile first organized public housing debtors—who had bought subsidized housing from the state

with loans from banks or the state—to collectively default and resist eviction. This pressured the government to grant debt cancellations for all public housing debtors between 2005 and 2007. In 2006, ANDHA-Chile’s main splinter, ANDHA, began organizing social housing debtors—who had bought low-income, subsidized housing from private developers with loans from banks—to demand cancellations for them. Like public housing debtors had done before, thousands of social housing debtors collectively defaulted in 2007.

As a response, the government granted some concessions. Massively foreclosing debtors appeared politically untenable, and congressmen of the government and opposition began supporting debtors. Debtors also threatened to burn or destroy foreclosed properties. Thus, the state and banks agreed to an informal moratorium on foreclosures until a satisfactory solution to the mortgage problem was reached. As long as debtors’ or the state paid later, this was beneficial for banks, as interests accumulated during the moratorium. The state also needed debtors to pay, for three reasons: massive foreclosures would look bad politically; it has to pay warranties for a percentage of the debt balance not covered by the auctioning of foreclosed homes; and the sustainability of social housing finance policy requires banks’ participation and, consequently, the payment of mortgages. The state first tried to encourage people to start paying again by subsidizing loan modifications with a reduced interest rate in 2007. But that was ineffective. Thus, in 2009, the government granted subsidies for 50 or 60 percent of each on-time monthly payment for some of the most “socially vulnerable” debtors, as measured by the Social Welfare Record score—an algorithm computing income generating capacity divided by the family’s needs. In 2011, the same and smaller subsidies were extended to debtors from newer housing programs, somewhat less “socially vulnerable” debtors, and divorced wives of debtors.

Many debtors accepted the subsidies. First, the subsidized monthly payments were more affordable. Additionally, after defaulting for a long time, many debtors were losing hopes and worried about possible foreclosures, so they wanted to resume paying to avoid risks. They had wanted to resume paying before but could not do it because until then it was very difficult: they could modify their loan to pay some late installments after the 20<sup>th</sup> year of the mortgage, but the bank required a lump sum to cover some of the late installments and penalty fees upfront. The subsidies for on-time payments were associated with a one-time subsidy for loan modification costs that made it easy to start paying again, thus encouraging many debtors to take these subsidies.

On the other hand, many debtors were not satisfied with these solutions. Some debtors did not qualify for the partial subsidies. Among those who qualified but had been in default, many considered the subsidy insufficient, because they had to pay many additional years for accumulated interest and penalties, often doubling the years remaining. They expected a full or more substantive cancellation of their debt, either as a subsidy, or as a consequence of the debt’s legal expiration after five years of no payment. Ineligible debtors and those unsatisfied with the solution stayed in default; some of them as members of a debtors’ SMO, others passively waiting for a solution or “free-riding” on the SMOs’ struggle.

## METHODS

This article is based on nine months of ethnographic observation, almost five in 2011, four in 2012, and a few days in 2013. For most of this time, I was living in the social housing neighborhood I call Las Lilas, in the periphery of Santiago. It was one of the few neighborhoods with a local chapter of the two largest SMOs that splintered from the original and now defunct *ANDHA Chile*. One SMO is *ANDHA Chile A Luchar* (hereafter simply “ANDHA,” as people

often call it), the largest debtors' association. This organization engaged in a clientelist relation with current President Piñera when it mobilized electoral support in the 2010 runoff election in exchange for a promised "solution" to the debt problem. However, it partially broke its alliance with the government in 2012, when the promised solution they had patiently waited for appeared to vanish. The other group is *ANDHA Chile A Luchar-Democrático* (hereafter "ANDHA-Democrático"), which splintered from ANDHA during the 2010 runoff campaign. It supports a confrontationist strategy and its main leader, Roxana Miranda, is the 2013 presidential candidate of the Equality Party (*Partido Igualdad*), a party formed by leaders of working-class SMOs.

The fieldwork included various methods. I interviewed 79 debtors, 12 of them twice in different years to analyze changes across time, and sometimes with their spouses or neighbors to observe agreements and disagreements. I recorded all but nine of the interviews, after which I recorded or wrote detailed notes. Interviewees were selected by a combination of snowball sampling and intentional sampling to increase trust and variation in terms of leadership status, organizational membership, paying status, change in paying status, eligibility for subsidies, gender, and neighborhood of residence.<sup>1</sup> All interviewee's and informant's names, except those of national leaders, are replaced by pseudonyms to protect their anonymity. I interviewed debtors and SMO members in Las Lilas, in other neighborhoods where debtors' organizations exist, and in unorganized neighborhoods. Additionally, I interviewed an advisor of the Ministry of Housing and Urbanism who dealt with debtors for almost a decade and the former president of the StateBank (*BancoEstado*)—the autonomous state-owned bank, which granted almost all of the social housing mortgages with financing from mortgage-backed securities sold to investors.

The participant observation component included attending 48 neighborhood and metropolitan meetings of the debtors' SMOs, seven protests, two ANDHA-Democrático fundraiser parties, and the only Neighborhood Association's assembly that took place during the period. I also followed many debtors to the bank, the Housing and Urbanism Service, and municipal social assistance offices. Of course, I had innumerable informal conversations with homeowners and leaders. Finally, since 2011, I have followed the SMOs', government's, and banks' websites and the news about debtors, and analyzed news and other archival material from previous years.

Access to ANDHA-Democrático was granted through the endorsement of an acquaintance who is a leader of the Equality Party. Access to ANDHA was limited because of their policy of organizational secrecy. Thus, five members rejected an interview, while eleven members granted interviews and other three talked in informal conversations. The sample could be skewed against members who are closer to the leadership and thus more informed and cautious about secrecy. However, this is compensated in part by conversations before the local leader specifically instructed block delegates not to talk to me and by three interviews with members from neighborhoods where leaders had not given such instructions. In any case, organizational differences do not appear relevant in the findings presented here.

In the next two sections, I provide a brief contextualization of the case of Chilean social housing debtors and then explain how banks and the state use misinformation to increase debtors' consent to these institutions' demands. The two subsequent sections address the two specific research questions. First, I show that debtors sometimes do not trust the SMOs counter-information because of the three abovementioned constraints. When faced with these constraints, debtors must engage in interpretive work to choose whom to believe. Second, I argue that debtors are induced to accept misinformation by various types of costs of counter-information and the normalization of misinformation. But inducements are not enough: debtors also work to

make misinformation bearable by downplaying it or reframing it in other ways that allow them to avoid feeling powerless. In the conclusion I discuss my findings' implications for our knowledge of counter-information and, more generally, for the study of social movement framing—which has hitherto overlooked the interpretive agency of frame targets—and suggest ideas for further research.

## NORMALIZATION AND COERCION

As mentioned above, paying the mortgage is taken for granted by many debtors. But not only do they treat them as sacred, as a first priority. When I ask her and her husband Raimundo whether he and his wife have ever considered not paying for a month, given their difficulties, they say “no, never,” they do not even talk about it, not even when they have economic difficulties; the only time they were late they paid before the next month as soon as they had the money. Similarly, Cristina (ANDHA) suggests that whenever she thought about not paying, she convinced herself to not even consider it:

SEBASTIÁN: Was there ever any month in which you thought “I don't have money this month, I'd better not pay this month? Did you think about that?”

CRISTINA: I thought it, many times, but I told myself “if I don't have money to pay now, I'm even less likely to be able to pay two [installments], so, no, whatever it takes. That's why I tell you, I didn't even think about it, nothing...”

In debtors' talk, especially that of nonmembers, wanting to pay does not need to be justified. They would generally only explain “it's my house” or “I can't lose my house” if prompted. For instance, when explaining why he did not want to participate in ANDHA, Raimundo explains “we regretted [attending meetings], because they were telling people to stop paying their mortgage installments,” assuming that is enough justification. There also seems to be a sort of “common sense” idea that if you pay your mortgage loan, you are not in debt and being in debt is something to *dislike*. Almost everyone but ANDHA-Democrático's national leader used the word debtor to refer to those in default, not those in debt. Payers, nonmember defaulters, and an ANDHA-Democrático low-participation member said that they did not want to default “because *I don't like* having debts” or equivalent statements.

This is not to say that normalization is sufficient to secure consent. When consenting is brought into question, the fear of coercion secures consent, as Przeworski argues. When Cristina joined ANDHA and some members began to a partial strike, paying only about \$20 for each monthly installment, she continued paying in full, out of fear. This was obviously a rational prediction in the beginning, given the uncertainty about possible foreclosures, even during the first year of the moratorium. As she recalls:

Both of us [her husband and herself] were afraid, we talked and decided—actually I was more afraid than him—and I told him “no,” that we shouldn't stop paying because we didn't know where this was going. Then many neighbors started paying only 10,000 pesos [about USD\$20, monthly] and I said “no, imagine, this house, it's the future of the kids, it's been so hard.” With my husband's income and every income we could prove [to the bank] we obtained a 15-year mortgage, while most of our neighbors have a 20-year mortgage; we had it for 15, and I said, it's only 10 more years, the rest of the people still have 15 years to go, it's 5 years less for us.” And I said “no, my home.” We were with Martita [older daughter]; we could pay; we only had one child. True, Juana [ANDHA's national leader] said “deposit [\$20 and save the rest],” but you see that you need, I don't know, a new bed,

blankets, something for your child, I mean, you're not gonna save the money; at least we're not able to save [for until the strike was over]. So I said, "let's pay."

Supporting Przeworski's theory, Cristina decided to consent to debt payment thinking that it was in her own interest to do so. Yet we should not forget that most of the time debtors did not incur in these evaluations and took it for granted that they should continue paying. Consequently, even when the strike had proved effective for years, those who had not joined the organization or who abandoned it assuming it was wrong, continued to fear foreclosures and to pay.

Normalization is also encouraged by incentives, which—again—make consent appear in debtors' own interest. In late 2009, and then again in 2011, the government approved subsidies on 50 to 60 percent of each mortgage installment paid in time for qualifying debtors—depending on their original housing program and their Social Welfare Record scores.<sup>2</sup> Late payments are not subsidized, and must be paid in full. Thus, in practice, debtors perceive a penalty of 100% to 150% of the regular subsidized payments—a huge incentive to pay in full. In response to this incentive, debtors again *assume* they have to pay and should not default, even if they lose their job and they know about the moratorium on foreclosures. As Jérica explains, when I ask her whether they considered missing a payment when her husband loss his job:

Of course not, of course not... of course not now [with the subsidy]; 'cause I say "it's not much [money]," so I always tell [my husband] that, worst case scenario, we borrow money, but we have to pay it. 'Cause imagine that, OK, for the next month, if we don't pay, next month we're gonna have to pay \$160; where are we gonna get that much money from? So we're gonna go back to the same [i.e., default]...

Former defaulters, like Ximena, who had considered not paying, normalize paying by *making an effort* to convince themselves not to even consider missing a payment. As Ximena says:

. . . That's what I stick to mi head: "I can't miss a payment," and it's better, because if I think "Ah, no, I'm not gonna pay this month, whatever, 'cause I can pay later," and then maybe I don't pay and I lose the subsidy 'cause I entertained a dumb idea. So I like forget about everything else and like, mortgage installments have to be paid, it's not an option.

All but one interviewee—who had an exceptionally better economic situation than the rest—criticized their indebtedness in some way. The most typical critiques were that they were duped into something different than what they thought or that interest and installments were too high—at least before receiving the subsidy on monthly payments [I discuss the critiques in chapter 1]. In sum, almost nobody consider the amount they paid fair, but many paid it anyways—again, suggesting that fear of losing the house played a major role.

## POST-HOC JUSTIFICATIONS FOR CONSENT

While nearly everyone considered debt unfair, only three payers explained their behavior *only* as a response to threat. Most provided at least one of three types of justifications beyond coercion: framing themselves as morally better than non-payers, assuming some responsibility for their debt, or saying that debt is not that unfair because at least they are better off. One of those who did not justify paying, as well as many others, also made unfairness more tolerable by framing it as a fact one has to get used to and accept.<sup>3</sup> In contrast, most SMO members did not justify payment in any way, but they did not have to do so to justify their behavior.

### *Superior self*

Luisa's quote illustrates one of the various ways in which payers frame themselves as better than non-payers, thus producing a "superior self" (Sherman 2007) while justifying consent:

. . . the people of ANDHA-Chile that I've seen, they have money to drink soda-*soda*, not non-brand soda, and they don't have money to pay their mortgage? When I buy soda-soda [i.e. brand-named soda such as Coke] it's because I have visitors. I but powdered juice or non-brand soda, that's only 60¢ for two liters [about 40% of what brand-name soda costs]. I drink soda, if it's liquid, it's soda for me. But not for them, for them it has to be Coca-Cola, Fanta, etc. (original emphasis)

Paula's explanation of why she quite ANDHA illustrates the move back and forth between moral justification based on personal responsibility—particularly one that frames protesters as morally wrong—and interested justification based on fear of foreclosures:

Why am I gonna be doing this [protesting about my mortgage], if this is legal, I committed to this? That's when I said "no," that this is not for me, and I went and quit and said "no," that I'll keep paying my mortgage; and that nobody should come tomorrow and, because I missed five installments, kick me out of my house, evict me. And that was the fear, and that's when I said that this is not for me and if God gives me a job, gives me life and health to be able to pay what I committed to pay, that's the logical thing to do.

### *Personal responsibility reducing unfairness*

While some debtors assume responsibility like Paula does, framing non-payers as wrong, others simply assume some responsibility—often more ambivalently—in a way that makes debt unfair, but not so unfair, because it is partially their own fault. Take for instance Esteban's quote:

But they don't give any help [assistance] here [in Las Lilas, unlike in poorer neighborhoods]; we're condemned to pay what we're charged for. But it's also true that, it's true that, well, you know what you applied for and you have to pay it; but that's your own... your own part, you know what I mean? But nobody helps.

Cristóbal, who receives a subsidy and pays only 50 percent of each original mortgage installment, now has to pay a total of 30 years instead of 20, after modifying his loan to pay the accrued interest and penalties for three years of default. He also justifies this as his own responsibility, this making it fairer than paying only because of the threat of foreclosures:

. . . So then I had a chance to sign my loan modification and until now I have the subsidy of 50 percent that I was telling you, and I'm taking it, I'm working; but the bank is squeezing us. But, well, those are the consequences of our actions sometimes . . . I have to put up with it and assume that I made a mistake in getting into the whole ANDHA story; maybe I would've solved my problem in some other way and wouldn't have been into this ordeal.

Feelings of responsibility like Esteban's come from the dominant culture of personal responsibility, which the government always reaffirmed in its struggle against debtors, and which many debtors could not avoid (I discuss this in chapter 1). However, it seems that debtors are more willing to accept responsibility when it justifies their payment behavior or when it justifies the behavior they anticipate, that is, that they will have to pay soon. For instance, in 2011, when Cristina (ANDHA) thought they would receive full debt cancellations, she did not express any feelings of responsibility and said debt cancellations were fair. However, in 2012, when she was



applying for a 60 percent subsidy on monthly payments and anticipated having to pay 40, she justified paying appealing to responsibility:

For instance, the old lady on the next block, or the one in this block, who can't pay, I mean, they should receive a debt cancellation. But us... after all, we're young, we were dumb, nobody forced us, if you think about it, nobody force us. It's reality and we're young—quote-unquote. OK, let's say we pay 60 percent, with fair monthly payments and a number of years, I don't know, ten years, then we should pay five years only. Or in my case, that I had a 15-year loan and paid three, then seven and a half—half of it. That would be fair.

### *Debt is not so unfair because we're better off*

Debtors also appeal to how they are better off to justify their payments. For those who had had conflicts living with their in-laws for years, their own home has a special meaning, so anything is worthwhile. Others, like Paula, appeal to upward mobility to explain that anything they pay is still not too unfair:

Sure, a good part of our income was spent in the mortgage, but the fact of having... this was my dream, of living... look: when you start remembering and looking back, after living in a squatters' shantytown (*campamento*), where, with my children we often remember "remember, mommy, when we went to live there?;" where I built a wall, a board of wooden planks, those material they sell there, those boards, I took it apart and made a wall and then put some sticks and covered it with nylon plastic, and that was my house for about five or six months. And then a woman left the shanty and gave me her rooms, so I went to live in two rooms. And then I found a job and, well, we said, "OK, we're leaving." So I found a job and worked, and we had some money for my first rent and we left.

Others explain that at least they get to keep the house, unlike when they were renting, or that it is cheaper than renting, so even if it's too much, it is still worthwhile. Finally, others express that while debt may have originally been unfair, or it is still unfair to pay so many years, at least they can pay each month now that they receive a 50 or 60 percent subsidy. In all these explanations, even if somewhat unfair, it is not a bad deal to pay the house because they are better off than before [I need to add some quotes here]. So it is a justification derived from utilitarian rational choice. But this requires debtors to appeal to their "sense of one's place" (Bourdieu 1984) in a comparison with the past, rather than to compare their decision to pay to the actual options faced by members. In contrast, members rarely appeal to these justifications of debt—typically, when they feel low expectations about obtaining anything better from their struggle and want to justify the possibility of resuming debt payment.

### *Normalizing unfairness*

Debtors who feel unfairness also often downplay the unfairness by framing it as normal, as a consequence of adjusted expectations through their experiences, among others, with banks and government assistance (in chapter 2 I explain how they downplay routine misinformation; I won't get into this here). Take for example David (payer):

SEBASTIÁN: And what do you think about what they said, that houses were paid for already [i.e., in the first five years the rest being excessive interest] or not, did you not agree?

DAVID: No, because one knows, you know your bills, you know they're ripping you off.

This is not to say that there is a generalized feeling of helplessness—which is more common among those who are not paying. Once debtors are paying, they simply avoid thinking about whether the mortgage is fair or not, whether to pay that month or not, or if there is anything to do about it. They just “know” that it is the most important bill to pay. They do not look for assistance—in fact, before ANDHA organized Las Lilas, almost nobody had a Social Welfare Record score, required to apply for any type of state assistance. These debtors are not looking for subsidies or assistance and, if they hear about one, they will not put all their hopes in the application.

### *Agency in legitimating payment*

In sum, it seems that these justifications are post-hoc efforts to validate debtors behavior. The ideas may be induced by dominant speakers, such as a minister talking about debt responsibility, or by repeated experiences of abuse. But there is some effort that those who feel they have to pay *because of fear of foreclosures and low expectations for resistance* to justify their actions. [It is possible that these justifications don't have any causal force in motivating behavior, but I'm not sure.]

## BREAKING NORMALIZATION

### *Organizing Mass Default in Two Steps*

Given the risk of foreclosures, motivating debtors to collectively default was not an easy task. ANDHA used an interesting two-step strategy to organize mass default. First, in early 2007, after a few months of organizing debtors in Las Lilas, they asked those who wanted to pay only CLP\$10,000 (about USD\$20) each month for about three months, in small coins—at the time, most paid between CLP\$50,000 and CLP\$65,000. This would put so much pressure on the bank, they said, that it would force them to grant concessions soon. If they had to choose between eating and paying, ANDHA said, do not doubt to eat, countering what had been the common sense to most debtors then. After a few months and, according to the second most important leader Roxana Miranda, after threats to burn the bank in one of the many protests inside the bank, the bank agreed to stop paying. According to the president of the Bank of the State at the time, he received a call from the president that asked him to stop foreclosures for a while, an agreement that kept being extended but is not written in any law (interview with José Luís Mardones).

An additional pressure element was the threat to burn the houses if the bank attempted foreclosure. While it appears that the only house they actually burned was during the times of the earlier struggle of public housing debtors', this was an important precedent.

Debtors were told to save the money for their monthly payments, so that they could get back on track later. Yet, if they needed to eat, leaders said, they should eat rather than save the money. There are mixed versions about how many months they lasted paying CLP\$10,000, varying from three months to a year, probably because some stopped paying when foreclosures were stopped while others continued for a while. However, after a few months almost none of those who participated could get back on track with their payments. At that point, they needed to modify their loan if they wanted to pay, paying a lump sum and deferring the rest of the missed payments for after the twentieth year, with additional interests and penalties. Since they did not have the lump sum, most could not pay if they wanted to. Some could have sold a car or obtain a different loan if they wanted to, as those who do not know about the halt on foreclosures often do

when threatened by collectors. Yet they did not try, because they expected a subsidy and there was a halt on foreclosures.

*How did debtors get involved in the strike?*

As a consequence of losing their jobs, some debtors had been missing payments for a while, but were striving to stay on track, paying late payments, trying to avoid accumulating three missed payments that would count as default and lead to foreclosure. Those who could not get back on track modified their loans, pushing the three missed payments and the accumulated interests to be paid after the twentieth year.

When ANDHA organized the neighborhood and the strike, those who had missed payments or were in default saw it as the opportunity to save the house, since it was so hard to get back on track. Economic hardship played an important role. Yet others joined because they expected benefits from the strike. And others joined because of economic hardship but after the strike had begun. As they missed payments, faced difficulties to avoid default (three missed payments), and knew about others in default—and soon after about the moratorium—they decided to join. This produced a sort of snowball effect.

Table 1 summarizes a preliminary coding of data (showing that most defaulters were let to default by economic hardship, while 29% decided to join the strike without facing economic hardship. It should also be noted that, of those who never defaulted for which I have the relevant code, three did not face reduced or loss income; six did.

TABLE 1. SITUATION THAT PUSHED TO FIRST MISSED PAYMENT BEFORE DEFINITE DEFAULT

	ANDHA- Dem.	ANDHA	Default nonmembers	Payers (former members)
Loss or reduction of income (unemployment, slow business)	40	63	86	25
Ill relative		13		
Alcoholism (no stable job, priority to drinking)		13	14	
Reduced payments strike	40			50
No-payments strike (intentional default)	20	13		25
N	5	8	7	4

The following quotes illustrate the experiences of those joining when facing special economic hardship and motivated only by expectations:

SEBASTIÁN: So how did you decide, finally, in that moment, to say “OK, let’s not pay any more”?

INGRID: Eeh... You know why Because of the children. Because we were going through many ugly things [begins to sob], I mean, sometimes we didn’t have anything to eat, because, paying this and that, so, it’s difficult, it’s difficult. I said, “OK, the house doesn’t matter; God will help us.” We decided not to pay any more, and get into this [ANDHA] and feed the children, that was the most important thing, it was the most important thing to me. How can you tell a baby that you don’t have milk for her. It was hard, very hard. I’m sorry, but... [cries]

In contrast, Ximena (payer, recent ANDHA-Democrático dropout) decided to strike because of her expectations about pressuring the banks:

SEBASTIÁN: The first time you stopped paying...

XIMENA: it was my fault.

SEBASTIÁN: Because they told you to stop paying?

XIMENA: Yeah, 'cause we were with Juana Silva (ANDHA's national leader) They told us to stop paying. Julio (husband) encouraged me, "Ximena, don't stop paying," and Alberto (block leader at the time) would say "don't pay more, neighbors." That's how it began, and I, you know, it's trust, it's trust. Later I got this nonsense thoughts... I was in default for a year, so I got a consumer loan and paid everything, the whole year.

SEBASTIÁN: So with the interest it was more

XIMENA: Right. I paid almost \$2,000, but I was on track with payments. Then I kept paying, until again the thought hit me (*me entró el bichito*), that [cancellations] were coming, that they were coming, so I went into default again.

In sum, people could join either because of economic hardship, especially when seeing that others were not paying and not being foreclosed, or because of high expectations about striking. But those with high expectations alone did not strike once and for all, because of the risk; they only began paying less, hoping that it would be a short strike. However, because it was difficult to get out of default, and expectations grew as the moratorium was put into effect, people continued to strike even if they were not going through a particularly hard financial situation.

*Learning to be a fighter and losing fear of protest: "I was not a fighter before ANDHA came"*

ANDHA did not only break the normalization of payment and fear of foreclosures, but also the fear of protesting in the streets. I shall briefly discuss some findings about this process.

Students of social movements have listed many mechanisms that lead people into different types of activism (see Della Porta and Diani 2006 for a review). One of the most dominant perspectives is the "network pull" theory, according to which activists are pulled into movements by their previous networks (McAdam 1986). This does not seem to be the case, because, while ANDHA used existing networks to get people involved, those who did not get involved do not appear to be systematically different in terms of their ties to neighbors, social capital, or previous experience [I still need to analyze the data more systematically to confirm this with figures]. Instead, it appears that most ANDHA members were either "pushed" by a "no-other-option" situation or "persuaded"—Viterna's (2006) concepts.

Some debtors were reluctant to participate, but got involved because, around the time that ANDHA came, they faced economic hardship (unemployment or an ill family member) and *felt* they had no other choice than let ANDHA help them. I stress *felt* because a few other debtors who also faced hardship still did not get behind on their payments, tried to solve their late payments on their own, or decided to free-ride on ANDHA's halt on foreclosures. What matters is that debtors did not see the other alternatives as options.

A majority of debtors were persuaded by the feeling of injustice that ANDHA raised and the expectations leaders created. As I will discuss below, these members, we also pushed into default when ANDHA asked them to pay only about 15% of their monthly payments to press the bank and, while saving the money to repay a few months later. Since a few months later they did not have the money to pay and it was hard to modify the terms of the loan to start paying again, they

often felt they had no other option than to rely on ANDHA. But these debtors also felt it was their choice to trust ANDHA in the first place.

But my most interesting finding here is that these situations led people who had no previous activism experience to get involved in massive protests that involved tear gas and risk of police beatings and arrests. A few times, these members organized barricades, something they had never thought they would do. They also squatted in the Mapocho River downtown Santiago, spending nights in conditions that they would also had not thought they would (see Photo 1). Even most leaders had never participated in protests, but then saw themselves in high risk activities such as climbing cranes and highway signs to hang banners and call press attention (see Photo 2).



*PHOTO 1.* ANDHA squatting at the Mapocho Riverside. Graffiti reads "Villa Mapocho, ANDHA Chile a Luchar." Photo: Juan Pizarro Oyarzún (in ANDHA's Facebook).

How did people get into these activities? Most report being afraid at the beginning, not wanting to participate and staying in the back of the protests, were it was easier to run from the police. They would only attend as necessary for the leader to see them. But while some still express fear and stay away from risky situations, many have lost their fear. The most repeated significant experience is being arrested in a protest and noticing that there was little costs to it. True, one would stay many hours at the police station, sometimes wet by the water cannon. But they were not beaten that first time—beatings were rare—and members sent them food and waited for them outside. Since the experience was not as bad as they thought it would be, they lost fear of being arrested and would subsequently take a more active role in protests. Many

debtors interpret this as an important personal change, turning themselves in “fighters” (*luchadoras*), and learning to defend their homes without fear.



PHOTO 2. *Protest in a crane.* Photo: Pedragráfica, Flickr

## CONCLUSION

[Summary and theoretical conclusion about normalization and coercion, somewhat like in the intro]

As a more practical conclusion, I have shown the general schema of how ANDHA organized collective default, something difficult to attain when there are severe sanctions against defaulters. The strategy suggests a way in which, given high risks, the SMO “pushed” debtors who were not persuaded to default—even if some were persuaded to protest—by slowly getting them into a no-way-out situation. Viterna’s (2006) has shown how Salvadorian female were pushed into the guerilla organizations by a context that neither they nor the organization controlled much. In ANDHA’s case, the movement had agency to create a “push” situation. Similarly, many members’ experience of gradual involvement in demonstrations, initially being pushed by the SMO but eventually losing fear of protest, reaffirms the importance of creating an initial push to break the normalization of acquiescence and fear—even if in the case there was no “no-way-out” situation.

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## NOTES

<sup>1</sup> Interviewees contacted without snowball sampling almost always demonstrated trust by talking about their lies in the Social Welfare Record survey to lower their scores.

<sup>2</sup> The 2011 decree included subsidies of 20 and 25 percent for less poor debtors, but very few debtors in Las Lilas qualified for that percentage.

<sup>3</sup> Of those three who did not justify payment, two justified putting up with unfair payments rather than participating in the SMO by criticizing the SMOs. The other one wanted to participate but her husband did not let her.