Living on Instalments. Credit and the Moral Economy of Post-Industrial Working-Class Households in Chile

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SCHOOL OF SOCIAL SCIENCES
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ABSTRACT

Living on Instalments. Credit and the Moral Economy of Post-Industrial Working-Class Households in Chile
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Credit is ubiquitous in the life of Chilean households. It is a key feature in the budgeting, shopping, and consuming practices of families. Consequently, to be indebted is a normal expectation in Chile. Families engage with the ‘necessary evil’ of credit in different ways, showing a massive, regular use of credit as short, medium and long-term leverage tool, with store cards being the main source of credit for families of the Post-industrial Working-class, and for the lower and moderate-income families in general. The normalisation of credit is also enacted in the experiences of the debt careers of the families, and the meanings they attribute to their persistent encounters with credit and their debt disasters. Moral obligations, conventional and unconventional financial knowledge accompany the everyday situated economic practices of families.

This thesis addresses the processes of moral legitimation and strategic adaptation that households employ to operate and justify their economic rationality, looking at credit in a context of ordinary and everyday consumption. Quantitative structural data, semi-structured interviewees with 44 heads of households and research on the financial education landscape in Chile uncover the material practices and meanings which underpin narratives of economic struggle and moderate social aspirations. Their rationalities usually clash with those deployed by state and market agents that are aimed to educate those in a ‘healthy indebtedness’.

Households produce a re-signification of debt where debt has been ‘de-moralised’, and credit moralised, making the impression that eventually ‘credit is not debt’. This research contributes to the discussion about the meaning of debt, to understand the financialisation of everyday life by looking at situated economic practices, and to the social, moral, and relational foundations of the economic practices.
DECLARATION

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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CHAPTER I INTRODUCTION

My research focuses on the situated experience of heads of household who have everyday encounters with credit, juggling with cards, morals and aspirations, in a country of the global South, a research area which has been considerably less frequently addressed¹. Specifically, my focus is on the ordinary practices of credit in Chile, a society in which credit has massively expanded, becoming a widespread feature of social life and ‘democratised’ to most social groups. By looking at the everyday material practices of households and their moralising accounts of their debt careers, I attempt to explain the normalisation of credit within lower and moderate-income families in Chile.

In the early days of 2015, a political scandal exploded in a Chilean newspaper. The daughter-in-law of the Chilean President had asked for a USD 10,000,000 [CLP 6.366.000.000; GBP 7,000,000] commercial loan -to invest in a bundle of properties- presenting as collateral, their small consultancy business capital of CLP 7,000,000 [GBP 8.407). The credit was awarded just one day after the current President had won the election. One can argue that this is a dramatic example of social capital transformed through credit as an asset, for it seemed to be decisive in the ‘credit scoring’ which resulted after a meeting between the bank’s owner and the President’s son himself. However, it was not the first time that a credit instrument was in the middle of a media scandal. It was after the 2011 La Polar department store affair² that small print contracts, interest rates without limits and unilaterally increased, hidden fees and commissions, came under the spotlight and credit regulations became framed as financial consumer protection by the authorities. After this scandal, there were some attempts to create a unified National Register of Debtors in Chile, since currently banks cannot have access to store databases, so are unable to assess risk in a proper way. Stores are not willing to concede to this since they will not ‘give away’ something that is an asset for them. As a result, there is no regulatory agency focused on the retail-banking market. These are two examples from the 2010s about how credit has become more than ‘economic’ issue in Chilean public opinion, in the sense that debates have involved moral judgements about what is ethical and not just ‘legal’.

The notion of moral economy used here (Sayer, 2007) comprehends the normativity behind the requirement for fair play by economic organisations and also judgements about the fairness of a

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¹ For disruptions in family life due to debt in advanced countries, from a political economy perspective see Montgomerie & Tepe-Belfrage (2016)
² This affair exploded in 2011 and consisted in about eight years of continuously made-up balances by the executive firms, in order to increase the value of the company in stock market. They used to transform the overdue debt of their store card holders into outstanding debt, by re-setting the conditions of credit, without the consent of people, and even without informing people. This way, they transformed a passive asset into an active asset, involving around 2,000,000 cards.
particular social policy. Nonetheless, in household economies, as my research can tell, moral and social issues always accompany economic practices, to the extent that it is impossible to draw strict distinctions between these different motivations. Actors scrutinise each other's interests, trying both to determine who is working to what ends and also to prove that their own interests are legitimate and morally acceptable.

Why research credit and indebtedness? Chile is one of the most deregulated credit markets in the world. For each aspiration, there is credit available: housing, cars, education, home improvement, holidays, or even a new mobile phone, are all mostly available through credit. In Chile, department stores are the leading lenders since they grant cards to almost everyone, from retired people to students. It is very easy to be a subject of credit in Chile. Access to consumer credit and credit cards for lower-income households has been widely encouraged by department stores and supermarkets, so in Chile everyday practices of credit look very different compared to credit narratives in the Global North. In Chile, distinctive features such as: the lack of a large, established middle-class, lower levels of savings and the absence of a widespread consumer culture before the credit expansion must all be taken into account. A strong welfare state was absent from the picture in Chile as well, although it must be stated that until the mid-1970s, the majority of the population relied on public provisioning for health, education, housing, pensions, utilities, and so on. Chilean neoliberalism, from the late 1970s onwards, privatised all public companies and utilities, deregulated markets, including credit, and allowed a more aggressive market expansion, targeting middle and lower income groups.

‘Credit cards and education’ was the concept used by a former Chilean government ministry to explain the success of their years in office. Leading this ‘democratisation of credit’ has been retail businesses. The relationship of retailer-led banking with not well-off families has received scarce attention from economics and social sciences. Its scope goes beyond credit, accounting for changes in shopping, purchasing, and budgeting. Credit can be seen as contributing to the support of the diffusion and negotiation of middle-class rhetoric by lower-income families who assess their social position through their capacity for improving their living standards using massive credit; likewise, to the disguise of poverty through home equipment and financial inclusion.
1.1 THE CONTEXT OF THIS RESEARCH

The empirical literature on ‘low finances’ or household finance has significantly grown during this century. It has mainly focused on two areas: domestic economic practices and the socio-technical practices of financial firms and devices (Ossandón et al., 2017). Household credit has been investigated in the Global North in the context of the financialisation of economic life, and welfare state retrenchment (Montgomerie, 2006; Crouch, 2009; Trumbull, 2012) and the ethos of neoliberalism (Lazaratto, 2012). In the Global South, the research has shared some of these themes, but also focused on particularities of the Global South. Müller (2014) has addressed the impact of financial inclusion on poor areas of Brazil, claiming that families have incorporated new knowledge, but private companies have also adapted their commercial practices to foster the financial inclusion of poorer people. Villarreal (2008, 2014) has researched the different regimes of value circulating in rural Mexico, after the beginning of financial inclusion; whilst González (2015) examined the ‘real households’ of the Chilean middle class, arguing that the financialisation of consumption has produced different financial subjects. Wilkis (2014) reported credit, consumption and money relationships of the post-2001-crash Argentina, underlying a new valuation of creditworthiness, after the crisis. Barros (2008) shed light over the subject of over-indebtedness; Pérez-Roa (2014) researched the socio-political impact of students’ loans in the indebtedness of Chilean higher education students, highlighting the emergence of a good credit and bad debt, when credit does not deliver the expected outcomes. Ossandón (2014, 2012) investigated the networks behind the new credit markets and the data produced the socio-technical devices of credit. My research touches some of these topics but is rather different. I focus on lower and moderate-income households, dismissing the label of ‘middle-class’ since it is problematic and requires further attention, as I elaborate in the following chapters. I bring attention to everyday household economic practices rather than long-term projects like education loans or mortgages. I attempt to examine credit practices in Chile by looking at the economies of households and how their social and moral meanings are elaborated to produce a normalisation of credit and a re-signification of debt. Therefore, instead of considering the power of credit markets, I focus on the knowledge, strategies, and everyday practices of credit in the grassroots economies of the Post-industrial Working class in Chile, the so-called new vulnerable middle-class or ‘strugglers’ (see more in Chapter III and IV), mostly moderate and lower income households.

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3 As a working concept, The Post-industrial Working Class encompasses the Lower Corporate Bureaucratic Workers (LCBW), Personal Services Staff (PSS) and Sales Staff (SS) as occupational categories.
To be indebted is the normal expectation in Chile – but why is this the case? What practices and meanings intervene in the normalisation of credit? This project avoids seeking causal macro explanations of this phenomenon, but instead aims to explore sociologically credit and indebtedness practices in Chile in the context of everyday household money and budgetary arrangements and consumption practices. The emphasis is on the experiences of the heads of households who deal with credit on a daily basis. The project adopts a broadly micro-social, cultural and interactionist perspective on how social and economic life is produced in the people’s everyday experiences within family dynamics. In particular, attention is paid to the process of how people develop moral accounts, strategic thinking, and social practices in relation to credit. Chile provides an interesting context to study everyday encounters with credit, as a society which was the former laboratory of neoliberal socio-economic reforms during the 1970s and 1980s, and which is currently the richest but most unequal country in Latin America, having also the highest rates of financialisation in the region.

My research suggests that families on lower and moderate incomes combine non-financial understandings of economy - based on moral obligations and social justifications - with market rationalities in order to cope with credit. As I shall argue, it is impossible to drop questions of market rationalities and self-interested actions from the analysis of credit, but we must also refer to different kind of strategies in the context of family and household practices and the idea of ‘multiple rationalities’, crucial for the understanding of the different orientations to credit practices identified in the empirical chapters.

Credit is a bundle of practices, which intersects with other practices such as shopping, paying and budgeting. Credit is not an individual ‘rationally economic’ behaviour, rather it is rooted in shared meanings, views and common knowledge about what it is pertinent to do. Likewise, credit practices cannot be explained as merely macroeconomic phenomena, or as only due to an expansion or creation of a specific market. Statistics show that credit practices are evolving and that in fact people do not use cards in the same way as years ago; furthermore, my research indicates that people use cards in ways that lenders cannot even imagine, or at least, they cannot trace. People develop different possibilities and arrangements about taking and using a loan, dealing with credit cards or synchronising the planning of a budget with multiple repayments and instalments plans.

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4 Measuring by GDP (Purchasing Power Parity) per capita (World Bank 2012; International Monetary Fund 2013)
5 Measuring by Gini Index (World Bank 2012).
6 Measuring by the banking index (FELABAN, 2012)
My research shows that credit displays contradictory meanings to domestic planners. Credit may be seen as good and bad at the same time but is rarely neutral. Some families speak proudly of their skills for seizing opportunities and producing their own arrangements with credit cards, while other heads of household state that ‘my family is not a store card family’. Credit practices structure and are structured by daily activities such as budgeting, shopping, consuming, caring and loving, so indebtedness is embedded neither in individual behaviour nor in the structures of the financialised consumer culture.

1.3 POLITICAL AND SOCIOLOGICAL RELEVANCE OF THE RESEARCH

More than 70 per cent of Chilean households have debts, whether to banks, or department stores, amongst others. Most of these debts are kept up to date, and Chileans are also heavy users of credit cards, payday loans and consumer credit. Initial explanations relate this condition to increasing individual consumerism; nonetheless, structural conditions in the economy, such as low wages, high prices, and the availability of credit also play a fundamental role in the process. Stagnation in wages could be another solid reason for being indebted. Mean GDP per capita in Chile is around CLP 14,000,000 [GBP 16,814] per year, and it is considered a higher income country. Nevertheless, due to a sharp disparity in wealth and income distribution, around 80 per cent earn less than CLP 8,000 [GBP 9,608] per year. Moreover, there are a vast number of wage earners who only reach the minimum living wage – set by law - of CLP 3,240,000 [GBP 3,891] per year. Whereas wages have increased roughly 8 per cent in the last decade, the income-debt ratio per household has increased more than 60 per cent. Rising prices also came alongside the privatisation of welfare over the last decades, impacting monthly household budgets. Households have to allocate substantial resources for primary, secondary and higher education, health insurance, housing, and pensions. Not only the middle classes are in this situation; around 65 per cent of school attendance is in private schools, and around 80 per cent of higher education students need a loan to pay their fees. New individual pension schemes did not work as promised when they started in the early 1980s; therefore, a growing number of retired people are falling into poverty and also depend heavily on credit to meet their needs.

People can juggle with the figures concerning out-goings and incomes, but this does not always make the same sense for everyone. The cultural and social framework of these calculations is so important because it allows us to understand the social sense of these figures. These frames are deeply impacted by standard market rules, but also instituted in a complex
social causality. Credit practices involve social relations, power, subordination, social reproduction, and valuation. Power relations can be expressed even beyond the conventional scope of creditor-debtor, as when retail business executives unilaterally decided to redraw the terms of outstanding debts to their customers, as in the La Polar case, or when employees of department stores are almost forced by their employers to buy items on discount using store cards.

I attempt to position credit as a key feature in the debate about Chilean capitalist modernisation. I assume that discourses about the ‘democratisation’ of credit are a by-product of changes in the economic strategy imposed by the dictatorship, with Chile’s move from an industrial to an extractive-rentier economy, which produced growing inequality and structural unbalance: the trickle-down economy. I also include credit as a mechanism in the new ways of social integration and inclusion, to the detriment of politics and work. Household debt and credit practices are crucial to understand the neoliberal foundations of Chilean society. For instance, behind debt and credit we have to take into account: (1) cultural and moral assessments, such as the legitimacy of credit, social aspirations and class dynamics facilitated by neoliberalism; (2) the socio-political context which underpins the expansion of credit; (3) people’s agency, in the elaboration of their projects for achieving a ‘decent life’ as a normative aspiration; and (4) the moral economies of households as a synthesis of rationalities. Basically, the discussion concerns the relationship between grassroots economies and other dimensions of society.

For orthodox economics, credit and debt are purely neutral devices aimed to attenuate families’ consumption cycles. Even more, functional planning is suggested by experts to determine when to get a loan or when not. Beyond this, credit and debt are social facts. When, how and why credit is being used is a social matter, rather than a strictly economic one. By entering into credit practices, people have established their own meanings of credit and debt, which emerge as they use and grapple with financial devices for their own social circumstances. Nevertheless, economic practices are both influenced by other spheres of society and are influential over these spheres. By extension, credit and debt practices are both a reflection and productive of other social, political and cultural practices. Economic practices are not neutral and have changed across history, mainly by non-economic forces. The practice-theoretical perspective adopted in this research allows an understanding of credit practices which focuses not only on the macro-structural conditions which underpinned the credit expansion (capital accumulation strategy, national debt, state retrenchment) or market structures, but also on the activity of credit itself and how it is situated in everyday lives and in other established practices.
such as shopping, payment and budgeting. This perspective avoids a focus on over-socialised individuals or an overly individualistic methodology.

1.4 OUTLINE OF CHAPTERS

In this first chapter, I have set out the position of this research within broader academic discussions about how to understand economic action and, more specifically, social studies of credit and debt in the Global South. I have also outlined the main research questions of this thesis. I now turn to set out the thesis structure and provide a summary of each chapter. To answer the questions outlined above in greater detail, in Chapter II, I critically review the different understandings of credit found in the dominant frameworks of financialisation and of consumerism, crucial in the Chilean context. The role of state and market agents are discussed, both in making credit freely and easily available (through the expansion of credit and financial inclusion initiatives) and in their attempts to educate people about having a ‘healthy’ approach to indebtedness (through financial education initiatives, based on the framework of mainstream economics). After criticising each of these frameworks, I review accounts of moral and cultural economy in order to provide an approach to the use of credit; one which addresses how credit is bound up within ordinary household practices and which examines the processes of moral legitimization and strategic adaptation that households elaborate to operate and justify their economic rationalities, by looking at credit in the context of ordinary and everyday consumption.

In Chapter III, I explain the research strategy of this project, which uses both quantitative and qualitative methods. The project involves four different instances of data collection/production: secondary data analysis from the Survey of Household Financial (SHF, series 2007-2012); 44 in-depth interviews with heads of household about credit practices, from two Chilean cities (Santiago, the capital, and Copiapó, in the North); 10 in-depth interviews with key informants from public agencies and organizations working in the financial education national strategy; and observation and participation of training, workshops and other activities around financial education. For my interviews with heads of households, I focused on two subgroups of the Post-industrial Working-class: White-Collar Proletariat, Low-Skilled Entrepreneurs, and one group of the Lower Middle-Class. All these groups have lower to

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7 In the Chilean labour market, self-employed workers are differentiated between high and low skilled; Low-Skilled Entrepreneurs are poor and vulnerable, and usually targeted by government agencies to receive money transfers and make a ‘career’ in the informal sector (home baking, home cooking, pop-up store owners, and so on).
moderate incomes. In combining methods in this fashion, the project will examine the social structure of credit, how people employ credit in their everyday household practices and the meaning of credit and debt for them; in other words, unveiling the narrative behind the numbers, and connecting the ‘big story’ and the ‘small stories’ of credit.

In Chile, the credit expansion started in the context of the establishment of the neoliberal strategy and the joining of some affluent groups of Chilean society into the consumer society, during the late 1970s and the 1980s. The credit expansion later turned to low and medium income groups, after the retirement of the military dictatorship in 1990. Do families feel threatened by financialisation? The ‘risk modernisation’ (PNUD, 1998, 2002) is an approach that sheds light on the adverse impacts of the neoliberalism strategy, especially during the 1990s in Chile. The contraction and privatization of Chilean society affected its sociability, and created fears and uncertainties. The old collective references lost value or were broken, with the emergence of self-regulated market competitive values and new life-styles, and in line with consumer culture, these lifestyles were perceived as an ‘island chain’ of isolated groups which invade and pervade family and community. I tell this story in Chapter IV. Providing the socio-historical context of the investigation, Chapter IV addresses the replacement of the state and its integrative functions, the emergence of consumer-culture, and changes in the meaning and discourses of social mobility, poverty and inequality, as these are connected with credit practices and indebtedness. I also describe in detail the social diversification of credit, the macro-trends of indebtedness in detail, and the diversity of credit practices.

Chilean society embraced consumer culture, massively from the 1990s. Social mobility appeared to the common people as a matter of individual effort and the possession of consumer durable goods and/or symbolic commodities, rather than a collective objective related to the rights to a minimum welfare. However, debt does not always contribute to individualisation. For instance, together with store credit cards, the interviewees of my sample borrow cards from relatives, friends, and colleagues, when they are temporarily out of the formal credit market. In my sample, the practice of borrowing others’ cards was quite common amongst those who try to avoid credit formally, or for those who simply cannot access credit, either because they are under financial penalty or lack their own ‘indebtedness capacity’ at some point of their lives. The practice of borrowing cards from friends and relatives evidences how market devices are recycled into social relationships. I analyse this and other practices in Chapter V.

Credit is inserted in the purchasing and budgeting practices of lower and moderate-income families, and as a consequence, it became highly normalised for Chilean households, as I
also argue in Chapter V. This normalisation allows elaborate and coherent moral narratives that help these families both to justify their past economic actions and to develop their actual and future economic arrangements. The normalisation is recursive, the more they use credit, the more they need it.

This normalisation of credit is in no way a comfortable, effortless process. On the contrary, credit is a dangerous presence within households. In Chapter VI, I show how credit is inserted into family dynamics as a means of reinforcing family roles, as a tool for being a family provider, as well as for family aspirations. Credit narratives imply that households lie on a continuum from empowerment to exploitation, ranging from managing ‘assets’ for appropriating opportunities to defaulting and so being cast into a social drama. Credit looks ‘sensible’ in situations where family ties and emotional economy may be at stake. Gifts, aspirations and family projects occur through credit practices, and they can be visible in family dynamics, becoming part of the values transmitted from generation to generation. According to households, discipline, responsibility and order are essential in the ethical matrix of credit users.

Chapter VI also examines the household as an economic unit. Households are the place where the economy occurs and structures people’s everyday activities to provide for their needs and well-being. Households are the place when resources are organised, managed and used amongst household members for economic purposes as well as for moral and emotional needs. Practices of care, parenthood, and teaching intertwine with livelihood and social achievement within households, which involve a system of decision-making and management practices. Households work within the boundaries of a market society. Therefore, they have to deal with the financialisation of consumption, the banking and credit expansion, and the need to domesticate all of these processes. This approach does not imply the absolute disregarding of self-interested motivations, but requires that attention be paid to the empirical question of how the economic life occurs.

In Chapter VII, I address practical socio-economic rationalities as a key element in the pursuit of the social goals of households. The relationship between these general principles of moral justification and people’s strategic management of assets depends on these rules of justification, but is also a question of social opportunism, and the pressures of a vulnerable socioeconomic position. Families elaborate a coherent rationality integrating various sources of action, including calculative regards. From this perspective, economic rationality is not a unique, ideal way of acting, but rather a construct that differs between groups and individuals. Households do not react mechanically to a decrease in the interest rates. An utilitarian logic is certainly present in the economic actions that they perform, but they strategically take into
account their moral obligations and social aspirations as well. This produces pragmatic economic action. Additionally, as economic actions are made up of moral and social elements - it couldn’t be different- they produce, reinforce or damage social relationships. The weight of credit is linked to social and moral hierarchies that define the legitimacy of the use of credit and its objectives, and the collective wisdom behind these valuations; for example, in what situations, terms, and the items purchased using credit. Users of credit also assess its use closely with its risk and opportunities. Credit can be good and/or bad, it is just a ‘necessary evil’.
CHAPTER II THE SOCIAL STUDY OF CREDIT

2.1 INTRODUCTION

This research focuses on the everyday encounters with credit of people in lower and moderate-income households in Chile. In this chapter, I set out the theoretical context for my research. I critically examine the accounts of credit set out in economics, in theories of consumerism, and in the ‘colonisation’ of domestic practices by financialisation, arguing that such approaches present too narrow and instrumental an account of credit. Instead, I turn to a more cultural approach to understanding credit, which locates it as a practice embedded in social relationships, moral considerations and specific contexts.

In addition to a critique of the limitations of economic understandings of credit and debt, in the second section of this chapter, I argue that to analyse credit merely as isolated economic actions, motivated by self-interest, is as problematic as analysing it as a social problem deriving from the pathology of individuals, the framework adopted in financial education programmes in Chile. I also criticise some sociological conceptual frames, including the consumerist approach of Bauman (1998). It is necessary to develop instead an account of how moral and relational practices are bound up with calculating and cost-benefit operations in order to fully understand how people ‘normalise’ credit and indebtedness. Typically, they develop ambivalent and practically situated meanings about credit and debt, in ways which often contradict the assumptions of the frameworks of mainstream economics, economic psychology, and consumerism.

Financialisation is an empirical process entailing the growing dependence of households on financial devices to consume and to execute other everyday activities. However, in the third section, I argue that the discussion of financialisation - in particular the ‘financialisation of everyday life’ (Martin, 2002) - relies too much on the individual as the economic unit, and on the enactment of subjectivities, so tending to ignore or downplay the different attachments that individuals have to their families. Such approaches adopt a particular angle on the idea of the ‘domestication’ of finance and the emergence of ‘investing subjects’, ‘borrower subjects’ or ‘economic citizens’. Whilst they offer an account of the way in which financial devices have penetrated the domestic sphere, they are limited in their ability to address the changing nature of practices, the pragmatism of households when dealing with economic situations, and the use of finances in the context of livelihood strategies. They also concede too much ground to economic models of social practices. Instead, I rely on the idea of a two-way
process between finances and households, i.e. some financial logics penetrate some households, but financial devices are also adapted to the situated practices of households.

In the fourth section, I use the framework of moral economy to explore how moral, emotional, relational aspects shape practices in grassroots economies, contesting the standard economic approach to credit and debt. The moralising accounts that ordinary people use to justify their past and present use of credit go well beyond those found in accounts of isolated economic actors engaged in processes of rational choice. I argue that to understand such everyday encounters with credit, we must adopt the lens of moral and cultural economy. I develop a cultural understanding of the economy, one which starts from the moral and relational foundations of economic practices, arguing that to understand credit practices we must examine the norms, values, attitudes, and grassroots moral economies which constitute them, essentially focusing on how subjects deal with and interpret structures (Lamont & Small, 2008; Sayer, 2007), in this case the expansion of credit. This approach is in contrast to the neutral approach of economics, which considers credit as an individual and decontextualized practice (Beinhocker, 2007; Blanchard & Galí, 2010; Mankiw, 2002). The cultural economy – the situated values and norms which govern people’s practical economic encounters – is the backdrop to how the legitimacy and necessity of credit use is assessed by families, a practical assessment which includes their views about aspirations and social justice.

Having dismissed the analysis of credit from an instrumental, individual, ‘mental health’ or macro perspective I propose, in the fifth section of the chapter, practice theory as an effective way to understand the use of credit as a practice. Practice theory offers a very different perspective on consumption behaviour and consumerism, seeing people’s consumption choices as less a question of their individual taste or self-expression, and more as a feature of the practices they are engaged in. From this perspective, as Warde (2005: 137) argues, ‘consumption is not itself a practice, but is, rather, a moment in almost every practice’. Using practice theory, Warde argues that it is the conventions of specific practices which steer consumption behaviour rather than individual motivation or taste, so that ‘practices, rather than individual desires... create wants’ (Warde 2005: 137). Using a cultural economy approach, I argue that we must focus on everyday household practices of provisioning, care, obligation and budgeting in order to fully understand people’s practices of credit and debt.

I rely on a cultural approach to the notion of economic rationality instead of using a rational choice model of utility-maximising behaviour (Goldthorpe, 1998). I prefer this cultural approach for several reasons. Firstly, in this thesis I highlight the presence of emotional, moral, and relational grounds for the economic practices of households. Secondly, assuming a uniform
and universal rationality amongst the users of credit is not useful for understanding the diverse meanings of indebtedness. Thirdly, as I will argue, the empirical examination of families pursuing credit shows that their strategies often contradict or reverse the logic of a cost-benefit analysis. The idea of a rationality based on grounds other than calculative behaviour is broader and integrative of dissimilar sources of actions, but retains the idea that families are engaged in a coherent rationality in order to achieve their goals. From this perspective, economic rationality is not a unique, ideal way of acting, but rather a construct that differs between groups and individuals.

Through the development of the empirical chapters, I show how credit has and contribute to reinforce moral and relational ‘functions’ within the boundaries of families and communities. Moreover, the parallel between the socially diversified expansion of credit and the debt trajectories of users is one of the key elements for understanding the normalisation of credit as a process. Finally, the lack of straight concordance between credit and debt for the interviewees – in contradiction with mainstream economics – vindicates the role of the everyday understandings of the economies, elaborated and negotiated by households.

2.2 FRAMING CREDIT, DEBT AND CONSUMPTION

2.2.1 Credit, consumerism and the sovereignty of the consumer

The point of departure for this research is distinct from a ‘social-problem’ perspective on credit and debt, as found in accounts of consumerism and over-indebtedness. In this section, I argue that kind of analysis is not enough to address the social meanings of debt and the everyday rationalities behind credit practices, themes which will be empirically addressed in Chapter VII. I concur with the idea that ‘persons confront moments of consumption neither as sovereign choosers nor as dupes’ (Warde, 2005, p. 146). This appears as a timely and pragmatic approach coming from the sociology of consumption, which appreciates the numerous criticisms continually raised against theories of the ‘subdued’ consumer (Adorno & Horkheimer, [1947] 1979), or conversely those theories that propose an ‘individualization’ of ‘identity’ and which locate consumerism within a ‘kaleidoscopic world of reshuffled values, of moving tracks and melting frames’ (Bauman, 2001, p.144-148).

Credit practices have an apparent proximity to consumption. Credit can be found in the middle of subject and object. Credit allows the consumer to get goods and satisfy needs. But do consumers’ needs generate a demand for credit or vice versa? In debates about consumer
culture and the expansion of mass consumption, credit is seen as instrumental for the emergence of consumer culture, where credit works as ‘the handmaiden of modern consumer demand’ (Carruthers & Ariovich, 2010: 86). The rise in the use of credit has been identified as one of the main transformations in financial consumer behaviour, particularly in advanced Western societies, but lately has been observed to be well established in Japan and South Korea, and to a lesser extent in Latin America (Burton, 2008).

The expansion of credit for the purchase of new kinds of goods has been related to the rise of material culture in consumption. Carruthers & Ariovich (2010) exemplified this in their discussion of the growth, post-World War II, of suburban American neighbourhoods due to the promotion of mortgages by the government. These loans supported the purchase of new homes and the construction of suburban centres full of commercial facilities. Cohen (2004) also discusses how the stagnation of incomes during the 1970s in the US was not an impediment to Americans adopting the habit of purchasing massively and conveniently on credit in just one place, as in these shopping malls. The birth of the shopping mall (and its department stores) entailed the use of credit to expand consumer demand in an era of low wages (Harvey, 2005; Trumbull, 2014).

In social terms, access to credit became a social marker, necessary to avoid appearing as an outsider in a consumer society (Klein, 1999). A good credit history can be socially enabling, legitimating individuals in a consumer society. Credit records report an objective measure of citizenship (Burton, 2008) insofar as citizenship implies joining and remaining within consumers’ circuits. Conversely, a person’s presence in the national record of defaulters can mean trouble in finding a job. Credit is an elemental tool in the shopping experience, a key element in the ‘wanting’ society (Bauman, 2001) and the never-ending search of new things. The ‘never-ending desire’ for new goods requires credit, since one of the foundations of the consumerist society, described by Bauman (1998) as purchasing without barriers, feeding an emulation of consumption patterns, exuberant consumption, and ‘restless’ shopping activity. In these accounts, the primary role of individuals is to be a consumer - who appropriates and discards. Paradoxically, this main action is not to consume, but rather to choose, and to rapidly jump into another exercise of choosing, since the main values of this society are volatility, attractions, and unprecedented sensations. The satisfaction of desires is not the key, but constant desire is. A consumer society is a credit card society, not one of saving books. It is a now society, a wanting society, not a waiting society (Bauman, 2001). To sum up, this approach emphasises the use of credit as part of the construction of consumer society, founded on individual choice and restless desire, and is linked to the causes of consumerism and conspicuous consumption. Such an
approach only takes credit as an individual practice, used to finance life-styles and so, indirectly, the construction of identities. This approach does not consider the use of credit in the context of deprivation or as a family decision.

Depictions in the media of credit and debt are usually associated with the individual’s isolated problems or more generally frame credit and debt as a wider social problem. Consumerism and over-indebtedness used to be portrayed as a perfect pair in the media and in some money advice services personal profligacy is related to credit card practices. But is credit so impulsive? Warde (1994) critiques Bauman’s idea of the anxious consumer and the role of advertisement in this. For Bauman, the consumer feels anxiety for consuming, and advertisement helps to calm this anxiety by advising consumers and giving valuable information about products and services. By contrast, Warde thinks that advertising is a source of anxiety in itself, when it pressures consumers, and reminds them of what they lack or have in excess – as in bodily appearance. Moreover, for Warde, some people love shopping and others hate it, so consuming is ambivalent and requires a specific characterisation. If consumption is anxiety-provoking per se, all of humanity would be hysterical. So, for theorists like Warde, the self-identity features of consumption can be over-estimated, and its other functions must be recognised as still important. When consumption provokes anxiety, it can be for a lack of resources, not only for errors in the self-identity process. Having one’s finances under control can be very stressful and is indeed a responsibility (Warde, 1994).

A problematic assessment of credit emerges from both the choice perspective (Bauman, 2001) and from the consumer dupe perspective, i.e. which sees consumers as impulsive and easily misled (Slater, 1997), especially by the advertisement industry (Horkheimer & Adorno, [1947] 1979; Moulian, 1997). The choice perspective describes social mechanisms of consumer credit by primarily referring to extreme consumerism, restless wanting and conspicuous consumption. But this picture presents an exaggerated and distorted image of consumer society overall, since a great deal of consumption is much more mundane and practical.

However, when leaving the consumerist paradigm behind, credit is presented by market and governments as a helpful tool for mediating and negotiating mobility projects, social aspirations and class meanings, as well as its use being understood as a ‘sensible’ thing to do (Van Bavel & Sell-Trujillo, 2003; Olsen, 2008). When people engage in credit they do act sensibly, according to common sense i.e. what usually is thought of by the collective as the reasonable way to act. Using credit means doing what is needed to make do for achieving goals in neoliberal settings like Chilean society. This ‘economic common sense’ works under the

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8 See also the criticism of the moralising view on the use of credit-consumption in Miller (2001).
assumption of a social and cultural approach to economic practices, against the dominant
stance in economics about the unique ‘economic rationality’ of isolated individuals. So, as will be
shown in Chapters V, VI and VII with my empirical data, it is not pure market logic that we find in
credit practices, but instead a pragmatic approach to solving problems, dealing with daily issues,
and achieving goals. Credit practices and household economies are not only about acquisition
of consumer goods, but about being integrated, leaving poverty, and gaining respect. Credit is
about mobility, self-esteem, and being decent.

In this section, I have explored approaches where credit is seen as instrumental for the
emergence of consumer culture. In many such approaches, credit has usually been understood
as an individual problem (as in cases where over/indebtedness is seen to be caused by ‘living
beyond your means’), or linked to consumerism as a post-modern ‘social pathology’ (which
focuses on the creation of false wants and the allegedly unstoppable desire for consuming and
discarding new items). I have argued that it is problematic to consider credit practices as a
purely individual, economic activity guided by self-interest, drawing on the criticisms of models
of the sovereign consumer or consumer dupe. I propose instead to understand credit as a
practice which is embedded in the everyday life of families, and as such, as intermeshed with
relational and, moral practices. Avoiding the consumerist paradigm, we can examine how credit
is a social asset (and constraint) for families, in a similar way to money.

2.2.2 Is credit just a form of money?

When facing a till in a supermarket, the automated or human cashier surely will ask us
‘card or cash?’ At first sight, credit resembles another method of payment. Aside from that,
credit shares other properties with money. However, I argue that to the extent credit is
understood as a practice embedded in social, relational, and moral considerations, credit differs
from money and has its own ‘social life’, beyond their role in financing the consumption
expansion. Indeed, there are material and operational differences, but there also more
meaningful differences in the realm of family valuations

As discussed in the previous section, one of the main reasons why credit has been
understood as key in the development of consumer societies is its strong relationship with
money. For instance, the conventional economic approach (Mankiw, 2002; De Gregorio, 2007)
considers credit as a method of payment which differs from paying in cash in terms of
temporality. Therefore, the greater the availability of credit the greater the capacity to consume.
In a similar way, Carruthers (2010) points out a strong relationship between money and credit.
He considers credit as the flip side of consumption and a silent partner of money in economic development. Indeed, he places credit in the same sociological category as money, therefore his sociological characterization of both money and credit is extensive. However, Carruthers’ starting point is that money and credit have effects that go far beyond the economy, and both are affected by non-economic factors, like interpersonal relationships; he establishes the role of debtor and creditor within the structure of social relations in a broader way. In this, I agree that the practitioners of credit give meanings to credit devices, according to their goals, plans, practices, and moral and social assessments, as shown with my data in later chapters. Credit is not only a market issue, for it also exists outside the market. Money and credit are generally understood as matters of standardisation and fungibility, but their meanings and understandings are also socially developed. It is important to recognise that both money and credit are to some extent abstracted from concrete social relationships, and their mechanisms of operation partly depend on generalised systems of trust, standardisation and fungibility. However, we also have to recognise that money and credit take on different meanings within different practices. I shall examine both emphasises within different analytical approaches within this section.

The fungibility of credit is supported by the technology of electronic credit which allows the availability of credit almost everywhere: in shops, restaurants, hospitals, universities, undertakers, taxis, and so on. Standardisation is based on the complex system of scoring credit rates, created by financial institutions to develop a prognosis of the economic behaviour of their borrowers using socio-economic and even cultural inputs. In the same way as money, credit is used for achieving and distributing resources and thus has a relevant connexion with social inequality due to its uneven access (Carruthers, 2010). But there are significant differences between money and credit because, compared to money, credit is less material (only credit cards are visible, loans are not), and has also massive use. Indeed, in many countries, people use cards more than cash. Carruthers (2010) identifies two distinctive features of credit. Firstly, credit is an ‘unbalanced’ transaction, whereby commodities go from seller to buyer, but no money goes from buyer to seller, and instead, the seller receives a promise to repay. Secondly, credit involves inter-temporality, when a creditor delivers money to a borrower in exchange for a promise of future payment. Following Carruthers, we can also argue that credit is non-generalised because there is one lender for one borrower. Credit implies a deferred, uncertain claim, different from money since money is ‘immediate’. Credit includes promises and trust, but not in the same way as money, since money involves a generalised trust in the system that supports monetary exchange and perhaps in the economy of a country. Credit’s trust is placed
in a family or a person, or even in an organization. However, credit is increasingly dependent on organised, worldwide systems, especially credit cards. Even if money does not destroy social relations, then it does tend to standardize some parts of them (Carruthers, 2010). In the case of modern credit, this role of standardisation falls to credit scoring and risk assessment procedures, which introduce numeric, objective and impersonal treatment between creditor and debtor. Electronic money is another empirical standardization, related to the expansion of credit card use (Carruthers, 2010). This practice requires a complex coordination system to make payment cards more effective around the world, which combines expenditures, banking information and credit limits. Thus, credit (and debit) cards become universal and so too its trustworthiness, being accepted worldwide.

Beyond these material and operational differences between credit and money, like their standardisation and fungibility, a rather different approach to credit can be derived from Zelizer’s account (1997), in which credit appears subordinated to money, and which considers the two analytically inseparable, which can be a disadvantage for the sake of our understanding of credit. However, I underline Zelizer’s key concept of earmarking. In this concept, Zelizer sets out the variable social meanings of money, indicating that ‘not all dollars are the same’ and that there are limits to the fungibility of money, as people distinguish between different social uses and meaning of money depending on the contexts and practices within which money is deployed. People ‘earmark’ monies according to their origins and uses (into gifts, pin money, food budgets, shoe funds, pocket money, etc). Not all monies are good for all purposes; they are often weakly or not at all fungible, and are morally categorized by households, according to their origins and their uses. In addition to this, household money - and credit - practices can be seen as an expression of value for families, focusing on the daily and monthly management of money and credits, budgeting, planning, separating and organizing (Lave 1988, cited in Zelizer, 1997). Indeed, budgeting is a special category of earmarked money. One value of Zelizer’s theory of money is the possibility to extend its concept of earmarking to modern credit, as I propose to do in Chapter V. A second important contribution of Zelizer is that she places an emphasis on the ability and willingness of families for dealing with and appropriating the meaning of money, through the earmarking process. The list of social interactions or purposes related to the earmarking of money is vast: intimacy, honour, status, social ties, among others. As with money, credit is a socialised practice much more than a solely economic or standardised neutral activity.

Going from the abstract analysis of standardised and fungible money to the empirical approach to credit, I argue that we must attempt to synthesize Carruthers’ and Zelizer’s
propositions, going further to show how credit must be culturally understood through, for instance, its uses in earmarking, and its embedding in moral and concrete social relations. There are three key points about money that can be extended to credit: (1) money exists outside of the market sphere, thus is affected by social and cultural dimensions; (2) although it is used as a rational exchange medium it is also engaged with the values and norms of particular social relations; and (3) the description of earmarking processes of money can be adapted to credit, as the latter is also socially constructed. Moreover, one might expect that credit is even ‘more social’ than money, since anyone can be a lender, but it is not possible for anyone to personally issue legal-tender - although a cheque is a kind of personal banknote.

Credit is another form of money, indeed; so, when it became more accessible, it increases the capacity of consumption. But both money and credit also exist outside of the market. They are far from being fungible and standardisable. They involve trust and social relationships. In concrete ways, credit and money can perform similar functions, but they provoke different social and moral meanings, as for example when a holiday is paid for in cash or using 24 instalments with a credit card – as I will show in later chapters. Both money and credit are inserted into family dynamics. The difference between money and credit however lies in the dual assessment that households give to credit: according to the people of my sample credit can be good to foster aspirations and projects, but credit is also hazardous. Overall, as with money, credit is a socialised practice more than a solely economic standardised neutral activity.

2.2.3 The moral foundations of debt and credit

Graeber (2011) offers an anthropological approach to debt. He argues that debt is a flexible concept and entails a moral statement about responsibilities, fairness and trust rather than being a solely an economic issue. All human relations involve debt since they are all morally compromised to the extent every time you do something for any other person, that person is in debt with you, and vice versa. Actually, those who act like they do not owe anything to anybody are criticized. Debt is defined by Graeber as an exchange that has not been brought to completion; so, until debt is cleared the imbalance in exchange remains. Graeber argues that three kinds of morality are the basis of economic relations in terms of equality and inequality: (1) communism, (2) exchange, and (3) hierarchy (Graeber, 2011). I will focus on his discussion of exchange and communism, as in my view these two show the challenges that modern credit operations present for a non-economic approach to debt.
In Graeber’s account exchange morality is all about equivalences and often competition. Both sides are keeping accounts – unlike, say, in communism. Exchange morality allows us to cancel the relationship at the time that things became settled, and so no debt remains. It is an impersonal form of relationship, although even in the most impersonal of shops, staff are required to be kind and to simulate friendship (Graeber, 2011). Indeed, banks and department stores offering credit are always recreating the image of family life in community. When there is no further obligation each of the two parties are equally free to walk away, ending the relationship. This implies autonomy. However, when using credit as a regular source of funding, as in the Chilean case, it is impossible to ever walk away, so the autonomy of debtors is challenged. In this context, the earmarking of money may also affect debtors’ payment behaviour. For instance, someone who gets a credit for leisure purposes may not feel as overwhelmed by the sense of debt as another person who borrowed to pay some medical matter (Carruthers, 2010).

Trust is an important issue concerning debt. Credit per se is an asymmetrical relationship, where the lender’s risk is less than that of the borrower, but there are remarkable differences between personal and institutional lending and borrowing. In informal credit, the supplier must trust in the intentions of the debtor, and vice versa. As we have seen, in this case, one creditor has to trust in one particular debtor, “his” debtor i.e. the one who is borrowing money from that creditor. Whereas in the case of money, people accept the value of money because they have trust in the whole monetary system, not particularly in those who pay us with money (coins or bank notes) (Carruthers, 2010). In modern credit, Debtors are forced to trust in creditors although it is feasible that non-regulated suppliers of credit can take advantage of households needs for credit or their financial ignorance (James, 2012).

In order to manage trust, particular creditors try to reduce vulnerability and uncertainty by collecting information about debtors and their willingness to repay (Carruthers, 2010). Conversely, institutional lenders, such as department stores, will offer small amounts of credit to households for marketing reasons, knowing that some of them will not be able to pay. These creditors try to “sow” (Ossandón, 2013) customers using credit supply, focusing on low income households who are targeted as potential users of credit for the very first time. Trust is subordinated to the goal of reaching new customers, in this case. Nevertheless, the relation between formal creditor and debtor is usually characterized by the intention of the former to reduce their vulnerability by setting the size, interest rate and length of the loan, and creditworthiness has become more impersonal due to standardization of these measurements. Modern credit is based more on standardized assessment and accounting requirements, and
has been considered as a rational realm into the realm of consumption (Langley, 2013). Nonetheless, juggling with multiple debts may blur the real income of households, complicating the ability of households to calculate their own financial condition. In the practicalities of the Chilean case, households can hide their department stores debts to the banks, so they can access to more credit that they are allowed, according to the banks regulations. Moreover, both banks and financial retail have a long history of taking advantage of customers whether imposing their T&Cs or bluntly making information about credit costs hard to find.

For money loans, all that is required is two parties on an equal legal ground. A money loan is more legal than moral, and therefore can be forgiven more easily than a moral debt. However, Graeber (2011) reclaims the moral foundation of economics, arguing that market vocabulary and mathematics have entered into social relationships and thereby the sense of morality, causing confusion. The language of the market has pervaded every aspect of human life, including debt. In this argument, Graeber shows a growing scepticism about the real ability of people to challenge the invasion of society by markets.

Theoretically, human relationships based on communism operate on the principles of from each according to their abilities, to each according to their needs. Everyone acts as a communist a good deal of the time, but not consistently. All societies, even the more capitalist, have always been built on top of a bedrock of actually-existing communism, since any society is about cooperation for a common project, as the foundation of all human sociability. As communism is a principle of morality different from property ownership it is possible to claim that this sort of morality is almost always at play to some degree in any transaction, even in commerce. For instance, shopkeepers can reduce prices for the needy, and at the same time, can overcharge for a king, according to Graeber (2011). Nonetheless, in modern, unequal societies like Chile, the situation is the opposite. Credit suppliers charge lower interest rates to the affluent and higher rates to the riskier, usually the poorest. The difference between interest-free and interest-bearing credit, including usury, is a key moral economic issue. All religions are critical of the practice of lending money with interest, so it is necessary to establish a moral and political difference between free-interest debt and bearing-interest credit which led us to the core issue of social justice and exploitation. Charging interest is crucial for reproduce unequal economic positions.

In chapter VII, I empirically explore the sense of exploitation that some debtors experience. Exploitation in the creditor-debtor relationship was already pointed out (Marx, 1992) at the dawn of capitalism. Those who were in the position of charging interest to others were also extracting surplus value from debtors, in the same way that capitalists from proletarians.
This surplus value is indirectly taken from the workers’ value. Therefore, in a massively indebted society like Chile, most workers are exploited by both employers and institutional lenders. What is particular for the Chilean case is that for a considerable group of workers, namely some layers of the post-industrial working class, their employer is also their creditor, such as department stores, as they are the main source of credit for such lower income groups. Eventually, it is usual that these workers receive incentives for selling items on credit and directly encourage store customers to take loans or credit cards. They became agents of financialisation. They need to work under the rules of financial capitalism to achieve sales targets and also to reproduce their families. As mentioned in Chapter VII, the sense of exploitation is experienced in everyday life as ‘working just to meet the repayments’. On the other hand, when families operate under the assumption that they only need to make suitable monthly repayments within their monthly budget, no matter what the total cost of credit, exploitation is obscured but nevertheless remains.

2.3 THE FINANCIALISATION OF HOUSEHOLDS

2.3.1 The financialisation of everyday life

The financialisation frame has been the usual backdrop for most discussions about the ‘new capitalism’ and the financial crises of recent years (Montgomery, 2009; French, Leyshon & Wainright, 2011; Lapavitsas, 2013; Roberts, 2013; Lazarus, 2017). In this section, I examine one of the streams in this debate, focusing on accounts of the ‘financialisation of everyday life’. In what follows I shall draw on some of the useful assumptions set out in these accounts, but also critically examining how the dynamics of ‘domestication’, the scope of financialisation, and especially the ‘manufacturing of subjectivities’ are presented, in the process arguing for a more situated analysis of the ‘financialisation of everyday life’, in the actual domestic settings of more deprived households (as will empirically examined in Chapter VI). I argue that the financialisation frame is excessively based on the individual as the economic unit of analysis and focuses on financialisation in terms of the enactment of subjectivities, and so tends to ignore the different attachments that individuals have to their families in the form of moral obligation of provision and care. I offer a critical assessment of the theoretical foundations (mainly Economics and Economic Psychology) of official Financial Education programmes, whose involvement with part of my sample I also analyse in Chapter VII. In broader terms, the growing saliency of financial education is a consequence of the financialisation of everyday life, and relies mainly on the view
of the consumer as a dupe, or as an isolated, consumerist individual as previously discussed in section 2.1.

Financialisation is a concept widely treated in political economy and to a lesser extent in economic sociology and economic anthropology. It comprehends at least three areas: (1) the growing power of financial logics in society and in the management of states; (2) the dominant position that financial firms and shareholders (Erturk et al., 2007) enjoy in contemporary capitalism; and (3) the boom in the dependence of individuals and households on financial instruments for their subsistence. This last approach has been labelled ‘the financialisation of the everyday life’, meaning the incorporation of logics of risk and accounting to unprecedented domestic domains (Martin, 2002). These accounts of the financialisation of consumption point to people’s increasing dependence on debt to meet daily needs, whether daily essentials or social and ritual events (Lapavitsas, 2013). In the Global North, the process of the ‘financialisation of everyday life’ is explained by the ‘privatisation of welfare’ (Crouch, 2009), where the retrenchment of the state in the provision of housing, healthcare, pensions, education in the advanced societies has caused a turn to the market provision of these services, mainly financed through debt.

Recently, a growing group of scholars has developed the concept of the ‘domestication’ or ‘domesticizing’ of finances as a modification or a contextualisation of the idea of a blunt financialisation of everyday life. Langley (2008a, 2008b) and Marron (2007) posed attention to the ‘technologies of financialisation’ and its role in the emergence of ‘investor subjectivities’ and financially ‘self-disciplined subjects’. Focusing on the on-line tracking of ‘financial subjects’ that credit firms make in order to predict their creditworthiness, Langley considers that in this way the domestic realm is expanded by financialisation, because ‘domestic’ data like everyday purchases pervades financial networks of calculation. The development of investor subjectivities and financially self-disciplined subjects is the consequence of the financialisation of households; producing subjects who are responsible, calculating and reflexive in their everyday financial affairs (Marron, 2014). However, if self-discipline is the neoliberal translation of frugality this figure would be contradictory to the good consumer needed for the expansion of markets.

For Pellandini-Simányi, Hammer & Vargha (2015) finances are ‘domesticated’ since, in the case of Hungary, mortgages are ‘appropriated’ and inserted into already existing relationships and ways of doing-and-thinking about everyday life. Mortgages permeate everyday discourse, and the temporalities and aspirations of individuals, but financialisation is more an interplay between these two logics – the logic of domestic economies and the logic of finance - that changes the everyday lives of people, changing their routines, values and
practices. In a similar but more material approach, Deville et al. (2016), propose that users are affected by the massive and frequent use of financial devices, but at the same time these devices are also acquiring new properties and meanings. Therefore, everyday finances have a performative role in the manufacturing of ‘borrower subjects’, under the assumption - shared by financial inclusion policies - that finances are a complicated issue for households. People react by ‘domesticizing’ and devising ways of using financial devices, i.e. each new financial product is anchored in the prevailing values, attitudes, habits, and simultaneously shaped by the user.

However, there is much emphasis on individualism and subjectivities in the financialisation approach, minimising the attachments that individual finance users have to their families. As I argue throughout this thesis, the model of the ‘investing-subject’ (who takes risks and acts in a manner economically informed by financial education with self-discipline enforced by financialisation) is not the only way to see credit in everyday life. Instead, I suggest that many of the features of these ‘investing-subjects’ are not exclusive to them, and can be found in other economic orientations. Firstly, self-discipline can be used by individuals to avoid or regulate the use of financial instruments like credit, not only to develop a ‘proper’ use of financial devices. Secondly, higher degrees of abstract financial education are not compulsory for dealing with financialisation pressures; families resort to their own arrangements, and rationalities underpinned by moral obligation and several frameworks of value. Thirdly, although some of the features of the ‘investing-subject’ are carried by heads of household, it is more analytically fruitful to focus on the economic practices of coping, where material and moral considerations join to produce economic strategies. I argue that heads of household mix instrumental market orientations with substantial moral orientations to produce resilient, creative mechanisms to cope with events which threaten the stability of families but also to feed family aspirations. Moreover, the intimate and private sphere has been always subject to calculations and ‘managerial’ work of some kind. As van der Zwan (2014) asserts, the financialisation frame cannot explain the whole range of moral attitudes to financial devices, i.e. why vast numbers of families try to avoid risks or minimise the use of credit, regardless of the success of their attempts and the normalisation of the practice. My research supports the conclusions of Pellandini-Simányi, Hammer & Vargha (2015), about the need to account for how the encounter between financial instruments and everyday life actually occurs, and underlines the point that whilst financial rationality does pervade households it does so through a process of negotiation and adaption, in the process taking on diverse meanings and practices.

According to the data of my sample, the discourses and practices of heads of household certainly incorporate features of risk, expectations and assets management, but in a more
protective mode, and in important ways partially incompatible with the model of the ‘investing-subject’. The latter is proactive, taking risks and organising their strategies to achieve their aspirations based on that risk. The ‘investing-subject’ and the ‘entrepreneur of the self’ tries to make the most of credit, and when s/he has the chance also invests in mutual funds, pension funds, life insurance and other financial instruments. I emphasise that the domestication of credit is in no way an easy process, and according to the debt trajectories of my sample, from time to time, they lose control, so they prefer the image of credit as a ‘necessary evil’.

The ‘financialisation of everyday life’ and the ‘financialisation of consumption’ have been crucial for the understanding of the recent financial crisis, the emergence of financial capitalism, and in general terms, the colonisation of everyday life by finances. Following Pellandini-Simányi, Hammer & Vargha (2015) the domestication of finances means the ‘appropriation’ and inclusion of financial devices inserted into already existing relationships and ways of doing-and-thinking in the domestic realm. According to the data of my sample, the discourses and practices of heads of household certainly have become ‘financialised’ in different degrees, incorporating features of risk, expectations and asset management, but in a more protective mode. Moral and relational issues still play an important role in how household economies are managed, and financial and non-financial rationalities coexist and sometimes clash, as we will review in the following subsection.

2.3.2 Indebtedness and neoliberal subjectivities

By entering the neoliberal era, new normativity principles were introduced into Chilean society: cost-benefit economic analyses invaded the other realms of society, such as public policy and social relationships; a high valuation was placed on entrepreneurship; and notions of perfect competition, equal opportunities and an apolitical discourse became the habitual subjects of the new authorities and the elite. At the same time, the economic system created business groups, monopolies and oligopolies in key areas, owing to the privatisation of public enterprises, the making of private health insurance companies, and the creation of private pension firms (Muñoz, 2007; Salazar & Pinto, 2002).

In this new landscape, the state was not the leading actor. Despite this, as Polanyi (1989) states, the state was crucial for creating new market rules, but sooner it became downsized. Its new tasks were merely security of the nation, macro-economic management, and the focused relief of poverty. Any significant state role in social progress or improvements in income distribution was evaded (Garretón et al, 2003). This allowed a corroding of the state role not
only in the economic sphere, but also in its mediator role between society demands and the political elite. One of the key features of this new neoliberal development strategy was its remarkable predilection for keeping society segregated and divided into isolated zones.

Neoliberalism is one way of engaging in the ‘conduct of conduct’ (Foucault, 2007), with empirical connections to everyday activities of individuals - not only an ideology discussed by academia and politics. For this type of government of society to happen, neoliberalism has promoted the rise of new subjectivities like ‘the manager or entrepreneur of the self’ (Foucault, 2007). For the making of the manager of the self, the notion of human capital (Becker, 1994) was crucial for fostering competence amongst workers through the management and the entrepreneurship of the self, e.g. the race for achieving qualifications and productive goals in labour contexts, or controlling employees’ personality and emotions through Human Resource Management activities. This was a point of departure to explain the exercise of power and control from a ‘biological’ (Foucault, 2007) and individual perspective, instead of a legal frame. The role of how economy is managed is fundamental to understand how those who exercise power aim to subtly dominate the conducts of those who are not in power, giving the impression of freedom of choice. After decades of financialisation, this ‘manager of the self’ became the ‘indebted man’ (Lazaratto, 2012). For Lazaratto, debt is the core of the contemporary capitalism, and it is a political rather than economic issue. Debt is used by governments and firms to exercise control over individuals, making a variety of social and economic incentives for taking credit.

Lazaratto (2012) thinks that the social is not constituted by exchange (economic or symbolic), but by credit / asymmetric debt that historically and theoretically precedes the dynamics of production and wage labor. However, Lazaratto also emphasizes that debt is an economic relationship inseparable from the production of the debtor subject and its associated morality. The economy of debt duplicates work in the classic sense of the term, imposing a “work on itself”, in such a way that production of value and subjectivity, work together. Moreover, debt places individuals not only under subjective control but also into material serfdom. In Lazaratto’s terms, financial inclusion and the so-called ‘democratisation of finance’ is primarily a way to increase access to being indebted as opposed to the gaining of social rights. From this perspective, it is no coincidence that Chilean neoliberalism promoted educational reform as the right to “pay and choose” for children’s education instead of the right to have high quality education. By the same token, the neoliberal promise (Lazaratto, 2012) that “all” would be owners, shareholders, and entrepreneurs, supported by both Thatcher and Pinochet, meant the making of the indebted person, instead.
Therefore, this second layer underpinning the notion of the neoliberal subject is that of debt as a form of social control, an idea mentioned as early as the American New Deal -since mortgage-owners do not go on strike- and also in Chile in the 1990s in the critic to the coming of the consumer society (Moulian, 1998). However, this indebted subject is considerably less autonomous than the subject envisioned in the idea of management of the self. The indebted subject is closer to the nineteenth century worker whose body and mind were controlled by the panopticon, rather than the consumer subject – understood as an individual who is forced to pursue selfish interests and at the same time to exert self-control. As a concrete set of government principles and policies, neoliberalism is a rationality aimed at compelling individuals to identify their individual goals, to improve their skills, and to wish for more, setting competence and individual responsibility as the dominant feature of the social landscape. The primitive accumulation of different capitals is not considered in these principles, what is important is to create a landscape where choice is inevitable. Behind any choice taken, there are allegedly, cost-benefit calculations, instrumental action, opportunity costs and the basic economic problem: scarcity. Therefore, any neoliberal policy should aim to introduce a system of choices. Chilean neoliberalism is paradoxically paradigmatic. First, health, education, and housing markets are full of choice, but not for everyone. Second, in those areas where people are more likely to choose (i.e. consumer goods), there is only an appearance of choice since these markets usually work as oligopolies or cartels, e.g. famously in Chile in the cases of the poultry industry, mobile phones, medicines, tissue paper, and so on. The credit market is a mixture of both elements. The majority of people do not have a real market choice, and in the case of department stores and its financial business, they are in fact an oligopoly.

I argue that developing the disposition to consider credit as an asset is fundamental for joining these two different layers in the making of the neoliberal subject. Assets are necessary to achieve our individual goals and, to get an asset, i.e. credit, we need to be aligned enough with the creditworthiness requirements of lenders. The notion of credit as an asset is one key way neoliberal policies attempt to overcome the issue of masses who lack capital\(^9\). At the same time, neoliberalism strictly encourages the use of credit as an individual responsibility, meaning that if we use credit well, our fate will be fine. Inequalities and poverty, therefore, are constructed in the neoliberal framework as the individual outcome of the conduct of those who are not sufficiently smart or responsible to manage themselves well enough, including in their use of

\(^9\) It can be argued that in the context of Chilean society, my sample lacks the education and credentials to match with the notion of human capital that has to be managed. However, financial education fills that gap, theoretically and the heterogeneity of the labour market with formal and informal areas gives space for entrepreneurs of different capitals, like the Low-skilled entrepreneurs.
credit. In my view, credit is understood and manufactured by the state and markets as a tool to overcome poverty in developing neoliberal societies like Chile. This is subtly different from how credit is assumed in developed society where debt is related with keeping status or poverty. On the other hand, it is evident that materially, being indebted is a result of precariousness and no safety nets. The obligation of taking debt is so important for these neoliberal subjects to achieve their goals. As I will review in Chapter VII, the obligation of making repayments is material rather than moral. It is the need to have a smooth and regular access to credit that drives people to honour their debts. Debtors take on the rules of credit, try to adapt to them, but they are very aware that these rules were written by someone else and are not intended to be in their own interests.

Debt is crucial in the production of the neoliberal subject who must assume existential precariousness as its only resource at hand or be condemned to deprivation and misery. Debt connects the systemic dimension of contemporary capitalism with everyday social practices, as a control and capture device. The obligation to repay involves the need to adopt behaviors that neutralize alternatives to financialization. Actually, if institutional lenders are not massively depicted in the debtors discourse it does not mean that they do not exist. However, I think is not appropriate to reduce the ‘indebted subject’ to only one category. Likewise, stating a new class struggle between creditors and debtors would be too simplistic and will skip differences among debtors i.e. the degree of implicit and explicit adoption or rejection of the cultural values of neoliberalism, free choice and competence, and material conditions as disposable income after repayments, exploitation rate and the odds of getting rid of debt, as I will show in chapters V, VI and VII.

Marron (2013) stresses the role of financial education in the promotion of subjects who are responsible, calculating and reflexive in their everyday financial affairs. He points to financial capability as a key element to reinforce the way governments try to conduct the conducts of their citizens e.g. governmentality (Foucault, 2007) in our society. Financial capability - as in taking individual responsibility and managing risks- is a key assumption in the framework of mainstream economics, and also diverge from another kind of calculation, based on the common knowledge of families, as planners of domestic economy (see more in Chapters VI and VII). It is also related to the calculability frames (Callon, 1998) of self-discipline, responsibility, and technological management (Langley, 2008). However, departing from governmentality, Marron calls virtualism what for Foucault would be the ‘conduct of conducts’. virtualism is the power of economics to shape and bring to the forth financial capabilities, for instance, how the real consumer fits with the abstract model of neoliberal economics, thanks to financial capability.
programmes (Miller, 1998). Virtualism could be useful for exploring how households deal with this attempt by market and state to fit them into this abstract model. In my view, this virtualism is another layer to the performativity of economics. In this case, it is not about the creation of markets, but about the prescription of particular ways of measurable financial behaviour. As I will review in Chapter VII, the government boasts of a solid knowledge of their consumers-citizens and its weaknesses, and on that basis, is able to indicate people how to behave in financial terms.

2.3.3 Educating the rational debtor

One of the effects of the financialisation of households has been the emergence of financial education as a discipline and as a feature of public policy. I argue that the financial education concept, based on *homo economicus*, and rational normativity, denies the knowledge of households. Instead, it ignores the structural role of the suppliers of credit, transferring the main responsibility onto financial consumers. In fact, financial education tries to create this responsible subject, who is calculating and reflexive in their everyday financial affairs (Marron, 2014). Financial education shares orthodox understandings of consumer behaviour (see section 2.2). Hence, it focuses on the rational choice of the individual and economic behaviour decontextualized and disconnected from social and moral foundations; the treatment of indebtedness and consumerism as social and psychological problems; and the image of a ‘dupe’ consumer-debtor. The problem with such understandings is that they exclude other motivations and structural features underlying credit, such as moral obligations, inequalities, and the position of credit providers.

There are two ways to see credit from an economics frame. First, credit is seen to smooth consumption cycles (i.e. so that consumers can have something now instead of waiting for tomorrow), and, second, a credit is seen as a way of managing the shocks of decreasing income. In financial terms, there are conventional definitions about indebtedness and over-indebtedness, and credit is regarded as equivalent to debt. In this framework, the financial subject’s decisions about how and when to use credit are elaborated in a cost-benefit analysis, taking into consideration prices - interest rates - and opportunity costs, like saving instead of getting indebted (Gallegos & Butelmann, 2000; Aparici & Yáñez, 2004; De Gregorio, 2007; Mankiw, 2002). This rational picture is not completely inaccurate, as I shall argue in the following chapters. People do use credit for facing emergencies and for when they want to achieve things, like making a home improvement now instead of two years later. It is certainly the case that, if
they have the chance to do so, people will ‘browse credit’ before getting a loan with a bank. However, the neutral, rational device of credit is not so pure and easy to use. According to context, things are complicated.

For instance, what happens when people do not take into account the total amount of money they already owe before getting a new loan, or when they pay attention just to the monthly repayments instead of the total price of an item? They are contradicting orthodox micro-economics assumptions, about information, ‘economic rationality’ and calculation. They are also contradicting the accountability frame of the neoliberal citizen by being irresponsible in financial management. The moment of debt acquisition could be framed in terms of at least two scenarios, constraint and anxiety. Constraint frames debt acquisition because, despite the narratives of an overwhelming freedom of choice, in this context the social constraints of a lower-income, or a bad-credit history, makes little choice for anything but high cost credit, like store cards. Anxiety frames debt acquisition because the urgency of the need for credit can make the credit terms irrelevant. Interviewees frequently see a mortgage (Allon, 2010), educational loans, medical treatment or simply school uniforms as infinitely more important. People do not strictly calculate everything (Bourdieu, 2003). The encounter between financial instruments and everyday life does occur, showing that financial rationality does indeed pervade households, but this encounter is not one-way, with financial rationalities also negotiated, adopted, and adapted.

The individual *homo economicus* is the basic assumption that informs the programmes of financial education that are run mostly by Chilean government agencies, heading to a convergence in the National Strategy of Financial Education. In general terms, this frame has had an influence on household finances. Therefore, it is not a surprise that the common grounds of financial education programmes in Chile - in which part of my sample participated - are psychological and economic frames, aimed at correcting people’s financial behaviour. In Latin America, financial exclusion/inclusion is an ideological discussion between mainstream and alternative politics. Chile has been acknowledged by economic authorities as a pioneer in the financial inclusion of lower income and less advantaged groups. By contrast, countries like Peru, Colombia, and Ecuador are running financial education programmes, before the full financial inclusion of citizens (especially in rural and deprived areas) has occurred. Brazil shows a growing penetration of financial services led by both the state and the market, and Argentinian households have spent the last decade trying to recover their trust in banking institutions after the collapse in 2002. However, it seems no coincidence that the Chilean neoliberal authorities put emphasis on financial education issues, as addressing people’s ‘financial education’ is
considered one more step to the de-politicisation and individualisation of citizens (Marron, 2014; Soederberg, 2012), and, of course, to getting them indebted. The distinction between the introduction of financial devices and a full reliance on financial practices for domestic household management is crucial when talking about ‘financialisation’ in Chile. In the late 1970s and in the 1980s, bancarización (i.e., the higher penetration of banking services) was aimed at the upper and upper middle-classes, and led by banks. From the 1990s, financial inclusion was a ‘retailisation’ process, i.e., the dominant position of large retailers in the provision of domestic and personal financial services such as credit cards, consumer loans, cash advances, car loans, holiday and wedding financing, and insurances. This process included the increasing relevance of large retailers in the provision of job positions, and their prominence in the offer of all kind of items for consumption. Chilean society experienced the financialisation of education, housing, healthcare, and pensions at the same time as the credit expansion took off, with this first aimed at the middle-class, and then at the lower classes (see Chapter IV). The requirement of responsibility in neoliberal society leads individuals to treat budgeting practices as a disciplined, well-organised, and demanding task. Indeed, being the subject of credit is also a proof of creditworthiness in a broader sense. Therefore, financial education is needed, according to its providers. It is taken for granted that poor people are struggling with financial issues due to a lack of education or interest.

With financialisation, financial education has emerged as concern for public policies. Chilean financial education is embedded in psychological and economics frames, aimed at ‘correcting’ people’s behaviour. However, things are more complicated. Indeed, people can encounter the moment of debt acquisition faced by different considerations, which implies that moral and social assessments coexist with economic calculations. The Financial Education framework also does not consider the role of institutional lenders, the economic knowledge of households, and the real economic life of households. This economic life is based in concrete relationships and moral obligations which coexist with calculation and market rationalities in people’s credit and debit practices, as we will address in the next section.

2.4 THE RELATIONAL AND MORAL LIFE OF HOUSEHOLD ECONOMIES

I have criticised the individualised, neutral, and psychological approaches to understanding credit practices, and I have argued that we must examine what is happening in the grassroots economies which constitute credit practices in order to understand the complex causation behind them. Therefore, we must build on different regards in order to develop a
cultural understanding of the economy, considering the moral and relational foundations of economic practices (Lamont & Small, 2008; Sayer, 2007), in this case, how households have dealt with the expansion of credit.

As I reviewed in section 2.2, Zelizer (1997) establishes the social meanings of money which exist outside the market, which I extended to the use of credit in times when credit is as ubiquitous as money, as in the case of Chilean society. These social meanings are developed through the process of ‘earmarking’ which is an empirical way in which people ‘react’ to the ‘corrosive’ power of money. In discussing the ‘earmarking’ process and in economic life in broader terms Zelizer also focuses on the moral and relational nature of household economies i.e. how people use money to build and reinforce social relationships and valuations. Zelizer sets out some key points for the analysis of money: (1) Money is key for modern markets, but also exists outside the market and is influenced by social and cultural forces; (2) There is no single, uniform and generalized money, but multiple monies; (3) People create – earmark - monies according to social interactions; (4) money can be as singular, as the most personal and non-transferable object; (5) the power of money is controlled by cultural and social structures. From Zelizer’s perspective people use money to create and reinforce relationships and so we must understand money in terms of those relationships (Zelizer, 2012). Some economic practices are certainly covered by a cost-benefit analysis, e.g. in an ordinary purchase like buying one can of beer, there will be no greater analysis that it is better to pay by cash or credit card, or in an extraordinary purchase like a house, a family will take the time to compare the best mortgage available, to the extent possible. Nonetheless, there are others in which people adopt a less calculative and more moral approach, e.g. when it is time to indulge children on their birthdays or when a health problem arises. In those cases, moral obligations come above the cost-benefit analysis. Given her stance it is not surprising that Zelizer also rejects Polanyi’s (1989) idea of ‘corrosive’ money which can destroy personal links and cultural meanings by replacing them with material interests. She argues that at the same time as the expansion of money, families were shifting their ways of exchange by creating their own distinctions, special monies and earmarking the currency with kin, friendship, business, and state. Moreover, Zelizer argues that Polanyi overestimates the danger of the market for society, since the spread of monetized relations does not entail a colonisation of social relations. For Zelizer, it is a mistake to consider money only as an economic device, as all-purpose money with a strong utilitarian orientation. Indeed, she claims that the focus of her research work – on households, charities and childhood - was chosen to show how difficult it is for money to suppress the power of social relations. This
argument is a rejection of the foundations of neoliberalism\textsuperscript{10}, but also an opposition to Polanyi’s account of the marketization of modern society and the negative, invasive power of money.

Following Zelizer, every future commodification can be seen as just a matter of cultural adjustment, and money is not a real danger for society since it would always be subject to the social arrangements and interpretations in every place. However, this sort of ‘domestication’ of money denies the power of money through commodification or through the most basic market operation, pricing. The financialisation of everyday life cannot be seen as a one-way process or as a simple invasion of moral or cultural logics. Markets are real, finance as well, but their logics work together with moral and relational logics in the domestic realm.

I adopt this perspective in order to unravel the moral and social justifications that people employ as part of the normalisation of credit practices. I pay attention to how people develop strategies and livelihood projects (Narotzky & Besnier, 2014), where credit helps people to cope, to provide a ‘decent life’ and a better future for those to who they feel morally obliged. This is a way to highlight people’s agency in these circumstances without denying the tremendous power of the structural constraints that lower income families can face in their everyday experiences. This tactical movement is consistent with the moral ambivalence of credit. They are mostly aware that the same track that can lead them to a ‘decent’ life can also economically destroy them, just as some of them have previously experienced through the occurrence of debt disasters.

I attempt to analyse credit considering its social context and the moralities involved in it. This way, I can extend support to the idea of the mixed nature of the economic orientations of heads of households. Certainly, norms, sentiments, attitudes, - culture, in other words - evolve and are related to politics, inequalities, capital, and so on. This moral-cultural understanding of the foundations of credit practices is a useful way to see how economic normativity has changed in the lower-classes. For instance, as I will show in Chapter VII, credit is not equal to debt for households included in this research, which is based simultaneously in two processes: the demoralisation of debt and default, and the moralisation of credit attaching to it a dual moral character.

The individualisation of society due to the coming of neoliberalism has been discussed, but it is necessary to empirically look at which elements of that have been adopted by

\footnote{Zelizer’s cultural approach seems to have no moral objections to contemporary capitalism since the most significant part of this analysis is based on the early twentieth century. Her analysis does not include new marketised areas (Steiner, 2009). The main difference lies in whether Polanyi alerted us about new fields of commodification, or as Zelizer suggests, there is no corrosive power in money and commodification, thus there is nothing to be worry about.}
households i.e. the market perspective of credit as an asset, the risks of living in debt, to merge them with the ambivalent moral and social assessments of debt.

The moral economy approach is an approach that introduces norms and sentiments into economic action. It is not conservative since it grapples with issues of power and domination. And it is not naive and purely optimistic (Sayer, 2000, 2003). Moral economy recognizes that, especially in, but not limited to, households, there are different motivations for each economic action, as for instance, in the moral obligation to provide to other members of a family, a key concept that inform the analysis in Chapter VI. Moral economy is in how households elaborate their economic practices in order to get ‘well-being’ and provide for the family (Sayer, 2007). So, how can credit be analysed out of family dynamics when the majority of the people justify their indebtedness for the sake of the family? Family provisioning in Chile relies heavily on credit, according to the figures of the Survey of Household Finances Survey (see Chapter IV), so this turns indebtedness into the moral burden of the post-industrial working class. The moral economy here is influenced by the ‘moral sentiments’ related to economic action within the boundaries of families (Sayer, 2000).

As I shall argue in this thesis, credit practices have become normalised in Chilean society. It is therefore useful to consider how this legitimation has operated at the household level and how it is enacted in situated everyday practices. This is one of the primary objectives of the empirical analysis of the thesis. Looking at the moral foundations of economies is also a useful way to detect how and when regular justifications lead to the normalisation of debt. In the previous sections, I have explained why self-interest and cost-benefit are not the only source of economic motivation, and to some extent, people act according to what is sensible to them. Therefore, there is a cultural and moral process which makes things tolerable. But this is not simply to say that the economy, as an abstract entity, behaves according to its embeddedness in other spheres, because that is taking any power or responsibility out of the economy for how society works (Sayer, 2007). All the ‘blame’ will be on the people, then. A very eloquent example of this in the Chilean context is a phrase of the late ex-president Aylwin [1990-1994]: “the market is cruel”. Immediately, economics scholars claimed in response that the ‘market is not cruel, but people are’ (Otano, 1995). Paradoxically, economists would claim that the market is as it is because it is embedded in the cruelty of people. Moreover, privatisation and the rising price of public services are usually justified for the sake of freedom of choice. Therefore, the freedom of choice needed for consumers would be behind these privatisations. It is problematic to transfer an absolute power of the cultural and the social to the functioning of economies. So,
the proliferation of market logics and their links with relational, cultural and moral validations must be answered in an empirical way (Sayer, 2000).

Aspiration became a normative content after the economic growth and credit expansion in Chilean society from the 1990s onwards (PNUD, 1998, 2002). Different degrees of aspiration and different degrees of engagement with credit have been developed by groups in Chile, as I analyse in the following chapters. In doing so, the varying meanings of indebtedness, and of the ‘decent life’, will also be discussed. The different meanings of the decent life, the different ways to achieve it, and the role of credit and debt in it, all essentially speak to the social changes in Chile in the last decades. The use of credit is behind the underpinning of the post-modern version of the ‘right of subsistence’ (Thompson, 1971) in this case the ‘right of having a decent life’, in the sense that is also a moral claim. I use the frame of moral economy to explore the accounts that ordinary people use to justify past and present uses of credit. These accounts are above of those of rational choice and isolated actors.

2.5 PRACTICE THEORY

So far, I have critically analysed discussions of credit from the instrumental, individual or a macro perspective. In doing so, I have argued that to fully understand credit we must use a cultural economy approach which focuses on how financial decisions and the use of credit are embedded within the wider moral and relational practices of households. Practice theory offers a useful way of exploring the interrelated nature of financial and household arrangements, for it is the conventions of specific practices which steer people’s behaviour. In this section, I introduce practice theory as a useful way to understand the uses of credit, setting out the theoretical and methodological implications of this choice. Practice theory (Evans, McMeekin, & Southerton, 2012; Schatzki, 1996; Reckwitz, 2002; Warde, 2014) permits a comprehensive focus on what people say and what people actually do, because its focus is on practices, which includes activities and meanings. This way attention moves from individual choices to shared ways of dealing with everyday life (Warde, 2005). Practice theory also seems more suitable for the analysis of situated empirical everyday situations (Halkier, Katz-Gerro & Martens, 2011). It is also helpful when the aim is to dismiss ‘extraordinary contexts of consumption’ and to be more focused on the study of routinized activities (Warde, 2005; Reckwitz, 2002).

Practice theory also allows a necessary engagement with the quantitative, generalised data of the Survey of Household Finances used in this research, for instance, regarding the changing nature of debt careers of households, and by doing so it enhances the explanations.
For instance, practice theory favours the understanding of credit as inserted into an evolving and related constellation of everyday practices, like budgeting and shopping. In this way, practice theory incorporates structural factors in the everyday lives of people, in this case, the economic constraints, inequalities of wages, and the ‘social diversification’ of credit market. Social practices are not experienced in the same way by all, but instead are internally differentiated (Warde, 2005). Therefore, one of the main features of this project is to address how different credit instruments are used by different people.

Practice theory directs attention away from the individual (and their personal attributes and circumstances) to focus on practices as the unit of analysis. It sees the social world as ‘populated by diverse social practices which are carried by agents’ and focuses on the ‘elements and qualities of a practice in which the single individual participates’ (Reckwitz 2002: 256, 250). Practice theory has been used, for example, to explore how consumption occurs as items are appropriated while performing other practices and ‘requires looking beyond the individual to reveal how the myriad of practices in which actors engage are collectively coordinated, ordered and performed’, recasting notions of need, want and demand ‘as a consequence of the “doings” (or practices) through which daily lives consist’ (McMeekin and Southerton 2012: 351, 350). This approach is far from analysing credit devoid of context and social circumstance. It pays attention not only to agency amongst actors, but also to the power of structures, especially to the institutionalisation, routinisation and normalisation of practices. I highlight this emphasis on practical and common knowledge as crucial for the analysis of situated practices in everyday life since practices mutually evolve with their practitioners. Additionally, paying attention to practices implies considering the question of regular, persistent activities, the ordinary, rather than the spectacular and extraordinary (Warde, 2005).

The first step entailed in adopting a practice theory approach to credit is to partition credit practices into knowledge, meanings and activities, as a way to integrate individual and structural perspectives. Viewing the arrangements and practical ways of managing credit as a set of practices allows addressing the way different debt careers are made through the change in practice subsequent to reflection on a debt disaster and how lessons and their meanings contribute to modify practices. Such an approach is useful because it allows the incorporation of common sense knowledge and avoids the excessive individualisation and atomisation of individuals found in other accounts of credit. This approach allows for an understanding of credit practices not just as consequences of the macro structural conditions which underpinned the credit expansion (e.g. capital accumulation strategy, state retrenchment), cultural circumstances (e.g. shifting legitimacy of credit), market structures (e.g. changes in the retail
business), or social circumstances (e.g. consumer expansion). I focus on the activity of using credit and how it is inserted into people’s everyday lives through an array of other practices, such as shopping, payment and budgeting – but also for broader practices such as provisioning, education, parenting and so on. By thinking about how credit practices are bound up in a constellation of other household practices, this perspective avoids the dangers of an individualistic methodology. Everyone constantly gets into and out of debt. Better then to focus on the practice itself, how it evolves, how it is compounded, how it relates to other practices, and what skills, materials, knowledge and meanings are associated with it. Theories of practices appear useful for this goal, since they try to explain both social order and agency simultaneously and also incorporate a cultural appreciation. Alan Warde (2005) summarises and applies theories of practice to the field of consumption studies with a focus on ordinary practices (Warde & Gronow, 2001), thereby moving the focus away from consumers as individual decision-makers to the social and material circumstances of practice. The emphasis adopted in this thesis is on people’s household routines, habits and competences, and how credit devices are used and appropriated within and for household practices in particular ways, as practitioners adapt, improvise and experiment in situ.

Practices evolve and feed the strategies of households. They are constrained by structural restrictions, but their strategies are not synonymous with ‘instrumental behaviour’ and ‘economic rationality’. Families cannot renounce the use of credit to the extent that this practice allows them, for example, to purchase school materials and uniforms for their children. They focus on that purchase through credit, and later they will work out how to deal with the debt, in a different moment. That choice can be something that happens year after year. Calculative actions are part of everyday economies (Callon, Millo & Muniesa, 2007), but this is not the only foundation to household economies.

As a social practice, credit arrangements are the frame for domestic economic activities and leads households to perform actions of planning (including: analysing forthcoming events, long-term planning, calculations, combining financial devices, exploring new financial devices) as well as actions of purchasing (including hire purchases, using credit cards, getting consumer loans, taking small loans from cash machines, paying long-term credits, using cash or other monies).

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11 The idea of ordinary consumption refers to those items and practices which are neither highly visible nor in any way special and which often stand in a subsidiary relation to some other primary conscious activity. They tend to be considered instrumental to a more meaningful activity.
Practices usually work together with other practices to form bundles (Reckwitz, 2002). Credit and shopping practices are a good example. One can argue that performing credit is a subordinate activity to shopping, or at least it is an activity that it is not performed for its own sake. However, credit practices can shape the way people shop or consume, and likewise credit practices are inserted into budgeting practices. Alternative practices or sub-practices compete for the attention of the practitioners, like paying cash, using debit cards. For some purposes, these may be considered as part of the same bundle of practices (one of the problems of practice theory is determining the boundaries of a practice under consideration). I offer an explanation of changes in practices in Chapter V, e.g. the decay of on-tick shopping, the rise of store cards, the borrowing of cards instead of money, and the decline of retailers who do not offer credit. Along with their users, credit practices have an historical background, a path of development.

In practice theory, the ‘social’ is the outcome of practices, and practices are the unit of analysis. Such an approach is in opposition to discussions organised around a subject and structure binary, and it brings attention to microsocial processes, focusing on detailed description of situations and relationships, and situated knowledge. The practices approach is useful for discussing the place of different knowledges (like conventional financial knowledge and common knowledge) and how they interact and are used to give legitimacy to some practices.

Practice theory is also efficient for discussing the role of material infrastructures and socio-technical devices that help in the proliferation of practices, as in the case of the expansion of banking services. These also help to explain changes in consumption in a way which is not based only in individual desires, but instead focused on the proliferation and interpenetration of practices. Financial education can then be understood as a prescription for practice, not as an individual psychological issue, but based in the sharing of goals, justifications, norms, and routinized activities performed by people. The moral hierarchies in the uses and aims of credit comes from the sense that people share.

In contemporary Chilean society everyone constantly moves into and out of debt. Given this is so, it is better to focus on the practice of debt itself, how it evolves, how it is compounded, how it relates to other practices, and what skills, materials, knowledge and meanings are associated with it.

Establishing the methodological and theoretical setting for the analysis of credit as a social practice, I hope to overcome methodological individualism while still addressing credit phenomena at a micro level. The focus on practices allow us to engage both with the material
practices and meanings ‘produced’ by households, thereby placing credit practices in the broader context of household economies. The accent on practices allows the elaboration of debt careers and strategies, which will be the gist of the empirical analysis of credit in the context of everyday situated practices which combine market and non-market rationalities.

2.6 CONCLUSION

In this chapter, I have provided the theoretical context for my research about the credit practices of households in Chile. I have critically assessed accounts of credit from the perspective of economics, consumerism, and the colonisation of domestic practices by financialisation. I have proposed instead a more cultural approach for understanding credit as a practice embedded in social relationships, moral considerations and specific contexts.

I have argued that the analysis of credit merely from the perspective of isolated, self-interested economic actions is problematic, as is the analysis of credit from the perspective of an individual social problem. In criticising the limitations of the ‘social pathology’ model I have also criticised Financial Education programmes in Chile which embody this model. I have, in addition, signalled that financial education is a by-product of the financialisation of everyday life, and relies mainly on the view of the consumer as an individual too easy to be cheated and also too isolated to be attached to the whole society. Financialisation is a concrete process that consists in the growing dependence of households on financial devices to carry on with their usual activities, but in a manner different from if they had increased their use of banking services. I have argued that the financialisation framework relies too heavily on the individual as the economic unit, seeing financialisation primarily as the enactment of subjectivities, and tending thereby to ignore the different attachments that individuals have to other instances like family, relatives, and friends.

These theoretical discussions have empirical consequences for my research. Having dismissed the analysis of credit from an instrumental, individual, ‘mental health’ or a macro perspective, I have introduced practice theory as a valid ‘solution’ for analysing credit. Practice theory’s integrative approach gives activities relevance in explaining the social, including how these activities not only incorporate meanings and demand skills and common knowledge from actors, but also take into account the structural circumstances in which practices are developed, evolve and are related to other practices. In the next chapter, I address in more detail how practice theory informed the collection of data from my sample, and how I attempt to connect the macro data with the micro data.
3.1 INTRODUCTION

In the previous chapter, I set out the theoretical framework which I have argued is necessary to understand the social meanings, knowledge and materiality of credit practices, and the social structure of credit and banking. This study explores these issues by focusing on the ‘retailisation’ process (see Chapter I) of credit amongst the Chilean Post-industrial Working class. In order to investigate credit practices, the research design of this project employed a mixed methods approach, with a research strategy including interviews with a sample of heads of household from lower-income groups and from the Post-industrial Working class, interviews with financial education agents, participant observation of financial education workshops, and statistical analysis of the Chilean Survey of Household Finances (SHF). The data gathered in the interviews with heads of households provided a detailed account of the material practices, moral assessments, justifications, and social meanings of ‘ordinary’ credit practices and indebtedness. In line with my cultural approach to the economy, I focus on how people’s concrete economic experiences shape the frameworks of understanding and valuation which allow them to assess their economic rationality and their context (see Lamont & Small, 2008, for an account of how personal narratives have been used to inform studies of poverty and social mobility from a cultural economic perspective). This focus allowed me to construct identity ‘micro-narratives’, an account of the changing nature of people’s socio-economic practices and the rationalities behind each strategy they elaborated to deal with credit and debt over a period of time, as well as how they interpret socioeconomic structures, usually from the beginning of the job career of interviewees. These are identity narratives because they allow me to characterise an individual identity and its evolution, and micro narratives because they are only focused on selective periods and issues from the life of individuals.

Interviews with financial agents helped to construct the conceptual and political framework of financial education programmes, which constitute a primary source of financial socialisation for lower-income households. The observation of workshops gave information about how these heads of household assume and criticise their content. The quantitative data was processed to elaborate an occupational scheme, in order to distinguish the Post-Industrial Working Class from other classes, and to characterise the social distribution of financialisation and bancarización (the penetration of banking services and devices) in Chilean society. Using this data, I developed a series of indices to measure indebtedness and different credit practices.
This statistical analysis also informed the qualitative data strategy, shaping the conversations about material practices developed in interviews. For instance, these figures informed the way I approached and analysed the sense of over-indebtedness in the qualitative section of this project, far from a numerical-objective formula. Moreover, this data illuminated the strong relationship between these social groups and retail banking, showing how they mix different devices, and helping to address the different uses of credit.

A summary of this research strategy is shown in Table 3.1, and each element will be further explained in the following sections. First, as the overall strategy is a mixed methods approach, I develop a brief rationale for that choice. In the third section, I refer to the composition of the post-industrial working class using empirical and conceptual references to the Chilean case. Then, in the fourth section, I refer to the process of conducting in-depth interviews with heads of households, including a discussion of sampling strategy, interview setting and questions, and analysis. Following that, section five explains the strategies for the Financial Education section of the research. In section six, I switch to explain the quantitative analysis. I conclude with a reflexive account of the whole process and a statement about the ethical nature of this research.
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Source: own elaboration
This project combines quantitative and qualitative research methodologies to accomplish its objectives. In combining methods in this fashion, the project examines the social structure of credit, how people use credit day-to-day and the meaning of credit and debt for them; in other words, attempting to unveil the everyday practices behind the statistics, by making connections between the ‘big’ and the ‘small stories’ of credit. I attempt to answer different questions on the same topic, providing a ‘close up picture’ (Mason, 2006) on the broader statistical patterns and policies, by examining the everyday practices of households and their regimes of value, and by considering how these practices contrast with the framework of market and state, as represented by Financial Education programmes.

Micro-narratives of how interviewees had dealt with money and work issues from the beginning of their job career and financial life gave information about how people make sense of past events (i.e. their debt ‘disasters’) project them into the present (i.e. adapt their financial strategies) and their future (i.e. aspirations and plans). People’s micro-narratives about their economic life also gave information about what is seen as acceptable and what is not, and how structural transformations are negotiated and interpreted by actors.

This mixed methods approach tries to take advantage of the best features of both qualitative and quantitative methodological techniques: combining generalisation and depth. By using different sources, the project attempts to describe and explain phenomena at both macro and micro-level. Therefore, there is a contextualised everyday life approach to practices, a macro-scale approach to aggregate data and the framework of financial education, and a micro-scale approach to people’s recent trajectories, everyday experiences and meanings. Using an integrative logic (Mason, 2006), I attempt to provide an adequate explanation of the phenomena in each proposed area, and the whole study aims to provide a comprehensive picture of credit practices and indebtedness.

The methods chosen in this research each have strengths and weakness which justify the predilection for a mixed methods strategy. Large-scale quantitative analysis, for instance, allows us to explore patterns, clusters, stratifications, and to draw out some latent factors behind the aggregate behaviour of households. However, it is not suitable for delivering accurate thick description and historical context. The main advantage of in-depth interviews is the versatility of the data produced, since respondents are encouraged to answer questions in detail. This type of data allows us to make links between several factors underlying the phenomena of credit, e.g. family dynamics, job careers, changing social aspirations, economic structure, deindustrialisation,
intergenerational dynamics, intertwining ‘big and small’ stories. Although biographical research is not the aim of this project, the strategy adopted broaches the overlap between the lives of individuals or families and the recent chronology of social and historic structures. Government decisions and market transformations impact on the everyday life of individuals, but people’s ‘small stories’ also impact on the transformation of the social and cultural landscape. For instance, the older interviewees in the sample recall the introduction of the new pension system and how they are ‘suffering’ the consequences now. They also recall when credit cards became open to everyone and how that impacted their way of purchasing durable goods for their homes and the meaning of the increased affluence that having more and more cards gave to them. The younger interviewees lament their early involvement with cards and wait for government action that will take them off the national register of defaulters. Others recall how they felt motivated to go to university after the government implemented a new student loan. The limitation of this type of analysis is the efficacy of asking people to remember past events (Dex, 1991), and the possibility of biases originating from lack of accuracy, conscious and/or unconscious re-writing of personal histories, and failed memory. All in all, however, in this study the recall period seems to be a relatively recent period, e.g. the 1990s onwards, from when the massive expansion of credit took place. I tried to construct the meta-narrative (Stanley, 2008) of the phenomena of indebtedness, gleaning the links between these ‘small’ and ‘big’ stories, and also adding the framing of political and market discourses e.g. the discourses of the ‘democratisation’ of credit.

3.3 THE POST-INDUSTRIAL WORKING CLASS

This study focuses on the credit practices of the Post-industrial Working class and this focus is purposeful. In recent decades, there has been a growing interest in the consumption and economic practices of the Latin American ‘new middle-classes’, basically groups whose income is above the poverty range (US$ 2 to US$10 a day according to the World Bank). This focus on the middle-class is also made by economists (Ferreira et. al., 2012; Torche & López-Calva, 2013; Castellani & Parent, 2011), and in Chile, this interest is also backed by market and state authorities who see the ‘new middle-classes’ as a synonym of progress. Therefore, as a result of this focus, the political and academic interest in the poor and lower classes has declined (Filgueira, 2007). The focus of this study on the lower classes aims to redress this gap. Additionally, research on micro-finances, with a few exceptions (see Chapter I), has been focused in the rural locations of Latin America, whereas this project has an urban focus. As we shall see
in chapter IV, the expansion of consumption culture and credit in Chile has in large part occurred through a ‘democratisation’ and ‘retailisation’ of credit, in which financial services have been increasingly targeted at lower-income, previously ‘unbanked’ groups. By focusing this study on the post-industrial working class, I am therefore examining the credit practices of a group who have been at the ‘sharp end’ of the credit expansion in Chile.

Using income as the main stratification variable, groups who are ‘not poor but not middle class either’ (and who have been identified as the ‘strugglers’, due to their condition of precarious economic stability), are estimated as comprising a third of the Latin America population (Birdsall, Lustig & Meyer, 2014). But going beyond income classifications, I give an occupational and sociodemographic characterisation to this group. I did so since the uneven income distribution of Chilean society make the lower and middle deciles so similar in terms of economic capital. Moreover, I attempt to avoid an ex ante labelling of ‘middle-class’ to some groups based only on their relative position in the income distribution. Specifically, I also pay attention to the mechanisms behind the fact that most of this group in my sample thinks of themselves as part of the middle-class, and examine the influence of credit in this self-identification (see Chapter V). This is consistent with a high self-identification (70 per cent) with the middle-class across the whole of Chilean society (Méndez, 2008). To some extent, my account does include some groups that are included in the ‘new middle-class’ discussion, however as the very concept of ‘new middle-classes’ has been criticised for being imprecisely used, lacking a proper characterisation (Espinoza & Barozet, 2009; Espinoza, Barozet & Méndez, 2013; Barozet & Fierro, 2011), this research offers a characterisation of the financial practices of those whom I refer to as the post-industrial working class.

It should be noted that there are different perspectives for analysing what is particular to changes in the class structure. Growing income, access to education and consumption, and the rise of non-manual occupations does not necessarily lead to a strong service economy or to a middle-class society. The new middle-class society forecasted in the 1970s focused on the production of services rather than goods and essentially featured professionals, technicians, managers (Bell, 1976). But this is far from the class structure found in Chile. Factories are no longer the only location for the working class (Miliband, 1988), and nowadays this group comprises both ‘blue and white collar’, and women in low-level service occupations. Just as the industrialisation process in Latin America was not the same as in Europe, European

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12 Which is not the case of the UK, for instance, where 60 per cent of the population identify with the working class, consistently from 1980s surveys (“High status, high income: this is Britain’s new working class”, Lynsey Hanley. The Guardian, 3th of July 2016. Visited on 16th of June 2017) https://www.theguardian.com/commentisfree/2016/jul/03/high-status-high-income-britains-new-working-class
deindustrialisation is not necessarily found in Latin America. Tertiary sector growth in Chile had no direct relationship with the development of the most productive areas of the economy, as in the advanced societies during the expansion of the post-industrial societies (Esping-Andersen, 1993). Chilean transformation involved a ‘spurious tertiarisation’ (Kessler y Espinoza, 2003), the creation of job positions in services which do not require skilled labour, and sub-employment via outsourcing of activities.

Tertiarisation in Chile reflects the structural heterogeneity of Latin American societies. The self-employed are differentiated between high and low skill; for instance, Low-skilled Entrepreneurs are those targeted by government agencies to receive money subsidies and make a ‘career’ in the informal sector. The ecology of the tertiary sector is dual: a small layer of professional and technicians, and a massive group of workers in sectors characterised by lower productivity, lower qualification, and precarity. In this sector there is also a gender skew towards women, in occupations mainly in sales and in lower financial services (healthcare, banking, insurances, and administrative tasks). So, the main features characterising the Chilean post-industrial working class are low incomes, low power and autonomy at work, and a lack of alternative assets to produce income. The occupations which are the basis of the qualitative sample of this research (such as salespersons at department stores or supermarkets, Low-skilled Entrepreneurs) are part of the ‘spurious tertiarisation’. The living standards of such groups have been subject to some structural improvement, but as my sample explains, this is due mainly to ‘how easy is now get access to credit’, compared to their parents’ generation. The result is a persistent ‘middle-class rhetoric’ in how the members of my sample construct their narratives of social mobility. I argue that this rhetorical narrative of social mobility in these groups has a relationship with their credit and budgeting practices. These formerly poor groups and the economic, political and social implications of their financial practices have been out of the scope of much academic analysis, so my project attempts to contribute to the understanding to this group, especially in relation to their household economic practices.
3.4 TALKING ABOUT MONEY: INTERVIEWS WITH HEADS OF HOUSEHOLDS

This project largely relies on data collected from 44 interviews with heads of household/budget planners. Thanks to the detailed characterisation of occupational categories with my analysis of survey data, I could focus on the Post-industrial Working class (split into two occupational classes: White-Collar Proletariat and Low-Skilled Entrepreneurs), and on the lower-middle-class (e.g. technicians and teachers), generating my sample from two cities in Chile: Santiago and Copiapó. I decided to explore and compare the local dimension of everyday credit practices by dividing the sample between two locations with fairly different socioeconomic trajectories: Santiago, the Chilean capital, and Copiapó, smaller city 500 miles to the North of Santiago. While Santiago has experienced the expansion of credit from the late 1970s, shaping the socioeconomic establishment of neoliberalism in Chile, Copiapó, has experienced a consumer boom and income increases only in recent years, so the credit landscape is very different, and could be seen as similar to the early stages of credit expansion in Santiago. Aside from this, Santiago has a high concentration of the country’s wealth, whilst Copiapó has been historically one of the more deprived regional capitals in Chile. Actually, the situation in Copiapó, in terms of discourses and material conditions effectively looks similar to the early years of Chilean GDP growth, with some part of the population having benefited from the economic growth and the rest just managing. However, in terms of the overall objectives of the research, my subsequent research on credit practices of the post-industrial working class showed that the differences between the two cities were not crucial, and the Santiago and Copiapó subsamples showed similar patterns. The main difference observed in Copiapó was the growing gap in the wages between those employed in mining activities and those who were not, an issue that displays economic inequalities in very explicit fashion. I ponder this as an interesting point to explore in another project.

I consider the head of household as the person who oversees the financial, economic, and consumption decisions in the house, but who is not necessarily the main income earner in the household. I adopted this definition in order to be in line with the financial survey used for the statistical analysis in this study, and also in order to take the family/household as a unit of analysis, rather than isolated individuals, following my focus on budgeting, family consumption and the intertwining of economic practices with the family dynamics of the household. Nearly half of the interviewees were single-parents or one-person families, where there was no need to differentiate the budget planner from the main income earner.
3.4.1 Contacts

Participants for this study were contacted through snowballing and focused sampling. In the first case, 34 sample members from the White-Collar Proletariat and Lower-Middle Class were reached using a snowball technique. Snowballing is usually the more efficient manner to find subjects with specific features, in this case selecting by occupation and the overseeing of household finances. This strategy required two steps: first, identify a group of people suitable for the study, according to their characteristics. In this case, the first group was defined as non-manual routine workers, and were primarily sought in department stores, private health insurance and pension firms, and in banking services. The first approach was through a gatekeeper, a person previously known by me, who made the arrangements for making contact with potential respondents. Thereafter, each potential respondent was contacted by phone or email using the information sheet (see Appendix III). In most cases, each interviewee provided details for another potential respondent, even though the new contact was not always compliant. This contact approach formed a group mainly of department store workers, and a secondary group of lower administrative workers. The department store workers also had experiences in other retail shops, like supermarket and home improvement stores, so the sub-sample was fit for the purposes of the study. Each respondent received a box of chocolates and a bottle of wine for participating in the interview, and all of them signed the consent form (in Appendix IV).

The second group of 10 interviewees was targeted by focused sampling, with Low-Skilled Entrepreneurs contacted through Fosis, a government agency which provides funding and skill training to poor and vulnerable people. I focused on those who, as a requirement for receiving start-up funding, had to attend financial education workshops provided by Fosis. By definition, the people targeted by Fosis exclude people with the characteristics from the other groups. At first sight, this group presented differences with the other group of the post-industrial working class, but in material terms they were not so different. In this case, for participating each respondent received a CLP 5,000 [GBP 6] gift card from a local supermarket.

3.4.2 Sampling

As described in table 3.2 (for more detail see Appendix II), 34 interviewees were from Santiago, whereas 10 were from Copiapó \(^{13}\); 35 were Post-Industrial Working Class (25 White-...

\(^{13}\) The day before my flight was scheduled to Copiapó, an unusual, strong autumn rain (March) in this dry, desert-like area produced the worst flood in decades. The city was covered in mud. I decided to fly anyway to help the people that I
Collar Proletariat and 10 Low-Skilled Entrepreneurs), 9 Lower-Middle Class. The latter group were included in the sample because income inequality in Chile makes it hard to establish a clear distinction regarding finances between the Lower-Middle Class and the Post-Industrial Working Class. Hypothetically, I was expecting to find strong differences between them but this turned out not to be the case (see Chapter VII).

Additionally, the sample is split between “younger” and “older” families, with the aim of studying the credit practices and the assessments both of families who experienced the period of the expansion of credit in Chile (1996-2014) as well as families who experienced the preceding historic period (1981-1996) when credit was less available. This split in the sample was undertaken to compare families with a different temporal relation to the historic process of the expansion of credit. I used this temporal feature in the sample to construct and differentiate their ‘micro-narratives’ of debt or debt careers (see Chapter V and VI).

I examined how less well-off groups handle credit practices. Despite the exclusion of the professional strata, due to the unequal distribution of income in Chile, using these selection criteria still meant that approximately 75 per cent of the population could have been included in the sample. Both the temporal and the socioeconomic dimensions of the sampling strategy are key features for tracing discourses and facts about social vulnerability, former poverty and social mobility paths.

<table>
<thead>
<tr>
<th>Table 3.2 Summary of In-Depth Interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>44 households</td>
</tr>
<tr>
<td>34 Santiago households</td>
</tr>
<tr>
<td>Lower-Middle Class</td>
</tr>
<tr>
<td>5 interviews</td>
</tr>
<tr>
<td>4 Female</td>
</tr>
<tr>
<td>1 Male</td>
</tr>
<tr>
<td>White-Collar Proletariat</td>
</tr>
<tr>
<td>19 interviews</td>
</tr>
<tr>
<td>14 Female</td>
</tr>
<tr>
<td>5 Male</td>
</tr>
<tr>
<td>Low-Skilled Entrepreneurs</td>
</tr>
<tr>
<td>10 interviews</td>
</tr>
<tr>
<td>6 Female</td>
</tr>
<tr>
<td>4 Male</td>
</tr>
<tr>
<td>10 Copiapó households</td>
</tr>
<tr>
<td>Lower-Middle Class</td>
</tr>
<tr>
<td>4 interviews</td>
</tr>
<tr>
<td>3 Female</td>
</tr>
<tr>
<td>1 Male</td>
</tr>
<tr>
<td>White-Collar Proletariat</td>
</tr>
<tr>
<td>6 interviews</td>
</tr>
<tr>
<td>3 Female</td>
</tr>
<tr>
<td>3 Male</td>
</tr>
</tbody>
</table>

Source: own elaboration

Regarding the socio-demographic characteristics of the sample, there were 30 women and 14 men, with this gender skew occurring mainly because, in the lower classes, there are more single-parent families which tend to be female-headed households (21 of the total). However, in the couples of my sample, women tended to be in charge of finances. Regarding age, I attempt to focus on two groups 25-39 and 40-65 years old, with the intention of comparing ‘native’ and ‘non-native’ credit users, e.g. people who were born surrounded by credit cards and people who were not. Additionally, I aimed at having people in the sample who could give accounts of the period of the credit expansion. 70 per cent of Services Proletariat interviewees had a High School Diploma. The rest had undertaken vocational or technical study, knew there and the potential interviewees. Eventually, my possibilities were reduced, but I could go back in August and make a decent number of interviewees, when the city was more or less normalised.
excepting one interviewee who did not complete their secondary school studies. Among the Low-Skilled Entrepreneurs, half had a High School diploma whilst the other half did not complete this. Among the Lower Middle-Class group, half had a professional certificate (not necessarily a university degree) and the other half had a technical degree or an incomplete professional degree. Total household income ranged from CLP 350,000 to CLP 3,000,000 [GBP 420 to 3,600] although there was a single woman who earned CLP 1,200,000 [GBP 1,441] as a marketing assistant who is higher in the per capita income distribution.

3.4.3 Interviews

The interviews took place in the houses or workplaces of the interviewees, between March and August of 2015. A semi-structured format was adopted, with interviews taking around 45-70 minutes each (see Appendix V). The introduction included three moves aimed to gain the trust of the interviewees, and which tried to take in account how questions of class, money and debt can be difficult and morally charged issues for people to discuss. Firstly, I stated that the project was not market research, or a study paid for by banking, supermarket or a department store, due to the bad reputation they have. Secondly, in order to explain the goals of the research, explicit phrases such as ‘economic hardship’, ‘consumerism’, ‘over-indebtedness’, and ‘default’, were not used, in order to avoid interviewees feeling being criticised. Thirdly, I avoided asking for specific quantities of money, a topic that can be uncomfortable to people if it is directly addressed. However, the majority of the interviewees spoke spontaneously about figures and numbers. Regarding class issues, I assumed this would emerge during interviews, even if it was not mentioned in an explicit way. In most cases, this approach was effective since the moral reasoning about the use of credit is usually always related to class or status. In a few cases, when I felt it was acceptable, I asked directly to which class the interviewee felt a part of, if any. The question proved unproblematic.

I used the same semi-structured questions for each respondent, beginning with questions about material practices: use of financial devices, ways of shopping, ways of budgeting. Then, I asked about the existence of loans, card indebtedness, and the reasons behind this. I then moved to questions about the interviewee’s opinions and perceptions of their credit and debt situation and other people’s situations. Usually those questions moved the conversation to a personal narrative or to a social criticism. I concluded by asking for socio-economic information. In a lot of cases, the interview moved to the job career of the interviewee, which proved fruitful for understanding the reasons for their economic decisions, and how they
intermeshed with other decisions. Job careers also proved the better way to construct the financial narrative of households. In three cases, I had a ‘dual interview’ where some of the answers were complemented by a member of the family who was not the interviewee, usually a couple. I realised that during the second part of the interview some accounts of ‘hidden practices’ emerged, like borrowing cards from relatives or having loans from the Employer Benefit Fund. These accounts showed the need for a more intense enquiry about these practices, and also gave me an insight that there are ‘invisible’ forms of credit (See Chapter V). I also realised that people considered store cards as part of their monthly billing, like electricity, gas, and water bills. Understanding this meant I could then more easily ask for a detailed account of monthly payments and overall debt.

In the interviews I explored variations in the social circumstances of households using credit practices. The sampling strategy addressed three key dimensions of differentiation: the temporal, the socioeconomic, and the local. I got information about the material practices of credit, shopping, and budgeting, for instance, about the rules for borrowing cards, methods for repaying and for saving, and how each type of credit is different. I also got access to moral (and moralising) accounts about the debt careers of households. I was able to explore different ways of combining market and non-market rationalities i.e. examining moral obligations, social justifications and calculations alongside conventional financial knowledge and cost-benefit analysis, and self-assessments of class belongings with understandings of the relationship between credit and social status.
3.4.4 The Analysis

The data in the interviews were codified and analysed using the NVivo package, mainly for the practical purposes of classifying and retrieving quotes. For the sake of the analysis, a meaningful group of codes were created. However, this data cannot be treated as if they ‘vary’ in a quantitative way. It is not possible to treat the codes as variables since narratives are not interval or ordinal and their categorical nature is not finite. For the analysis, I used some distinctions from practice theory (material practices, meanings, and skills-knowledge), which also organised my set of questions. I modified these categories as the analysis was refined. For instance, meanings were diversely classified as moral, individual, social, and familiar. I first made a horizontal analysis of every previous code, case by case. Then I went vertically looking deeply into each individual debt-career and in order to make connections between codes. At this point, I reformulated some pre-existing codes and also gave space for new themes of enquiry, such as the strength of the moralisation discourses and non-conventional financial practices.

Normalisation was a theme that emerged with different intensity amongst interviewees. Moralisation emerged as a theme as I realised that each interviewee had a narrative of debt ‘disasters’ through their economic life, and they all drew some lessons from that. The strategic pragmatism theme corresponded to the way each interviewee rationalised those lessons and accommodated them to their aspirations and goals, using credit. I found that credit practices were both present in their past but also in their present and anticipated future. Therefore, using a grounded theory approach (e.g. finding the emerging patterns in the data), I developed three categories: normalisation, moralisation, and strategic pragmatism.

In the interviews, I asked subjects questions about how, when, where and why credit was used by their families in their everyday household practices. I also queried what the role of credit was in their domestic finances and their moral assessments of what it means to be indebted. As well, I explored how their credit practices were related to their aspirations, consumption practices, social mobility projects, and to the experience of poverty/vulnerability. The data produced using this method referred to trajectories, practices, interpretations, reflections, and everyday practices of how, when, where and why credit was used by the families, and what was the place of credit in domestic finances. As part of the analysis, I produced longish summaries (400-500 words) for each interview (included in Appendix I), where I described the sociodemographic circumstances of the interviewee, their material practices and the most relevant socio-economic topics that emerged in our discussion; in a few words, the ‘debt careers’ of interviewees. That technique allowed me to make interpretative annotations about each case, aside from the quotations gathered and classified in the NVivo package. Thanks to
these summaries, I could compare and organise cases and produce brief economic stories, including financial, job, and family matters to finally construct ‘micro-narratives’ of debt. This was crucial for analysing the ‘debt careers’ of the interviewees, and for considering how debt disasters produced present and future effects.

The focus on material practices at first was useful to set out the place of credit in the life of each household, in terms of magnitudes. From the very moment that interviewees spoke about their material practices, I could establish insights about how they manage things mixing different rationalities and provided detailed explanations for each explanation. Analytically, I tried to separate materialities from the knowledge that the people of my sample deployed about financial matters, but they are bounded. For interviewees, credit practices seemed in the center of the economic life of households, so talking about credit opened the way for discussion of budgets, shopping, incomes, lenders, and the labour market. This centrality of credit helped to focus the analysis on the intertwining of individual narratives and structural conditions.

### 3.4 Quantitative Analysis

Another key source of data was the Survey of Household Finances (SHF), carried out by different Chilean universities on behalf of the Chilean Central Bank. The SHF fieldwork for this survey was made between September 2011 and May 2012. 4,059 households were interviewed across the country. This is a nationally representative survey of the urban population. 44.2 per cent of interviewed households were the same as in a previous survey in 2007, forming a panel section. In each household, the person who claimed to know most about domestic finances was interviewed. This dataset includes an occupational variable based on the ISCO-88 - International Standard Classifications of Occupations - of the International Labour Organisation. The variable had 263 categories which I recoded into 18 summary occupational groups. The Army (0.5%) was excluded. After that, these new summarised categories were merged into six social classes, according to qualifications, economic sector, and status. The N for these occupational variables is 2,184, whereas for income stratification it is 4,059. Comparing the SHF with current employment statistics the figures look similar in most categories. In the Survey, the elite class is over-represented (7.2% to 2.6%). By the same token Skilled Agricultural and Fishery Workers are

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14 The Chilean Central Bank is a “bank of banks”. It is a public bank, autonomous from current governments, which is in charge of macroeconomic policy, mainly interbank interest rates and monetary policy and inflation.

15 According to the World Bank, the Chilean urban population was stable at 89 per cent, during 2009-2013.

under-represented (2.1% to 4.0%). The rest of the small differences could be explained by sample error and by changes in the occupational structure over three years. Eventually, I elaborated a class scheme inspired both by Weberian notions of status, and later classification concepts such as autonomy (Erikson & Goldthorpe, 1992). Also, neo-Marxist features such as control over resources (Miliband, 1987; Wright, 1985, 1992) were considered in order to keep the elite distinct from the professional middle class. This scheme also addresses the notion of the services economy of the White-Collar proletariat (Bell, 1976; Crompton & Jones, 1984; Bernardi & Garrido, 2008) by using the ‘post-industrial working class’ or ‘services proletariat’ category (see section above).

### Table 3.3 Social Class Variables in Quantitative Data

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>%</th>
<th>Social Class</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and Corporate Elite</td>
<td>7.2</td>
<td>Power and Corporate Elite</td>
<td>7.2</td>
</tr>
<tr>
<td>Professional Middle Class</td>
<td>8.9</td>
<td>Upper Middle Class</td>
<td>12.3</td>
</tr>
<tr>
<td>Financial and Market Agents</td>
<td>3.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Professionals</td>
<td>5.9</td>
<td>Lower Middle Class</td>
<td>14.2</td>
</tr>
<tr>
<td>Technicians</td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teachers and Educational Staff</td>
<td>4.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Corporate Bureaucracy Workers</td>
<td>5.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services Staff</td>
<td>9.4</td>
<td>Post-Industrial Working Class</td>
<td>30.2</td>
</tr>
<tr>
<td>Sales Staff</td>
<td>8.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-Skilled Entrepreneurs</td>
<td>3.8</td>
<td>Working Class</td>
<td>16.2</td>
</tr>
<tr>
<td>Transport Entrepreneurs</td>
<td>4.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Sector of the Economy Workers</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artisans and Skilled Working Class</td>
<td>12.5</td>
<td>Working Class</td>
<td>16.2</td>
</tr>
<tr>
<td>Street Sellers</td>
<td>2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Staff</td>
<td>5.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleaners</td>
<td>4.7</td>
<td>Precariat</td>
<td>17.9</td>
</tr>
<tr>
<td>Janitors and Errand Boys</td>
<td>2.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry Peons</td>
<td>2.1</td>
<td></td>
<td></td>
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</tbody>
</table>

*Source: SHF (2014), own elaboration*

Secondary analysis is the analysis of data produced by another organisation or individual, using the data to work upon an entirely different question from the original research (Hakim, 2000). The main advantage of using secondary data analysis is the low cost of producing data and the possibility of knowing exactly what kind of data one can count on for doing the research. The main disadvantage is that analysis is limited to only the variables already
present in the dataset. This disadvantage can be nuanced if multiple datasets are used, and indeed by adding other methods to the entire project.

The data from the SHF gives a broad overview of credit and debt in Chile, but does not provide information about the uses of credit, the combination of practices or any useful self-assessment about indebtedness. As a result, it was necessary to generate primary, qualitative data and I resorted to interviews to describe and analyse in detail credit practices. The same was true of sociodemographic characteristics, since only income deciles are provided as part of the set of SHF variables. Fortunately, that deficiency could be compensated for using the occupational variables I recoded as described above.

3.5 FINANCIAL EDUCATION

As part of this study, I wanted to explore discrepancies between the economic meanings, practicalities and priorities of the ‘official’ financial education programmes and the actual economic meanings, practicalities and priorities utilised by families. One sub-group of my sample - the Low-Skilled Entrepreneurs – were required to attend one of these FE courses, as part of their involvement in start-up government programme (see more on this in Chapters II and VII). The assumptions about economic rationality made by these financial courses – drawn from mainstream economics frameworks - are mostly the same assumptions used by all government agencies, and certainly the same employed by banks.

I cover the topic of financial education with two methods. First, I conducted seven interviews with key informants from the Financial Education programmes, covering all the government agencies involved, plus one bank and one NGO. This information allowed me to have an overview of the diverse initiatives on the topic, which were actually trying to converge in a National Strategy of Financial Education. The second method was observing and participating in the Financial Education workshops offered by these agencies. I enrolled in two online courses offered by Sernac and the University of Chile, and participated in the on-site activities of Sernac and SBIF. I also observed the participation of eleven members of my sample in Fosis workshops.

Despite looking similar at first sight, Financial Education workshops have nuances and differences. Sernac, the consumer protection agency, focuses at the school level, providing teachers and students with material and courses to approach economic life. The financial consumer protection agency - a branch of Sernac - focuses on raising the attention of members of the public to ‘shop around’ and get the best offers regarding consumption and credit. Fosis, the agency which provides funding for small businesses aimed at poor and vulnerable families,
has also mounted a series of financial education workshops, compulsory for those who want to get its funds. Some of the participants are part of my sample, identified as Low-Skilled Entrepreneurs. SBIF, the financial regulatory agency, focuses on giving talks to workers about the correct way to use conventional banking instruments; its legal scope excludes department stores (who increasingly provide financial devices). The Central Bank’s main concern in providing financial education is that people learn the relevance of keeping inflation rates low – as in the last thirty years in Chile –, and also leads dissemination activities and corporate alliances with the third sector and private firms. The last two cases of activity are implicitly focused on the upper segments of society, or the ‘real middle-class’, those groups who can decide about their pensions, private healthcare, investment funds, insurances, and whose financial inclusion is through the banking system rather than through department stores or supermarkets.

I also engaged in observation of workshops. Observation implies different levels of participation. A discussion of the non-participant / participant dichotomy emphasizes several levels of researcher engagement: complete observer, observer as participant, participant as observer and complete participant (Atkinson & Hammersley, 1994). These categories rely on at least four dimensions: to what extent those being studied are aware of the status of the researcher; how much they know about the research itself; what kind of belonging is given to the researcher by all those being studied, and in which activities the researcher is allowing to involve in; and the conscious position adopted by the researcher as an outsider or insider (Atkinson & Hammersley, 1994). Having these categorizations in mind, my enrolment in the financial training course is closer to that of participant, because I actually completed the activities of workshops and the participants were aware about my presence as a researcher. In the on-line courses, I just accessed and participated in the contents without further interaction, since the latter was not allowed on the platform. This involvement allowed me to access the meanings of indebtedness and the use of credit in practical terms i.e. as a social problem that must be curated through therapy or like something inevitable of the modern economic life, but also an individual responsibility.

3.6 BEING REFLEXIVE

The aim of the research design of this study was to explore credit practices and indebtedness both at the macro-level and at the micro-level. In brief, the macro-level research strategy sought to account for the social structure of credit practices and indebtedness by using large-scale secondary data analysis. The micro-level research strategy was aimed at exploring
credit practices and indebtedness as everyday life phenomena, by examining people’s experiences and frames through ‘micro-narratives’, using in-depth interviews, together with an analysis of the framing of financial education programmes. Credit and indebtedness were not researched from a structural perspective, nor from a psychological or exclusively economic point of view, but rather as a situated everyday practice through their connections with shopping, the provision of key services (such as health or education, and home essentials) and budgeting.

At first, talking about money was easier than I thought. Most of the interviewees wanted to express their views about hardship and coping, and to justify their use of credit, to the extent possible. Even talking about numbers was not a difficulty; it provided a stronger argument to the claims of people. When possible, people wanted to show me their ‘bookkeeping’, whether these were notebooks at home or were carried in their bags (figs 1-2-3).
However, data on credit, debt and ordinary budgeting practices is never neutral. To be in debt is to be in a situation which opens oneself up to moral judgement (both one’s own and that of other people). I was aware that the justifications people made about their practices could be more of a defensive attitude rather than a ‘true moral justification’, and that in some cases this discourse was elaborated for the sake of the interview. In other cases, people made clear that their justification for being indebted was not ‘acceptable’. I assumed that my role was to deduce the reasons and context behind their claims. If, for instance, they told me that ‘witches exist’, I thought that what was more relevant was the meaning of that rather than the fact of the existence of witches, especially if some people truly believe in that.

I informed the Low-Skilled Entrepreneur interviewees that I got their details through Fosis, the government agency that gave them funding for their small business (like home baking, home cooking, and pop-up store owners) and financial education. Therefore, they may have had the concern that I was a Fosis officer. I explained my external relationship with Fosis at the beginning of each interview. I had the impression that apparently, I did not look like the Fosis officers that they deal with, and at least I gained their confidence to the extent that some interviewees confessed to me that they finally spent the money on a different project from their original proposal. In a few cases, they had a ‘familiarity’ with people from universities who conduct studies. Some of them seemed to be more satisfied with Fosis than others, so my sense is that contacting some of the sample via Fosis was not an issue for the data collection. In the case of those who attended the financial education workshops, their relationship with these classes was mostly instrumental. In some cases, interviewees underlined the practical learning they had acquired about bookkeeping, although they usually felt issues related to debt distant to them.

In relation to my own reflexive insights when in the field, I tried to assess how my dispositions were deployed and how could I be aware of this process. Indeed, in the case of participant observation, auto-observation begins from the outset, assessing how one is settling into this field, and what kind of capital one is bringing. For instance, in previous years, I used to work as a journalist, thereby; going to places to watch and ask questions was somehow an already known experience. Thus, whereas this habitus appeared as a remembrance device it also

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17 Some authors think distinction between participant and non-participant would be pointless; since in fact all social research is somehow ‘participant’ due it is impossible to investigate the social world without taking into account that one is part of it (Hammersley & Atkinson, 1983). This may have led to consider participant observation as a position in the society rather than a method, and implies a total disagreement with positivist and scientific angle for ethnographies, for instance, the “marginal native” position (Atkinson & Hammersley, 1995).
acted as a frame to try to discover unwritten rules of the place and being-in-the-field. Nonetheless, this journalistic frame has a different rationality based on newness, amounts and proximities. It aims to produce short stories in shorter time, accounting big pictures instead of details, seeking for a hook and punchy title, and seldom searching for the deeper meanings of subjects and objects. Most of these skills tend to be opposed to proper sociological research. Somehow, the initial positioning in the field as a social researcher must circumvent this. Even so, I tried to improve my accounts using journalistic techniques, and being in the field I added journalistic suspicion and curiosity to the social science approach.

This awareness about one's position in a social order while doing fieldwork through managing capital and *habitus* has several implications. It is necessary to bear in mind how my status as a well-educated, middle-class university researcher talking with interviewees from the post-industrial working class about their credit and debt may have affected our discussions. First of all, *habitus* helps us to decide what deserves to be included in our fieldwork and how to manage emergent situations during this stage. In addition, the way we try to be-in-the-field has a strong connection with our being-in-the social order, according to our capital and *habitus*. Indeed, you have to construct, negotiate and rely on these positions to be in the field. I assume that in the case of Low-Skilled Entrepreneurs and White-Collar Proletariat, there will be a social distance, especially when money issues are addressed, and within an inherent situation of questioning. I aimed to avoid any trace of inquisitive questions and to gain a minimum of trust and empathy to achieve meaningful narratives. To do this, I was very careful with my language. I do not have an 'upper-class' accent neither do I resemble a 'White Chilean', so by only using 'standard' language, I tried to reduce the social distance that interviewees might feel. In Spanish, there are two ways to address people, one informal that implies closeness but also entitlement. In these cases, I preferred the formal mode which implies more respect and a sort of symmetry. Moreover, I showed some true familiarity with the geographical references of interviewees. As Santiago is a very socially segregated city, this was a powerful sign for getting our positions closer.

Money can be a difficult issue to talk about, and talking about debt can be even harder. However, I had the hunch that in empirical terms this might not be the case, especially in lower income families. I confirmed my assumptions since people openly talked about debt and defaults because they had the impression that ‘everyone’ was experiencing it, and saw their own situation as ‘normal’. Nonetheless, I avoided any normative comment or phrasing that could imply any judgement. However, when the conversation led to debt trajectories, the moral burden of having a default in the financial record was an inevitable issue. In that moment,
people’s accounts of moral justification reached the highest point; nonetheless, this was always discussed together with a sense of individual responsibility and ‘financial immaturity’. To some extent, the debt disasters of the past allowed people to talk about the managements of the present and the plans for the future.

The fact that most of interviewees were single mothers or divorced reflected, firstly, the occupational profile of the sample (since sales is a gendered biased occupation), secondly the fact that roughly half of couples in Chile split at some point, and thirdly the feminisation of poverty. In these cases, it was usual to encounter the elaboration of narratives of hard times that were overcome. My own gender, the fact that I also have children (sometimes I was asked about this), to some extent oriented the discourses towards family justifications. Nevertheless, this also happened with male interviewees.

3.7 ETHICS

This research was carried out according to the University of Manchester’s Statement of Ethical Practice. I undertook all the required measures corresponding to anonymity, privacy and confidentiality. In the initial contact with the interviewees, I gave them a summary of the project underlying the aspects relevant for them in terms of themes, confidentiality, and privacy. Before the interview I delivered a consent sheet, which all of the respondents agreed to sign, and so freely participate. This information clearly stated that they could withdraw at any time, including after the empirical research had taken place, without prejudice. I ensured that during the interviews there was no situation uncomfortable to them. No participant asked to finish the interview early or refused to answer any of the proposed topics. All interviewees’ names are aliases, and some of their circumstances are disguised or omitted so that they cannot be identified.

I also included references to support agencies to which people could resort in case they felt overwhelmed by debts, but none of the interviewees asked for more details. This fact provided me with information about the meaning of being indebted for people. Debts seemed less ‘problematic’ and more normalised, though one of the interviewees explicitly talked about past debts as an addiction from which he has recovered.
3.8 CONCLUSION

In this chapter, I have attempted to explain and justify my decisions as a researcher in the design of the project, its fieldwork and its analysis. The choice of a mixed methods approach – both quantitative and qualitative - is consistent with the theoretical argument I proposed in Chapter II about the need for a better understanding of the social meanings of credit. The quantitative approach allowed me, first, to identify the group and unit of analysis, and secondly, to identify the most important questions in the broader pattern of credit in Chile, which is how the massive expansion of credit among the lower classes raises a key issue of the more general social meaning of credit. To establish this social meaning, as I have also argued in the previous chapter, it was necessary empirically to analyse not just one snapshot moment in the economic life of people (as a survey permits), but also to consider people’s more complete debt careers over time, including the reasoning and justifications behind each decision. This requires more qualitative analysis, and one focused on the everyday household practices of budgeting, planning and managing within which credit and debt are deployed and take their meaning. The data gathered in the interviews with heads of households provides a detailed account of the material practices, moral assessments, justifications, and social meanings of ‘ordinary’ credit practices and indebtedness. As we shall see in later chapters, and in support of my cultural approach to the economy, this approach provides an effective way to show that credit practices do not happen just for the sake of self-interest, neither are credit devices neutral objects that are used in a limited and predictable way.

I also referred to my own positionality in the study. First, I considered how my participation in Financial Education programme activities gives support to my hypothesis about a clash between the assumptions of the FE framework and the more everyday assumptions of ordinary people taking the workshops, which also showed me how people deal with financialisation in an empirical way. Secondly, I developed a set of circumstances that influenced -for good or ill- the data gathered in the interviewees, in terms of trust and defensive justifications. In the next chapter, I provide an account of the structural factors behind the expansion of credit in Chile, highlighting especially the role of retail organisations in this expansion, and examining how this connects to the statistics demonstrating the social diversification of credit.
4.1 INTRODUCTION

Narratives about debt and consumption have been researched in the context of austerity measures, sovereign debt issues, and the subprime crisis (Kus, 2013; Marron, 2015; Montgomerie, 2009; Morris, 2016; Roberts & Soederberg, 2014). Similarly, credit has frequently been linked to consumers’ higher ability to choose, or to the idea of consumers as dupes, or as part of a ‘wanting’ society (Bauman, 1998; Cohen, 2004; Lunt & Livingstone, 1993; Zukin & Maguire, 2004). By contrast, the aim of this chapter is to examine how in Chile the financialisation of consumption and the enormous expansion of credit happened at a time of economic growth, becoming an essential feature of neoliberal modernisation in Chile amid the establishment of a consumer culture. Secondly, the chapter sets out to establish the structural context of credit practices in Chile, examining the broader context, which both sets the scene but also emerges from ordinary encounters between domestic rationalities and subjectivities, material aspirations, and financial instruments.

In what follows, I first examine the socio-historic circumstances of how neoliberal policies have led to very widespread debt in Chile and also to the ‘normalisation’ of credit. The downsizing of the state or, in other words, the replacement of the Estado de Compromiso [State of Commitment]18 with a neoliberal state led to the marketisation and privatisation of health, education, housing and public utilities. Moreover, the deregulation of markets has resulted in an expansion of the financial sector and to the financialisation of healthcare, education and pensions, which has driven greater access to credit and financial devices. Along with this process, rising consumption standards have led to the emergence of a consumer culture, in part due to an (unevenly distributed) increase in income but mostly due to the ‘democratisation’ and ‘social diversification’ of credit. I describe the features of this ‘democratisation of credit’ in Chile, focusing on two key aspects. Firstly, in recent years, state and market authorities have contributed to the valorisation of a particular model of ‘consumer citizen’, resulting in a positive model of ‘responsible’ credit spending. Secondly, however, and a very distinctive feature of the Chilean credit expansion, has been the ‘retailisation’ of credit, in which retail stores have led in the expansion of credit through the massive provision of ‘store cards’, embedding credit in retail

18 Estado de compromiso was the type of state adopted by the majority of South American countries (Brazil, Argentina, Chile, Uruguay, for instance). It combined industrialisation and social provision both led by the state, and it has been considered a weaker Latin American version of the European welfare state (Garretón, 2001)
practices. As I shall argue throughout this thesis, the ‘retailisation’ of credit has been a key factor in both the expansion and ‘democratisation’ of credit, and is also central to the normalisation of credit in Chile. These features of the Chilean credit expansion have been crucial in how people shape moral accounts, adopt practical economic strategies, and establish differences between ‘credit’ and ‘debt’. These topics will be further addressed in the following chapters (V, VI, and VII).

4.2 THE SOCIOECONOMICS OF CHILE

This section provides background context to credit practices in Chile by examining the adoption of neoliberalism in Chile over the last four decades. As an ideology, neoliberalism is a set of principles which is conveyed in a group of coherent public policies, aimed to articulate the relations between economy, society and politics. I argue that despite some small differences, it was similarities between the economic policies of the Pinochet dictatorship and of the centre-left governments that succeeded it which paved the way for the massive expansion and normalisation of credit in Chile. The ‘democratisation of credit’ was constructed during both periods.

In 1973, a coup d’état brought about an authoritarian regime, controlled by the army. After a few years, a group of Chilean economists trained at the University of Chicago, devoted supporters of Milton Friedman, designed an ambitious plan of structural changes. It was a ‘true capitalist revolution’ (Gárate, 2012), in contrast with ‘the Chilean way to socialism’ of the 1970-1973 period. These reforms were based on assumptions of self-regulated markets of the most idealised kind. Their principles enshrined the market as the only resource allocator, with no public deficit, and introduced cost-benefit criteria and managerialist techniques for the public sector. Nonetheless, this ‘free-market’ actually meant growing monopolies rather than fierce competition. For instance, the poultry industry, pharmacies, interurban transportation, mobile phone companies, and even tissue paper firms were condemned by the courts for creating complex mechanisms to fix prices and/or acting in a monopolistic way. In Chile, there is no such a thing as a price-war, rather, it is still common to see the same prices in supermarkets or services providers, and then to find out that these items or services are absurdly expensive compared to the rest of Latin America and even to the Global North.

From the late 1970s, the state was thoroughly dismantled and so was its relationship with citizens. This all began with a first wave of privatisations, and reforms in the educational system, health insurance, and the pensions system. The labour market and unions were also
reformed to prevent collective action - indeed, all political activity was banned. The exchange rate between the Chilean currency and the American dollar was fixed to a low value in 1979, fostering the import of consumer durables and hitting local industries. In 1982, a Latin American economic crisis ended this ‘dollar-standard’, leaving exchange rates to fluctuate with the market, and resulting in the default and bankruptcy of all firms and individuals with outstanding debts on the dollar, due to the devaluation of the Chilean currency. The banking system was rescued by the government, using pension funds. The subsequent rise in unemployment, reaching 30 per cent, provoked an unprecedented political reaction in the people for the very first time in ten years of military regime. As a result, without leaving the neo-liberal orthodoxy, the regime moderated the experimental measures of the 1970s, implementing workfare measures but also deepening privatisation. However, the state was no longer the main reference for delivering goods and services, creating the model for Chilean society until now. In 1981, private healthcare started to coexist with public healthcare, though highly segmented according to income. Credit became necessary for expensive medical treatment and surgeries. Private healthcare insurance grew from 61,659 in 1981 up to 3.3 million users in 2014\(^{19}\). From 1990, this number has floated between 17 and 22 per cent of the population\(^{20}\). Free higher education was replaced in 1982 by fee-paid access through long-term university student loans. By 2006, in the context of a widening of access to higher education, a new type of student loan was created, more expensive, offered by private banks, targeted to lower income groups, and with the state acting as a joint cosignatory. In primary and secondary education, in 2012, only 37 per cent of students were registered at public (non-fee paying) schools\(^{21}\). All non-university higher education is private, and students from private universities are more numerous than those at state universities.

These changes in welfare provision came with the construction of a discourse of upward social mobility through access to consumer goods. For instance, Pinochet’s foundational speech at Chacarillas Hill, in 1977, promised one car for every seven inhabitants, and telephones and television for all. Similarly, decades later, in the democratic period, the new authorities made delighted comparative analysis of the rise in consumerism between the 1992 and 2002 censuses (Tironi, 2003). Within the neoliberal era, a second wave of transformations came with the left-centre, third-way style coalition, the *Concertación*\(^{22}\). They won the first democratic elections,
after the dictatorship lost the confirmatory referendum in 1988 (leaving office in 1990). The main focus of their development strategy was to maintain the levels of economic growth achieved by the authoritarian government during the 1980s, and also to diminish poverty. The former Marxist authorities embraced neoliberalism, rejecting any structural change. None of the privatisations, pensions, healthcare or education or other structural reforms were touched. The new authorities remain(ed) culturally and symbolically left-wing, so in order to express this, the *Concertación* used the distinction between ‘consumers v citizens’, meaning that they embraced a ‘social market economy’, capitalism with ‘human face’, i.e. a market economy that needs to be regulated. In practice, this political rhetoric focused on a criticism of consumption as the most relevant aspect of people’s lives. For instance, the Christian-democrat former President Patricio Aylwin (1990-1994) refused to visit shopping malls and stated that ‘the market is cruel’. Former Social-democrat President Ricardo Lagos (2000-2006) used explicitly the distinction between consumers and citizens in his 1999 presidential campaign. However, one of the prominent *Concertación* ministers, Enrique Correa, stated in 2011 - a year of social unrest - that in the preceding years, ‘people were quiet because *Concertación* gave them credit cards and higher education’. Moreover, improvements in living standards were presented as sign of the success of the *Concertación*. For instance, when comparing the 1992 and 2002 census the proportion of households owning their own house reached 72.6 per cent; the amount of people living with basic facilities (electricity, water, sewage system, shower, gas) increased from 61.1 to 79.1 per cent. Looking at the Survey of Socio-Economic Characterisation of 2015, the remarkable penetration of consumer durable goods makes irrelevant differences in the possession of fridges, televisions, mobile phones, and so on. Between 1992 and 2002, the education of the workforce improved for the entire population. In fact, whereas in 1992 among those with jobs, the largest group were primary school certificate owners, in 2002 this position was awarded to secondary school certificate owners. By 2006, the average years in education of a head of household were 12.5. Primary and incomplete secondary school now lead to the lowest level jobs, and completing a high school diploma is not sufficient to secure a decent ‘white-collar employment’, as it would have been decades ago. People living in income-based poverty
decreased from 38.6 per cent in 1990 to 11.7 per cent in 2015 (Ministry of Social Development, 2016) and the country reached the highest level in Latin America in both the Human Development Index and GDP per capita.

But alongside this story of a national success there is a disguised hardship. Poverty has changed in Chile, both in a quantitative and qualitative ways. However, consumer society has also changed the image of poverty in Chilean society and subjective understandings of this idea (Villaseca & Padopúlos, 2011). The former image of poverty based on dearth and livelihood has evolved to an image of poverty characterized by impotence, restraint and invisibility. The consumption expansion has meant a significant rise in house ownership, the possession of durable goods and new technological devices, and changes in household expenditures. However, if economic growth has a lot to do with these shifts, credit has had even more impact. Credit has changed the biography of people and households. Thirty years ago, a piece of furniture was a lifetime investment; today it can be replaced at any time or place. Credit has rendered some forms of consumption (such as buying electrical appliances, cars, and technological devices) trivial, insofar as the access to such goods and services has become easier. All these positive aspects of modernisation in Chile have, as a backdrop, a persistently uneven distribution of income (visually represented in Graph 4.1). In 2015, the mean income per month in Chile was CLP 525,000 [GBP 630] whereas the median income was considerably lower, at CLP 349,000 [GBP 419]. The Gini coefficient, which indicates the level of unequal distribution of income, remained high. From 1973, this coefficient consistently increased with a peak of 0.59 during 1987-1990. In 2013 the Gini coefficient was 0.50, which is still considered high, and the mean income of the top decile was 29.1 times higher than the mean income of the lowest decile.
**4.3 THE EXPANSION OF CREDIT**

In this section, I briefly refer to the specificities of the Chilean credit expansion and consider how this process was articulated with capitalist modernisation and the emergence of consumer culture in Chile. Credit expansion should be understood in its historical context and in relation to the specific subjects at whom credit was aimed. I argue that during the 1990s and 2000s, the large retailers focused on lower and middle-income earners as the main targets for credit expansion, and this ‘retailisation’ of credit was crucial for the consolidation of credit markets and for the normalisation of credit. However, the consumer credit expansion started earlier in the late 1970s, with the arrival of the first bank credit card in 1978, mostly aimed at the upper-middle classes. It was the government’s decision to deregulate the financial system during the early 1980s which led to the birth of small institutional lenders, frequently consumer credit spin-offs of the larger banks. The institutional profile of the neoliberal expansion of credit has been suggested as being a facilitator for new accumulation strategies (Soederberger, 2012), allowing the emergence of large economic groups able to invest money and to create jobs and forms of social disciplining (Moulian, 1998; Gerber, 2014), assuming that indebted workers are more worried about losing jobs, and so become less politically active. After this initial bank-driven credit expansion, through the 1990s new lenders entered the market targeting new customers, and new social groups became credit subjects. By the end of 1980s, the main department stores had their own credit cards already. However, the landmark change was the launching of Presto, the credit card of Lider supermarkets, in 1996. From this point on, ‘everyday’ retailers erupted massively onto the domestic finance landscape. These new institutional lenders
- department stores, supermarkets and other retailers - made their financial innovation by focusing on groups not previously targeted for credit, such as lower-income groups, housewives, the retired, and students. This innovation was labelled as a ‘democratisation of credit’ by the political authorities\(^{26}\) and by the new lenders themselves\(^ {27}\). This financial inclusion of new groups was promoted by the retail sector, without concerns about risks. Why did retailers enter the credit market? It has been argued it was in order to manufacture or ‘sow’ (see below, Ossandón, 2014) new clients, because of the deregulation of the market, and due to their economic muscle thanks to the concentration of capital (Montero y Tarziján, 2010).

Retail managers have admitted that their business is more financial than commercial, in tune with the financialisation of vast economic areas\(^ {28}\). Credit cards became more profitable than retail sales, and customer debt is used as an asset as well, sometimes artificially created to add stock market value, and to generate impressive balances aimed at shareholders, as in the La Polar affaire. Retailers have been innovative in offering customers benefits attached to the use of their credit cards, taking advantage of their position as retail and banking combines. A variety of products are offered at lower prices on the condition of using in-store cards, even in compulsory-instalment mode. However, you get what you pay for, a high-cost credit. Moreover, cards allow stores to cultivate another kind of relationship with their customers that prove more profitable for them. This relationship goes beyond the moment of purchase, and beyond the hire purchase model. Card membership allows retailers to offer additional services, both non-financial (e.g. weddings, holidays) and financial (car loans, and unemployment, life and health insurance).

The social diversification of credit started with the targeting of credit by department stores at lower-income consumers, to those who were previously ‘unbanked’. The loans and credit cards issued by banks and retail finance correspond to different social groups. Retail finance has designed special financial devices for both credit newcomers, but also for ‘older’ consumers of credits who potentially have the same needs as retail finance customers (Aparici & Yáñez, 2004). Stores do not demand too many requirements in their credit applications, ‘just the identification card to check if you are eligible’ as stated by in-store or high-street commercial agents. Store cards are offered by telemarketers as well, telling customers that the card is


\(^{27}\) “Consumption based on a healthy credit is the best thing to this country. Store credit card is the best thing on Earth. I’m sure that store cards have supported people that banks exclude”, Horst Paulmann, owner of Cencosud, one of the three biggest retail holdings in Chile and Latin America [original in Spanish]. Emol.com, 24\(^ {\text{th}}\) June 2011. visited on June 19\(^ {\text{th}}\) 2017 [http://www.emol.com/noticias/economia/2011/06/24/488983/paulmann-y-la-polar-es-algo-que-se-sabiahace-tiempo-en-el-marcado.html](http://www.emol.com/noticias/economia/2011/06/24/488983/paulmann-y-la-polar-es-algo-que-se-sabiahace-tiempo-en-el-marcado.html)

\(^{28}\) [www.comiteretailfinanciero.cl](http://www.comiteretailfinanciero.cl), visited on 7th November 2013
already approved, ready to be sent by post’. As I show in Chapter V, this way proves crucial for reaching lower-income households. Together with their easy access, the financial-commercial mixture is one of the crucial advantages of store cards for people. In department stores, the creditor can purchase, get credit and pay outstanding balances, all at the same time. People go to the shop for only one of these activities and end up doing the whole set. They also find it easier to pop into a department store (whose opening times are usually from Monday to Sunday from 9 AM to 9 PM) to get a loan, than a bank (which opens Monday to Friday from 9 AM to 2 PM). This shift of retailers into finance has helped to diversify credit sources and to deepen it substantially. Retailers are aware of their role in financial inclusion. However, this inclusion comes with higher fees, maximum interest rates and hidden costs, in the form of insurance fees which customers never actually ask for. According to both clients and some of the financial education officers I interviewed, firms take advantage of the lower financial knowledge and need for funding of the groups they target, using long, indecipherable contracts in small printed, which ordinary people find hard to read and understand.

Chile has been acknowledged as one of the most banking-based environments amongst developing countries. One of its main innovations is Cuenta RUT, an account issued by the state-owned bank using as account number the citizens’ RUT [Identity Card Number or DNI]. Everyone in Chile theoretically has one. In fact, 9 million people use these accounts. If department stores contributed to the ‘democratisation’ of credit, Cuenta Rut completed this financial inclusion in 2007 with plastic money and electronic transactions available for all. Although Cuenta RUT has the stigma of lower status, it represents the state role in financial inclusion. By the end of the twentieth century, the most important state-owned bank’s device was a savings account in the form of a notebook, but nowadays it is the Cuenta Rut card, which allows everyone to bank - and can be used on the transport system of Santiago, like the Oyster Card in London. In March of 2017 in Chile, there were 5,200,000 banks loans; 20 million debit cards; 12,845,000 bank credit cards (4,800,000 active that month); 13 million store credit cards (6 million active that month) (SBIF, 2017). The Chilean population is estimated in 17 million.

In the context of hardship and absence of welfare, debt can be a coping strategy. For instance, in cases when individuals use store cards as their own unemployment insurance scheme, or when families use that credit card stored in the chest of drawers to face a health

29 www.comiteretailfinanciero.cl, visited on 7th November 2013
32 This state bank, BancoEstado, is run by the same market rules of any bank, and the main difference is it has branches along 2,653 miles of Chilean territory, including Eastern Island.
33 http://www.corporativo.bancoestado.cl/acerca-del-bancoestado/historia, visited on June 19th 2017
emergency. It can also be presented as a tool to overcome poverty and to make improvements in people’s quality of life when government agencies and NGOs foster entrepreneurship and creditworthiness by giving small loans for funding business. ‘Banking for the poorest’ organisations are aimed at making these kinds of loans; in addition, a diversity of state agencies is focused on providing finance for agrarian activities and small businesses. In Chile, the loans go from CLP 70,000 to 4,000,000 [GBP 84 to 4,804], amounts quite similar in level to those that retail banking usually offers to their customers. A programme focused on shanty town households, gives access to very small amounts of credit, from CLP 20,000 to 90,000 [GBP 24 to 108], and deliver training courses, as a means to people to become suitable for formal credit. The findings of Montoya, Larenas & Contreras (2003) who assessed this strategy showed that the first credit delivered to families has a high impact, increasing per capita household income by 25 per cent on average, which in most of cases allows families to leave poverty, in formal terms. Credit here is used as a replacement for welfare.

So, is Chile a debtfare state? This refers to the state role in supporting a debt-driven accumulation strategy, and also ‘banking the unbanked’ (Soederberg, 2012). As it is, the debtfare state represents various functions in legitimizing and guaranteeing debt-led forms of accumulation. For instance, Chile shares with debtfare states an obsession with economic growth, and expansion of micro-credit to lower income groups, as part of the democratisation of consumption to the bottom of the pyramid of consumers, also banking programmes to overcome poverty. Nevertheless, there are some crucial features that do not match properly with Chilean socioeconomic structure. First, debtfare state rests on the existence of a huge surplus population, groups of informal workers who are not properly in capital relationships. In Chile, this group is not so big, though nevertheless some formal workers and their households can be under the poverty line, paradoxically, due to lower wages. Secondly, debtfare state rests upon an unbanked society, whereas in Chile there are higher levels of banking which support sustained credit relationships between lower and middle-income groups, and banking and commercial institutions. Therefore, the banking scales seem to be historically different. Thirdly, in terms of legitimacy, the debtfare state, in its Mexican version, is still unable to accomplish some of the macro-economic ‘promises’ of neoliberalism which in Chile became true in regard to sustained economic growth during the last 30 years, with a few years of stagnation (6.3% average for 1984-1989; 7.1%, for 1990-1998; 3.8%, 1999-2010; 5.5% 2011-2013). However, higher socio-economic inequality is the same as in the debtfare state.
The creation of financial markets and financial inclusion policies has gone hand in hand with commercial strategies by large retailers aimed at new subjects of credit. Additionally, financial education has become an emerging object in the financial environment of credit in Chile. In the early 2010s, financial authorities indicated an ‘enormous gap’ between the use of financial devices and the financial education of people, considering that the Chilean people were ‘financially illiterate’, according to OECD standards tests. From that moment, families were exposed to different sources and instances of financial education (FE) and advertisements, which show the growing commitment of the state, firms, and the third sector to educate people about ‘the right way’ to save, to budget and, mainly, to use credit.

The FE actors include several government agencies: SERNAC [National Consumer Service], SBIF [Regulatory Body of Bank and Financial Institutions], the Central Bank, and FOSIS [Social Investment and Solidarity Fund]. Private banks, like BBVA, Santander, Falabella – part of the same holding of the main department store in Chile - have FE websites and initiatives, as part of their Corporate Social Responsibility plans, aimed at their clients. The University of Chile and the University of La Frontera have elaborated content, talks and online courses which are a fundamental basis for government FE. On top of that, the Fundación Capital, a Latin American body aimed at financial inclusion, provides advice for the elaboration of a Financial Education Strategy, led by the Ministry of Treasure [macro-economic policies]. Financial inclusion came first in Chile, and education came afterwards, thus they are now elaborating the aforementioned strategy aimed at consolidating all the dispersed initiatives of the FE frame. Financial inclusion is signposted as a crucial element for economic development. For instance, key figures shown in Fundación Capital, talks and statements say that 10 per cent increases in financial access make a reduction of 0.06 in the Gini coefficient, and that a 10 per cent increase in access to credit makes for a reduction of up to 3 per cent in the poverty rates.

Despite common ground, I identify three different streams in Chilean FE programmes that give to the individual different degrees of responsibility and self-determination. Firstly, there is an (i) ‘evolutionary’ stream that draws on the assumption of a changing financial environment where the everyday economy is flooded with concepts and terminology that

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36 In 2015, Sernac expected to train 425 teachers and 72,000 students (Bustos, 2015) In 2014, 5,000 people attended FOSIS workshops (from interview and data base). SBIF reported more than 6 million of participants in their activities, mostly clics on its different websites (SBIF, 2016). As a further reference, each Sernac’s YouTube video about financial education range from 5,000 to 100,000 visits up to July of 2017
frighten people. That vision implies a ‘place’ where society has arrived after several historical and political transformations, and which has imposed concepts on common people who do not fully understand and allegedly are not yet ‘rational’ enough for dealing with concepts like budget, indebtedness, investment, sales, credit, and so on. Aspirations are seen as homogenous despite the fact the income distribution is growingly uneven. In this context, financial education is necessary for people to understand the neoliberal way of organising Chilean society, and for not falling behind. Secondly, there is a (ii) ‘psychological’ approach which emphasises how habits, preferences and character impact the way individuals manage their money. The usual assumption here is that is necessary to deliver to people the tools and knowledge to help inform their economic decisions, habits and personal strategies in order to be a ‘critical, responsible and efficient consumer’ (Denegri et al., 2014; Fundación Capital, 2015). In this approach consumption is a mechanism to compensate for identity deficiencies and to improve self-esteem, in a never-ending search for material goods. The construction of identity through consumption means that people purchase items considering what they represent, rather their use value, focusing on brands, status, and power. ‘I am what I consume; I consume to be who I dream to be’. Only as a side issue, lower income groups are targeted as the new members of the consumption symbolic universe. Thirdly, there is an (iii) ‘empowered’ stream which focuses on resource optimisation in savings, expenditures, investments, and in ‘the future’; the formation of financial citizens in schools, able to some extent to question economic actions that other approaches already take for granted. In this approach, the highest level of understanding of economic life is based in economic literacy, an emphasis on the individual-citizen role, and a systemic approach to economic phenomena, as opposed to a notion of the ‘underdeveloped’ individual who minimises the role of individuals and overestimates the role of the state, with vague or wrong economic knowledge.

4.5 THE STRATIFICATION OF CREDIT AND THE ‘RETAILSAITION’ OF CREDIT AMONGST THE LOWER CLASSES

In this thesis I argue that credit practices have became normalised in Chilean society, especially in the post-industrial working class. Before going on to explain the social mechanisms and meanings of this process (see Chapters V and VI), in this section I provide data to support one angle of the normalisation thesis e.g. the massive and regular use of credit practices. In

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38 Denegri (2016)
39 Sernac, Education Programme (2015)
particular, my analysis focuses on the close relationship between the post-industrial working class (and lower-income households in general) and the big retailers, in terms of the provision of jobs, and consumption and financial resources. Additionally, I show evidence of this stratification of credit practices across the whole of Chilean society.

In order to characterise the social differentiation of banking devices, possession of each device was measured by income decile distribution (Graph 4.2). I created a variable to summarise the possession of at least one these instruments, and another variable indicating if a respondent has three devices. The figures for the entire population, showing that the percentage holding a Bank Account is 14.5%, a Store Card 51.7%, Cuenta RUT 33% (debit card), any device 66.9%, and holding all three 3.7%

**Graph 4.2 Banking Devices Possession by Income Decile**

Source: Survey of Household Finances 2011-2012

Store credit cards are used in all deciles, ranging from 40 to 60 per cent, but the main differentiation come from banking accounts, which are hardly used by lower and middle-income deciles, but quite common in higher income deciles, mainly 8, 9 and 10. Cuenta RUT has penetrated in a similar way as store cards, but at a lower volume. It is remarkable, that all in all, at least 50 per cent of the lowest income deciles have some kind of banking device. The general pattern is that possession of all devices tends to increase as income increases, excepting the Cuenta RUT, which decreases in the two highest deciles.
The overall landscape of credit practices offers a broad range of devices and lenders (Graph 4.3). As stated above, store cards are the main credit device in Chilean society, with 44.1% of households having a store card with outstanding debt (up to 49.8% if store consumer credit is added). Banking devices, such as consumer loans, bank credit card and overdraft current account reaches 29.9% altogether. Higher education loans have reached more than 8% of households. An interesting figure is that 12.4% use Employees Benefit Funds credit. The scope of this institution has changed over the last years. Created in the 1950s, they used to be focused on providing wellbeing and benefits to their members, usually middle-class workers. Now they are financially focused on lower income workers and pensioners, on those who have no credit history or are penalised, assuring their repayments by using instalment loans paid directly through payroll deductions. I go into detail about this credit practice in Chapter V.

Credit practices are certainly changing. Traditional lending patterns, such as pawn shop credit, borrowing from relatives and friends and on-tick shopping, show lower numbers. It has been argued that modern credit is contrary to social bonds: “...interest-bearing and guarantee-based loans increased, while interest-free debt – an indicator of neighbourly non-commercial exchange – declined with the expansion of credit networks“ (Gerber, 2014:730). However, as I shall show in Chapter V, new forms of socially-tied credit have emerged, and the decrease of on-tick shopping responds to commercial reasons. Store cards and Cuenta RUT are replacing small furniture shops credits, pollas [savings clubs] on-tick shopping, and other personal, informal lending. Nonetheless, and as we shall see is indeed the case in later chapters, households could be incorporating these new instruments to their usual community borrowing practices, that is, they can borrow and lend store cards amongst family and friends, and so a line of credit could be the new borrowed thing. Therefore, new impersonal financial instruments can be used in communitarian ways.

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40 Despite this lower number, it has generated a fierce social struggle and social mobilisation, which refers to the ‘legitimacy of debts’ or bad and good credit (Pérez-Roa, 2014)
41 It is an informal and traditional practice in workplaces, consisting in a small fund created by equal monthly contributions of workers, usually friends. Any of these workers can access to the entire fund, either by raffle (here is the name “polla”, one of the national lotteries) or by request if one is in personal or familiar problems.
If we focus down onto household debtors in each income decile, we can see that the number of debtors increases as income increases, apart from decile 6 which has a lower percentage of debtors than deciles 5 and 4 (Table 1). If we compare with 2007 figures, debt has decreased. During this period, there was a worldwide financial crisis, but Chile was less affected than other countries in the world. Nevertheless, the public association of La Polar store financial scandal in 2011 could have had some impact on the closing of credit cards. La Polar executives schemed to expand the period of validity of customers’ debt without their consent. By doing this, they could manipulate the firm’s accounting and show an artificially bigger debtors’ portfolio.

The debt-to-income ratio describes how much of monthly income goes into debt repayments (or in other words, how much disposable income each household has). We can see that lower income groups are more indebted than the rest, especially with the situation most dramatic in the lowest income deciles, where households only have just a half of their income disposable to current expenditures, in average (Table 4.1). Excluding mortgages, the situation presents slight differences. Indeed, if we concentrate on the lowest four deciles we can see that they are quite heavily indebted. Regarding mortgages, it is upper-income deciles that have more participation in the mortgage market.
Credit practices do not occur in an isolated or unique way, but rather constitute a bundle of practices. This means that most people have more than one instrument of credit, and using a credit card in fact is using credit cards, or using credit is not focused on one lender, as people tend to combine different arrangements, using the same instrument or the same kind of instrument more than once. Credit practices can also be considered rooted in payment practices, but also in budgetary arrangements. In table 4.2, I group together banking practices (credit consumer, overdraft, and credit card)\(^\text{42}\), distinguishing them from retail-banking practices (store cards, loans), educational credit (private-managed, state-owned), small lenders (car loan, pawn shop, Employees Benefit Funds loans) and informal credit (friends and relatives, informal lenders, and on tick shopping). Then we observe some bundles of practices, considering that banks and retail-banks are the massive credit lenders. If households that use all sources of credit are irrelevant (0.2%), 18.9% use retail-banking plus one of the other sources of credit (not including ‘traditional’ banking). A similar figure (15.6%) use banks plus other source of credit (not including retail). Users of both types of banking together make up only 8.5%. However, this division between use of credit from banks and retail-banks is misleading, as financial authorities and agents estimate this number should be higher, and one of the ‘problems’ is that people are getting so much debt by taking advantage of the lack of cross-reference between the banking and retail bank data bases. The way this omission is deployed in household credit strategies will be explored in Chapter VII.

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\(^{42}\) Mortgages was note included, because is a totally different practice regarding his "purchase".
Table 4.2 Credit as a bundle of practices

<table>
<thead>
<tr>
<th>Combinations of Credit Types</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All sources of credit</td>
<td>0.2</td>
</tr>
<tr>
<td>Traditional + Retail Banking</td>
<td>8.5</td>
</tr>
<tr>
<td>Banking + 1 (not retail)</td>
<td>15.6</td>
</tr>
<tr>
<td>Retail + 1 (not traditional banking)</td>
<td>18.9</td>
</tr>
<tr>
<td>Only Banking</td>
<td>7.1</td>
</tr>
<tr>
<td>Only Retail</td>
<td>21.4</td>
</tr>
<tr>
<td>Only Small Lenders</td>
<td>4.2</td>
</tr>
<tr>
<td>Only Educational Credit</td>
<td>1.8</td>
</tr>
<tr>
<td>Only Informal Lenders</td>
<td>2.2</td>
</tr>
</tbody>
</table>

N= 4,059 Source: Survey of Household Finances 2011-2012, own elaboration

Debt is spread across all social classes (Table 4.3). The least indebted group are the Precariat Households (33.6%, no debt) and the more indebted are the Lower Middle-Class Households (only 23.6% of no indebted Households). Lower Middle Class and Post-industrial Working class households are more vulnerable to indebtedness, since in each group 14 per cent and 13 per cent respectively fall into the category of what is conventionally understood as over-indebtedness by financial institutions (more than 50% of monthly income goes to repayments). However, the panel section of the Survey of Household Finances allows comparison of the indebtedness of households between 2007 and 2012, according to the self-assessment of the domestic budget planners (for a discussion and empirical data about the difference between credit, debt, and over-indebtedness see Chapter VII). This shows 30.3% of households have increased their debt; 19.1% have decreased it; 36.2% remain the same, and 14.3% had no debt in 2007. Going back to 2012, considering all people surveyed, 16.7% think that their debt is higher than their income, plus 13.5% think that their monthly repayments debt are equal to their income.

Table 4.3 Debt Burden by Social Class

<table>
<thead>
<tr>
<th>Indebtedness Monthly Burden</th>
<th>Power and Corporate Elite</th>
<th>Upper Middle Class</th>
<th>Lower Middle Class</th>
<th>Post-Industrial Working Class</th>
<th>Working Class</th>
<th>Precariat</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Burden</td>
<td>33</td>
<td>28</td>
<td>24</td>
<td>32</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>(0.01%-50% of income)</td>
<td>58</td>
<td>65</td>
<td>62</td>
<td>55</td>
<td>56</td>
<td>59</td>
</tr>
<tr>
<td>(50%-100% of income)</td>
<td>8</td>
<td>5</td>
<td>9</td>
<td>9</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>(100% &gt; of income)</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

N= 2,184 Source: Survey of Household Finances 2011-2012, own elaboration
The Post-industrial Working Class encompasses the Lower Corporate Bureaucratic Workers (LCBW), Personal Services Staff (PSS) and Sales Staff (SS) as occupational categories. Lower Corporate Bureaucratic Workers have fewer households in poverty deciles (1-2) than other categories, and slightly more households in the richest deciles (9 and 10), as shown in table 4.4. In terms of assets, PSS and SS households have similar levels of home ownership (47.4% and 46.4%) slightly higher than LCBW households (37.55%), who in turn have more mortgages, and much more defaults (18.2% v 1.6%, PSS and 5.6% SS).

In terms of indebtedness, LCBW households are the more indebted across all categories (75.4% have some kind of debt). The mean consumer credit debt payments represent 28.2% of LCBW household income, similar to SS households, with 26.9%. PSS households repay a little less with 20.1% monthly. As LCBW households have more mortgages, their overall debt-to-income ratio is higher, reaching 35.2% (including only debtors), followed by SS households with a mean of 30.7%, and PSS, 25.8%.

The strong relationship between indebtedness and the possession of store cards, the ‘retailisation’ of debt and credit, is shown in Graph 4.4. This fact will be a crucial element in the samples’ narratives of ‘debt disasters’ explored in the following chapters.

Table 4.4 Income strata by occupational category – the Post-industrial Working-class

<table>
<thead>
<tr>
<th>Occupational Category</th>
<th>Lower Income (Poverty) - Deciles 1-2</th>
<th>Middle Income - Deciles 3-8</th>
<th>Higher Income - Decil 9</th>
<th>Highest Income - Decil 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Corporate Bureaucracy</td>
<td>5.5</td>
<td>72.0</td>
<td>10.9</td>
<td>11.5</td>
</tr>
<tr>
<td>Workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services Staff</td>
<td>17.6</td>
<td>65.5</td>
<td>10.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Sales Staff</td>
<td>17.2</td>
<td>70.1</td>
<td>8.7</td>
<td>4.0</td>
</tr>
</tbody>
</table>

N= 515 Source: Survey of Household Finances 2011-2012, own elaboration
Table 4.5 Use of Main Store Card Debt – A focus on the Post-industrial Working class

<table>
<thead>
<tr>
<th>Use</th>
<th>Lower Corporate Bureaucracy Workers</th>
<th>Personal Services Staff</th>
<th>Sales Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>House Equipment</td>
<td>54.1</td>
<td>51.5</td>
<td>51.2</td>
</tr>
<tr>
<td>Cars and others</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>23.2</td>
<td>25.8</td>
<td>34.7</td>
</tr>
<tr>
<td>Other items</td>
<td>7.4</td>
<td>9.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Holidays</td>
<td>0.4</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Medical Treatment</td>
<td>0.5</td>
<td>3.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Other debts repayment</td>
<td>5.4</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Professional or entrepreneurship activity</td>
<td>-</td>
<td>3.3</td>
<td>-</td>
</tr>
<tr>
<td>House Refurbishment</td>
<td>-</td>
<td>1.4</td>
<td>-</td>
</tr>
<tr>
<td>Other uses (fuel, restaurants, etc)</td>
<td>8.0</td>
<td>2.8</td>
<td>3.5</td>
</tr>
</tbody>
</table>

N = 515 Source: Survey of Household Finances 2011-2012, own elaboration

At least 39 per cent of Lower Corporate Bureaucracy Workers have 2 debts, this would be two active cards from two different stores, and around 9 per cent have more than three. Regarding Personal Services Staff, 28 per cent have 2 debts, and 5 per cent have more than
three. In Sales Staff, 26% have 2 debts, and around 5% have more than three. In terms of the main use of these debts (table 4.5), for three categories the main objective is house equipment by far (around 51-54%), followed by clothing, with some differences from 34.7% for Sales Staff to only 23.2% in Lower Corporate Bureaucratic Workers. But the most interesting figure is that 5.4% of Lower Corporate Bureaucratic Workers used retail-banking credit to repay other debts. Which ones? It is not possible to know, but it is a positive example of how practices are coordinated and intertwined, and how people use credit as a sensible behaviour, by their own ‘rules’ of financial management. The why’s and how’s of these strategies will be addressed in Chapters V, VI and VII.

Although retail-banking devices are used by all social classes, they are crucial for the Post-Industrial Working Class and the Precariat, for whom this is usually the only way to get access to and additional funding for their material needs and aspirations. The use of store cards is highly related to the degree of indebtedness in these groups, and by extension, with most of Chilean society. According to the figures, essentials like clothing and house equipment are behind the main use of retail-credit, which supports the idea of ‘livelihood’ credit instead of ‘conspicuous’ credit. Figures on indebtedness and over-indebtedness prove to be not so massive. However, underneath this there is a story of debt disasters and hidden overall debt which will be addressed in Chapters V and VII.

4.6 CONCLUSION: THE SUFFERING CONSUMER OR THE DEMOCRATISATION OF CREDIT?

In this chapter, I have examined the expansion of credit in Chile, especially the credit driven by the retail industry. The broader context of this analysis is the structural conditions which surround credit expansion: economic growth supported by neoliberal reform, state downsizing, the marketisation of welfare, and the promotion of individual autonomy and choice. The credit market and credit practices have become a key feature in the economic life of lower and moderate-income groups in Chile. It is important to appreciate that the neoliberalism strategy started by a right-wing dictatorship was continued with roughly the same features by a centre-left government. I have also provided an overview of the macro characteristics of credit practices and indebtedness in Chilean society, using aggregate data from Surveys of Household Finances, and other complementary sources. One of the specific objectives of this first part of the quantitative analysis is to account for the impact of credit and indebtedness amongst people with lower and moderate-income and amongst the Post-industrial Working-class.
households. Some of the data presented require further development in order to construct a narrative of household credit practices and indebtedness. Those narratives are provided in the Chapters V, VI, and VI.

The Chilean neoliberal modernisation has given rise to different ideas about the effects of consumption expansion. Some argue that this modernization is a clear indicator of the higher status reached by Chilean society (Tironi, 1999, 2003); others relate consumption to the depoliticisation of society and the weakening of social ties (Garretón et. al, 2003; Moulian, 1997, 1998). The origin of this consumer expansion can be traced to increasing incomes in Chilean society in general, as well as to the expansion of credit and the widening availability of banking services. This has also led to substantial levels of indebtedness, which I argue have become normalised through the everyday practices of household economies. In this process, the availability of credit is subject to specific historical, social, and institutional arrangements, which impact the offer of credit in a determined way (for instance, the preference for supermarket credit over banks) and the social meaning for credit practitioners, in this case householders (for instance, financing legitimate social aspirations). Therefore, it was not only a market-driven process. Insofar as social mobility prospects have become related more with individual achievements than to structural transformations or class belonging (Moulian, 1997), credit appears on the radar of those who seek a key to enter the successful country depicted in the media from the 1990s. Chile leads the Latin American rankings of economic growth and trade-agreements is a signature of its macroeconomic policies. This is the narrative of Chilean democracy. This is also the so-called ‘invasion of the masses’ (Tironi, 1999), e.g. the settling of a consumer culture amongst vast groups of the population, which was formerly available just for the elite. However, some groups feel more confident and prepared for this new society than others (PNUD, 1998, 2002). The retail-driven credit expansion, mostly occurring from the end of the 1990s, consolidated this process of a ‘democracy, but of credit’. The narrative of credit expansion underlies these changes, and to some extent the narratives presented in the following chapters help us to understand the fears, uncertainties, and strategies of those with less capital in facing the Chilean neoliberal modernisation after almost two decades.

The other side of the story is that the expansion of credit has been able to expand the ‘suffering of the consumer’ to the (new) proletariat (Bourdieu, 2001; Olsen, 2008). The legitimacy of credit as a means to gain social status has been largely discussed by Bourdieu (2001), in the context of long-term loans like mortgages. The question he addressed is why people would choose a ‘social suffering’ like owing money for 20-30 or even 40 years. He drew on *habitus* to explain taking a mortgage as an intelligent move, a product of collective and individual
circumstances. So, people are not forced to take mortgages but chose to do so according to what they see as normative aspirations. In this research, I discuss this reasoning in the context of everyday consumption and credit.

One can argue that narratives of democratisation of credit are putting credit practices in reach of almost everyone, but on the other hand, the same narrative is one of a continued structuring of uneven opportunities. The recruitment conditions for credit rest on an unequal distribution of credit, but at the same time, everyone can be, or could be, a debtor. In this context, knowing that someone is in the condition of being a debtor is less useful than knowing the way that debt is acquired or, in other words, how credit is performed, such as by taking a loan, using credit cards, which credit card, hire purchase, cash advances.

Consumption and how it is achieved or financed has changed. There are multiple channels for credit. Not all social groups join this process in the same way, and it is highly differentiated. Therefore, credit has an impact on the reproduction of inequality (class, gender, age, rural-urban); it is articulated in the social mobility discourses and its projects; it has a particular role in public policy discussions, namely, opportunity structure management, productivity and financial education. Therefore, despite the fact that indebtedness is usually treated as a social problem, credit is taken for granted as an asset. What are the meanings of credit when it enters the home? How does credit impact the biography of families and/or individuals? How is credit used by families to deploy and negotiate their social positions? In what follows, I explore these questions. Using information from interviews with a sample of heads of household who have lived through the credit expansion and experienced the highs and lows of debt careers, and based on the skills, knowledge and moral assessments they have deduced from their experiences, I attempt to answer the puzzle of credit practices in the three following chapters.
5.1 INTRODUCTION

In this thesis, I examine the social meanings of credit practices of the Chilean Post-industrial Working-class households. My research focuses on the situated economic practices of households, their 'everyday encounters with indebtedness'. As previously stated, I conducted 44 in-depth interviews with heads of households i.e. those in charge of domestic financial matters. These households have been particularly targeted by the credit expansion led by large retailers during recent years. In this chapter, I detail the main credit practices in operation by these households - store cards, borrowing 'indebtedness power', and payroll discounted loans. By looking at how these practices are embedded in everyday practices, I attempt to show the prominence and emergence of these practices, but essentially how they contribute to the normalisation of credit. In addition to the exploration of the material practices of credit, I elaborate a set of socio-economic 'micro-narratives' - the debt careers -, which allow me to contextualise the evolution of the credit practices and their intermeshing with the social, familiar, and economic trajectories of families and individuals. This is crucial to understand the normalisation of credit within Chilean society.

My proposal is to pay attention to the real economy and to observe which mechanisms are behind the normal expectation of being indebted in the Chilean society. Why is it necessary to be in debt? How did we get here? Is it about availability? Is it about supply and demand? To address these questions, it is necessary to formulate answers beyond the framework of economists, i.e. looking beyond the model of market and economic actions tending to a balance between supply and demand, as suggested in Chapter II. The aim is to investigate the normalisation of credit practices at the micro level, analysing the processes of moral legitimation and adaptation undertaken by households. It is also necessary to look at credit in a context of ordinary and everyday consumption, in the finances of lower and moderate-income households. Living in debt is normal for these families in Chile. However, this normalisation is not just the massive occurrence of an economic phenomenon.

Normalisation refers to the institutionalisation and legitimation of a material practice by a group of people, who adopt it and adapt it through different micro-processes. In this case,

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43 I set this concept in a perspective beyond the technocratic, neutral and abstract modelling of individual behaviour of economics, attempting to provide a more democratic account (Narotzky, 2012) about the functioning of the economy at the household level, which takes into account the knowledge and practices of those who enact economic life.
firstly, the spread of the use of credit through all social groups is essential to support the adoption of the practice; secondly, their modes of implementation or adoption have differences, so their agency as individuals is involved, and it is not a compulsory action; and thirdly, their legitimation allows them to embed the practice in their everyday routines and in different contexts, like basic provisioning, social aspirations, and education. Implementation - the time between when an activity is adopted and then transformed - can prompt people as to whether to avoid the activity, to make an unenthusiastic use or to develop a skilful use (May & Finch, 2009). People’s different recruitment and engagement stories with credit practices suggest that the normalisation and legitimation of credit occurs when defaulters and debtors draw moral conclusions which help them to elaborate a new plan for the management of credit. These new frameworks involve material practices, moral justifications and strategic adaptation. In addition to structural constraints, normalisation has been processed by households producing moralising accounts of their creditworthiness and their credit practices.

In the first section of this chapter, drawing mainly on my qualitative interviews with heads of households, I describe the material practices of households, their different sources and uses of credit, the prevalence of department stores credit, and other booming and declining market and non-market practices, in order to examine how these practices contribute to the normalisation of credit. The second section addresses the main events of the debt careers of heads of households, showing how their debt disasters contribute to the further normalisation of credit. I ended discussing the interaction between the normalisation of debt and the moral issues of household economies.

5.2 THE MATERIAL PRACTICES OF CREDIT

5.2.1 Sources, devices and goals

First, let us discuss the several types of credit used by my sample. As previously showed, national statistical data indicates that the overall landscape of credit practices in Chile offers a broad range of devices and lenders; some of them in decline, and others, expanding. In table 5.1, I offer a summary of these practices accounting for their main objectives, terms and use, to complement the information gathered in the nationwide databases. I also incorporate informal and obscured practices, whose relevance to the normalisation of credit, and implications beyond the credit market, is not captured in the macro trends of credit usage. For instance, taking loans from Employees Benefits Fund institutions is growing and is now the third major source of credit.
(12 per cent behind wholesale retail and banks). This source of credit is highly focused on lower income workers and retired people, who have access to it through their pension accounts. For workers in my sample, this type of credit is ‘invisible’ and ‘painless’ since it gets paid before they receive their wages, and so does not enter into the frame of financial calculation in the same way other credit devices. In fact, it was hard for them to even recall that they were making those repayments. As one of my sample said:

‘Now I’m fine, I mean, I fine with debt. I have some payroll discount loans from Employees Benefit Funds loans and I know that probably I will pay three times what I borrow, but I don’t get angry, because as they discount the money before it gets me, I don’t feel it’, Paulina, 40, school teaching assistant.

R: Do you have another debt or loan?  
I: ‘No… I mean, I have one loan, BUT as they debit the money from my payroll, I can’t see it’, Angélica, 30, telemarketing worker.

‘I had loans in recent years, but always with the Employees Benefit Fund. I think they charge less interest, but above all, it is easier; they debit the repayments from your payroll, and it is not a real problem to pay it’, Nancy, 40, collector clerk.

R: so, you are not repaying anything at the moment?  
I: ‘No, nothing. All clear. I have one loan from the Employees Benefit Fund, I had several, but as they are debited from my payroll, I didn’t realise about that’, Nelson, 40, airport security agent.

Table 5.1 Landscape of Credit Practices in Chile

<table>
<thead>
<tr>
<th>Types of Credit</th>
<th>Terms</th>
<th>Objectives</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Tick Shopping</td>
<td>Short</td>
<td>Essentials</td>
<td>Low</td>
</tr>
<tr>
<td>Revolving Credit</td>
<td>Short</td>
<td>Budget deficits</td>
<td>High</td>
</tr>
<tr>
<td>Bank Account Overdraft</td>
<td>Short</td>
<td>Budget deficits</td>
<td>Low</td>
</tr>
<tr>
<td>Borrowing Cards</td>
<td>Short-medium</td>
<td>Clothes, Durable Goods, Emergencies</td>
<td>Medium</td>
</tr>
<tr>
<td>Instalments – Hire Purchase</td>
<td>Short-medium</td>
<td>Clothes, Durable Goods, Emergencies, Groceries</td>
<td>High</td>
</tr>
<tr>
<td>Cash Withdrawals</td>
<td>Short-medium</td>
<td>Emergencies, Leisure, Home Improvements, Holidays, Durable Goods</td>
<td>Medium</td>
</tr>
<tr>
<td>Employees Benefits Fund Loans</td>
<td>Medium-Long</td>
<td>Bridging, Holidays, Home Improvements, Holidays</td>
<td>Medium</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>Medium-Long</td>
<td>Bridging, Holidays, Home Improvements, Holidays</td>
<td>High</td>
</tr>
<tr>
<td>Educational Loans</td>
<td>Long</td>
<td>Higher Education Degrees</td>
<td>Medium</td>
</tr>
<tr>
<td>Mortgages</td>
<td>Long</td>
<td>Properties</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Source: own elaboration, based on qualitative data

Other credit practices are decaying, mutating or simply disappearing. Traditional ways of lending, such as pawn shop credit, borrowing money from relatives and friends, and shopping on tick, are decreasing and are now found in increasingly less significant numbers. For most of my sample, shopping on tick seems like an old-fashioned practice, because it does not fit so well with their current daily routines. Ximena, 31, an administrative assistant, does not visit small grocery shops -where shopping on tick used to be allowed - because she prefers to buy in...
supermarkets as part of her normal commute. For this reason, she thinks that shopping on tick is probably an ‘endangered practice’. In my sample, it is quite common for those who used to engage in shopping on tick to have turned to store cards in recent years. That finding coincides with figures shown in the Household Finances Survey, which puts shopping on tick in less than 4 per cent of households against around 50 per cent of households using store cards. For some in my sample, however, the turn away from older forms of lending seemed to be because these forms of credit were more personal and involved issues of social shame or greater interpersonal visibility. Fabián, 41, a machine operator, gives an indication of how shopping on tick is experienced differently from store card credit.

*I'd be ashamed of shopping on tick. It is different from department store credit, because when you shop on tick at a groceries shop in your block, you pay the same amount of money, there is no interest, but it is like a favour. Whereas in the store, if you ask for 1,000, they will charge you 1800, and then the favour is paid. On tick is also less private. The entire neighbourhood would know if I'm asking for that, and probably there are fewer people doing it. However, in a department store we’re all stuck, we are all receiving bills in the post*, Fabián, 41, machine operator in frozen food factory and informal seller of perfumes.

As in the case of Fabián, almost all interviewees attached to this practice moral burdens that made it less prestigious and riskier than other newer forms of credit, because what it is due when someone buys on tick is more than money, and people place more value on questions of social shame or personal favours. This is not to say that questions of personal favour do not feature in normalised credit practices, however. A source of non-market credit which is a frequent practice amongst Chilean lower income households is acquiring credit using the credit cards of friends or family. In this practice, store cards are loaned to or borrowed from relatives, friends, and colleagues, and this form of lending has replaced the traditional personal loan that people once resorted to in case of emergency. Thanks to the credit and banking expansion, what is borrowed and lent in this informal environment is more impersonal and indirect, what some interviewees call ‘indebtedness capacity’, which means a credit limit. Borrowers ask a close contact to go shopping with them to a department store and when at the till, the lender of the card makes the payment on behalf of the borrower, who is the real buyer. They agree an arrangement for the repayments in advance, either the borrower goes to the shop and makes the repayment on the account of the borrower or the borrower pays directly to the lender who takes on the repayment to the department store. In some cases, the lender physically lends his card to the borrower who goes alone to the shop and makes the purchase. Therefore, it is not money which is lent, but the credit limit and the opportunity of using credit. This is far from
being unproblematic to social relationships, since when debts are not cleared a twofold problem is created: the moral one, between the two individuals, and the financial-legal, between the institutional lender and the person who lent the card.

Ten years ago, already and I have not relapsed [with debt], I have been about to do it, but did not. I know it is important to have a card but if it is the case, I’d rather borrow it [the card], that way I’ll feel forced to pay’. As this quote shows, Sofía, 56, a saleswoman in a department store, thinks it is morally overwhelming to owe money to someone, rather than an institution. ‘I do not have store cards. Well, just one, but I rarely use it, just in moments when I ran out of money’, explained Andrea, a saleswoman in a department store. Aside from that, she usually borrows her older brother’s store card to buy unaffordable items in the department store where she works.

In my sample, borrowing others’ cards was common amongst those who try to avoid formal credit formally, or for those who cannot have access to credit, either because they are penalised or have exhausted their own ‘indebtedness capacity’. Although this is a more indirect form of the traditional personal loan for both giver and receiver (since the money comes – at least at first – from the store or bank), the creditworthiness of the cardholder is still at stake as well. If the person who uses the card does not repay, the problem falls on the cardholder, and in the event of default, the financial system will not acknowledge that misuse. The ‘immoral’ side of this practice is that it is closely linked to deception episodes, which in turn can lead the cardholder to default.

“This is quite common here at the store, a granddaughter who borrows a store card from an old lady. It made me very angry and impotent not being able to say that girl ‘how can be possible that you take advantage of that poor old lady who hardly has money to feed herself.’ Soon after, the old lady pops into the store saying that her granddaughter did not repay. It made so sad”, Antonieta, 38, department store saleswoman

“Sometimes, a grandchild comes with her/his grandparent to purchase [sacar] a laptop, and as older people are trustworthy, they get a big credit limit so that they can buy a laptop in 36 instalments. Soon after, the same old lady came to claim that she is unable to repay with her small pension because her grandchild is not repaying”, Fiorella, 50, credit administrator in a department store.

“Last year, I lent my store card to a friend who bought much stuff but never paid back; I am still repaying. It was financially complicated, but now I am fine. The same thing happened when I lent money, I trust in people, but that is the way the cookie crumbles. I am very naive, especially with relatives. I realized that people just don’t care about that; it is not a real problem for them. They think that I forget it, but I do not”, Fabián, 41, frozen food machine operator and informal seller of perfumes.
The practice of borrowing cards from friends and relatives is evidence of how market devices are fused into social relationships. As such, the relationship can be reinforced when the loan ended well; that is when the borrower repays the outstanding balance on behalf of the lender. The relationship could be affected or even broken if the debt is not repaid. Furthermore, borrowing cards is driven by the need to use credit no matter the financial background of users.

Normalisation operates in many ways. Not only have housing, healthcare and education become linked to the credit market, but so has budget planning for ordinary consumption - like clothing, school items, and groceries which become more affordable in the short term because available on credit. Home improvements, holidays, and dental treatment are also on the list of the usual aims of credit. In fact, credit is inserted as a tool for ‘doing’ things into the everyday life of people. It was quite common for credit to be used for everyday purchases, such as supermarket shopping, with credit a way of covering staple household purchases. For lower income households’ users of cards, credit prove inevitable in order to ‘make ends meet’ or to cover personal or financial crises. In other cases, people felt that credit was simply a normal and unavoidable part of contemporary life. The adoption of credit practices is linked to issues of convenience - i.e. in terms of people's daily routines - and availability, with the offer of credit devices tagged onto other routine practices. However, there is a valuation of more impersonal or indirect sources of credit, in which questions of social shame or personal favour can be more easily avoided. Such personal favours cannot always be dodged, but nonetheless it was clear that some forms of credit were more impersonal, more ‘routine’, less visible or entailed less social shame than others.

Supermarkets are a place where different material and symbolic economic practices are enacted and judged, as one of the key places of the economic life of households. The management of budgeting and their social implications is one of them. The use of a credit card in a supermarket is a compound of different practices with different meanings. Most of the interviewees criticised buying essentials on credit; whether for material and moral reasons. However, the supermarket became a place to indulge your family or yourself, on credit, and that is legitimate.

5.2.2 Micro-narratives of engagement with credit

As well as considering how diverse sources or types of credit are a feature of everyday practices, we must also consider how household practices exhibit different types of overall engagement with credit and debt. In my sample, I identified four groups, based on the current
stage in their debt careers, who exhibit different kinds of engagement with credit practices. I identified four distinct types of engagement, differing not only by their level of overall credit usage but also by the level of risk and dependence in their credit strategy. Various levels of risk in their strategies are related to families’ budgeting and financial planning practices. People can switch in the long term from one group to another, to the extent that practices and structural conditions evolve. The first group (22% of my sample), are Full User-Risk Takers, who are those who engage in multiple and regular credit operations, mainly through bank cards, store cards, and loans (Table 5.2). They use credit for short-term borrowing (buying clothes, for example), medium-term borrowing (e.g. for home improvements) and long-term borrowing (e.g. for car loans), and from time to time take a loan out to repay other debts. They have a strong dependence on credit to leverage resources in the long and short run, and have a lesser sense of being indebted. A second group, Full User-Risk Avoiders, account for 32 per cent of my sample. They also have multiple and regular credit operations, including but not limited to store cards, in-store cash withdrawals, and bridging loans, but their credit is mainly devoted to unexpected expenditures or to large purchases such as appliances, and to a lesser extent to ordinary consumption. They try to keep debts low and use credit in the short and medium term. The third group, Occasional Users (24%), use credit occasionally, i.e. less than once in a month, mainly using store cards, employer benefit fund loans, or adopting the practice of borrowing cards from their social circle or family. Their credit use is short-term. They have smaller budgets, and they avoid, or generally have been excluded from, formal credit, and for that reason they resort to borrowing cards or to Employees Benefit Fund loans, since the latter does not take into account the credit history of debtors. As their use of borrowed credit cards suggests, they implicitly wish to have more access to credit. The fourth group, Constrained-Focused (22%) avoid using credit for their everyday activities or smaller hire purchases, instead they focus on longer-term loans aimed at purchasing cars, education or health fees, or for business investments. They typically employ medium or long-term loans from different sources. As a result, their budgets are more limited than the other groups because of their need to make regular repayments.
<table>
<thead>
<tr>
<th>Features / Attitude</th>
<th>Frequency of Use of Financial Instruments</th>
<th>Main Financial Instruments</th>
<th>Credit Terms</th>
<th>Orientation</th>
<th>Respondents</th>
<th>Affordability Meaning</th>
</tr>
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<tbody>
<tr>
<td>Full User-Risk Taker</td>
<td>Regular</td>
<td>Bank-Stores-Loans-Cards</td>
<td>Short-Medium-Long</td>
<td>Strong dependence on credit to leverage resources on the long and short run</td>
<td>María, Belén, Natalia, Pilar, Angélica, Rodrigo, Ivonne, Rogelio, Francisco</td>
<td>What can I pay using credit</td>
</tr>
<tr>
<td>Full User-Risk Avoider</td>
<td>Regular</td>
<td>Stores-Cards-Payday Loans</td>
<td>Short-Medium</td>
<td>Credit mainly to unscheduled expenditures and appliances, and to a lesser extent ordinary consumption</td>
<td>Carolina, Fabiola, Alejandra, Paulina, Christian, Priscila, Myriam, Katherinne, Juan Carlos, Rosario, Nelson, Fabián, Víctor</td>
<td>What can I pay using instalments</td>
</tr>
<tr>
<td>Occasional User</td>
<td>Occasionally</td>
<td>Borrowing Cards-Store-Employer Benefit Fund</td>
<td>Short-Medium</td>
<td>Small budgets, they avoid or have been excluded from formal credit</td>
<td>Nancy, Sofia, Cecilia, Paola, Sergio, Loreto, Andrea, Luis, Patricio, Marcelo</td>
<td>What can I pay using instalments</td>
</tr>
<tr>
<td>Constrained-Focused</td>
<td>Occasionally</td>
<td>Loans</td>
<td>Medium-Long</td>
<td>Avoidance of daily use of credit, but budgets could be restricted for higher monthly repayments</td>
<td>Antonieta, Ximena, Fiorella, Gloria, Esteban, Daniela, Débora, Jocelyn, Gladys</td>
<td>What can I pay using instalments</td>
</tr>
</tbody>
</table>

**Source:** own elaboration

The differences between groups are underpinned according to the relevance and regularity of credit in the making of budgets; the type of financial instruments they use (which is usually linked to the aims of credit); the degree of acceptance of tolerance to credit and debt; and how they use credit to define what is affordable for them. Despite the fact that there is clear socioeconomic stratification of bank and store instruments, as stated previously, concerning the actual use these devices, income is not necessarily a proxy. For instance, those who use credit to pay for a supermarket bill – whether by a bank or a store card - could be lower or middle-income earners. Furthermore, economic hardship can be found in families whose income is higher than others, but they are already fully indebted in the long term, therefore, they cannot use more credit and also have less disposable income.

Maria, 45, a real estate agent, is an example of a **Full User-Risk Taker**, and of those who rely heavily on credit. From time to time she must use her credit card to buy groceries in the supermarket when she runs out of money. She has a variable income, a massive repayment...
obligation and expensive monthly educational fees. Taking more risks also means elaborating a mixed financial strategy, matching uneven repayments, bridging loans, and periods of austerity. This strategy is one of the most usual causes of default in people’s debt career.

‘Last month I recover my pace because I paid after four months, so I paid CLP 1,300,000 [GBP 1,561] once for all. Right now, I have missed two repayments, but I will catch up soon. I try to instil on my children the idea that sometimes you don’t have ham and cheese, and you must eat only butter, and if they say to me “mom, we are poor” I say to them that I’m going to take them to a seizure (“toma”) to see what is real poverty. So, I explain them, we are in a “war economy” for a month, using credit to buy groceries, so they cannot ask for anything, and they understand’, María, 45, real estate agent.

This case is representative of when pressures to give children upward social mobility prospects can lead to massive indebtedness. It is a particular case of ‘living beyond one’s means’. The Survey of Household Finances data shows Chilean families spend on average 19 per cent of their income on education, and 65 per cent of primary and secondary education is fee-paid overall. ‘Sometimes I have only bread and some butter to eat, but the education of my children comes first’, María re-asserted, so she takes the risk of juggling with debt, living constantly on the edge, or definitely falling into default periods, but trying to make the most of what credit can get for her family. Those who spend more as a share of their income are the lower and middle-income deciles. Further analysis is required to give support to the idea that in these groups there are more parents with higher expectations of social mobility and making an effort to invest in education, in line with the perception of ‘paying for quality’. Therefore, in these groups, education fees and credit repayments can lead to having a minimal disposable income during some periods of time, aggravated by the highs and lows of a variable income, as in the case of María.

There is another type of Full User; those who are Risk-Avoiders. They also use multiple credit devices, but are more inclined to short term instruments like store card purchases and in-store money withdrawals. This is also linked to the fact they just use credit to cover daily expenses or an unfortunate event, like an accident or a wage decrease.

‘You don’t have the ability or chance of reasoning if the interest rates are higher or if the fees are higher. Alternatively, to realize that probably you won’t have the same salary next month [having a variable income]. You just grab what you can reach or what you can resort to, and you manage it’, Alejandra, 61, department store saleswoman

44 An illegal, but sometimes legitimate occupation of wasteland properties (public or private) made for a group of poor families. It usually lasted several years and implied the settlement of these families. Authorities usually buy the property from the owner at market price, so both families and landlords win. Hundreds of these cases happened in the 1950s and 1960s
Juan Carlos, 50, an artisan, uses his card every month for small purchases, buying stuff mainly from a home improvement store. He feels the necessity of going to the store to see recently arrived items. The three instalments spot-price scheme is what he regularly uses; but he has elaborated an additional system: long before the payment is due, he pays a sum in advance, so by the time the full payment is due, he feels it is less overwhelming and ‘painful’. When he is in the need of buying a more expensive item, like a fridge, he combines savings and credit, giving a down payment of a third of the price of the item, and leaving the remaining sum on credit, a system which comes to replace the old hire purchase system. In both cases, the main concern is not making the most of credit for great material achievements, but to keep things under control and at the same time to use credit for whatever is needed, mixing credit instruments with a low-risk, short term orientation.

Daniela, 47, secretary, is an example of a Constrained-Focused credit user, someone living on a small budget. Although her repayments seem overwhelming – around 50 per cent of her small income - they are aimed at two loans, health and education expenses, with a fixed repayment amount each month, and she does not use credit cards. She has to learn how to live with less money.

‘Now, I had my store card ‘under control’; nonetheless, when my marriage was breaking up I was so indebted that as soon I received my wage, I have to repay it, in full. Now it is quite different. I am paying two loans, the same money each month, so I got used to living just with a small portion of my wage’, Daniela, 47, secretary.

Whereas at some point, using credit regularly implies that the subjective family income grows, in the cases of Focused-Constrained users it became steadily contracted, and families are forced to live with less money, until they repay their long-term loans in full.

The strategy of mixing different instruments, repayments and deadlines is not always suitable; the families or individuals as ‘financial units’ make plans usually on the go, in an ad hoc way. The requirements of accountability and financial rationality are usually hard to achieve; lower and moderate-income families have access to different sources of credit, but as I have argued in the previous sections, it is a high-cost credit. When they need credit on top of a hire purchase or a payday loan, the options are reduced, so they end up by taking just what is available, and no attention is given to rates or fees. This is mainly the case with Occasional Users, whose indebtedness is lower as their access to credit is restricted, whether due to lower income or penalisation. In no way do these conditions mean exclusion from credit however; Occasional Users can resort to using the ‘indebtedness power’ of someone in their inner circle or
can resort to the Employees Benefit Fund - if they are employed. They try to avoid credit, so they make efforts to save instead of using credit, whenever this is possible.

“I don’t like credit. I try to be well organised with my money, and I’ve taught my children to evaluate if they have money to buy something before feeling enthusiastic about it. Anyway, sometimes I borrow a store card from a colleague. Everybody here knows that I’m organised and austere. The effortless way [like using credit] always comes with a price. I can’t stand living in debt”, Nancy, 40, defaulted mobile customer clerk, [Occasional User]

“Money is a problem, even if you have more, you will be more indebted. Credit is a vice, and leads you to irrationalities, like buying food on credit or being indebted as much you can afford. The thing is the ‘machine’ is after you and chase, and it is hard to get out”, Paola, 39, artisan, [Occasional User]

I emphasise that the four categories of credit users I have identified in this section are not static categories, and debt careers are moving pictures. For instance, the current Occasional Users could be the subsequent stage of a Full-User Risk-Taker, when the mixing strategy went bad, and penalisation occurred. A Risk-Avoider could turn into a Risk-Taker when the practice of mixing credit instruments is mastered. People who are penalised after defaulting are just waiting to join formal credit again.

What all these categories of credit user have in common is that people get used to fitting credit into their budgets. Moreover, they all have the sense that credit is a necessary, ordinary tool to organise their economic life. The different moments in their debt career help credit to become normalised, especially how they process their defaults or debt disasters. After all, credit is money, an asset, and that is how lower income families tend to approach it.

I have shown that credit is part of the material fabric of the household economies of my sample, indicating how credit is a key actor in budgeting and shopping practices. Despite the prevalence of department store credit, there are other market and non-market practices also relevant to lower income families, like borrowing credit cards from friends and relatives, and payroll loans which help them to circumvent credit penalisations. Credit appears to families as an unavoidable tool for short, medium and long-term allocation of resources, and households exhibit distinct types of engagement with credit and debt overall.

5.3 DEBT CAREERS, NORMALISATION AND THE LEGITIMATION OF CREDIT

Through statistical data and the micro narratives of heads of households we have seen in this and previous chapters how massive and diverse is the use of credit among the post-
industrial working class and lower income families in Chile. Credit is highly normalised, and widely tolerated and practiced in Chilean society. But first, let us consider, how does the use of credit begin?

In my sample, there are differences in the way people entered into credit practices, mostly regarding age. People who are in their 20s, 30s, and their mid-40s are part of a group who mostly use and refer to credit and being indebted in a moderate way, although many them have experienced a default or serious indebtedness issues. They usually entered the job market when the retail-led credit expansion was booming in the 1990s. Thus, no matter their incomes, they accessed plenty of store cards. They are a sort of credit-native. First job, first card… first crash is a usual pattern of this generation. However, this first fall happened in a period of life when they had no family obligations, and the losses were materially less significant. As when they enter the ‘real life’ of money and work, credit was already there, and after their first issues they focused on how to learn to use credit devices and to establish priorities if required. It was hard for them to answer if being indebted is right or wrong; instead, their accounts show that what was useful was to learn how to ‘ride credit’⁴⁵. Even more, their narratives formed a meaningful, subjective difference between credit and debt (see Chapter VII for further discussion). Although formally all credit in every way generates a form of debt, the ‘credit natives’ think that keeping their repayments in order is not the same as being indebted. Only when repayments are out of control is indebtedness at stake. These younger interviewees address credit in a less moral, more pragmatic fashion and tend to be more embracing of credit than the older heads of household.

‘There was a time when I had loads of work; we paid all cards in full. However, then, workload went down, so you hardly make ends meet, and you have to deal with cards… On another occasion, we ask for a bridging loan to clear the balances of all the cards, but it did not work at all, because as we cleared the balances, its credit limit re-opened, and we used it again… However, slow down! I am not so indebted at the moment’, Francisco, 40, outsourced mechanics and machine operator

‘If you have to resort to credit cards or a small loan, you have to do it. Having said that, you must learn to deal with credit wisely and focus only on valuable things’, Belén, 31, marketing assistant.

One of the most common ways to enter credit - was being targeted in the initial stages of their job career, even during the first week of their first job ever. For example, Nelson felt like a victim of the credit anxiety caused by entering the job market and the cycle of First job, first

⁴⁵ Several interviews use the expression ‘saber llevar el crédito’, which refers to the ability ‘to ride’ a horse. The horse could be unbreakable at first, but soon after it could be friendlier if you know how to ride it.
The cycle of credit in these debt careers indicates that as soon as people entered into credit, they experienced a debt disaster.

I got my first job in Santiago, and when I get my first salary I was walking around the Alameda [the main road in Santiago] and cards were offered everywhere. I was young, partygoer, and I used all the cards and the in-store withdrawals, so between 21 and 23 I make a mess of myself; clothes, electronic appliances, I had my first car, then I had to sell it, I fell in DICOM [National Record of Defaulters] … It took me seven years to heal me of that. When I got married at 29, I was more or less healed. Now I'm clean’, Nelson, 40, airport security agent.

Daniela, 47, a secretary, enjoyed credit it until she realised that ‘someone’ has to pay the bill.

‘At first, credit is appealing, but it is because you don’t think that you have to repay. That's so distracting, and you don’t realise and it’s too late when you’re overdrawn, because it’s not only the department store card, you must pay other bills, schools, school transportation. At the beginning, a bill from a department store would not seem so important, but if you add more each month it becomes a big bill. So, unless you are extremely methodical or extremely rich, credit cards always give you an unhappy ending’, Daniela, 47, secretary

The use of credit began for María, 45, a real estate agent, even earlier than the previous cases. A credit card was offered to her in college, when she was 20. The first time she received a credit card statement, she did not know how to repay, so she ended with an outstanding, growing debt during the year. Amongst my sample, all those who have higher education qualifications entered credit this way. Banks targeted higher education students to offer them current accounts and credit cards, going to universities and other educational institutions to contact students.

With a broader scope, supermarkets and department stores successfully target students, housewives, and retired people. In my sample, housewives who are now Low-Skilled Entrepreneurs entered credit after being targeted by department store agents, and constituted a different generation of credit newcomers. These users recalled that it was easy to get credit in this way; they felt like it was by chance, this is, just for the fact that they were browsing in a store or simply walking near to one of these stores. For instance, having a store card just ‘happened’ to Cecilia, 46, a low-skilled entrepreneur.

‘I did not ask for it. It just came to my home, when I was a housewife. I used it without knowing how it works, but soon I learnt that the more instalments I use in purchasing at the store, the more the interest I pay. So ‘10 instalments, spot price, no interest’ was an offer suitable to me. Then, I realised that at the end of the day there was always additional charges, such as insurance which I did not ask, hidden commissions, and management fees’, Cecilia, 46, low-skilled entrepreneur.
In the same generational cohort, the over 45s, there are people, especially department store workers, who accessed credit when their job careers were more consolidated. In these cases, store cards reached them as part of a job benefit; nonetheless they applied for credit cards in other stores as well. Finally, there is a residual group, from different backgrounds and occupational levels, who decided to apply for a particular credit instrument at some point of their lives.

<table>
<thead>
<tr>
<th>Table 5.3 Ways of entering to credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-Industrial Working Class</td>
</tr>
<tr>
<td>Targeted as Student</td>
</tr>
<tr>
<td>Targeted as Housewife</td>
</tr>
<tr>
<td>Targeted as junior worker</td>
</tr>
<tr>
<td>Targeted as senior worker</td>
</tr>
<tr>
<td>Applied for credit</td>
</tr>
</tbody>
</table>

Source: own elaboration

In the sample, there were four common situations in reaching a debt disaster (Table 5.3); after taking a first job, after a job promotion, due to family breakdown, and for family expenses. The first two reasons are slightly more common amongst men, and the other two are more common amongst the women in the sample. Paulina, 40, a school teaching assistant, remembers having a lot of store cards in the past, after starting her first job, before becoming a mother at 28. She recalls a lot of problems due to lending her cards to friends who did not repay. At that time, Paulina was ‘living la vida loca’, as she reckons. She was at college studying Education, first, and Sociology, later, but she did not finish her degree. Cards were used to buy ‘superfluous things’, mainly clothes and anything that she could buy on credit instead of using cash, because cash was for having fun and going to parties.

With only a few exceptions, the vast majority of my sample had experienced a debt disaster, as Paulina did. All have had problems with debt, regardless of income, occupation or educational achievement, so these elements are not crucial in categorising debtors. So, for example, Antonieta, 40, a saleswoman in a department store, blamed family breakdown. ‘When I asked for those loans, I was very aware of my capability of repaying. It was not like the card was out of my control. I never did a nonstop buying or expensive things that are not necessary’. A chain of events was behind this; she split from her husband, her mood declined and so did her ability to generate sales at work. Since she has a variable income and her wage depends heavily on sales, the default was almost inevitable.
Sofía, 54, a saleswoman in a department store, accounts for a debt disaster in the past, but now she has no store cards. ‘I defaulted because my children were boys and they asked me for loads of things. It just happened; I used a card, then the other, and then another one to fill the growing debt hole. I have five kids, so there was a moment I was so overwhelmed. Then, I said no, this is not good, and I paid all my debts and said no more. I do so now; I buy only if I have the money, but if not, I do not buy it’. Due to this disaster, she lost an expensive car, which was the main capital for an entrepreneurship started by her and her husband. It was either the car or her children’s education, since they were in private school, and fees were due.

The last two examples show the justification of a debt disaster based on the moral obligation to provide to families in contrast to being indebted for unnecessary, non-essential things. Moreover, in both cases, credit did not disappear after the debt disaster, but became adapted. The moralising account of the past drops the responsibility of defaulting to external, uncontrolled circumstances; in the present, the moral view emphasises controlled, conservative ways of using credit. In the younger generations of my sample, debt disasters are categorised differently; coincidently with the first job, first card, and first crash narrative. These cases suffered debt disasters early in life so the consequences are different, more conspicuous and pragmatic. For instance, Rogelio, 31, an industrial sales agent, used credit to live with ‘twice as much my salary’ when single. At that stage, credit was a recursive activity; one credit led to another whether to finance new aspirations or for bridging loans to secure repayments of an outstanding debt. This ‘wheel of insolvency’ ended after two years, with a default. Now he is married and delegates all financial matters to his wife, using his credit card as little as possible.

After being promoted, Ivonne, 26, a clerk in an insurance company, ‘felt’ she had to hire different services than usual, and also felt she ‘had’ to spend more money, even above her real wage increase, since her credit limit was increased, without her asking for it. Therefore, after a few months of her wage increase she experienced a debt disaster.

‘One feels that you have fewer barriers to have more things, and you start to think in a different way. You start thinking it’s just a treat, but then it became regular, and you ended spending more and owing more money than ever’, Ivonne, 26, insurance firm clerk.

Fabiola, 37, an accountancy assistant, experienced the same situation in her 20s and had a debt mess as well. After that, she created her own scheme, which includes multiple devices, juggling, and so on. Therefore, keeping books in order after a debt disaster does not mean clearing debts, but knowing about and mastering all your debts. Around a half of interviewees considered themselves as a kind of ‘survivor’ of a store card, coming from periods of
disorganisation and over-indebtedness, and now trying to live without store cards or with a minimum use, but credit is always a permanent concern. The other half tend to present debt as the ‘normal’ way of doing financial life. There are diverse sources of a debt disaster; some of them are the same events which trigger the entering of credit into the financial lives of families and individuals, like a job promotion or a family breakdown. Important health issues and unemployment are also amongst the identified causes of debt crisis. However, there are causes less dramatic but no less harmful. These accounts of ‘giving to my children what they need’ or ‘helping my close family’ are far from what the economics literature usually describes as conventional reasons for defaulting. Moral and material entanglements (about what is suitable for being indebted) are shown in these accounts. Take for instance, the fact that for Priscila, 43, a cashier in a department store, found it particularly disturbing that her son-in-law used the card she lent to him for buying petrol. She uses cards to buy clothing on sale or to withdraw lesser amounts of money to keep things ‘in control’, repaying CLP 40,000-50,000 [GBP 48-50] monthly, for that card. In that context, a CLP 400,000 [GBP 480] outstanding debt for petrol was disturbing and ‘illegitimate’.

The lessons of these debt disasters gave to all the interviewees a set of knowledge and meanings. The financial disasters have different magnitudes, accounting from owing the equivalent of a month’s salary to losing a car or even a house. Some of them are sourced externally, when people borrow a card and that debt is not repaid - which was extremely common. It is an uncontrolled debt. In all cases, after their experience, people did not abandon the practice of credit, but they tried to improve their credit performance learning ‘how-to’, also elaborating their own ways to deal with credit. The breakdown of a marriage could force a woman to be more economically independent, as in the cases of Gloria, Sofía, Nancy, and many others, and above all, led them to start to deal with diverse ways of leveraging resources, namely credit. In that case, the debt disaster was aimed at gaining autonomy and if some trouble resulted, that was just the cost of being autonomous.

Paola, 39, a costume jewellery artisan, decided after a debt disaster to no longer use cards anymore; living ‘hand to mouth, no plans’. However, debt is always around her since people are in debt to try to overcome some situation. ‘There are so many things that you cannot do without credit; this is how our society works, health and education expenses are inevitably only affordable through debt’, she asserted.

Whether focused on essentials on non-essentials, the interviewees tend to agree that credit is inevitable and helps to shape our lives.
“I could live without credit, but… It’ll cost me a lot. If credit cards did not exist anymore, the first issue will be my actual debt, because I will not be in the position to repay the full balance in one go. It will be a mess, in fact, I don’t even know how much my debt in total is”, Belén, 31, marketing assistant.

“I could live without credit, but the ‘system’ does not allow it. In our everyday lives, on the TV, the social media… 20 years ago it was impossible to think about going to Brazil for a holiday, but now, if you haven’t gone, you are such a boring person”, Andrea, 52, department store saleswoman.

“I had all financial things working well, but anyway I failed and I went on a penalty. However, next year, I will be clean, and then I will be able to buy [on credit] again. Nothing in life can be done without credit, houses, cars, education; nobody has the money to buy in cash”, María, 47, real estate agent.

‘If you don’t have credit you cannot do anything, because banks are asking you for down payments for everything, even for a car, even for my son’s high school I was required to have a kind of down payment for the enrolment. In that situation, you resort to credit cards or a small loan, because nobody has twenty, not even two or three million in her bank account… only affluent people’, Natalia, 39, technician.

The normalisation of credit is placed in a specific temporality. There is a before and after, and for some people this is set in parallel to both their life and their job career. Before credit was not needed; after – now - it is needed not just because the economy urges it, but because family and society have changed.

‘Back in the old days, if a male breadwinner earned CLP 200,000 [GBP 240], the housewife had to deal with that CLP 200,000 [GBP 240] correspondingly. If two or three had to sleep in the same bed, they did it. However, later, new things showed up, and the whole system changed. People started to dream of new things, and begun to think that buying a CLP 1,000,000 [GBP 1.201] bed was possible. I said it is impossible, instead, it is unaffordable, but some people think differently and consider they can pay for that. We are so disoriented because now the male salary is not enough, so women had to go to work, leaving kids home alone, and kids were racing on their own’, Andrea 52, department store saleswoman.

‘Before, there weren’t cards. The more affluent have cheques. Now we have cards even from the pharmacies’, Cecilia, 46, low-skilled entrepreneur.

‘My parents did not use consumer loans, just a store card from time to time. My father was one of the first persons in our village to have a car, and a modern TV. He always had the money, cards only when strictly necessary. [He was a] consumerist, but with a proper purchasing power’, Rogelio, 31, industrial sales agent.

‘I think before one knew how much money one’s parents spent. Now it is different. People don’t say ‘no’ to teenagers. Before, you could hardly aspire to buy a CLP 20,000 [GBP 24] trainers, now, teenagers demand CLP 120,000 [GBP 144] trainers because they know that their parents can use credit’, Nancy’, 40, collector clerk.
Heads of household, older and younger, acknowledge that the normalised use of credit is something from our times, starting around fifteen or twenty years ago. Those memories are constructed from different outlooks: an older head of household view, a person who worked in credit-related activities, or a teenager who paid some attention to how their parent made decision about purchases. These insights match the period when the credit expansion was led by retailers. In this narrative, my sample elaborate a past period when the rule was sticking to what people’s income could buy, producing an austere everyday life. In the present time, things are better but also riskier to the extent that now it is highly likely for people to have, or have had, problems with credit, like defaulting and penalisations.

In these accounts, little in life can be done without credit, houses, cars, education; nobody has the money to buy in cash some items, no matter how intense the relationship they have with credit. People find it hard to live without credit in their everyday lives: people who use cards for almost everything, people who pay with cards as convenience, people who depends on credit to buy extra items for family, people who use credit to face the highs and lows of a variable income, or people who use credit to treat their family.

People do try to get out of credit, and they can achieve that at least for short periods. But no matter the disposable income in the household, credit seems to be embedded in Chilean budgeting practices, to the extent that it is hard to imagine life without credit. Lower income families and older heads of households construct more structural explanations about the inevitability of credit, whereas younger people, or the credit-natives, are less critical and more prone to produce individual accounts about credit.

5.4 CONCLUSION

Why is it so acceptable to be indebted in Chilean society? This chapter addressed the material practices and the main events in the economic life of households, making the argument that how people enter into credit practices, with what expectations, and how they manage their defaults and debt disasters, are crucial elements for analysing the social and moral foundations of this so-called ‘necessary evil’. Credit and debt are crucial to these families to finance their ordinary consumption and also to achieve their family projects, whether home improvements, education, different pieces of a ‘decent life’. Moreover, credit arrangements are highly intertwined with shopping and budgeting practices. This normalised use of credit is conveyed by households through a frame of legitimate interactions, aspirations, and values. Eventually, they devise a moralising account of their relationship with credit. In turn, the moral justification of a
debt career contributes to normalise present and future involvement with credit, granting it a secure place in the everyday economic arrangements of families. People tolerate credit, and sometimes they can think that they need more credit, and in other circumstances the same family can assess that they have a heavy burden of debts. We cannot exclude the massive availability of credit from this analysis.

This chapter has also showed the differences amongst each credit practice, regarding the social and moral entanglements that people attach to them and the process of legitimation behind them. Some practices like shopping on tick have lost legitimacy, but others, also entangled in social ties, gained legitimacy, like borrowing cards from relatives, friends or colleagues. The reach of credit practices to shopping practices not only affects purchasing actions, but also consideration of prices and values. There are a variety of market and non-market credit practices, which coexist with the conventional use of store cards as a mean of purchasing: payroll discount loans; borrowing cards from relatives, friend, and colleagues; in-store cash withdrawals; and on-tick shopping. Credit interacts with practices of shopping, budgeting, and prices. Prices blurred with credit when people just pay attention to the hire purchase terms, and how that fit into their monthly budgets. They choose to go shopping in places where their store cards are accepted, usually the card issuer; and also, being smart consumers, they take advantage of loyalty schemes and other extra-shopping rewards. These transformations have affected the sales of smaller shops and the practice of on tick shopping, because people prefer borrowing in ‘faceless’ stores instead of using ‘shameful’ credit on tick.

Not all credit practices are equal; some are booming, others decaying.

There are four usual ways to meet a debt disaster: after joining a first job, after a job promotion, due to family break-up, or for other types of family reasons. With only a few exceptions, almost all people of my sample have experienced a debt disaster. All of them have had problems with debt, regardless of income, occupation or educational achievement, so these elements are not crucial to classify debtors. They categorised their experiences differently, moralising their account rather than telling a story about numbers and miscalculations.

One group within my sample considers themselves as a kind of ‘survivors´ of store cards disasters. They now are trying to live without store cards or with a minimum use, but credit remains always a constant worry. Other people tend to minimise their concerns, presenting credit as the modern way of conducting a financial life. In general terms, people tend to create identity micro-narratives which give them support for their past decisions and for their on-going actions and future plans. These narratives end with ‘now I’m managing’, this moralisation discourse helps them to normalise. So, they have more sensible use of credit, more than escape.
of credit. The cycle is ‘I was irresponsible, but now I’m responsible, although I’m responsible, I have to use credit’. It is a requirement for everyday practices so the ‘necessary evil’ is normalisation. People also resort to their normativity to make sense to their material practices and to assess other people’s practices. By doing that, they convey how society works or should work. Narratives of authenticity, aspirations, social change, social mobility, are the outputs of these economic practices and moral assessments.

Normalisation operates both in the moral economy of the household and the pragmatic rationality they construct in the everyday practices of credit. Experiences are shaped by a range of social-material relationships, markets, government, family, and so on. However, a substantive relationship between households and credit is imbued with a moral sense. Credit is seen in households as a ‘sensible act’ in situations where family bonds, projects, and survival are at stake. In some cases, discipline, responsibility and order are essential to prevent social drama; in other cases, notions of resignation and legitimation lead families to develop a sense of credit-smartness, diminishing the moral self-assessment of credit, leaving the moral judgement for assessing other people’s debts.

Are people forced to live in debt? Is it possible to live without credit? The inevitability of credit leads to the use of credit one way or another, even after personal crises of debt. Credit practices are contradictory since they present a puzzle of opportunities, danger, and inevitability. Each household has a different way to solve it, according to their values, rationality, and skills. In trying to address this puzzle, households face some contradictions. For for debtors, the moral nature of credit is changeable. It could ‘good or bad’ in different contexts, times, and situations; likewise, credit could be seen as an investment, as income, even as welfare

The familiarity with credit has different social and moral meanings for these families. In fact, these meanings allow them to create identity narratives that help them both to validate their past economic actions and to improve their economic arrangements. According to their moral assessments, debt is a ‘necessary evil’ for families. In the next chapter, I will analyse how difficult this process can be for the Post-industrial Working-class and Low-skilled Entrepreneur families, and examine what does exactly it means to say that credit is ‘necessary evil’, by looking at the valuation of credit and debt by families and their role in family dynamics. In this, self-determination is backed up with moral elaborations tied to the obligation of provide a decent life now and a future for the family.
CHAPTER VI THE ‘NECESSARY EVIL’ OF HOUSEHOLD ECONOMIES

6.1 INTRODUCTION

In the previous chapter, I showed how, based on information from my sample, credit has become normalised for Chilean households, transforming it into a routine practice. In this chapter, I turn to analyse different attitudes to the proliferation of credit in everyday lives of the families of my sample, elaborating a threefold characterisation, including resigned, instrumental, and critical. These categories allow me to argue that this normalisation of credit has been (is) difficult. These categories are also crossed by the material practices referred in the previous chapter and constitute a meaningful basis of each debt career.

The moralising accounts of each interviewee are essential to understand the mechanisms of the moral economy of household. They provide justification to enter into credit, how to use it, and how to not be excluded. Heads of households put their family obligations of provision as the primary reason to all the things related to credit and debt. However, different discourses and practices emerge according to how each of them interprets the social diversification of credit and their aspirations of a ‘decent life’. Those who think in a more materialistic way tend to have an instrumental attitude to credit. On the contrary, those who have a resigned attitude attach to credit the benefit of avoiding social exclusion. In every case, the moral obligation of using credit is crucial. However, it is not merely a discursive justification. Credit is concretely intertwined in several family situations, so the interaction between credit and family roles relies on a material basis, as I will show in the following sections. To some extent, the data presented in this chapter focuses on the moral and relational aspects of credit.

Credit is a ‘necessary evil’ for families which places them in a threatening but apparently unavoidable position. This way, it is not the investing-subject who emerges, as some accounts of the financialisation of the everyday life suggest, but rather a ‘livelihood manager’ whose main goal is provide and feed family aspirations to the extent possible, managing credit without causing any harm, or controlling damage when a disaster has happened. In this chapter, I focus on the moral operations that households develop to deal with the financialisation of everyday life, and in the next chapter I will focus on the strategies, practices and rationalities they use to produce and reproduce their economic life.

The first section of this chapter explores the moralising accounts of the past and current debt careers of interviewees, examining how they are translated into the economic practices of households. The second section describes how credit is a vivid presence in kin relationships and
different family dynamics. Parenthood, indulgence, financial and emotional autonomy, family problems caused by defaults and how parents address the socialisation of money and credit - i.e. learning and internalisation of norms and patterns of economic interaction through knowledge, skill, patterns, attitudes towards money and their function in society, are the empirical portfolio of the relational side of credit. I conclude by remarking upon the role of moral, emotional and relational matters in the meaning and practices of the economic behaviour of households.

6.2 THE VALUE OF CREDIT

Every head of household has a story behind their debt career, fed with moral justifications and further practical consequences for the way they manage their domestic finances. After ‘surviving’ default episodes, households have created their own schemes of credit within budgeting. Default or debt disasters did not mean quitting credit since credit has been normalised. It is possible to identify three main types of attitude that are behind the narratives that support the way the sample manage credit and explain the highs and lows of their debt careers: the resigned, the instrumental and the critical. The attachment of debt to the economic life of people remains like a heavy burden from which domestic planners cannot escape, but there is an expression of agency in their persistence and adaptation to the use of credit. To some extent, what differentiates one person from another is how they dealt with debt disasters in terms of acceptance of the ‘rules of the game’, but also in terms of showing a will to ‘play the game’. What they all shared, on the contrary, no matter their social and material expectations, is credit. I will present some examples of resigned attitudes in the following lines, i.e. considering those who were less enthusiastic and willing to use credit but who were aware of their rules.

6.2.1 Resignation

What does it mean to be ‘resigned’ to the use of credit? Take the case of Nancy, who is very strict in upholding the demands of household accountability and all of her explanations go in the direction of having values. For instance, to avoid credit, she thinks self-discipline is required to save and then purchase, and this is a necessary ‘mental process’ for not taking formal credit. Austerity in her early life gave her the strength to decline credit temptations. The same frugality drove her to keep well-organised accounts since scarcity is easier to manage. ‘The more you earn, the more you spend and the more you owe’, she explains. She says she needs
strength to keep up her position when all the people around her are more prone to use credit instead of saving – although she borrows a store card from time to time. She is aware of being a ‘strange duck’ and feels a sense of exclusion around credit. However, she faced a significant indebtedness after a split from her partner when she took over the economic responsibility of her family. Reluctantly, she had to use credit to start over, and at present she resorts to credit every time she needs an extraordinary expenditure, like a screening test or a higher education certificate for her daughter.

Or take the case of Carolina, 56, saleswoman in department store, who uses credit to buy unexpected items like medicines, but who tries to keep things in order. ‘As you do not have much money you must be a perfect manager’. One of her aspirations is to clear all her debts, but if medicine or an appliance renewal is necessary, she knows that is impossible. In the case of Priscila, 43, a cashier in a department store, when facing an unexpected expenditure she uses an in-store withdrawal since she is not able to save money. She thinks that at the present time, saving is not in people's mentality; rather, they feel protected by having a store card for making cash withdrawals. The issue for her is if you resort regularly to that instrument – rather than exceptionally - then eventually you get into trouble.

‘Sometimes I use the card to make the most of some offers here at the store where I work, but it is not because I have spare money, but because I think winter is coming, so having, for instance, a new pack of towels would be not bad,’ Alejandra, 61, department store saleswoman.

The force of the practice makes credit a routine hard to escape from. These households, like Alejandra’s, are resigned to using credit; they cannot avoid formal credit, and their use is tied to making ends meet or to overcoming a family crisis, illness, unemployment, or divorce. When credit is managed as the last resource, frugality and prudence feed a defensive attitude towards it and these values are necessary to avoid temptation and to focus on what is necessary, like food, home essentials, or health issues. In some cases, that means that cost-benefit analysis is left behind; people are aware that store cards have higher interest rates and at the end of the day are more expensive, but socioeconomic deprivation usually goes along with this profile. They have to use high-cost credit by all means. If social constraint is present in the ‘resignation’ narrative, it is not always due to low wages; in some cases, it is the lack of disposable income that led to getting indebted for essentials. The use of credit is recursive in this case, as people try to service their debts they have less money to purchase things in cash, so they turn to credit cards. As many households have up to four credit cards it is not hard to pick one with available credit. In these cases, as the state safety net is weak or insufficient, people attach to credit cards
the properties of insurance or of the state itself. In the case of emergency, break the glass and use your credit card.

The ‘failed escapers’ from credit try to organise a budget detached from credit, but the practicalities of their life make that impossible, so whether it is for buying a jacket or paying for a health expenditure, these head of households use their social capital and moral creditworthiness to borrow not money, but a card from a colleague – ‘indebtedness power’. Getting credit is easy, but ease of credit is no good. When they are offered credit, the consequences and the uncertainty of the repayment greater than the things they can do with credit. The burden of credit is morally justified and supported by the self-determination of being a good provider for the one’s family.

6.2.2 Instrumentalisation

The second type of attitude, instrumental, involves different practices after a debt disaster. The resigned want to avoid credit but feel this is impossible, but Natalia, 39, a technician, sees things otherwise in a more instrumental fashion, where credit can be useful, but under certain conditions. Although she thinks it is quite hard to quit credit cards, when she says, ‘be out of credit’, she in fact means lower, sustainable, manageable indebtedness. She establishes a difference between using a credit card and paying a loan. The revolving credit feature of credit cards seems to her a unsolved problem, so she planned to use a bridge loan to pay off and close her bank card. In the case of Belén, 31, a marketing assistant, if you have to resort to credit cards or to a small loan, you must learn to deal with credit wisely, minimising the costs. Jocelyn, 26, school teacher, also emphasises a smart attitude to using credit, which means both having the financial skills required and being focused on buying only necessary things.

‘It is all about if you are not tempted, being well organised and that’s it. You have to pay attention wisely to any offer; some offers are not really convenient; they are forcing you to buy something you don’t need, and they want to get rid of it. The same goes for using credit’, Jocelyn, 26, school teacher, former supermarket employee.

Sofía, 54, a department store saleswoman, can link her job career partially to the credit expansion since she has worked more than 25 years in department stores. Even though she has lived close to credit, selling it – and consuming it- she experienced social drama from debt disaster by losing a car and the business she had started. Now she uses banking devices instrumentally and has no specific moral concerns or regrets around her. These are households that, after suffering a debt disaster, elaborate a more instrumental and less critical way of using
and addressing credit, with different degrees of enthusiasm. This instrumental group have the higher income in my sample - ranging from decile 4 to 6 overall - and use multiple credit devices and manage short and long terms loans. They try to keep the books in order about indebtedness and when this happens, they feel like they are not indebted, just using credit, no matter if they are repaying several loans, and spending a considerable part of their salary in repayments. There is a sense of order and well-organised accounts, just formal and instrumental, not as normative as in the resigned group, who adopt a more moralising account of their experience and their use of credit.

Within this instrumental group there is a subgroup, the *self-entitled consumerist*, mostly males. For this group, after a debt disaster, credit remains both as an opportunity and a greater risk, but as they think credit will be with you during your whole life, you have to learn to deal with that. Prudence is not required; on the contrary, risk aversion is not needed, if you want to make the most of credit. Frugality is also out of the picture since credit helps people to live, and life is a regular course interrupted by birthdays and other family commemorations - going out, gifts etc. Credit is fully justified to leverage resources to these goals. The festive and homely meaning granted to credit is stronger than any financial calculation or interest rate. This is how it is to be rational. ‘Life is now. At the end of day, cards are for everything,’ summarises Francisco, 41, a mechanics and machine operator. ‘Being part of the middle class is being indebted,’ Rogelio, 31, sales agent. In this approach, using a card is more than shopping or paying for something, it is about *doing*. Smart people take advantage of life opportunities, and credit is usually one of these opportunities. Credit has led these families to adapt their budgeting practices, but also to think of further possibilities. What is labelled by some people as a simple, decent life, here is a confessed consumerist life-style. ‘Credit is embedded in ‘our culture’, as Chileans, so credit is normalised because part of your common sense and abilities is to make arrangements for living beyond your means,’ restates Rogelio. In this case, this is what being sensible means. If a credit provider ‘gives’ you a credit limit increase, you must take it. A credit line is a life chance, and it is a legitimate part of your income.

The households of my sample assume and tolerate credit as a necessary, legitimate, unavoidable way to do things. One key example is children’s education. For instance, having children is a key factor in Chileans’ indebtedness. 79 per cent of the people who have children are declared indebted versus the 30 per cent of those who do not have children.46 Around 65 per cent of school attendance is in paid schools, and around 80 per cent of higher education

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46 Adimark 2014, Radiografía del endeudado: [www.adimark.cl](http://www.adimark.cl) visited on the 14th of September of 2016
students need a loan to pay their fees\textsuperscript{47}. According to an OECD report in 2014, Chilean higher education is one of the most expensive, while scholarships and grants are described as ‘underdeveloped’. The OECD thinks that this ‘can impose a heavy financial burden on students and their families’ (OECD, 2014), since education means not only fees, but materials, fees for diplomas, clothing, and higher education fees for everyone. Nonetheless, education is perceived as crucial to upward social mobility, and according to the Ministry of Education (2016), 62.9 per cent of children are in private education options (subsidised 54.8% and full-private 8.1%), instead of municipal education (37.1%)\textsuperscript{48}; what is even more telling, more than 80 per cent of parents prefer private education (Libertad y Desarrollo, 2014). As explained in Chapter V, parents resort to debt if necessary, when they think fee-paid education is ‘paying for quality’; so, it is worthwhile to be indebted in that way, as education - and a good education – is seen as a vehicle for the social mobility\textsuperscript{49}. Both credit and fee-paid education appear as ‘compulsory’ and ‘normal’ in a no-choice scenario.

What is the overall moral assessment of the interviewees about credit and debt? Pilar, 55, an unemployed sales woman, has three department stores cards with no credit available. She thinks that she was literally saved by cards, when she could withdraw money after losing her job. She considers the credit limit in her cards as unemployment insurance, and is one of the few interviewees who went enthusiastically to a store to apply for a card. Similarly, when she was offered a new store card from Falabella, she felt ‘like the card fell from heaven’. She also thinks cards are much better than the state-run pawn shop, informally known as ‘The Wealthy Aunt’ [\textit{la Tía Rica}]. Therefore, she felt ‘saved’ by her credit card because she is completely sure that they will overcome debts in the future. As with Pilar, Rodrigo feels grateful for the possibility of having access to credit.

\begin{quote}
\textit{The only way to us to move forward is though credit, as we don’t have really good jobs, and as we have some appliances we are not poor and the state doesn’t help us. This we have achieved does not mean we are a wealthy family at all. We grew from nothing. Debt is the only way}, Rodrigo, 40, transport clerk.
\end{quote}

Some people blame the debt disaster on the possibility of making cash withdrawals with their store cards [high-cost short-term credit]. Riding credit is a question of maturity. Nobody quits debt, but you have to be reasonable. This way, the responsibility is on individuals and families.

\textsuperscript{47} MINEDUC, Ministerio de Educación: \url{www.mineduc.cl}, visited on the 14th of September of 2016
\textsuperscript{49} This assumption has been largely discussed in the context of the last educational reform; a vast number of subsidised
'Credit is good, but you have to know how to deal with it, you have to know how to ride it. For instance, [you must] have just one card. People are so indebted, mainly with department stores, because they make this 'cash withdrawals' with their multiple cards. Especially youngsters are living on credit since they earn money, but repay almost everything as soon they received their salary', Juan Carlos, 50, artisan low-skilled entrepreneur.

'I don't think credit would be something bad for people. It depends on how people manage it. You have to know how to get into debt, debt is not a bad thing, but you have to know how. And you have to be aware that if you get into debt, it is an obligation that you have to keep and pay', Fabiola, 37, accountancy assistant.

'[Credit] could be good or bad, but it is a personal responsibility; it depends on how you deal with it but most of the time, it went bad. My elder brother almost lost his house, due to a terrible debt management... my neighbours use high-cost appliances and clothing, but they are fully indebted and a foreclosure is expected, so I wonder how they can just live with that', Víctor, 41, outsourced machine operator in mining.

'Cred}it is not completely bad. It is actually good, if you know to deal with and take some opportunities from time to time', Rogelio, 31, industrial sales agent.

Rogelio admits indebtedness issues in the past, although he never related this to making ends meet; instead, credit for him is linked to having a proper life-style. He admits being financially restricted by his partner; if not, expenditures would increase, and his family would be like his neighbours: fully indebted. He speaks like a former addict still in a recovery process.

'Credit is good, but...'; 'you have to know how deal with it, you have to know how to ride it', is the common sense around credit.

6.2.3 Critical

So far, we have considered resigned and instrumental attitudes to credit, however, there are a smaller group of interviewees that combine an appreciation of credit use with criticism of the way lenders manage the credit market, and of the very existence of credit.

'It depends, there is nothing so bad. What happens is that the [firm's] handling is what I do not like. It is so lacking transparency, that is so inconvenient for people, because in the end there is never a good thing for people, they always charge you more, there is always a punishment for the consumer, there is always the feeling ... I wouldn't say impunity, but they never lose, you can never say I actually went to the store, and they give me a compensation for the mistake they made. You never, never win. This is what is unfair about loan and cards'; Fabián, 41, frozen food operator and informal seller of perfumes.

'I'd say it is good, despite the fact I'm full of hatred for cards. At some point, it brings you to the same: to be more indebted, to live ten years in advance, with money you
don’t have yet. With cards, you are living today in the future, a future which doesn’t even exist. It is a personal choice, anyone can get it if they like, but as I said, a proper knowledge is needed. Again, and again, you are saying to the people, please, pay attention to the rates, commissions...’ Alejandra, 61, department store saleswoman

Andrea, 52, saleswoman in a department store, tried to avoid credit, but nevertheless, there was a challenging time for her when she quit her job, so she got into credit. When she applied for a mortgage, the bank attached a credit card to the operation – a quite usual strategy until 2010 in Chile. Thus, credit happened to her, she did not ask for it. One day she decided to use the card. Her husband entered a year of being unemployed, and she was pregnant and employed. So, the family faced less money and increasing expenditures. She tried to repay in full, but it was impossible for her, and their outstanding balance was growing each month since interest was applied each month to the balance. She defaulted, and that allowed to her to repay a fixed, larger amount of money. Almost a year later she finished and said ‘never, never again’.

‘My family is not a credit card family’, she explained. She is a critic of consumer credit and credit cards, and expresses a lot of moral judgements around using credit. Nevertheless, that ‘never, never again’ was relative. ‘I do not have store cards. I just borrow my brother’s cards, just in moments when I ran out of money’.

‘If I’d have to choose, I’d choose to live without credit, but it’s a necessary evil. For example, if right now I had no debt, I’d get a loan to change my car, 10 years old, for a bigger one, for the kids’, says Francisco.

The view of credit amongst this group is ambivalent, but they have nuances; the first two cases presented here, Pilar and Rodrigo, express an enthusiastic approach to credit; the second group - Rogelio, Fabiola, Juan Carlos, Victor - are good examples of a group which express a common sense about credit, summarised in the phrase ‘Credit is good, if...’, and the condition is that you must know how deal with it and know its rules and norms. That involves the conventional financial rules, and the moral rules, for instance, not using credit for non-essentials or not going mad and using credit to ‘buy the whole store’. This group put some moral responsibility on the users of credit but also to some degree on the lenders, as well. Then, Fabián, Alejandra, Andrea, Francisco are representatives of another group of attitudes which express a more critical assessment of credit from different perspectives.

The data presented shows that lower income families are very familiar with credit and use it for diverse aims, from diverse sources and with different arrangements. Living in debt is normal to lower income families in Chile. Credit is ambivalently good and bad according to the different moral regimes that heads of household construct around them. There is an enthusiastic approach, i.e. more positive; there is a group with common sense attitude i.e. credit is good as
long as you know the rules and norms - social, moral and financial. There is a group which puts responsibility on the users, so credit is not good or bad, but users are. All of these attitudes are similar in their perception that credit is a ‘necessary evil’, which means that despite condemning credit, my sample also feel that in practical terms it is necessary to do important things. Families who have one or more children are more indebted than who have no children, because, for instance, education is a key element for indebtedness, in line with the ‘quest for the decent life’ as one of the substantial explanations of families for the use of credit. Heads of households look to provide a minimum level of material things and opportunities, better than they had when children. Lower and moderate-income families are not fully embracing credit in an irrational-consumerist way, although they have quite modest aspirations behind consumption.

Debt disasters give knowledge, meanings, and lessons to families; how they are managed and morally justified are crucial for analysing the social and moral foundations of credit practices. Far from being a pleasant, hedonist routine, credit is a risky and threatening presence within families which becomes a ‘necessary evil’ for them, as some of the heads of households describe them. Different mechanisms of the moralisation of these narratives are deployed, according to the yielding or animated account of their debt careers.

6.3 SOCIAL REPRODUCTION, FAMILY RELATIONSHIPS, AND MORAL OBLIGATIONS ON CREDIT

Credit must be understood in terms of family dynamics as indebtedness is ‘for the sake of the family’. Families have learnt to live with the ‘necessary evil’ of credit, but it has been hard, as showed in the first chapter. However, there is also room to try to domesticate, or at least to control this evil, while it is intermeshed in family dynamics, like the responsibilities and commitments of household members to each other. These duties are in the realm of provisioning and also in educating and bringing up children. Parents reinforce and assess their roles when using credit and they feel obliged to use credit in order to perform their family roles. On one side, teachings and management of credit are examples of family ethics and parents’ duty. This section describes how families cohabit with debt where credit is present in the family dynamics of motherhood and fatherhood, indulgence and affection, but also in the gaining of financial and emotional autonomy, as well as in family issues when defaults come to the house. What mobilises credit within households are the household’s own arrangements and rationalities based on moral obligations, emotions, and other frameworks of value, not
necessarily the neutral, self-interested approach of the mainstream economics found in Financial Education.

Let me start with how debt occurs in families, and the domestic realities of indebted parents, couples, sons, and daughters, where the production of an ‘effort discourse and praxis’ occurs and is reproduced through lecturing and budgeting. Credit does not erode relationships; just as money reinforces and creates social relationships, in the sphere of family and intimacy (Zelizer, 1994, 1997) some forms of credit tend to replace old, communitarian ways of borrowing money, families and individuals incorporate credit practices and devices to their familiar and social sphere. The practice of borrowing and lending cards amongst families, colleagues, and friends evokes a re-making of trust - and deception - involved in borrowing and lending money.

Family decisions are shaped by credit. For instance, in the case of Andrea her maternity was delayed in order to be able to apply for a mortgage, to be a subject of credit. In this case, credit was considered as an investment for a decent life.

‘I was the one put the food on the table at that time, so I delayed maternity because I want to have a house first for her, and renting is to throw the money out. So, I decided to work hard first to save money for the down payment, and also for being subject of credit. If I would have my daughter first, nobody would lend me money then’, Andrea, 52, department store saleswoman.

In other cases, short-term credit has an impact on significant dates on the family calendar, allowing commemoration in a rather different and augmented way than when credit was not in the equation.

‘Cards are not used every month, just for making gift, to organise a birthday party or to buy an expensive item in the supermarket, like baby nappies. This is something new for us, I would say from the last year. Before that, we buy only if we have the money; because what would happen if we use credit and then we don’t have the money to repay’, Katherinne, 32, housewife/low-skilled entrepreneur.

‘My first credit was in a department store. My best friend got married so I asked him what would be his ideal gift, what did he really need, and it was a cooker. I couldn’t afford that if I hadn’t the store card. I’m not sure if I repaid that in full, however’, Francisco, 40, outsourced mechanics and machine operator.

Family problems, like divorces, deaths or accidents lead to debt-ridden episodes. As we showed previously, a divorce can lead to an intensive use of credit cards, first, and a default later, with regrets and moral burden provoked by card usage. However, things can work in the opposite direction when indebtedness issues are not caused by, but are the cause of, family crisis amongst family members. This is found in the group of Full Users-Risk Takers (see Chapter
V) since their debt career is a cycle of ups and downs with several family events related to credit, including the destruction of relationships, when someone within the family defaults as a result of the mistakes or misuse of financial devices by other member of the family.

'I lent my cards to my former husband, and he 'thrashed' [collapsed the credit limit] them. I had three department stores but without any credit available. They closed my credit cards, but then I recovered them. I used to manage credit very well, for instance, I have a supermarket card controlled with reasonable monthly repayments, but as my ex-husband used to 'burst' my cards, I lost creditworthiness he had that bad habit, and it was one of the reasons I was done with him', Pilar, 55, unemployed, call centre agent and saleswoman

'I loaned my card to my mother, and she 'thrashed' it. I had to ask for a loan to repay, but what else I could do. I did not know that my mother was earning so little money. My salary was not big, and I felt like I was only going to work to repay these 'family debts'. I was upset with her for several months', Ivonne, 26, insurance company clerk

'I was closer to being foreclosed, due to a financial mess of my ex-husband, who asked for a consumer credit using our property as collateral, without telling me. After six months, the consumer credit defaulted, so the bank was after the house. I'd never do that. Fortunately, I managed to credit of CLP 3,000,000 [GBP 3.603] from an Employees Benefit fund to pay my ex-husband's debt in full. I saved my house, but I couldn't save my marriage', Natalia, 39, technician.

A family issue was the main reason why Loreto - an Occasional User - defaulted, because living in her mother's house as an adult, she was required to contribute to household expenses beyond her means; if not, her mother would put pressure on her. So, in her case, using cards and getting indebted avoided making the problem worse. During a whole year, she was juggling with cards to accomplish the obligation to contribute to resources. 'It wasn’t consumerism', she said in justification. CLP 3,000,000 [GBP 3.603] was her overall debt, nearly 20 times her monthly income at that time. That meant she was penalised and cut off her regular relationship with credit, which now is occasional and indirectly fed by her ex-husband and her colleagues.

'At that time, I had only one daughter, and lived with my mum, as a single mother. For everything to be ok at home I had to give money for home expenses; if not, my mum got angry. I earned the minimum wage, but I had two bank cards, so for my own mental health, I started to withdraw money from them until my credit limit was full, and I was not able to repay', Loreto, 29, secretary.

Despite the criticism of material culture (Miller, 2001) and consumerism in Chilean society (Moulian, 1998), or the moralistic view of consumption, what matters to families is their capacity to access material things and services. A credit card could be a tool for emancipation or
ending moral or material dependency to other family members, when people leave their
parent’s house, or when people stop borrowing cards from relatives and start to use their own
cards.

“We have lost some money by lending our store cards to people that did not repay later. Conversely, we borrowed cards from my parents, and even though we paid on time, that came with a moral cost. They lectured us, and that harsh face they gave to us’, Rodrigo, 40, transport clerk

‘Before, we didn’t use credit cards, because we think ‘Wait, we don’t have the money to repay later’. But we decided to accept the store cards they offer us, because we used to borrow my father-in-law’s card, so, to not bother him, we started to use our own cards’, Katherinne, 32, housewife / low-skilled entrepreneur.

Some interviewees, e.g. Rodrigo and Katherinne, decided to enter formal credit in order to cut financial dependency links with relatives. Before that, every time they needed resources beyond their income, they resorted to relatives and borrowed either cash or credit cards. Borrowing from relatives comes with a moral cost. They feel judged and uncomfortable, so it is morally liberating to owe money to disembodied lenders rather than families who judge them, patronise them, and ultimately misunderstand them. Therefore, in part to keep ties smooth with relatives and in part to improve their budget management, they opt for getting cards.

In the past, credit allowed Nancy to accomplish her new role as a head of household after being divorced. In this narrative of sacrifice, being able to take a loan and meet the repayments in time, is part of being a good parent, mixing caring responsibilities of putting food on the table and teaching moral values. As an Occasional User, she later tried to escape credit and built an identity of financial autonomy based on strict money management rather than borrowing money - which nevertheless from time to time, she must do anyway.

‘Years ago, after my split, I had to use credit to buy a lot of things for my new home. It was like starting over, buying the essentials to provide a home for my children… Now, I don’t have cards, but I have a colleague who I call ‘my bank’ since every time I need to buy something extra for my children, like school materials or a book, when they are short of clothing or even now I’m pregnant and I need a screening, I borrow his credit card. Of course, I repay as soon I receive my wage’, Nancy, 40, collection clerk.

Alejandra, a Full User-Risk Avoider, used to indulge her grandchildren regardless of the price of what she bought for them; giving a present for a family birthday; buying stuff for a home improvement from time to time, for special occasions. Her critical assessment of using credit cards was joined with a collective and external justification, as a head of household who has to provide whatever it takes to have a better life.
‘I have grandchildren, I bought outfits for them. “Is this the price? It doesn’t matter”. Birthdays, some stuff for the house, just giving you a better life which at the end cost you two or three times more expensive (using credit). One is a little bit unconscious, there are some people who open their wallet and have a pile of cards. That is so fictitious, because in the end it is living a dream, and when you have to wake up, it is really harsh’, Alejandra, 61, department store saleswoman.

Credit can help to solve family problems, when an emergency occurs, or to reinforce family roles, when it is used to indulge family. However, credit can influence essential family decisions and day-to-day dynamics.

‘Getting indebted meant my wife had to get a job, and quit caring our children at home, it is a price that we have to pay for getting things. We had loads of loans to pay. That is reality for those who are not professionals or not are working in the mining sector here in Copiapó’, Rodrigo, 40, transport clerk.

Credit management involves consumption-work (Wheeler & Glucksman, 2013) - e.g. a necessary task to consume, like cooking, fixing a table, learning a new recipe, or managing banking accounts on-line, and learning to read a card statement - which becomes part of their domestic labour, placing credit primarily in the oikós rather than in the public sphere of accountability that allegedly the market demands from ‘investing-subjects’. The way each household accomplishes these tasks is an expression of particularity, but not freedom of choice. The intimate and private sphere has been always subject to calculations and ‘managerial’ work. Families coping or ‘just managing’ present a different kind of adjustment to financialisation based on the need to live with credit and debt. Credit management tends to be in line with the overall management of money by couples. When the couple works as two financial units, keeping their money apart and taking responsibility for each household expenditure, they manage their own credit cards, with different systems. For instance, Juan Carlos, 50, an artisan, and his wife work as separate financial units. As a Full User-Risk Avoider, he uses his card every month for small purchases, buying stuff mainly from a home improvement store. He feels the necessity of going to the store to see what’s on offer.

‘The three instalments-spot price scheme is what I regularly use for small items; and I had my own system: long before the payment is due, I pay a sum in advance, so by the time the full payment is due, I feel it less overwhelming and less painful’, Juan Carlos, 50 artisan low-skilled entrepreneur

When he is in the need of a more expensive item, like a fridge, he combines savings and credit, giving a down payment of a third of the price of the item, and leaving the remaining sum in credit term. By contrast, Juan Carlos’ wife uses their credit card even when she can afford to
pay in cash. ‘I try to keep cards quiet, even though I usually use them monthly; on the contrary, my wife uses her credit card even when she could afford to pay in cash. She has that bad habit,’ judged Juan Carlos, looking for a plausible explanation for the convenience of using cards.

Cecilia and Patricio are both examples of low-skilled entrepreneur Occasional Users. In the case of Cecilia, the female whole wage system (Ashby & Burgoyne, 2008) is implemented, which means that both money and decision-making is centralised in her. That includes credit too.

‘My husband works in private transport, so he receives money daily. He gives me money as soon as he earns it. So, I get together the money to pay the bills as soon as I can; when the bill arrives, I already have the money... and when we have to use a credit card it is because I realise that we need it’, Cecilia, 46, low-skilled entrepreneur.

For Patricio, the male whole wage system works. Patricio gives money for essentials to his family, and keeps the rest, meaning that decision-making rests mostly on him.

‘I get money from my business on a weekly basis. We go to the supermarket fortnightly; I give to my wife money to daily expenses like lunch and once [meal between lunch and dinner], and also money to my daughter, weekly’, Patricio, 43, low-skilled entrepreneur.

What is common to these households is that with credit their practices are different. ‘We decided to close our credit cards because as my husband makes profit differently each month, it is hard to deal with cards’, explained Patricio’s wife50. An analogous situation happened in Cecilia’s household. Therefore, in these cases where the use of credit tends to be less frequent, and even if the allocation of money is centralised, the management of credit is a shared decision which implies a more careful assessment. Credit could be used for ordinary things, but became an ‘extraordinary’ family event that requires the agreement of both partners, no matter if only one of them has access to credit.

Víctor’s household is an example of the joint pooling system (Ashby & Burgoyne, 2008), which implies pooling all the money to pay shared expenditures when both partners have a regular income. Although credit cards are personalised, their use is shared; that goes for other financial instruments as well, like current accounts and its debit cards.

‘When I receive my wage, I wait for my wife to receive her wage, and then we collect the money and start to pay. First, mortgage, then utilities and debts, like my Falabella card [department store] which our higher repayment, around CLP 300,000 [GBP 360]. We have a notebook to organise our payments and expenditures... I prefer to be paid in

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50 Patricio’s wife incidentally participated in the interview, as it was conducted in their home, giving to some topics a ‘choral voice’.
cash, but sometimes my boss transfer my wage to my wife’s account’, Victor, 40, outsourced machine operator.

A similar situation happens in Rodrigo’s household where he and his wife pool all the money, but also the credit instruments, which they manage like an asset to start a business, and also for improving the standards of their home.

Rogelio’s household is an example of the joint pooling system, because his wife also provides her wage as a school teacher to finance even Rogelio’s older debts. The difference here is that money and especially the credit management decision is fully centralised on her.

‘My wife disciplines me, particularly in financial matters. As I had indebtedness issues in the past, now I have to deliver my entire wage to my wife... I’m financially immature. If I don’t do that, expenditures will be increasing, and this family would be like his neighbours: fully indebted’, Rogelio, 31, industrial sales agent.

Regarding couple dynamics, the men of my sample typically decided to oversee or share domestic financial management to influence the direction of expenditures on items like home improvement, holidays, and cars. Francisco was concerned about leveraging the required resources to achieve their goals while his wife played a role of restraint and moderation. Rogelio had a similar role in the past; but in his situation, he lost his position since after a series of compulsive expenditures, he decided to step aside and leave all financial matters to his wife.

Regardless of their way of managing money and credit within the family, around 90 per cent of my sample associated credit access with a better capacity to treat and provide for their children. After a debt disaster, just one interviewee thought that you have to learn to live ‘only’ with what you have, even if that means giving less to your family. Evidently, the use of credit implies indebtedness, and in that case, debt is internalised under the umbrella of the moral obligation to care for one’s family and that automatically redefines the meaning of debt. For instance, when younger, Rosario, 39, a teacher, experienced debt difficulties. In her first job, she found access to a credit card and decided to make the most of it. ‘I was living la vida loca, so due to my immaturity, I felt in temptation with loads of trivial things’. But after that, in a different context, she also experienced debt disorders, for trying to be indulgent with her sister and son. Now, she thinks she is more reflexive and that helps her to keep things relatively in place. Nonetheless, she spent 25 per cent of her salary repaying credit, including her sister’s educational loan. ‘I’m probably more indebted now, but it is more legitimate and justifiable, I think’, she concluded.

There are plenty of examples in the sample of how credit is used to reinforce the role of the ‘breadwinner’, purchasing different items and with diverse moral obligations.
'As I have access to credit early in my job career I got some loan in order to improve my parent’s house. I want to give them some degree of comfortableness’, Nelson, 40, airport security agent.

‘As I am going to finish my mortgage in a few months, my plan is to buy another ‘house’. That house that is eternal... I think that is something necessary to my family and a good reason to apply for a loan’, Esteban, 50, janitor.

‘Years ago, I bought five airplane tickets to take my children to enjoy some of the attractions of the capital, and then going further South to visit relatives [they live in Copiapó, 500 miles to the North of Santiago]. It was the best way to ‘invest’ in my family’, Francisco, 40, outsourced mechanics and machine operator.

Francisco, 40, machine operator, speaks out credit as a tool for living life, to celebrate, to treat family. It is also used to transform a threat in an opportunity: years after the travel he mentioned, he was forced to take annual leave at work, because his company was at risk due to flooding in Copiapó; so, he decided to squeeze their cards to make the most of those weeks, travelling around the country. It was not an unthinking action; he made an estimate of how much money was needed and then how to split the expenditures across the different cards, and then how to repay each of the cards to adapt the monthly repayments to his financial capacity. ‘Nobody can take from us all the fun we had’.

These are several reasons and modes of taking care of one’s family using credit. So, not all are about treating the family. One of the main reasons for defaulting or facing a debt disaster is when parents try to give ‘everything’ to their children. However, being indebted for treating children is not seen as completely legitimate. Penalised debtors express criticism when people are indebted ‘because they want to give their children the living standards they did not have’, as Patricio put it, so aspirations can be dangerous. There are different ways of treating children, it should not be every day, it should be linked to good performance at school, and it should not be too expensive.

‘Children always ask for something. Yes, they ask, but it’s on you to give it to them. When I say no, it’s over. I could say OK, if you need this, I’ll make an effort and we will see weeks later; or if he is well-behaved, he can get that for Christmas’, Fiorella, 50, credit administrator in a department store

Some parents, like Alejandra, Andrea, Angélica, Esteban, and others who are generally less credit-embracing, have mixed reflections about the cause of their debt disasters. They admitted being so prone to buy things for their families, indulging them with no limits, buying toys they did not have when they were children, or buying fancy clothes for their teenage daughters worried about her social life. Another source of debt troubles happens when
furnishing the house becomes unmanageable, leading to a ‘home-led consumerism’. For this group, aspirations are modest in the sense that they are tied to overcoming instability, wanting just a ‘normal house’ and not luxury. ‘We lost direction and for giving thing to our family and keep them happy, we didn’t realise when things are out of control, simply out of touch’, summarised Esteban.

Ximena, 29, an administrative assistant from 9 to 5, and a self-employed entrepreneur after office hours, thinks of parenthood contrarily. Making family sacrifices implies long working hours to make the family business grow in the evenings. Her aspirations are for securing a better future for her children, not focusing on living standards or consumption, but on how the family is provided for, in this case, ‘working in what is mine’ or ‘being my own boss’, which is how she defines her growing business. Any loan she takes goes in that direction. Being a good parent and moving to a decent life is different when life in the domestic economy is dominated by the investor-self. For Ximena, the meanings of debt are completely different from those who are indebted from buying technological items, for instance, which is also a legitimate way to give a better life to children. Debts are also about external and internal assessments; not always getting into debt for treating your children is the ultimate justification for being a good parent. For Ximena, sacrifices like being indebted should be made to start a business as a means to reach affluence, not to directly purchase items that resemble affluence or a decent life.

The decision-making around credit gives an enabling feature to females who use financial instruments to allocate resources in a more substantial way. If male partners provide the money, earmarking it to specific, but regular expenses, like groceries, utilities, and so on, females, by controlling the use of credit cards, make a more crucial impact on how the budgets are managed, to the extent they discretionally and proactively decide about the purchase of non-regular items. Credit is massively present in the budgeting practices of families, and has earned relevance in the different couples’ money management styles. As the provision of goods and services relies heavily on credit for lower and moderate households, knowing ‘how to ride credit’ has become an obligatory demand for those in the ‘breadwinner’ roles.

Families are used to living with credit, because of their responsibilities and commitments that rely upon the use of credit. Parents reinforce and assess their roles when using credit and the moral obligation of making a living is performed when they feel compelled to use credit to deal with family issues. These considerations are crucial in the elaborations of different strategies, jointly with diverse rationalities, for dealing with credit. This mix of market and non-market rationalities will be addressed in the next chapter.
6.4 CONCLUSION

In this chapter, I have discussed credit from a moral and relational perspective, by looking at the link between credit, and emotions and relationships. I have shown how credit interacts with parenthood, indulgence and affection, and is bound up with the achievement of financial and emotional autonomy. Several parental tasks and circumstances were addressed through the lens of credit and money management; with the latter proving pivotal to the different meanings each family attach to the socialisation of finances and how they reproduce norms and patterns of economic interaction when parents introduce these issues to their children. Credit can also be either constructive or destructive of relationships.

I also took a step forward on the route of the normalisation of credit to show that it can be a hard, threatening, and risky process for families, with lows and highs. In the aftermath of default episodes, the households of my sample have elaborated new ways of dealing with credit without excluding credit. What they all shared, however, no matter their social and material expectations, was credit. Resignation after a debt disaster implies accepting that life without credit is almost impossible and so it is necessary to carry on. Instrumentalisation after a debt disaster reflects a sense of self-responsibility about debt failure which prompts more engagement with the rules of credit in order to be alert to the risks and opportunities that credit offers. A critical stance taken after a debt disaster is a more structural view of economic life, which leads to a more critical assessment of inequalities and the credit market. However, it does not mean financial exclusion or the avoidance of credit.

As credit becomes inserted in their family dynamics, they try to deal with its responsibilities and commitments, while not perishing in the attempt. Their sense of obligation leads them to make their best efforts to be scarcity and livelihood managers, without renouncing their aspirations. Indeed, the households who enact this ‘effort class discourse’ distrust financialisation; they are critical about the way other people use credit to achieve social goals, in an easy, irresponsible way, and many of them would prefer to not use credit if that would be possible. Social constraint and vulnerability is also a factor behind the adoption of a restrictive and conservative position since as some of the interviewees put it ‘when you are living struggling to make ends meet, you have to be a perfect manager’. Moral obligations and attachments are important. Moreover, many of the features of such ‘investing-subjects’ are not exclusive to them, and can be found in opposite economic orientations; self-discipline can be used by individuals to avoid or regulate the use of financial instruments like credit. Abstract financial knowledge is not the unique way for dealing with financialisation and families make
their own ways, using rationalities underpinned by moral obligation and several frameworks of value. However, as credit is not negotiable, and it seems as the ‘normal’, ‘sensible’ thing to do, debt has not been an easy instrument for households. What is clear from my research is it is not neutral at all, as presented in the financial education frames that these households usually encounter in government agencies, banks or department stores (see Chapter VII).

The heads of household in my research connect emotions and economic life, and credit embodies both material and emotional ways of performing parenthood or other family roles. Budgeting implies managing the allocation of resources and also social reproduction, framed by family priorities regarding care, livelihood, and aspirations. The austerity framework of an idealised past clashes with reflections about the contemporary ‘treating society’, where parents perform parenthood by going beyond their means through credit. It is also a description of the divorce between value and price, when children and especially adolescents and young adults, incorporate the virtual income of credit into their prospects and fictional expectations (Beckert, 2013).

As in the concept of the ‘invisible heart’ (Folbre, 2001), and ‘familyhood’ (Katigbak, 2015), which both underline the relevance of family obligations of care and the problems of inserting them straightforwardly into a market economy, the use of credit and debt ‘for the sake of the family’ is a way to understand the intersection between emotions and economic life. By devising ways to afford things, the calculation of an outstanding debt and a repayment plan is not cost-benefit oriented, but morally oriented. By giving moralising narratives about what is right or wrong about using credit, most of the families in my sample strongly attach their moralities to economic practices. Moreover, some of them elaborate a complex code about obligations, priorities and planning.

These households opened their doors to credit and have never closed them. Instead of escaping from credit, they found more sensible ways to use it, and they attach a moral responsibility on that. 73 per cent of Chilean households have at least one debt, according to the Survey of Household Finances; that figure may be the same for the next survey, but that does not mean that the same households are in debt. In the same way, different stages of the debt career imply a dynamic trajectory of indebtedness. The moralising account of households is fruitful in the way that it expresses moralising lessons and key elements of their moral economy, but these are not the closing remark for their story. The process of normalisation of credit is full of on-going adaptation strategies, crisis, failures, adoption, and adaption. Debt careers are moving pictures.
In the everyday struggle of making a living, families adopt and adapt mainstream economics discourses, and by actively making their ‘livelihood projects’ (Narotzky, 2014) they are not just embodying the ‘new financialised subject’. In fact, heads of household pass through different stages of credit management, attaching moral assessments and obligations to those stages and producing new types of economic knowledges as we will show in the next chapter.
7.1 INTRODUCTION

The narratives recounted by my sample suggest that families on lower and moderate incomes combine non-financial understandings - based on moral obligations and social justifications - with market rationalities in order to cope with credit. This practical socio-economic rationality is a key element in their pursuit of their social goals while adapting to structural circumstances. I have shown how credit is inserted into the ordinary purchasing and budgeting practices of lower and moderate-income families, and consequently, credit becomes highly normalised for these Chilean households.

In this chapter, I turn from my sample’s narratives of moral justification for practices of credit (and debt) to consider their accounts of their strategies around credit, in order to examine more fully how such strategies are constructed in practical and moral terms using both market and non-market frameworks. In my view, this is a useful way to synthesise the material practices, moral discourses, relational practices, and rationalities deployed by the families in their relationship with credit and debt. In any form of household economic rationality can be found emotional, moral and relational assumptions and obligations, as well as market rationalities, to the extent that families are exposed to them and deploy different levels of adherence to them through quotidian calculations (Weber, 2002). To some extent, and as I have previously argued, people are not necessarily ‘irrational’ if they do not strictly follow utility-maximising premises. Rather, people, especially in lower income families, act ‘sensibly’ (Van Babel & Sell-Trujillo, 2003), and to the extent possible, try to deal with the threats and opportunities of economies in a coherent fashion. In the case of credit and debt, people’s financial rationalities are embedded in – and only make sense within - the practicalities of everyday life.

Focusing on the everyday day rationalities of credit and debt, as they are situated in ordinary people’s practical household strategies, allows us to better understand the social and moral obligations and engagements, and the day-to-day calculations, that inform the uses of credit and the meanings of debt. By looking at what people are actually doing when they access credit, it is possible to better understand why they are doing it. In what follows, I therefore look in greater detail at how people’s practical household strategies and their socio-economic rationalities are related.
I highlight three key dimensions which are necessary for understanding the financial strategies of households. The first key dimension is (a) the kinds of financial know-how employed in household financial strategies (i.e. the skills and knowledge, calculations, and ways of doing things that families employ – such as negotiating with lenders, combining devices etc. - and which often operate in an alternative way to that assumed in standard economics). The second key dimension is (b) the different uses that people attach to credit and which shape its meaning for them (so whether people see – and employ – credit as a tool, an asset, a burden, or simply as an unavoidable last resort). The third dimension is (c) the axis of exploitation and self-determination, a synthetic analysis which examines the degree of agency or constraint people emphasise in their accounts of their credit strategies. These categorisations analyse and engulf material practices, meanings and subjectivities of the heads of households. They also help to understand the differences between the frame of the institutionalised economy and grassroots economies of households. I underline the case of the re-signification of debt and the moralisation of credit as a key element of the clash between these two frameworks.

The layout of this chapter is as follows. In the first section, I refer to the contrast between market rationality –and in particular the version of rational economic action deployed in Chile by Financial Education programmes to guide creditors to greater ‘financial education’ - and the practical embedded rationalities of households. Then, I move to explore the everyday practices of credit and debt in my sample, examining how they vary across groups to form four distinct types of household strategies. This analysis is conducted in order to examine the practical and situated socio-economic rationalities which lie behind people’s use of credit. I shall show that focusing on people’s practical socio-economic rationalities helps us to understand that, for my sample, credit is not the same thing as debt, and that credit and debt have different meanings in practical rationalities, and are dealt with in different ways within households. In the last section, I explain this re-signification of debt, showing how credit is different to debt for my sample, and the lack of concomitance between the popular understanding of these concepts for the ordinary people and the conventional financial knowledge.
7.2 THE FINANCIAL EDUCATION FRAME OR HOW TO BE A GOOD ECONOMIC CITIZEN WITH A HEALTHY LEVEL OF INDEBTEDNESS

One group in my sample, the Low-skilled Entrepreneurs, took Financial Education classes as a requirement from government agencies for start-up funding for their small businesses. The assumptions about economic rationality made on these financial courses are drawn from the mainstream economics frame. However, the economic life of the people of my sample does not match with those of these workshops either in *modus operandi* or in the meanings people attach to their practices. Therefore, to draw out the particularities of people’s practical strategies and rationalities in contrast with the standard rationalities they are meant, and encouraged to employ, in this section, I present a brief account of the features and orientations of the provision of financial education in Chilean society (mainly government agencies supported by universities and NGOs). The core of this financial education has the aspiration of educating ‘economic citizens’ to be detached from impulsive desires, and knowledgeable and proactive in financial matters. Drawing on people’s accounts of their practical household strategies, I show the discrepancies between the financial education programmes and the actual economic practices of the families in my sample; taking into consideration that one sample sub-group – the Low-skilled Entrepreneurs – were required to attend one of these courses.

It is a commonplace to suggest that rational choice is the main principle of mainstream economics, but in practical terms, people do not consult a microeconomics handbook to elaborate their economic actions. Rather, they live in a highly marketised environment, where even everyday life has become financialised, and exposed to different discourses and practices aimed at building the ‘financial consumer’. Some of these discourses and practices are to be found in the workshops delivered by different agents and organisations to different audiences, but using a common frame of Financial Education (FE). I contrast this frame with the other sources of rationality found in the economic practices of my sample (i.e. market, non-market, and anti-cost-benefit strategies) to discuss how FE seeks to deny people’s knowledge, and to show that FE is highly incongruent with family practices.

The institutional financial education courses provided by government agencies and universities –online, offline and free- are mainly designed under the frame of a rational-choice process which is assumed to shape individual consumer behaviour. This approach emphasises the rationality proposed by conventional economics i.e. which assumes that people’s behaviour is shaped by best-choice or rational choice, and that people understand the process and the
consequences of their actions. The courses deploy a clear normativity about efficiency in the use of resources and a critique of short-term maximisation, that is, when people try to maximise short-term gains instead of long-term gratification (when expenditures are more important than saving in people’s priorities). Courses like those provided by universities - whose material is a reference for other workshops and videos - explain debt as an outcome of ‘pathological and impulsive shopping’. For instance, SERNAC (Servicio Nacional del Consumidor [National Consumers Service]) suggests that people should ask ‘Do I really need it?’, and should not pay attention to advertisements that might lead to impulsive shopping. The recipe for taking back control of personal finances is to be goal-oriented, organised, always considering if they can really pay. Regarding savings, such courses do not mention ‘the elephant in the room’, which are the difficulties families usually have to save on a regular basis.

‘FOSIS workshops were about basic information about the economy and a hands-on activity similar to the Monopoly game, where participants had to take economic decisions, mostly around when to save and when to spend. It was similar to real life, to the extent you had to pay bills, save money and spend money. But in real life, you spend more than save, ha, ha, ha’, Cecilia, 46, low-skilled entrepreneur

The FE recipe for being able to save is to be responsible with consumption habits, and to have formal instruments of saving, like a savings account and a pension account. This is in line with the recommendation of mainstream economists to ameliorate the lower pensions that people receive with the system started in 1982. On the other hand, informal savings are criticised as being a risky practice – you might spend it, or it could be stolen - therefore, people are encouraged to open a formal savings account with a bank. To some extent, FE denies the existing knowledge of people, as if they lack the ability to deal with money, by criticising their ordinary ways of doing it.

‘I feel like I was much disorganised with my money, mixing business and households accounts; so, when I knew about the workshops, I decided to go. So basically, I learnt how to separate monies, but it was more or less like things that I knew before’, Paola, 39, low-skilled entrepreneur.

There are discrepancies between how the practicalities of economic life are presented in workshops, and how they are conducted by the people of lower and moderate income in my sample. Some issues relate to the lack of representativeness of the families depicted in the FE examples, which employ examples by using a proxy of the mean income family, not families at the median income and above, so the affordability is substantially different (see chapter IV). Other issues are related to the lack of contextualised information in FE regarding the different
practices of families, with a poor match to people’s actual empirical experiences. For instance, in the FE frame, over-indebtedness and massive indebtedness are explained as being the result of changes in attitudes to debt. From this perspective, the normativity of society has changed making debt acceptable and leading to growing economic development, but also to risks. This is referred to as the replacement of austerity-frugality values by hedonistic attitudes and short-term gratification (Denegri, 2017). However, according to the families of my sample and to the FOSIS national survey, people still value being humble, and condemn conspicuous consumption. Short-term gratification looks sensible to the extent that credit is more available than before and there is no ‘gratification’ in formal saving, because the interest paid is considerably lower, and some accounts even charge a fee. Home improvements, education, which are the main components of total household debt, have a symbolic meaning but are undeniable improvements in the material conditions of life. Moreover, in the FOSIS (Fondo Solidario de Inversión Social [Solidarity and Social Investment Fund]) workshops risk is not understood as a feature of the vulnerable position of those who have left poverty behind, although such groups are indeed at risk of falling back into poverty due to the precariousness of their labour, financial and social positions. Informal and unconventional practices like borrowing cards or juggling with cards are excluded from the frame of Financial Education. Even defaulting on debt appears minimised since according to the FE figures it is something that happens to less than 10 per cent of the population and in a limited number of segments, like older and younger people.

One of SERNAC’s videos teaches ‘How to have a healthy level of indebtedness’, in a similar fashion to banks and stores, which publicise their ‘cosy’ monthly repayments. Then, the emphasis moves to the operations of credit, advising people to understand ‘What type credit? What terms?’ and stating that the terms must be shorter than the durability of the good. Luis recalls that during the first workshops he attended, he thought that he would be ‘reprimanded’ for using credit from time to time. On the contrary, he received one of these operational tips about using cards.

*I never like cards, I always prefer cash, but when you do not have enough money, you can resort to credit cards. That is one of the thing I learnt in the [FOSIS] workshops. It is like when sales are low, you have the option to get indebted to deal with that, but with not so much instalments and thoroughly planned. To the extent possible, make a down payment to decrease the borrowed money’, Luis, 47, low-skilled entrepreneur.

‘Will the monthly repayments affect our daily life?’ is another leading question FE encourages people to ask themselves. However, as discussed in the previous chapters, if people are needy, they just fit the monthly repayment into their budget, no matter the terms, costs or the total amount of money they will end paying for the item, because the practical experience of
credit works to blur final prices. Deciding between expenditure and investment also has a
different meaning to such people. The families in my sample did decide to make investments in
housing (buying or improving) and education, but they also considered that a dental treatment
or buying fancy clothing (to make an impression in the workplace) also counted as investments.

In the FE courses, all the evidence provided points to indebtedness as being caused by
‘the search for success and social status’, as a sort of conspicuous credit. This matches with the
moral assessment of the interviewees to the extent that they think credit is for social
improvement, with a clear focus on family and what is required for having a decent life. For
instance, in SERNAC’s approach, a decent quality of life implies spending time with family,
having a tranquil life, having economic wellbeing, but without exceeding a certain level of
indebtedness. From the FE viewpoint, nowadays, there is too much access to credit, but not
enough information for people to be able to make informed decisions. Any solution? Greater
financial education will help people to make informed decisions and therefore to protect their
quality of life. This is the rationality authorities expect from people when talking about credit,
the emphasis is on individuals who can learn concepts, skills, and abilities to understand the
economic world and to take informed decisions per their financial resources.

In its Manual del Crédito de Consumo [Consumer Credit Handbook], SERNAC suggests
that when is not possible to save money it is a matter of people’s choice to choose from a
variety of loans available in the market, ranging from a bridging to a consumer loan for funding
health, education, etc. SERNAC emphasises that credit is not a favour, but rather is ‘buying
money’, so people need to be aware and understand the credit terms and conditions in detail.
However, people have access to credit, but not to all credit, so they are not a garden of choices
in credit markets. Lower income people usually only have access to high-cost credit. Moreover,
even if people are warned of reading the small print of contracts there is an asymmetry in the
relationship between lower income people and creditors. Again, FE assumptions of a
symmetrical exchange relationship between people and institutional lenders do not match the
actual economic life of households.

Critical thinking is not absent from the FE frame, which emphasises that being interested
in how the economy works is to know how society works and how people can participate as an
economic subject as ‘consumer-citizens’. So, the ‘consumer-citizen’ needs to be educated as a
‘financial citizen’ (as one of the courses is labelled – “financial education for citizens”). The
consumers’ protection agency is particularly engaged with addressing financial education in
schools.
Overall, the FE frame emphasises the need for strong self-criticism to how people’s families behave like ‘economic citizens’, and for a greater self-examination of the kind of values and attitudes that are being taught to their children. Therefore, using a bridge model, FE gathers together the expert knowledge of economists in an approachable way for ordinary people. Financial education in school is crucial for the upbringing of ‘economic citizens’, as SERNAC actions show. But this notion of economic citizenship is not that of ‘critical citizens’ (Barozet & Espinoza, 2017) who make a critique of the structures of society, but rather that of the citizen who takes responsibility for their own actions. In FE, institutional lenders are far from being ‘name and shamed’ for their judicially accredited role in financial scandals or monopoly affairs. The ‘economic citizen’ understands the economic environment, has the skills to take informed decisions, and has the right to participate in the economic decisions of the government, and the right to financial inclusion. It appears in the FE frame that the only way to participate in the economy is through finance. Therefore, the scope of this citizen is broader than that of the conscious or political consumer, but seems to be less empowered, to the extent that the FE framework does not acknowledge any antagonistic ethos in finance nor the possibility of elaborating a critical assessment of the economic structure. Instead, the FE ‘economic citizen’ performs by having the skills and knowledge to manage finances, as a subject who is economically responsibly enough to avoid systemic risks and market failures. However, the FE ‘economic citizen’ clashes with the frame and practices of households, those who FE seeks to educate, by denying their previous knowledge and their ability to elaborate alternative strategies to the de-contextualised, economics-based tips and suggestions. The FE environment seems extremely focused on educating people in not being consumerist as the main source of over-indebtedness and on proposing public policies for an individualised conception of society, so the goal of FE is to develop autonomous, skilled, self-governing economic citizens.

The core assumption of FE is a rational economic being. When individuals are not rational (in the terms set out by FE), they are seen as weakly emotional, unconscious, impulsive, and dominated by advertisement. This ‘failure’ must be fixed through financial education. However, my argument throughout this thesis has been that instead, what comes first for families in their strategic priorities is the moral obligation of providing and only then, once these social and moral priorities are established, do they act as calculative-rational subjects. The definitions of good money management are variable across families and so is the notion of a decent economic life. As the previous chapters have argued, the standard financial subject clashes with the empirical, calculative, proactive economic beings who budget, calculate and use financial instruments according to situated economic constraints and obligations. In the table
that follows, I summarise some of the key differences in the economic rationality as laid out in FE compared to the practical rationalities displayed in the household financial strategies of my sample.

### Table 7.1 Financial Education Standards vs Household Finances Rationalities

<table>
<thead>
<tr>
<th>Financial Education Frame</th>
<th>Household Rationalities</th>
</tr>
</thead>
</table>
| **Orientations for money management** | ❖ Temporalities tied to financial issues  
❖ Planning is wealth  
❖ Emotions cannot lead shopping  
❖ Rational-choice assumption  
❖ Self-control is necessary  
❖ Keep records to be accountable  
❖ To avoid: non-planning, compulsion, impulsiveness | ❖ Finances tied to household temporalities  
❖ Credit is not neutral and can be good or bad  
❖ Learning to deal with credit is necessary  
❖ Self-control is usually necessary  
❖ Compulsion and impulsiveness coexists with restraint and subsistence |
| **Bank accounts / other** | Use of financial devices to control money  
A good consumer chooses the instruments suitable for her/him | Too much financial devices create disorder  
Access just to those available instruments |
| **Frequency of paying bills** | Monthly, on time | Each two months, alternating each utility; utilities have priority over department stores |
| **Money in advance for bills** | Always | Random, it depends if income is variable or regular |
| **Methods of bill payment** | Standing order, direct debit, to avoid missed payment | Younger and affluent people within the sample use direct debit; the rest avoid it since missing a payment can be a tactical move when budgets are tight. |
| **Use of credit** | Investor-like, landmarks, smart browsing of the best-fit credit | Multiple orientations: projects, conspicuous consumption, ordinary consumption, insurance, emergencies. Smart consumer attitudes like checking overall costs are not necessarily performed |
| **Repayment of credit** | On time, to avoid fees. | Generally, on time; however, in some cases not repaying is valid and convenient |
| **Everyday activities** | Make a shopping list, keep track of expenditures, check receipts and bills, be aware and register regular and extraordinary expenses. | Mix instruments, check for offers, separate money for essentials, keep track of expenditures. |

**Source: own elaboration**

The FE frame explains economic behaviour only from the perspective of financial education, numeracy, and economic psychology. Credit management, for instance, is based on rational calculations, doing maths in a notebook, an Excel spreadsheet or mentally. However, practical household rationalities – as summarised in Table 7.1 - are also engrained in a way of calculating that can contradict neoclassical economics theory manuals, as moral obligations come before cost-benefit considerations. ‘Smart’ consumer attitudes (like checking the overall costs of credit) are not necessarily performed when an emergency happens or, as is more common, when people have only one available credit source but their needs are felt as socially and morally undelayable. When money is scarce, it is not always possible to put money aside in advance for paying bills, or even to repay on time, so the household rationality provides a sensible framework prioritising which bills will be paid first (like mortgage or educational loans),

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51 Sources: Fosis workshops, Sernac on-line modules for teachers, SBIF brochures, Central Bank dissemination brochure, UCH-UFRO on-line modules  
52 Sources: interviewees
even if that decision costs more money in the long-term. For the same reason, a direct debit repayment or a standing order can be a convenient tool since they allow the borrower to avoid late repayment charges, but also offer inconveniences since such devices prevent debtors from juggling repayments or robbing Peter to pay Paul, which can prove more crucial to them. At the end of the day, what is more relevant for households is to ensure the flow of credit, so that their practical needs can be maintained, rather than a monetary cost-benefit analysis of their credit use.

The focus on financial skills and ‘informed decisions’ in the FE frame are perceived by those who attended the workshops – and also by other respondents - as less important than the family values that you teach to your children about how to think about money and credit. This is because those who are ‘worried’ about the use of credit are more prone to emphasise prudence in the management of money and shopping to their children, as opposed to knowing the nitty-gritty of financial devices.

'I lecture my children about economic life. I wished my parents did the same with me; and not only about making calculations or how to use this or that, but about saving, because in order to save you have to cultivate a particular gift or virtue when you are younger'; Patricio, 43, low-skilled entrepreneur.

'I dedicated plenty of time to explain to my children the importance of being financially organised, and my system of physical earmarking of money. Budgeting is a family enterprise. My grandparents taught me in this way; they were rural, illiterate who nevertheless were able to manage domestic finances in an orderly manner, and above all, to assume that life is hard, and it is what it is'; Nancy, 40, collection clerk.

‘One is responsible so that your kids don’t ask you for a castle. In school parent’s meeting, I brought the issue about the loss of expensive smartphones, and I ask if it was necessary to send kids to school with those phones; of course, kids want it, but we are responsible to say no and upbringing our kids properly. The thing is that nowadays kids just don’t like CLP 20,000 [GBP 24] trainers; if it is not a CLP 70,000 [GBP 84] trainers, it doesn’t count'; Andrea, 52, saleswoman in a department store.

The group of Low-skilled Entrepreneurs in my sample use a conventional accountancy business approach that they have learnt in financial education workshops, but they tend to not incorporate these practices into their household arrangements. They configure their own system instead, although in FE they are encouraged to do the same thing within households as an accountability unit. As the previous chapters have indicated (and as will be more fully discussed in what follows), there are a range of unconventional or different cost-benefit calculation practices involved in the making of ordinary household economic strategies, such as mixing different temporalities and devices, delaying some payments to cover others, ‘learning how to
default’, renegotiating repayments, shutting down accounts while opening new ones, and ‘invisibilising’ credit through payroll discounts loans so that money never reaches them as wage-earners. Indeed, as we have seen, borrowing cards amongst relatives, friends, and colleagues is a way to observe the coexistence of financial instruments with non-market rationalities, as this practice is completely outside the scope of the conventional financial framework. Such strategies, and unconventional non-costs-benefit rationalities, can only be understood once we understand assumptions and obligations which structure ordinary household financial practices.

In this section, I have argued that the ‘economic rationality’ of mainstream economics which underpins the financial education programmes of state-sponsored FE is not the main rationality of the grassroots economies found in ordinary households. Indeed, I contrast this frame with the other sources of rationality found in the economic practices of my sample (i.e. market, non-market, and anti-cost-benefit strategies) to discuss how FE is highly incongruent with family practices. But what is the economic rationality of ordinary households? The next section examines this in greater detail. I show that focusing on people’s practical socio-economic rationalities helps us to understand that, for my sample, credit is not the same thing as debt, and that credit and debt have different meanings in practical rationalities, and are dealt with in different ways in household strategies.

**7.3 ADAPTIVE PRAGMATISM: MARKET AND NON-MARKET RATIONALITIES IN THE USE OF CREDIT**

By looking at the everyday practices of households it becomes possible to analyse how economic rationalities are embedded in the practicalities of everyday life, and provides an important step forward in assessing the complex (and situated) meanings of debt and credit. In this section, I complement the argument of the previous section by arguing that the post-industrial working and low-skilled entrepreneur families of my sample do actually use a market frame in their household strategies – indeed they are compelled to since they live in a market society – but this frame is inextricably bound up with other sources of rationality, underpinned by moral obligation and generalised social aspirations.

In what follows I explore four different types of practical embedded household strategy found in my sample. These four types were identified by considering three dimensions of financial knowledge and economic practice. These dimensions are identified to demonstrate how people’s engagements with economic and financial matters are variable, practical and situated. The previous chapters have shown that people employ credit for a variety of practical
uses in their everyday lives and that credit often takes on different meanings (and is used differently) depending on these purposes. I have also argued that my sample had different orientations to credit, variously seeing it as providing opportunities (and thus a means for agency) or else as being a necessary evil (and thus a source of constraint or even exploitation). And, thirdly, as discussed in this and previous chapters, my sample also employed various kinds of practical financial know-how and economic calculation in their ordinary household practices. I therefore identify three key dimensions to people’s socio-economic practices which must be recognised in order to fully understand the different financial strategies found in the households of my sample. Firstly, it is necessary to understand how people employed conventional financial know-how compared to unconventional financial know-how; secondly, it is important to compare the formal use of credit to the informal uses of credit, and, thirdly, we need to understand the varying social meanings placed on indebtedness. Each dimension will be described in detail in the subsequent lines, and in what follows I show how an analysis of these three dimensions of financial knowledge and economic practices and meanings gives rise to a categorisation of four distinct types of practical socio-economic strategies in the households of my sample.

7.3.1 Mixing knowledge, practices, and social meanings

The different components of the household strategies, namely calculations, moral obligations, relational engagements and financial skills are summarised in the four categories presented here. To categorise the strategies, I used the material gathered in interviews and observations with my sample about their daily practices regarding credit and money; their expectations and motivations about the use of credit; and the relationship of credit to their assessments about the ‘social life of credit’, i.e. how credit is found in their social environments. I use three dimensions to analyse these different strategies of credit: distinguishing (a) people’s financial know-how (i.e. their skills and knowledge, methods of financial calculation, including ways of doing things in an alternative way to standard economics, such as negotiating with lenders, mixing devices, etc.); (b) the extended uses that people attach to credit, when it is variously seen as a tool, an asset, a burden, or a last resort; and (c) an axis of exploitation and self-determination, a synthetic analysis which ranges from social inclusion and mobile identities to the feeling of a heavy burden imposed by external forces, from my sample’s point of view.
7.3.1.1 The dimension of financial know-how

The dimension of ‘financial know-how’ includes the skills and knowledge required for the practice of credit itself. This analytical dimension takes into account that in most cases, the people in my sample have created their own ways to remake their relation to credit, especially after debt disasters. Sometimes financial know-how refers to skills similar to those advocated in financial education discourses, as in the OECD definition\(^{53}\), where knowledge means understanding financial issues, and skills the ability to apply that in the everyday life, with self-confidence and determination. But financial know-how also refers to calculations and ways of doing prompted after a default episode; in other cases it is applied to people who embraced credit trying to make the most of it, like negotiating debts, juggling with banking devices, smart shopping, and all the non-institutional forms of financial know-how. In that regard financial know-how can be ‘alternative’ since people’s practical methods for repaying debts and bills and their ways of using financial instruments can often circumvent or contradict what is usually expected in financial education measures.

7.3.1.2 The dimension of extended uses of credit

The dimension of extended uses of credit refers to the different meanings people attach to credit and how the people in my sample variously perceived credit as a tool, asset, burden, or simply as a last resort. These uses are derived from the budgeting, shopping, entrepreneurship and family wellbeing practices that interviewees find in their everyday encounters with credit. For the sake of the analysis I present four extended uses of credit, as follows. In the narratives of my respondents, credit could be used as income, as convenience device, as investment-project, and as social insurance.

>>> Credit as Income

Credit is used as ‘income’ when people add a credit limit or an overdraft to their income on a regular basis. Credit is also ‘income’ when people get access to a new source of credit or their already existing credit limit is increased, and they internalise this as a wage rise.

>>> Credit as Convenience Device

In this use of credit, users focus on two features of credit devices, cards as a means of payment and cards as a means of earning alternatives monies, like loyalty rewards, discounts. This

\(^{53}\) ‘A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing’, (OECD INFE, 2011).
meaning also covers the use of financial instruments to sort out family or personal budgets.

>>> Credit as Project

In this use of credit, the focus is not on the financial instrument, but mostly on how the chance of getting credit triggers or enable possibilities and imagined futures or ‘fictional expectations’ (Beckert, 2013): educational projects, home improvements, lengthily postponed health treatments, business entrepreneurships.

>>> Credit as Social Insurance

This use of credit represents the way families consider credit as a last resort in cases of family emergency, such as a catastrophic health issues. ‘I’d use cards only when it is required urgently, as my last resource, when I am up to my neck’, explained Alejandra. This use implies that the actual possession of a credit card is just in case. To some extent, this use of credit represents a concrete outcome of the financialised provision of welfare. Moreover, this use of credit is an example of the ambivalence of credit; if in some cases, indebtedness is a cause of social problems, in this case it is perceived as a form of relief from them.

When credit is considered mainly as income usually interviewees also depend heavily on the material use of credit cards as a convenience device, since they perform almost all their purchases with their credit cards. Other interviewees mainly combine credit as a tool for developing projects through long-term loans, together with having one credit card ‘just in case of emergency’. Similarly, people can be a heavy user of credit without having a credit card, dismissing the convenience device and social insurance uses. In other cases, a credit limit can be used as one-off unemployment insurance.

7.3.1.3 The dimension of exploitation and self-determination

The exploitation / self-determination axis is about how people variously understand credit use in relation to questions of agency and constraint. For many people in my sample everyday encounters with credit can mean access to a proper position in society, with a sense of social inclusion, but also comes with the feeling of an externally imposed heavy burden. Interviewees implicitly or explicitly referred to these forces as the ‘system’ or the ‘machine’, namely socioeconomic structures and the demands of ‘modern life’. This ‘machine’ can demand things from households, punish them, but was is also necessary to them. A credit limit is part of

54 To some extent, some social policies during the 2000s and 2010s represent attempts to provide or assure social provision to the whole population, going in the opposite direction of the ‘focalised help’ on the poorest which dominated the late 1970s, 1980s and 1990s. Unemployment insurances, guaranteed health treatment in prioritised diseases, universal state pension are examples of these policies nonetheless they are far from European welfare states.
the income of those who are lean towards the opportunistic uses of credit. Although credit is recursive and can look like a never-ending process, this was not necessarily experienced as something nasty by people in my sample. Therefore, a heavy reliance on credit can be experienced as self-determination rather than exploitation due to the opportunities families attach to it.

7.3.2 Household strategies in the use of credit

Using these three dimensions as analytical categories and looking at their interactions in the practices of my sample, I identify four distinct types of household strategies in the use of credit, distinguishing ‘Enterprising’, ‘Opportunist’, ‘Consumption-Smart’, and ‘Subsistence-Conservative’ strategies (Table 7.2). Households can pass through more than one of these different strategies during their debt careers; nevertheless, some are more permanent than others. For instance, in my sample the Opportunist strategy was typically embraced only for a brief period, until a default, when after more defensiveness follows, with the adoption of either a ‘Subsistence-Conservative’ or ‘Consumption-Smart’ strategy for a longer term. Similarly, for households in my sample, a switch from Subsistence-Conservative to Consumption-Smart or Opportunist could arise when an increase in wages occurred.

Table 7.2 shows how my sample’s varying approach to credit know-how, credit use and the meanings of credit combined to give rise to these 4 different types of household financial strategies. The construction of these strategies rests on the analysis of different economic embedded practices and also in a cultural approach to the foundations of economic life. For this reason, practices are categorised in relation to more than financial knowledge. There is more than financial know-how in how people conduct their economic lives, and so I also take into account the alternative uses of credit that people adopt (Extended Use) as well as the ultimate meanings people place on debt in terms of their social positioning (the Exploitation / Self-Determination axis). Financial know-how was assessed considering both conventional and non-conventional knowledge, given that some credit users are more prone to follow the tips of FE (like paying attention to statements and paying on time), but others in my sample, in addition are more willing to establish their own practical methods of convenience (like making repayments every two months or whenever they visit a store). The people in my sample who followed these methods think they can keep pace with debts this way, and also adjust repayments to their commuting through the city or to the cycle of purchases i.e. repaying when visiting the same store. As showed in 7.2, my sample also employed different kinds of practical
financial know-how and economic calculation in their ordinary household practices. However, overall the first three strategies are more inclined to see credit as a means for agency whereas the fourth category a sense of credit as a ‘necessary evil’ is overall dominant.

Table 7.2 Dimensions and Categories of Households Economic Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Financial Know-How</th>
<th>Prevalent extended use of credit</th>
<th>Exploitation &amp; Self-determination</th>
<th>Profile</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprising</td>
<td>Higher Conventional-Non-conventional</td>
<td>Project</td>
<td>Generally Self-determination</td>
<td>Lower management occupations, Low-skilled Entrepreneurs, male/female, couple/single-parental, lower income, 35-45</td>
<td>Ximena, Antonieta, Rodrigo, Daniela Luis, Cecilia, Débora</td>
</tr>
<tr>
<td>Opportunist</td>
<td>Higher-Lower Non-conventional</td>
<td>Income</td>
<td>Self-determination</td>
<td>Working class, department store salespersons, lower management or technical occupations, male, couple, moderate income, 30-45</td>
<td>Pilar, Maria, Patricio, Ivonne, Rogelio, Gladys, Nelson, Francisco, Víctor</td>
</tr>
<tr>
<td>Consumption-Smart</td>
<td>Higher Conventional-Non-conventional</td>
<td>Convenience Device</td>
<td>Exploitation &amp; Self-determination</td>
<td>Lower management or technical occupations, female, single-parental, moderate income, 25-40</td>
<td>Loreto, Sergio Fiorella, Natalia Fabiola, Belén Jocelyn, Fabián</td>
</tr>
<tr>
<td>Subsistence-Conservative</td>
<td>Lower Non-conventional</td>
<td>Social Insurance</td>
<td>Exploitation</td>
<td>Department store salespersons, Low-skilled Entrepreneurs, female, couple/single-parental, 40-60</td>
<td>Paulina, Sofia, Nancy Carolina, Christian Alejandra, Priscila Angélica, Andrea Katherine, Juan Carlos, Marcelo, Rosario, Esteban, Gloria</td>
</tr>
</tbody>
</table>

Source: own elaboration

7.3.2.1 The Enterprising strategy (17% of the sample)

Enterprising strategies involve the use of consumer credit and store cards as means to boost business activities over consumption preferences. This involves a higher level of financial know-how. For people in this category, the social meaning of credit works around the idea of being enabled to do and achieve things using credit. For instance, half of the small entrepreneurs in my sample considered credit should be used for buying capital goods to make their business grow. Regarding credit, they established a dichotomy between shopping and investing. They perceived credit fundamentally as a pure investment in the utilitarian sense, focusing on the material benefit to be obtained; therefore, they aimed to capitalise each piece of their credit limit to boost their business, giving no space for ‘consumption temptations’. ‘Store cards are easy to get, but the number of cards you can have is not related with your income; real money is beyond credit’, explained Cecilia, a pastry entrepreneur, establishing a clear distinction from those who consider their credit limit as an actual part of their income. The true aspiration
of enterprising people is having your own business and working hard to get there. Despite some people in this category getting small loans from government agencies to start their businesses, they still need to resort to consumer credit to complement the funding of their projects.

Luis, who has been penalised for debt, said he misses the credit cards to get funds to restart his business.

‘Temptation is hard to avoid. Department stores offer you always something more, especially when you have a stable job, and you fall in their trap (...) When I lost my job, I couldn’t repay what I bought, and my cards become blocked. Now, I want to start a business with my daughter; we have good ideas, and I regret not having those credit cards to increase our capital’, Luis, 47, low-skilled entrepreneur.

Cecilia has no credit card or consumer credit right now, but had in the past. Now, she only uses a debit card account as a means to manage her business’ income, namely the Cuenta RUT, and is repaying a loan from a microcredit-oriented fund\(^\text{55}\) (Fondo Esperanza) which she used as a business start-up. She used to get funds from store cards, but then found it easier to ask for credit from a ‘bank for the poor’ to get start-up funds for her new catering business. She is reluctant to ask for credit to buy a car or even clothing, after assessing the risk of not being able to repay. She makes a distinction between assuming risk for starting a business and risk for buying items beyond her purchase capacity.

‘What if I cannot repay? I mean, I would like to have a new modern refrigerator or even a car, but what would happen if I have no money to repay? I’d lose everything, both money and items (...) On the other hand, when I ask to reinforce my business and things go wrong, I could manage that situation’, Cecilia, 46, low-skilled entrepreneur.

Ximena works as a secretary but is additionally fully engaged working as an assistant in her husband’s new transport business. She makes the most of the consumer credit available in the retail business to get further funding for that entrepreneurship, but that does not give space on her credit limit to go on holiday, unless she can afford it in cash.

‘As I know how to deal with banks, of course I could do that [get a loan from a department store], but I’m not doing all this sacrifice to raise my business to just borrow money to go on a holiday I cannot pay for’, Ximena, 29 administrative assistant and entrepreneur.

Despite Chile embracing the free market, it is hard to be an entrepreneur. Monopolies and wealth concentration (Ruiz & Boccardo, 2014) could affect the figures that show that self-employed people, running small and medium businesses, have decreased in the last decades in

\(^{55}\) Similar to the Grameen Bank created by Muhammad Yunus in Bangladesh
Chile, reaching less than 14 per cent of the total in 2013, mostly in transport, retail and informal business. The difficulty of getting funding to be an entrepreneur is in contrast with the ease of getting consumer loans, and exasperates those who seek start-up funding.

‘At first, I could only get loans in one bank; but for the last loan, I could browse and choose the better option for me, regarding interest rates. However, it is unbelievable that getting a consumer credit is much easier than asking for a credit to start a business’, Ximena, 29, administrative assistant and entrepreneur.

In both Cecilia’s and Ximena’s cases, most of their financial know-how and credit management are work-oriented rather than consumption-oriented. This is in line with their plans and life goals in the short term, such as ‘working for something that is mine’ or being ‘financially independent’. Cecilia goes further stating that the skills and values required to be an entrepreneur – i.e. doing Maths every day, being proactive in the search for improving ideas, and being self-restrained - are probably in contradiction to consumption skills - i.e sales-awareness, paying attention to advertising, and being open-handed with money, as she sees it. When enterprising people use credit, it is for satisfying a distinct type of aspirations that are seen as morally superior. Cecilia sees how easy it is to get credit nowadays, and knows people are juggling with debts, getting a loan to repay another loan. She tries to be distant from credit in that sense, for two reasons: firstly, she recalls the practices of the loan providers - opacity, distrust -, and secondly, although she feels tempted to buy a car using a credit, she is not sure if she could repay, due to the variability of her business. So, she will take a risk as an investment – her business -, but not for the sake of consumption.

‘Department stores always win with ordinary people. They never tell you all the fees that you could incur by buying on credit, and when you complain they always have an answer ready to dismiss you’, Cecilia, 46, low-skilled entrepreneur.

The enterprising strategy does not necessarily only occur when someone decides to start a business. This strategy is not an occupational category, rather it is a rationality underpinning the use of credit. For instance, Antonieta, a senior department store worker with no aspirations of having her own business, shares with the other cases in this category a sense of higher financial knowledge and an approach to credit as a means to ‘invest’ in something worthwhile, like a property, which is also the usual suggestion of investment in conventional financial terms. Even now, having a property has become an alternative or complement for pension funding.
‘[After repaying my mortgage] I feel relaxed. As soon I get rid of the car loan. I want to get a credit for buying a second home; however, I consider the economy is not booming enough and the housing market is ridiculously expensive at the moment. And if the economy is not good, my sales could decrease’, Antonieta, 40, department store saleswoman

7.3.2.2 The Opportunist strategy (27% of the sample)

The group in the sample who fall into the ‘Opportunist strategy’ category is similar in some respects to those sample members who exhibit enterprising strategies, because for ‘opportunists’ there is no ‘fear’ of credit, and practitioners talk like investors, however the Opportunist strategy is different from a conventional concept of investment. In this strategy, the focus changes from profit to capitalising on an opportunity in a broader social sense. Conventional and domestic financial know-how is required to make the most of these opportunities, which sometimes can turn into a debt disaster; however, there is a clear sense of empowerment through the management of finances. The aim of people employing this strategy is to raise living standards in the short-term, providing celebrations, holidays, durable goods, but their moral justification is that this improvement would not be possible unless someone takes a chance. Their credit operation appears to be under control for the borrower since they are aware of the costs of credit. ‘As a rule of thumb, if someone is giving you more of a credit limit, you must take it’, is part of Francisco’s manifesto.

‘I realised that I was offered an additional credit limit while at the same time my company gave me a forced period of leave due to the flood in the city, so I thought I have to give to my family the best holidays in years, Francisco, 40, outsourced mechanics and machine operator.

Francisco’s choice was not a non-reflexive, non-rational action. Francisco did all the corresponding calculations about instalments, deferred payments and repayments, and assessed the risk of finding his company out of business when he returned from holiday. From his point of view, the opportunity cost here was of doing nothing.

Rogelio, a plastics company salesperson aimed at industrial customers, has always seen a credit line as an opportunity to ‘be something better’. At the beginning of his career, he considered himself a fool if he did not use the credit available to him. Always working in bespoke sales, he felt that he needed to ‘look better’ in order to improve his business prospects, so he decided to ‘invest in myself for the sake of the job’, as he put it. Lately, he said that he had got used to living beyond his means just because ‘the market allowed doing so’, as he explained. This moral justification rests in the investment in aesthetic capital to be a better worker and the obligation of not throwing away an asset.
R: ‘Where did this idea to live as if you earned 400 when you actually earn just 200 come from?’
I: ‘The market offered it to me, and I took it. The goal was to have a better life’. Rogelio, 31, industrial sales agent.

7.3.2.3 The Consumption-Smart strategy (20% of the sample)

In the Consumption-Smart, the level of financial know-how required is higher, and most of the people in this category are confident about knowing how to ‘ride credit’, as two of the members of this group named the ability to skilfully and cleverly manage credit. The presumption amongst this group is of being a ‘smart’ shopper rather than a consumerist subject. Every indulgence is justified and carefully planned. That gives them a sense of a superior moral and social position. For Fabiola, there is a sense of class judgement in criticisms of the uses of credit. For her, lower class people use credit for extrinsic purposes – a sort of conspicuous consumption of the poor -, spending all their money on that. ‘Middle-class people do not do that, they just use credit for legitimate things like education, necessary home improvements, or if it is for a TV, it is because there was an offer and at the end of the day you are not spending all your money on it’, she concludes.

The social meanings of credit that emerged for this category were both enabling and exploitative. The generalised narrative of this strategy is about users making the most of the ordinary use of credit, keeping records, avoiding unnecessary charges, dealing with special offers, which confer on them a sense of achievement for being smart enough to take the chances that they face regularly. Nevertheless, underlying this narrative is the insight amongst people in this category that they are too dependent on credit in two senses. First, despite their sense that they are good enough at ‘riding credit’, they are aware that any small stumble could make them fall. Second, as they use large sums of money to make repayments but also need to keep pace with their standard of living, they feel trapped into credit, almost working for repayment.

This strategy was more common amongst those in the lower-middle class, technicians or non-manual routine workers with higher positions. Credit was perceived as an instrumental membership which gives access to distinctive goods, and above all, allows the purchase of goods in a distinctive way, meaning taking advantage of offers, earning loyalty points or off-interest credit. This technical element turns socially distinctive since it allows practitioners to make a distinction from those who irrationally embrace credit.
I think it is hard to think that someone educated could be irrationally indebted. There must be some, but only a few. I don’t see anything wrong in getting into debt, if you do it with responsibility, informed, and keeping an eye in what the debt is aimed at; if you get a high-cost credit just because you wanted to have cutting-edge items, this is not a valid reason’, Fabiola, 36, accountancy assistant.

‘Due to higher competition for material, visible things, some ‘lower people’ are forced to use credit, let’s say to buy the best smartphone for them or their children, and that led them to use credit without taking into account the price of that (...) It’s true, you have to be indebted for anything you want to do, but you have to know how to handle it, how to ride credit’, Natalia, 39, technician.

‘There are a lot of people who never had anything, people from shanty towns in the south of Chile. They get a heavy manual work here, earning CLP 800,000 [GBP 960] monthly and then department stores offer them credit. Of course, they accept, nobody offers them anything in their life, but afterwards they are in a financial mess. It is better to not to take any credit you are offered’, Gladys, 37, occupational health and safety analyst.

Belén, a marketing assistant, is an intensive user of credit cards aimed at earning membership rewards from airlines, since one of her main goals is to travel as much as she can. All her credit management is focused around that idea; she accumulates credit cards to have credit available to spend abroad, and she is alert to every offer involving cards related to travel. As she does not like paying interest charges, her strategy is to almost max-out her card but to clear the balance in full and on time to avoid interest, running her finances in a ‘sustainable way’, as she described it. She attaches an additional feature to the use of credit card: the possibility of tracking her expenditure by looking at the online balance daily, to reach a desirable strict order in her finances, boasting of being an organised and aware subject. Therefore, a credit card is a tool to organise her budget, in order to track payments. Order is a valuable thing, so in this case, when money management is a problem, a credit card seems to be a solution.

‘I am constantly looking for discount and offers tied to the credit card use. I don’t like paying interest, so I try to avoid interest fees whenever I can. Banking credit cards usually offer me a hire purchase with cash-price. Anyway, I feel like I cannot escape from this’, Belén, 31, marketing assistant.

For Natalia, a quality assurance technician, every time that she uses cards is to make the most of department store offers, so her moral justification is that her use of credit is for family indulgences and the ability to not waste money on buying items which are not on offer.

‘For instance, I’ve heard about the smart TVs, but I think they are so expensive till I found a convenient offer in the summer and I bought it in a department store through a hire purchase. But after a few months I repaid the outstanding balance in full, since I got
a loan for buying a car, and I use part of the money to repay outstanding credit balances. That way, I saved some money in interest’, Natalia, 39, technician.

‘As I know that for my salary I only could access Hites store card [very high interest rates], and when I realised that I need a TV for my bedroom, I waited. Yes, I waited until Hites launched its 10-instalments-spot-price deals to buy it. Then, I always tried to ‘take’ things from the store in that way’, Loreto, 29, secretary.

Natalia, like Fabiola, thinks that lower class people use credit without taking any financial and moral consideration, that is, buying superfluous items on the worst credit conditions generating a never ending debt just for the sake of ‘consumerism’, ‘appearances’, and illegitimate ‘mobility aspirations’. By contrast, Natalia argues that when she buys a big telly, ‘it is because the old one was timeworn, and I found an offer to pay the spot price in instalments, so it would be stupid not to have it’; establishing her own moral legitimacy in relation to her ‘consumption-smart’ strategy.

7.3.2.4 The Subsistence-Conservative strategy (36% of the sample)

In this final category of the sample, people employing a Subsistence-Conservative strategy, credit is perceived as welfare or insurance; in many of the cases credit is literally the last resource some families have to fund harsh moments or to accomplish modest aspirations. The financial know-how in this group is low, but nevertheless in some cases complex arrangements are utilised to avoid being excluded from credit. Here credit is used just to keep pace with a ‘keeping-out-of-poverty’ life standard. This process relates to the decreasing identification with the working class (Méndez, 2008) and detachment from state support (Wormald & Torche, 2004). On the contrary, a rhetoric of middle-classness is expressed through the mantra of the middle class - adopted by many in the sample, regardless of their social, educational, and economic capital says that ‘the stand-alone middle-class has no affluence and no help from the state for facing the difficulties of life’, as several interviewees in this category repeatedly mentioned. Despite making this connection with subjective social mobility, amongst those adopting the subsistence-conservative strategy the prevalent experience of debt was as a burden. For instance, after facing a debt disaster, Sofía, a sales woman, felt exploited as she was just working to repay her debts.

'I used a card, then the other, and then another (...). Then, I said no, this is not good, and I paid all my debts and said no more. I realised I ended paying up to three times the price of the items I purchased on credit. I felt that I was working long hours just to repay’, Sofía, 54, department store saleswoman.
Even though ‘just coping’ with credit can involve brilliant financial management the sense of vulnerability to external circumstances was the key element of the perception of exploitation. Despite the fact the people in this category have financial skills and are aware of the highs and lows of credit, their perception of unmanageable higher risk was the salient feature of their strategies. Like Pilar, six more interviewees referred to this indebtedness as ‘the machine’ or ‘the system’, a commonplace term used to refer to the rules and rhythms of modern society. Credit was assessed as a risk and mostly as a burden. There were fears of not being able to repay in the future, as well as a sense of working just for paying debts that sometimes is attached to over-indebtedness.

For Nancy, household accountability is a must-have in our times. Her awareness of domestic financial matters is also a behaviour that you may inherit from your parents. Nancy’s case is an example of how credit management and household budgeting, especially in lower-income families, has become an essential task within modern housework. The financialisation of everyday life has created new demands for the heads of households - who are in some social groups mostly women - like understanding budgeting practices as a disciplined, organised, and sometimes demanding task.

'I don’t like to be indebted. What would happen if I lost my job, and I couldn’t pay? This happened to me in the past. Moreover, I see many of my colleagues suffering for their debts. It’s awful’, Nancy, 40, collector clerk.

In this section, I have analysed the economic strategies of households in my sample by looking at their varying levels of financial know-how, but also at the non-conventional uses different groups give to credit and the diverse social meanings they attach to it. From this analysis, we can see how families devise their complex methods of financial calculation (estimating the different credit possibilities and elaborating arrangements that involve long term loans, store credit card money withdrawals, borrowing credit cards from relatives and friends, and buying durable goods on hire purchase from department stores) while at the same time trying to synchronise their household budget considering multiple acquisitions in instalments.

Families do pay considerable attention to the market, mixing, testing and modifying their practices as they add new information about financial instruments and offers. These rationalities certainly integrate some attitudes of neoliberal culture (Lazzarato, 2012; Larraín, 2001) configuring the pragmatic way families adopt and adapt the financialisation of consumption. However, this is not the whole story. Households cannot react immediately to a decrease in interest rates, and usually they have fewer options than the standardised individuals imagined by financial education programmes, based on mainstream economics. Already in 1992,
Lamont, reviewing rational choice theory, pointed out that preferences are not always defined by economic rationality - moral and cultural values also have a say. Financial devices like mortgages refer to existing relationships, common sense, temporalities and logics found in the domestic realm (Pellandini-Simányi, Hammer & Vargha, 2015). Drawing on the complex practical household strategies of my sample, I have extended these arguments to claim that people whilst people do make financial calculations and try to maximise their economic benefit, their emotional, moral and social commitments come first, and their economic actions follow on from that. This produces a pragmatic economic action which poorly matches the structural discourses of financial education issued by the state and banking industry. This latter discourse assumes and embodies the ‘civic-minded financial education’ approach that seeks to help individuals make the most of the free choice scenario that the opportunity structure offers to them. But unless we look at people’s actual practical strategies and how their economic rationality is embedded in concrete moral and material obligations, it is hard to understand the meanings ordinary people attach to credit and the financial strategies they pursue. However, once we do look in detail at how commitments come first for people it is easier to understand the economic decisions that do follow on from that. One crucial distinction we can then observe – which makes no sense from the semantic and technical point of view derived from standard economic models – is that ‘credit’ and ‘debt’ are in practice very different things to people.

In the following section, I discuss this re-signification of debt in people’s ordinary understandings and practices, where ‘debt’ has been demoralised and ‘credit’ moralised, so that in practical terms ‘credit’ is not the same thing as ‘debt’. This process of re-signification has been vital to the mix of market and non-market features to be found in my sample’s development of credit practices and economic strategies. This shift shows exactly how families can divert the financial meaning of an action, and is an example of a clash between standard economic knowledge and domestic good sense. The wishful thinking of ‘Credit is not debt’ makes perfect sense in the context of the four practical financial strategies employed by the people in my sample.

7.4 ‘CREDIT IS NOT DEBT’: TAKING CREDIT AND RE-SIGNIFYING DEBT

In this section, I suggest that the pragmatic way in which families construct their economic practices, i.e. sourcing from moralities, but also from market opportunities, produces a shift in the meanings and materialities of both credit and debt, which go beyond conventional economic assumptions. First, I build on the social meanings of credit (see previous section) to
briefly refer to the changing trajectory of credit as an everyday practice. Then, I analyse the process of detachment between credit and debt and subjective indebtedness (i.e. the level of indebtedness internally defined by debtors). Finally, I explain the ways ‘credit is not debt’ for some families of my sample.

Are all types of credit equal? Credit encompasses different devices, shapes other practices like shopping differently and people attach a variety of social meanings to it, as discussed in the previous section. Credit is also present in several social mechanisms, like the expression of normativity in the hierarchy of legitimate things to purchase with credit, and in relationships, when credit reinforces or damages family ties. Credit is also linked to valuation processes, as it shapes how item prices are practically perceived, how budgets are planned, and how shopping is performed.

The decay of on-tick shopping and what it means sheds light on how credit is assessed morally rather than economically. Stores apply high-cost credit whereas on-tick shopping providers charge 0% interest, even granting instalments, in the case of furniture sellers, but for people this credit has a ‘different price’. The different price of being in on-tick debt with a small local corner shop is that it has different moral consequences. It is not because store card debts are more private, but precisely because store cards are commonplace, debts against big retailers entail no shame, when compared to on-tick shopping. This distinction gives us a clue about why large retailers threaten smaller stores, in addition to the prices of items. The different meanings of on-tick shopping versus large-store credit, show how credit can be disentangled from debt, with the latter legitimised due to its prevalence. Similarly, the ‘invisible credit’ of Employees Benefit Fund (EBF) loans is taken from payrolls monthly, and so they fall outside of people’s perceptions of the scope of their budget. This is another example of how credit is not seen as debt; with those having an EBF loan not seeing it as being indebted.

Prices are blurred by credit to the extent that people switch from checking the actual prices of goods to how the hire purchase instalments fit into their monthly budgets. That is the basic operation that heads of households in my sample perform when they use credit, before checking if the interest rates are skyrocketing or if the credit price is so much higher than the cash price. On top of that, the symbolic value of things also changes, usually decreasing; the majority of people think that, as they can easily access credit, they can have things, like a flat screen television or a fridge-freezer, more quickly than previous generations. For their parents or grandparents these things symbolised years of effort, and now it is just ‘buy now, pay later’. After the credit expansion, people started to realise that almost everyone can have those distinctive appliances, like mobile phones, that used to function as social markers when they first
arrived in Chile in the 1990s. Even the possession of credit cards lost social prestige; they became ‘plebeian’ when everyone could have one (Wilks, 2014). Older interviewees recall back in the 1980s, before the ‘retailisation of credit’, when opening your wallet and showing a handful of cards was a social marker of distinction. Now, for my sample, cards are an everyday essential.

Store cards have had an impact on how people in my sample elaborated their shopping routines; the decline of small groceries stores, at least in Santiago, is in line with the rise of the practice of families of using credit in big stores for the everyday purchasing of items such as food, drinks, stationery, and cheap clothing (the usual lines of small groceries stores in Chile56). Transformations in these practices relate to changes in the way families do their shopping and how merchants sell their goods, increasing the number of shops that take cards. But the routinisation and normalisation of these practices also changes their meaning. As declared by my interviewees, families prefer to owe money to big stores instead of their neighbours. Owing the cost of a fridge plus interests to a large store looks less like being indebted than owing the cost of a pair of socks to the corner shop.

The re-signification of debt lies in a process of demoralising debt and moralising credit, and relates to the establishment of expectations and priorities by families. Credit is good since it involves possibilities, and it is temporally detached from the negative side which is debt (Gregory, 2012). In that sense, debt is already different from credit, albeit in practical terms any credit comes with its debt For instance, students’ loans are usually considered as a tool for the project of social mobility, therefore this type of credit involves possibilities. However, the heavy burden of debt and the impossibility of meeting repayments can break the prospective feature of credit (Pérez-Roa, 2014), especially when those promises of social mobility are not fulfilled. Nevertheless, what happens when credit and debt are embedded in practical everyday strategies and routines rather than in long-term loans? Temporality becomes irrelevant since it has no sense when households deal with multiple, massive, regular loans and credit lines. In this case, there are multiple, moving, and vague deadlines. Households earmark money to repayments as if they were a utility bill, where eventually each payment is not necessarily linked to one project. Let me offer the example of technological goods, one of the most referenced situations by my interviewees, when laptops, mobile phones or smart TVs are outdated or broken by the time the debtor finishes the 24 or 36 months hire purchase.

What is more problematic to my sample is to be a failed user of credit, which implies

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56 The number of categories of items people purchase in these shops decrease from an average of 21 in 2007 to an average of 13 in 2015. [https://www.kantarworldpanel.com/la/Noticias/Almacenes-de-barrio-a-la-baja](https://www.kantarworldpanel.com/la/Noticias/Almacenes-de-barrio-a-la-baja) Visited on the 31st of March of 2017
that you could lose your access to more credit, with all the social and economic consequences of that loss. Indebtedness has lost their moral burden to the extent that owing money to institutional lenders is a normalised practice of contemporary economic life. For instance, having debt problems is not a moral issue to the extent it has become highly expected by Chilean families, either in the short or long term, as shown both in my statistical data and as expressed in the interviews. ‘Debt’ is not a moral issue but an instrumental one, because when people are penalised they do not feel a moral burden, but they realise they will lose access to credit, affecting their economic and social prospects. As on-tick shopping is a decaying practice and debt is highly concentrated with impersonal, large-sized creditors, it is losing its moral features. Credit, by contrast, has become morally charged, and far from neutral, since it can be good, bad or both; and it is risky but allows people to achieve goals, so it is a ‘necessary evil’. Its use is socially normed, and one is judged according to what kind of use credit is aimed towards. As we have seen in previous chapters, hierarchies of value around what it is legitimate to do with credit are coherent and shared across low and moderate-income families, which can be used as a sign of social position. Eventually, credit practices rely on knowledge and skills, but are not necessarily exclusively those postulated by conventional financial expertise, e.g. in state and financial education programmes. People’s concrete credit practices, instead vary depending on structural and family circumstances, largely influenced by the re-signified normativity of credit. Therefore, this resignification of debt is another example of a clash between standard economic knowledge and domestic good sense.

When reports about debt are communicated by financial authorities, they highlight indebtedness figures. According to the Household Finances Survey, 73 per cent of families are indebted. What is the implication of this? Surely, it can be said that credit has flooded Chilean society, but would it be different if that figure were 90 per cent or 55 per cent? Based on my research, the answer is ‘not really’, for credit has gained a place in everyday economies, so that almost every person has been a ‘debtor’ for a period in his or her life; and just being a ‘plain debtor’ is not as socially relevant as the nuanced judgements people make about distinct kinds or experiences of debt.

Those of my interviewees who used credit cards to make the most of exclusive discounts, loyalty rewards schemes - mainly the Consumption-Smart group -, claim that they avoid revolving credit charges by clearing their balances before being billed. They are using credit as if ‘it was not debt’. If this use of credit is not debt, it is at least living ‘one-month in advance’; insofar as they receive their wages they repay and, to live, they must resort again to the same - already cleared - credit card. It is interest free credit. Therefore, using credit does not
necessarily mean being indebted for this group, even though anthropologically (Graeber, 2011) or actually, every credit instantly generates a form of debt. People domesticate debt, and so whilst all credit generates a form of debt – with very real consequences for people’s lives – it is impossible to fully understand people’s strategies and practices from this ‘bottom line’ (without seeing their behaviour as irrational). It is only if we understand that many people do not see credit as debt that we can better understand their practical engagements and understandings of credit and debt.

Moreover, making repayments on time and clearing a card balance on a monthly basis is considered socially and morally different from ‘living beyond their means’ by the moderate income families of my sample. For people who usually clear their balances before any interest can be charged, and avoid purchasing items on instalments, it is a matter of being smart enough to not let card issuers exercise power over them. Nevertheless, when someone uses almost all their income for repayments this is considered over-indebtedness by banks, and a basis for rapidly dismissing people’s credit applications. Overall, those who have the perception of not struggling with their debt discursively and euphemistically turn these debts into merely ‘financial commitments’. This lived and practical distinction between ‘debt’ and ‘credit’ is crucial to understanding how – for most people – using credit is not automatically wrong.

The semantic difference between credit and indebtedness (in the terms mentioned above, where not all credit creates interest bearing debt, provided that repayments are made on time and balances are cleared in a timely fashion) has a consequence: being indebted has greater economic consequences than moral consequences. Families are worried at not being able to repay and for losing access to more credit, rather than being worried about being indebted. Being indebted if you can repay is not necessarily an issue, default is the problem. As people make a distinction between debt and credit, they do not put a moral weight on defaulting, the problem with default is just because of the material problems it carries; if penalised, they cannot borrow again. Therefore, because credit can foster people to getting more credit, when considered from the perspective of practical household financial strategies, the harmful side of credit is when people lose access to more credit, not the seizure of items that a minor number of the sample had experienced (e.g. Sofia, Alejandra) after default, and which can be overcome using proper knowledge.

*I've also learnt how to deal with seizures. In one of my defaults, I transferred my goods to a third person, and then I agreed with the court to repay just a portion of what I ought, after making a down payment*; Pilar, 55, unemployed, call centre agent and saleswoman
The distinction between indebtedness and over-indebtedness also has fictitious boundaries, or at least the boundaries postulated by financial firms do not match with those of ordinary people. Almost all the interviewees explicitly set a socially tolerable degree of indebtedness which suppressed the problematic feature of debts: if we all are indebted, nobody is; so, nobody can be ‘name and shamed’ for constantly juggling with debt. As Fabián explained, ‘I don’t mind receiving letters from stores with my outstanding balances since I realise everyone receives one of those. It’s quite normal. But owing money to the corner shop is a different story. You risk being in other people’s mouths [part of the neighbourhood gossip].’

Financial firms and government agencies set the level of over-indebtedness as being when families or individuals are expending more than 50 per cent of their monthly income in repayments, in the case of lower and moderate-income households. However, for the heads of households in my sample over-indebtedness means ‘losing control over finances’, ‘feeling exploited…, working just for meeting repayments’ or having a ridiculous number of credit cards, used for ‘illegitimate items’.

‘I think it is hard to find people who are not indebted, because consumption is a temptation, including for me’, Angélica, 30, telemarketing worker

‘My total debt is no more than CLP 6,000,000 [GBP 7,206], but I am repaying, and one day it will end; otherwise, I see people who do not have enough years in their life in order to repay in full’, María, 52, department store saleswoman.

A variety of everyday vocabularies circulates around being indebted to the limit. ‘Estar encalillado\textsuperscript{57} [being tied] means paying a growing number of debts, whereas ‘being tranquil’ means paying just a few. ‘Indebtedness power’, i.e. the capacity of having access to credit and the credit limit attached to it, replaces purchasing power, and the idea of ‘responsible indebtedness’, which comes from the consumer protection agencies, has pervaded the family’s discourse as part of their process of the normalisation of credit, but without a specific measure, as indicated by organisations. This subjective indebtedness clashes with the conventions of the banking industry, like credit scoring, whose standardisation is replicated by FE agencies. From the banking and the retail sides, it is hard to assess the consolidated information about households’ debts since they do not share their data.

‘We just had a home improvement, to make it bigger, so we are paying the mortgage, three loans, two small loans-on-cards, but we prefer to repay and live calm, all things

\textsuperscript{57} Extremely colloquial word for debts, only used in Chile. It is a diminutive for “\textit{cala}”, which means suppository, according to the Spanish official –RAE–.
sorted. No calls, no seizures. Indeed, ‘encalillarse’ [getting tied] meant that my wife had to get a job’, Rodrigo, 38, transport clerk

‘In the past, I had to deal with credit cards. Following my marriage, I was ‘encalillado’. The readily available resources of the store cards were problematic to me, so I could hardly distinguish what was my real budget... furniture, clothing, and appliances, mostly everything on cards’, Esteban, 50, janitor

All the heads of household in my sample perceived the massive increase in credit access that had happened in the last fifteen or twenty years. Their narratives of the credit expansion are constructed from the experiences of those who were already heads of household, of those who worked or still work in jobs linked to credit, and of those who, as teenagers, paid some attention to how their parents made decisions about the family budget. In those narratives, there was a time when the rule was to accept what an income could buy. Now, while material life ‘is better than before’, it also comes with more risks and penalties, due to indebtedness.

Given this context of the normalisation of credit, the households of my sample have learned to strategically re-signify their delinquencies and credit crunches. Economic narratives shape the cultural frame which allow individuals to assess their rationality (Bandelj, Spillman & Wherry, 2015), but despite the trauma that a punishable debt delinquency entails for families, these events are internalized as inevitable milestones of economic life. After a debt disaster, the normalisation of credit is consolidated since heads of household realise that they need credit, and learn to insert credit into their budgeting and purchasing practices. Therefore, a debt disaster does not mean stopping using credit, but using it ‘well and better’. This decision is based in part by calculations and financial rationality, but in the long run, heads of families elaborate a moralizing description of their debt disasters. This moral framework helps them to organize their knowledge, motivations and capital to continue managing credit. ‘Giving to my children what they need’ or ‘Helping my family once and for all’ are empirical reasons for defaulting -provided by sample - which hardly find a place in the economics literature. However, these episodes give my interviewees a form of financial common sense, translated into ‘credit is good, on the condition that you learn to deal with it’, as one of them summarised What does this phrase mean? Knowing credit’s rules and norms means employing conventional financial knowledge, practical know-how and acting in accordance with moral rules, like using credit for plausible, legitimate goals. Economic rationality is not based in informed decisions and knowing the ultimate terms and conditions of credit contracts as Financial Education suggests; rather, it is being able to manage a domestic budget combining different financial devices and sources of monetary resources, without losing the status of being ‘subjects of credit’.
In the past, women organised domestic finances taking into account just the breadwinner wage. Later on, new goods arrived and so people started to dream and want things. This meant women had to find a job, and/or people use credit for leveraging resources without thinking about the consequences, like parents spending less time with their children, and everyone indebted', Andrea, 52, department store saleswoman.

The distinction between debt and credit demonstrated in my sample is crucial for showing that using credit is not seen as automatically morally wrong, nor is it a synonym of ‘living beyond their means’. The resignification of debt lies in demoralising debt and moralising credit, and relates to the prior establishment of expectations and priorities by families. This distinction clashes with conventional financial knowledge in which debt and credit are fungible. But it is from their practical embedded economic strategies that families get the inspiration to assess the nature of credit and debt. These strategies are made up of social, moral, relational, and calculative components, as I have showed empirically, so a cultural approach is necessary to fully understand the social-economic rationality of households.

7.5 CONCLUSION

In this chapter, I have addressed the elaboration of economic practices which combine market and non-market rationalities by households, how they clash financial education provided by the state and banking industry, and the different meanings of debt and credit. The first section examined the financial education frame and how it clashes with those of my sample. The FE frame is aimed to create an ‘economic citizen’ who makes the most of rational-choice scenario that the credit market would offer to them. However, ordinary people’s way of ‘calculating’ and elaborating strategies for household management clashes with neoclassical economics theory manuals and so FE frameworks. The discourse of Financial Education is in tune with the promised of self-reliant middle class status, freedom of choice and equality of opportunities that the coming of deregulated markets and consumer culture fostered during the early 1980s and consolidated during the economic boom of the 1990s. Credit has also been aimed at accomplishing social inclusion, portraying a claimed legitimacy through public policies like the Financial Education frame which can be considered an (un)intended ideological operation. At the very least, its empirical approach is not necessarily addressing the complexities of the ‘Chilean family’ and the multiple arrangements of their grassroots economies.

The second section of this chapter addressed the pragmatic strategies families developed in their actual uses of credit, with these strategies exhibiting different degrees of
financial know-how, varying formal and informal uses of credit, and different social meanings of indebtedness. By looking at people’s everyday household practices it is possible to analyse how economic rationalities are embedded in the practicalities of everyday life, with this providing a step forward to assess the ‘ordinary’ meanings of debt and credit. I have elaborated four household strategies that people use to deal with credit: Enterprising, Opportunist, Smart-Consumption, and Subsistence-Conservative. The construction of these strategies was drawn from the analysis of different economic embedded practices and a cultural approach to the foundations of economic life. The proposed categorisation of economic strategies helps to understand why and how people act in their everyday context, and the variations and similarities of household social-economic rationalities.

These four strategies contrast with the understandings drawn from the market and the state -enacted in the financial education discourse (Marron, 2014). I argued that as post-industrial working class and low-skilled entrepreneur families deal with credit only in the best way they can, any idea of the sovereignty of consumer seems far from real for them. Indeed, it is hard for them to reject credit, at the same time that their options within credit are limited. The image of the standardised ‘economic citizen’ who makes informed choices, freed from constraints, as found in the financial education frameworks seems very distant from lower and moderate-income families. Moreover, having a higher level of conventional financial know-how and skills in calculation are not a guarantee of an unproblematic financial life, neither is the exclusive foundation of households’ strategies (Villarreal 2008; Weber, 2002). Many other tactics exist, like mixing different temporalities and devices, delaying some payments to cover others, ‘learning how to default’, renegotiating debts, shutting down accounts while and opening new ones, living in the ‘underground’ of credit, and ‘invisibilising’ credit.

In the third section of the chapter, I built on the social meanings of credit to analyse the process of detachment between credit and debt and subjective indebtedness, i.e. the level of indebtedness defined by debtors. Finally, I explained how some families of my sample think that ‘credit is not debt’.

Credit is helpful for analysing the meaning of a ‘decent life’ since it opens the discussion of what are the concrete living standards that sustain that decent life, but also of how people actually strategise to achieve that. Heads of households circulate different measures of how much they can squeeze credit to provide for their families, for instance, considering their regular income plus their credit line.

Class belonging, aspirations and social goals are also topics which emerge when the analysis of the practical uses of credit is on the table. The families in my sample identified the
use of credit with being part of the ‘middle class’. These are families who have experienced a precarious upward social mobility, but what is clear to them is that on top of their hard work, they can and should resort to credit to have a better life than their parents and to give a future to their children. After all, without fully embracing neoliberalism, they must go to the market insofar as the state ‘does not do a thing for us’. Part of the ‘middle-class kit’ is being indebted since life is expensive. This proposition blurs boundaries between credit as a necessity and as a convenience, synthesising coping strategies, opportunities and social goals. One side of the story is that households have structural constraints upon their budgetary arrangements, and hence they resort to credit, constructing debt careers. By doing so, they are also reassessing their logics and ethics, eventually adopting and adapting financial instruments according to their values and hierarchies. Credit practices fall in the middle of the encounter between domestic rationalities and subjectivities and conversely shape some of these priorities and goals. The other side of the narrative is that people want to do things one way or another. Higher living standards require credit; it is a matter of agency, of wanting to be better. Credit is necessary to do the things from which you cannot afford to be excluded of, so credit has become normalised and is at the core of social inclusion in Chilean society.
Everyday rationalities around credit and debt are situated in people’s practical households’ strategies. Thus, we can understand issues of credit and debt only if we understand them as situated in household practical activities, moral obligations and relational engagements. The arguments and data here presented attempt to turn material practices, meanings and structural phenomena into a narrative about economic struggle and moderate social aspirations, thereby placing the economy of households and their everyday practices in the context of neoliberal capitalism. The strategic adaptation of post-industrial working class and precariat families to the expansion of credit has transformed debt into a common place for them, backed up by moral narratives that help them both to explain their past economic actions and to develop their actual and future economic arrangements. Moral claims and the legitimation of social aspirations for a ‘decent life’ inform the justification of each household’s economic rationality and their strategic adaptation to credit. I focused on people’s practical socio-economic rationalities to understand that, for my sample, credit is not the same thing as debt. Credit and debt have different meanings, their different forms became ‘earmarked’, and they are dealt with in different ways in household strategies.

What practices and meanings intervene in the normalisation of credit? How do families process and elaborate their economic practices? The answers to these questions were developed in reference to the debates about financialisation and the nature of the economic action and the framework of practices rather than individual or macro structural approaches. Nonetheless, the role of state and market agents were discussed, both in making credit available, through the expansion of credit, and in attempting to frame a ‘financial consumer’ through financial education initiatives. Normalisation is also supported by the Survey of Household Finances which shows a massive, regular use of credit as short, medium and long-term leverage tool, with store cards being the main source of credit for families of the post-industrial working class and the precariat, and for lower and moderate income families in general. Nonetheless, normalisation is not only a quantitative magnitude. It is enacted in the experiences of the debt careers of the practitioners and the meanings they elaborate from their persistent encounters with credit.

We can see normalisation operating in a number of ways. It is found in several material practices like every day essential purchases, but it also informs people’s long-lasting projects like
housing, education, and health. Almost everything seems more affordable on credit. Home improvements, holidays, and family graves are on the list of the usual aims of credit. Amongst my sample, it was quite common for credit to be used for everyday purchases, such as supermarket shopping, credit being a way of covering staple household purchases. For households as users of store cards, resorting to credit is perceived as inevitable in order to ‘make ends meet’ or to cover personal or financial crises. In other cases, people felt that credit was simply an ordinary part of contemporary life. We can see how the adoption of particular credit practices is linked to issues of convenience (i.e. in terms of people’s daily routines) and ease of availability (i.e. with the offer of credit devices attached to other routine practices).

Normalisation is not equal for everyone. It depends on variable material and moral features. It is not a blunt colonisation of households by market logics. In Chapter V, I showed how living in debt is normal for lower-income families in Chile. This familiarity with credit has different social and moral meanings. These meanings allow people to elaborate moralising justifications for their economic actions. I analysed the material practices of households, the different sources and uses of credit, the prevalence of department store credit, and other booming and decaying market and non-market practices, in order to show how these practices contribute to the normalisation of credit. The second section addressed the main events of the debt careers of head of households, showing how the processing of debt disasters supports the normalisation of credit. I also described the moralisation of these narratives. I concluded with a discussion about the relationship between the normalisation of debt and the moral foundations of household economies. I showed different material practices and landmarks related to credit and debt in the economic life of interviewees: how they entered credit, with what expectations, how they deal with defaults, and how they live with credit as a never-ending process. The Post-industrial Working-class and the Low-skilled Entrepreneurs in Chile use credit and indebtedness as an essential means to leverage resources. As a consequence, credit has become highly normalised for Chilean households. However, normalisation is not only economic or structural-led. It has been an outcome of the interactions between aspirations, values, and the moralising accounts of households and their relationship with debt, creditworthiness, and the material practices around it. All interviewees have had problems with debt, regardless of income, occupation or educational achievement, so these elements are not crucial to categorise debtors. Moral frames are. The moralisation of debt trajectories helps to normalise the management of credit. This normalisation of credit is underpinned by the regular, massive use of credit, the ease of its access and availability, and the accommodation of people to it. The goodwill of quitting credit is
usually accompanied by a sense of needing more credit. People accept that credit is a necessary, legitimate, and almost unavoidable way to do things. The moralising accounts people use to justify past and present uses of credit transcend rational choice and isolated actors. Even those who are more market-aware, and prone to make the most of credit, moralise its use, attaching to it a sense of social aspirations, a decent life, and family obligations.

The normalisation of credit has not been a smooth process for families, as I argue in Chapter VI. Families cohabit with credit, but they are aware of the risks too. Although households need credit to do things, so too they are mostly forced to compensate for the burdens of credit with what they can gain from it. The image of the ‘necessary evil’ of credit emerges.

I explored the respondents’ accounts of their past and current careers of debt and how they translate credit and debt into household economic practices. I offered narratives ranging from proactive to reactive ways of dealing with credit. Credit could be part of the problem or part of the solution, but it was not a neutral financial instrument. Credit variously helps to strengthen affection and the family relationship by giving a capacity for indulgence to those who lack immediate resources; but it is also the cause of problems, as mismanagement can lead to the breakdown of family relationships. The roles of parents, parents and partners are strengthened when credit is joined to the family. In the younger generation of my sample, debt disasters were classified differently. Coincidentally they follow a sequence; having a first job, immediately a first card, and then first problem of debt or debt. These cases suffered debt disasters early in life so the consequences we less dramatic, when they had no family to provide. The reasons behind their indebtedness were more conspicuous like they told (unnecessarily big or complex electronical appliances, fancy clothes to go out, and so on). Despite the different degrees of tolerance and acceptance of credit found in my sample, the legitimacy of credit was constructed upon the sense of its unavoidability and in the enhanced capacity of families to deal with it.

In Chapter VII, I addressed the elaboration of economic practices combining market and non-market rationalities by households, and their lack of coincidence with those practices and discourses fostered by the state and banking industry through Financial Education programmes. The FE framework aims to create an ‘economic citizen’ able to play by the rules of the sovereign consumer, including those of credit. However, for households moral obligations can be more crucial than cost-benefit considerations. Therefore, the financial education framework is incongruent with other sources of rationality found in the economic practices of my sample.
I used three key analytic dimensions for describing and understanding the financial strategies of households. It was the interaction between these three dimensions that allowed me to understand different strategies and how they are situated in the common knowledge and practices of households. The first key dimension is (a) the kinds of financial know-how employed in household financial strategies (i.e. the skills and knowledge, calculations, and empirical ways of using credit devices etc. - and which often operate in an alternative way to that assumed in standard economics). Secondly (b) the different uses that people attach to credit and which shape its meaning for them (a tool, an asset, a burden, or an unavoidable last resort). The third dimension is (c) the axis of exploitation and self-determination, i.e. the degree of agency or constraint people deploy in their accounts of their credit strategies. This ranges from people seeing the use of credit as enabling and a source of social inclusion and mobile identities to the feeling that it is a heavy burden imposed by external forces. By looking at conventional and non-conventional financial know-how, the pragmatic uses of credit, and the social meanings that people confer on credit, I elaborated four households’ strategies that people use to deal with credit: Enterprising, Opportunist, Smart-Consumption, and Subsistence-Conservative. The value of these categorisations of household rationalities is to analyse in detail how – in different degrees - common knowledge coexists with conventional financial skills, how social and moral meanings coexists with calculations, and how these economic rationalities are embedded in everyday practices.

8.2 DISCUSSION AND IMPLICATIONS OF THE FINDINGS

8.2.1 The making of indebted subjects

Debt is a key element for the making of neoliberal subjectivities. According to this, debtors must accept their condition and engage with access to credit as an asset if they do not want to live in poverty. The obligation to repay involves the need to adopt behaviors that neutralize alternatives to financialization. In between the macro dimension of financial capitalism and the micro dimension of household economies, credit and debt serves as the mechanism to links both, thereby exercising power and control over the subjects of credit.

My analysis of situated everyday practices offers different versions of the indebted subject instead of just one universal ‘indebted man’ found in other accounts discussed in this thesis. People try to domesticate debt, and so whilst all credit generates a form of debt – with very real consequences for people’s lives – it is impossible to fully understand people’s
strategies and practices from this ‘bottom line’ (without seeing their behaviour as irrational). It is only if we understand that many people do not see credit as debt that we can better understand their practical engagements and understandings of credit and debt. In that sense, credit is not always debt. Moreover, I argue that there is not a singular indebted subject (or subjectivity) but rather diverse and changing ways in which debt is incorporated into people’s practices with concomitant diverse meanings of ‘debt’ and indebted subjectivities. Only by looking at people’s practical household strategies and rationalities we can fully understand the diverse nature of indebted subjects. Firstly, because neoliberalism and its mechanisms are not the same across different societies and change along the decades, the subjectivities produced are not equal. Secondly, in everyday situated practices, individuals do not face abstract categories like ‘the market’ or ‘financialisation’ that simply invade or colonise their domestic realms and subjectivities. Individuals certainly feel the pressure of the neoliberal structure every day, but they deal with historical and situated manifestations of it. This approach does not imply the absolute disregarding of self-interested motivations, but requires that attention be paid to the empirical question of how the economic life occurs. Thirdly, the ‘indebted subjects’ in the Global South is different from that found in the Global North on which much of the literature has focused, due to its more restrictive historical context. The form of the indebted subject found in the Global South is certainly not a ‘descendant’ of the manager of the self. Nonetheless, of course, there are some traits of the current financial capitalism that set a common ground for the debt-led economies. Finally, there are a wide range of morally and culturally backed-up practices, which generate different uses and subjectivities around household debt, and which evolve and form the debt careers of debtors. Homogenising the ‘indebted man’ to only one abstract category and claiming a new form of class struggle between creditors and debtors is too simplistic for it omits differences among debtors. These differences are based on the degree of implicit and explicit adoption or rejection of the cultural values of neoliberalism, i.e. free choice and competence; the material conditions of debtors such as disposable income after repayments, their exploitation rate, and the odds of getting rid of debt. In the case of the Global South, where Chile is located, the indebted man certainly shares some features of Lazaratto’s indebted man (2012), but in Chile the indebted subject is less guilt-ridden and less monolithic than that found in Lazaratto’s account. The experience of indebtedness has also changed over time since neoliberalism itself has changed. Neoliberalism is more a moving picture in time and space, and is not the same in Chile as it is in the UK, and indeed the nature of neoliberalism was not the same in Chile in the 1970s’ as it has been in Chile in the and 2000s’.
8.2.2 ‘Credit is not debt’: the ambivalence of credit

My research demonstrated that, for people from lower-income households who are at the sharp end of the Chilean ‘democratisation’ of credit, credit is seen as a ‘necessary evil’. This phrase summarises both the moral ambivalence of credit in everyday practices and the hazardous issue it represents for domestic budget planning. Credit is entangled in family dynamics, shaping decisions, collaborating in the elaboration of roles and ties, and affecting relationships. Households develop different material practices with credit, during different life stages, learning lessons from debt ‘disasters’ which are moralised and rationalised. However, for my sample, people’s debt careers show similarities in the way that they back up their motivations to draw on credit morally, in terms of family obligations to provide appropriate living conditions. Ultimately, debt has become ‘normalised’ in these households, and this normalisation of debt has meant a re-signification of the meaning (and practical implications) of credit such that ‘credit’ is not seen as leading to ‘debt’. Addressing this normalisation of debt, I argued that credit and domestic finances do not necessarily involve ‘investing subjects’, or ‘selfish consumerists’. Rather, credit must be located in ordinary household consumption practices and social mobility discourses, practices which are regarded as essential by those who undertake them. Such credit practices certainly fall beyond the scope of any kind of consumerist phenomena. People in my sample use credit in very different ways: to extend their income, to pay for health or education services, as social insurance, as an imagined project, as a convenience device. We can understand the normalisation of credit as another layer in people’s tolerance of neoliberal capitalism, featuring individualised projects of social mobility and subsistence, morally backed with an ethic of individual effort and the rhetoric of middle-class standing.

Family decisions are shaped by credit; for instance, maternity plans can be delayed for a mortgage, to be a profitable subject of credit. Additionally, credit has an impact on significant dates on the family calendar, and allows commemoration in different and augmented way than when credit is not in the picture. Family problems, like divorces, deaths or accidents lead to debt-ridden episodes. Despite an ambivalent relation to credit, people feel they ‘have to do it’, so the ‘necessary evil’ is the normalisation process.

As I show in Chapter V, credit practices operate with different elements and sources of rationality in the economy. Users must deal with rational and universal devices such as interest rates, collaterals, revolving credit, and credit limits, but their practices are situated in a context of everyday activities, cultural legitimacy, social relations, social inequality, and symbolic capital.
The colonisation of households by market logics is not an uncontested and binary situation; it is more a changing, nuanced, pragmatic process.

Traditionally, morality and credit had been related to honouring one’s debts, this being the calculation of interests and repayments an economic situation which becomes social in the form of a moral assessment of a good debt-payer, an *ex post* assessment. Even Marx was worried about being a bad debtor (Thorup, 2017). However, nowadays due to the socio-technical possibilities of credit scoring, creditworthiness is usually assessed *ex ante* by institutions. In this research, I look one step backward, i.e. to examine how credit practices become a sensible section of the domestic financial strategies of households; and one step forward, i.e. to examine how households deal with defaults, learning moral and material lessons from that, and questioning to some extent, the moralisation of (unpaid) debts (see Chapter VII).

Eventually, I concluded that households make the assumption that credit is not debt, in other words, they re-signify debt where debt has been demoralised, and credit, moralised. The four categories of household strategy - *Enterprising, Opportunist, Smart-Consumption,* and *Subsistence-Conservative* - mentioned above are crucial to understand this process, because they show exactly how families can reformulate and divert the financial meaning of an action. This can be seen an example of a clash between standard economic knowledge and household economic rationalities. I explain this resignification of debt, showing how credit is different to debt for my sample, and the lack of concomitance between the popular understanding of these concepts for ordinary people and conventional financial knowledge. Understanding this resignification of debt also gives us a better understanding of why people do what they do and the orientations behind the economic practices they enact, showing that in situated practices, a concept can have quite different meanings. If we research people’s ordinary household practices (and their variability), we can understand credit and debt in a very different way from how it is understood under the umbrella of economics or behavioural sciences. People’s practical social and moral obligations always come first, and it is only on this basis that people then make their economic calculations and adjust their financial strategies.

8.2.3 Financialisation and normalisation of debt

Living with financialisation carries some costs to families, aside from the high-cost of credit. Debt might be normalised, but that does not mean it has become purified or praised. The debt careers of head of households, how they enter credit, their highs and lows, and how credit became normalised showed the mechanisms of the resigned or enthusiastic moralisation of
credit practices. However, there is an expression of agency in the persistent use of credit, not merely a colonisation by credit. What is distinctive in each actor is how they develop new meanings after a debt disaster, not only accepting and tolerating credit, but also in elaborating or improving their own strategies. What they all shared in common is that, no matter their social and material expectations, credit was amongst them. What is clear is that credit is not neutral, as presented in the financial education frameworks deployed by government agencies, banks or department stores. Its risks need to be minimised. Common sense is necessarily common (i.e. agreed upon) to members of a social group or milieu. The thinking process involved in acting sensibly regarding economic matters may not resemble an economic logic, but it is the way that a majority of the members of a group thinks. Credit is the key, is the common sense, and is what one has to do.

I argued that it is hard for post-industrial working class and precariat families to reject credit, at the same time that their options within credit are limited. Eventually, the image of a rational citizen who makes choices, informed, freed from constraints, like those presented in the financial education frameworks, seems distant to the post-industrial working class and precariat. Normalisation has not been a stress-free process. There is no ‘investing subject emerging from that. Rather, the ‘livelihood managers’, whose main goals are achieving family aspirations to the greatest extent possible, try to use credit without causing any harm or to control damage when a disaster occurs. In the same way, neither household rationalities nor their situated practices are congruent with the Financial Education framework which has been delivered in recent years to some segments of Chilean society.

Financial education seems extremely focused on consumerism. The goal is to be an autonomous, skilled, self-governing economic citizen. By doing this, its advice is implicitly targeted at the upper segments of society or the ‘real’ middle-class, those groups who can decide about their pensions, private healthcare, investment funds, insurances, and their financial inclusion way is through the banking system rather department store or supermarkets. On top of that, financial education assumes an economic being with the expectation of being rational. When individuals are not rational, they are deemed weakly emotional, non-calculative, unconscious, compulsive, impulsive, and dominated by advertisements. So, this must be corrected through financial education and economic awareness. This standardised literate financial agent clashes with the empirical economic actor who budgets, calculates and uses financial instruments according to social, emotional, and economic motivations. The rules of financial and social inclusion behind the financialisation (or ‘retailisation’) presented by the FE institutional frame do not take into account the empirical economic life of households at which
they are allegedly aimed. Despite the fact that taking a loan or using a credit card is an individual action, it nonetheless has a family dynamic.

### 8.2.4 The moral economy of a ‘decent life’

Credit strategies encompass both moral and rational features. All my interviewees have a debt career and a moral narrative attached to that. They accept a general moral discourse about debt, but adopt different moral stances and practices in everyday life. When they comment on other people, they adopt the standard discourse of lack of restraint, and people living beyond their means. But when people talk about themselves, they adopt a more pragmatic position. And this position is a liquid mix of the principles and everyday decisions which came to create particular strategic rationalities. These practices and materials of expenditure and credit are assessed and enacted in a moral framework by households. In brief, no debt is irrational, and all debt has a moral necessity behind it, i.e. to provide a ‘decent life’ to your family. When using credit, ordinary people appropriate and circulate more than economic capital. They also create their own economic categories and economic narratives, namely debt careers which support their current strategies, but also provide justification for past actions and future developments in their economic life.

Credit is helpful as a means for analysing the meaning of a ‘decent life’ since it both opens a discussion about the concrete living standards that sustain that decent life, but also how people work to achieve that. Heads of households circulate different measures of how much they can squeeze credit to provide for their families, which is the measure of affordability for them: just the regular income, income plus a portion of a credit line, a full credit line or neverending installments. Credit is related to power, autonomy, access, and how consumption is shaped by financial tools. A credit limit is definitely part of the income of those who are on the opportunistic side of credit. It could be categorised as empowerment rather than exploitation. The sense of the power or exploitation is not necessarily linked to the economic capital or social position of people. Frames combine meanings, practices and institutional constraints, and are used by households to assess ‘goodness or badness’. Depending on that, credit can be perceived as an asset or as a burden.

A range of often contradictory regimes of values operate in domestic and microeconomic practices. Each arithmetic calculation is framed within different social and cultural understandings, so numbers have diverse meanings. They overlap each other. For instance, the same amount of money can have different symbolic weight or different meaning, according to
different situations and institutional frames. Monies are ‘earmarked’ (Zelizer, 1997). Therefore, different calculations are needed to evaluate the value of something (Villarreal, 2014). When one is making a budget, or planning domestic finances, a valuation process occurs around credit. A household could take advantage of the opportunity structure and use access to credit to increase their capital – not only their economic capital, but also symbolic capital. Their social capital could also involve how they access credit, considering the social assessment involved in credit scoring. Therefore, household social capital turns credit into an asset, used to reproduce capital in the form of aspirations, status, education, and so on.

8.2.5 Beyond ‘conspicuous credit’

Credit practices have a relation with other activities, like shopping and budgeting. They have usually been related to extraordinary consumption, but credit seems increasingly related to ordinary consumption, the purchasing of ordinary items. Credit is present in ordinary consumption and makes ordinary the extraordinary. Credit can be used by households like an asset for gaining position in the social world, but this is not necessarily a monolithic expression of ‘living beyond your means’ - as was expressed, for instance, in the financial crisis in Spain (Sabaté, 2016) when the livelihood projects of migrants depended on securing mortgages to gain residency permits. The efforts in financial education in countries with no ongoing crisis are crucial to see how credit is seen – wrongly in the view of my research - as an issue of individual responsibility, like excessive and superfluous consumption. As my study demonstrates, to the contrary, credit users are neither bluntly irresponsible consumerist ‘casino gamblers’ nor financially ignorant.

From a sociological perspective, sustainable consumption is a matter of not only modifying individual behaviours, but legitimating less resource-intensive life-styles; or in other words, de-legitimatising some current life-styles. In this context, intensive, simultaneous credit use practices, such as credit cards, consumption credit, instalment plans, educational credit, housing credit, instant cash and so on, might be considered destructive to the economy and the life of households. However, I have showed that credit practices are not exclusively linked to rampant consumerism, but are embedded in broader social processes such as changes in the provision of welfare (Trumbull, 2012), everyday household economies and social mobility discourses. Eventually, the possibility of being less dependent on the credit implies a reflection about the relationship between credit and consumer wellbeing on one side, and between debt and social problems, on the other side. If the concerns about the individual agency deserve to
be analysed, they should be analysed within the framework of ordinary everyday practices and social policies, the role of credit suppliers, and the moral, cultural and ideological meaning and understanding of credit and debt. Due to the normativity of aspirations, the meaning of having just a decent life has become related to leveraging resources beyond regular income and state provision. The struggle for a ‘decent life’ relies on working hard, using credit, taking chances, not in the role of consumers or workers, but as managers of assets in everyday life. Therefore, credit is better understood beyond its connection with consumerism and conspicuous consumption. That means looking at credit practices in their corresponding contexts.

8.2.6 The expansion of credit and the new poor

Credit empowers people. It encourages people to feel able to do things that historically they were unable to do. In Chile, the working class was depicted in fictional dramas during the 1980s as sad and poor people. Even together with the middle class, they appear impotent and patronisingly subordinated to the elite. The dictatorship ruling at that time probably had influence on the way that classes were perceived in the few media authorised to broadcast. After the coming of democracy and with booming economic growth (more than 7% GDP per annum average for 1990-1997 period), these groups started to be depicted as owning a sense of empowerment and pride. They are not poor anymore. Now they are self-confident and their self-esteem is higher. For now, they can go on holiday regularly and visit places usually associated with the upper classes, whether in Chile or abroad, despite the fact they have to pay for it in instalments for one year or two. Even houses are now more than just a place to call home. They are places to refurbish, to decorate and to dream. This is what was called the ‘masses eruption and the elites discomfort’ (Tironi, 1999). Credit is a key factor in this narrative of how common people managed to make their way in this new, successful country, a ‘middle-class country’, deployed everywhere and splendidly depicted in the Latin-American Jaguar caricature, a word-play in reference to the Asian Tigers (Korea, Hong Kong, Singapore and Taiwan), a way to remark that the country was taking off from poverty and also entering world trade circuits. After all, without fully embracing neoliberalism, people realised that they must go to the market insofar as the state ‘does not do anything for us’.

Some scholars (e.g. Gayo, Méndez & Teitelboim, 2016) are more reluctant to embrace the idea of Latin America as a middle-class society despite enthusiastic indicators and reports, whether from a subjective or objective perspective. Others suggest that when people are asked about self-identification regarding class, the scale has a lot to do with the answer. People tend
to avoid extreme classifications as lower or upper class; around 80% chose the middle-class in one of their subcategories (Méndez, 2008). When the scale is more nominal including *clase trabajadora* [hard-working class] people migrate from lower-middle class to that category. However, as manual occupations decay in prestige – excepting the miners - people avoid seeing themselves as working class, or as poor, and some of them create a new paradoxical category: the ‘poor middle-class’.

If there is some gap between subjective and objective class positions, the credit expansion is important in this since households combine these practices for ordinary and extraordinary consumption, and they morally justify that for the sake of their social aspirations, their parental roles, and their economic constraints. Eventually, the way they construct their social mobility narratives can be aligned with the central political discourse. If we add to these credit practices, higher education loans used by first-time college students to finance their careers - as mobility projects -, usually in low-quality universities, the ‘middle-class package’ is complete. Beyond theoretical and empirical assumptions, there is a deconstruction and reconstruction of the middle-class concept. Thus when one is exploring the social implications and circumstances of the credit practices and indebtedness of lower and middle-income groups in Chilean society, it seems necessary to pay attention to what is important to families when they adapt and adopt the financial devices for their domestic economies.

Vulnerability has a contradictory relationship with credit and indebtedness. First, access to credit, namely store cards or retail-banking, implies the ability of taking advantage of opportunities within a social environment, appropriating and mobilising assets. This operates under the assumption of management of skills, materials, calculations, logics, meanings, rationalities, and self-assessments, incorporating risk to everyday domestic decisions as stated in financialisation framework, and aimed towards welfare and a decent life. Otherwise, conflicts within this management or in the social structure of the credit market could lead to welfare decreasing. Indebtedness emerges as a particular strategy to improve situations or to avoid damage. In terms of the sense of social structure, this could be portrayed as achieving upward mobility or at least avoiding downward mobility. Whether as part of facing an emergency or on a regular basis, or when used as an adaptive or defensive strategy, the risk of credit remains the same. Remarkably, ‘class’ was erased from the Chilean public discussion. Instead, people have started talking about socioeconomic status stratification, which is more related with the possession of goods. Many of these newcomers to credit are just above the poverty line or even below it. Many during the last twenty years, or even longer, have gone in and out of poverty.
condition. The expansion of credit led by department stores and supermarkets helps to disguise poverty by turning its face into a fully financially inclusive and materially furnished poverty.

8.3 FINAL REFLECTIONS

My primary reason for involvement in this research topic was the desire to understand what I considered the unfair but disguised structures of Chilean capitalism. I have attempted to do it from a bottom-to-top approach. I found the complexity of credit practices and the meanings of debt in lower and moderate-income households to be part of a metanarrative of the inequality discourse which has become prevalent from the 2010s. As some pundits put it, inequality has replaced poverty in the agenda from a while. Thus, after decades of privatisation and marketization, demands for free higher education, a fairer pensions system, and an efficient public health system emerged. All of these demands implied more state and less market. However, the indebtedness issue has not become politicised, but remaining omnipresent but opaque at the same time. But the demands for pensions, education and healthcare are certainly key dimensions of the motivation and justification of credit practices.

I was tempted to hope that my thesis would contribute to informing public polices in the area of Financial Education which, as commented, the Chilean government is organising into one common strategy, instead of relying on the isolated efforts of each agency. Indeed, this project can provide information relevant about the empirical use of credit in lower income households and their own ways of dealing with domestic economies. However, I think these strategies tend to ignore the ‘elephant in the room’. Should it not be possible to address the ‘necessary evil’ of credit i.e. the structural reasons that provoked growing indebtedness like low wages, awful public services and the lack of opportunities for a proper social mobility? This last issue led me to another question about why debt has not become a political issue58.

Finally, I want this thesis to put on the academic and political map the group which I have attempted to characterise as the post-industrial working class, a class which sometimes has been referred to as the ‘junk middle-class’ (in reference to the ‘junk-food’). The post-industrial working class as a ‘retailised’ group and their political relevance offers a topic for future research. As I proposed an analysis of credit practices in situated contexts, I underline the significance of some groups of the Chilean post-industrial working class, who consume credit

58 Except in the case of students’ loans in 2011 (Perez-Roa, 2014). A different situation happened in Spain and Argentina mortgage debtors. In Spain, the leader of the movement became the major of Barcelona, the second largest city in Spain, whereas in Chile there was a movement of public-housing debtors, but beyond of organising a ‘anecdotic’ presidential candidature in 2013 (1.27% of votes) and a candidature for major of San Bernardo, a Santiago’s district (2.77%), the movement leader received more criticism than support and was far from being legitimised.
but also sell products on credit and store credit cards, and who have also experienced default situations. For those reasons, they tend to be associated with shopping malls, rampant consumerism, and over-indebtedness. Nevertheless, they stand on both sides of credit exchange. From their job perspective, they give some critical assessment, although they make explicit their attachment to credit sales; whereas on the consumer side, they in no way have all types of credit available for them and deal with credit with no fewer contradictions. The institutional credit providers are ‘blind’ to this dualism, but their employees are not. So, those who work selling items and credit in department stores are usually in the midst of this transaction, but most of the time they do not ‘trespass’ the boundary and just keep their assessments to themselves. In some cases, they have been ‘victims’ of credit; in others, that transaction implies a better wage at the end of the month due to the bonuses they earn thanks to selling credit. They enact in one double sided act all the unfairness and hardship that this ‘democratisation’ of credit has caused.
The Post-industrial Working-class

Alejandra

Alejandra is 61 years old. At her age, she has the right to be retired, according to Chilean legislation, and in fact, she is; but she is also a saleswoman in a department store in Santiago. She lives in the city centre, in an area which recently has become the home of the growing immigration from Peru, Ecuador, Colombia, Haiti, and Dominican Republic. She lives with her son, 24, and her mother who is a pensioned widow. The median pension allowance in Chile is considerably small, and Alejandra is not an exception, around CLP 150,000 [GBP 180] monthly. Her son is in higher education. The family income reaches CLP 800,000 [GBP 960] monthly, adding up her variable income as a saleswoman, her pension and her mother’s pensions.

Although she has an accountancy high school diploma, she never worked in that area. Decades ago a high school diploma was enough to have a decent position in the Chilean labour market, but she has always worked in sales, instead.

She manages all the household accounts, keeping a notebook with arrangements and distributions. Utility bills are ‘sacred’. She tries to spend the same amount of money in the supermarket for groceries, but sometimes she indulges herself with ‘a unique’ brand of ham. The family spend the rest of the money in transport, pay as you go mobile phones, and some money goes to a savings account.

By the time of the interview [July 2015] she strongly emphasised that she has no credit card, only a debit card. Nevertheless, she eventually admitted she has a defaulted debt of a Paris store card, the store where she works. Alejandra defaulted and had to renegotiate the outstanding debt under new conditions. Just a few months remaining, she said, and no more debt.

Alejandra talks like a ‘veteran’ from past battles in the world of credit. She thought that she knew that world. Not far away there was a time when she had a better wage than today, and she found herself having many store cards aside from a couple of Visa and Master banking cards. She named her condition as ‘having a great indebtedness power’ -rather than a high purchasing power-, but she considers this as fictitious in essence, since she felt short of money because of the debt repayments, and finally did not make the most of her salary. When this ‘indebtedness power’ blew up five years ago, she had to organise her life in an entirely different fashion, quitting all their credit cards.

As a part of her job, Alejandra offers financial products to the customers i.e. store credit cards and cash advances [high-cost credit]. She wins an extra commission every time a customer buys an item using the store card, or gets a cash advance from the store. She thinks that all is about people’s choice, but at the same time, she knows that some customers are in the need of a cash advance, and she empathises with them, as she recalls their situation in the past. She recognises the same desperation behind that requirement. Sometimes, these customers are not

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59 By the force of law, according to the Chilean pension scheme, which state a compulsory 10% of salary for forced savings to an individual pension account + around 3% of salary as a fee for the Pensions Fund Administrator (AFP, in Spanish) which in theory invest the money in order to increase the fund. As the most of the pensions are lower than expected, people like Mrs Alejandra have to work after their retirement, and in this case, continue with their savings.
eligible for a cash advance since they have reached their credit limit. Although she is aware of the expensive of these cash advances, she has used it more than once, when her family is running out of cash to pay her son’s education fees, for instance. It is at resource at hand that the head of household has.

Alejandra attached to her debt career a ‘fictitious’ feature; a sense of fake reality from which she woke up and regrets it. In her words, living ‘asleep’ is not being reflexive about the cost of using credit, but also in the need of doing it for having a decent life. As Alejandra explained, this means changing a timeworn TV, changing a broken washer machine, but not going to fancy restaurants. She made some criticism about inequalities and the need for being indebted. By doing this, she states their class position, through a hierarchical analysis which had become a commonplace among Chilean society. She speaks out from a middle-class stance. The middle class is abandoned by the state, whereas rich people do not need any help, and the poor receives subsidies. She recalled a visit from the social worker to her home for assessing a possible scholarship to her son. The social worker asked if she had bought all furniture and appliances herself, implying she has enough money to afford college fees. So, both market and social services reinforce into her the idea of an upwardly social mobility.

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Andrea

Andrea lives in Copiapó, a northern Chilean city mostly dependant on copper, iron, and gold mining businesses and agricultural exports, such as grapes and olives. She is 52, and during the last ten years, she has worked in different department stores. She has always been in charge of all financial matters, as she thinks being organised is a necessary feature of her family role. She considers herself an organised, frugal, reasonable person. She takes care of even the smallest details regarding their bills, and after being divorced, she gets some help from a more affluent elder bother to pay her mortgage, as she kept the family house, after getting divorced.

Her salary is around CLP 300,000–350,000 [GBP 360–420] and receives a little help from her ex-husband. She pays CLP 140,000 [GBP 168] on her mortgage.60 She lives with her youngest daughter, who studies in high school.

In the 1980s and the early 1990s, Andrea worked as a debt collector, in a time when several loan firms dominated the consumer credit market. She admitted some regret for working in such a job because she noticed that some people had no money to repay, and credit terms and conditions were deceitful. During that time, she never thought about asking for a credit, just a mortgage together with her ex-husband. Indeed, having a mortgage is not being indebted, for her. She believes that her parents taught her frugality values. That is her explanation for despite the fact that she lived the ‘credit boom’, she was never a ‘consumerist’ person.

Andrea tried to avoid credit, but nevertheless, it was hard for her when she quit her job, so she got into credit. When she applied for a mortgage, the bank attached a credit card to the operation – a usual strategy until 2010 in Chile. Thus, credit happened to her; she did not ask for the card. One day she decided to use it. Her husband entered a year unemployed, and she was pregnant and employed. So, the family was with less money and increasing expenditures forthcoming. Later, she tried to repay in full, but it was impossible, and her outstanding balance was growing each month since interest was applied each month to that balance. She defaulted,

60 This figure usually increases each month, since the instalment is attached to the Consumer Prices Index, so it is indexed to inflation rate. Properties in Chile are priced in this alternative currency [UF in Spanish] which is indexed to this CPI and its value in CLP [Chilean pesos] is calculated monthly by the Central Bank. It is also used in Health Insurance fees, Life Insurance fees, and even some professional fees are charged using this unit. Inflation rates are not so high in Chile during last 35 years; for example, if Mrs Maureen paid CLP 140,000 in January 2015, by December 2015 she paid CLP 146,000.
and that allowed to her to repay a fixed, larger amount of money. Almost a year later she paid off and said never, never again. 'My family is not a credit card family', she explained. She criticises consumer credit and credit cards, expressing a lot of moral judgements around using credit. Nevertheless, that 'never, never again' was relative. "I do not have store cards. Well, just one, but I rarely use it, just in moments when I ran out of money". Besides that, she usually borrows her elder brother's store card to buy unaffordable items in the department store where she works.

She thinks that "system" of social life is made to live with credit. She lives credit in her day-to-day business. The system is a mix of social constraint and the offer of a better life based on things that "before" were a kind of luxury, like having a holiday in Brazil, but "now" they are like a social imposition. She resents this "have-fun-today-pay-later" deals because it is a heavy burden paying 12 or 24 months for a holiday when there are other priorities and needs. Nevertheless, she reckons that most of the people are used to live that way, as she sees that cases in her store –which also sells holiday packs in instalments–.

María

María, 45, is a real estate agent in Copiapó. She has a flexible salary ranging from CLP 700,000 to 1,200,000 per calendar month [GBP 840 to GBP 1,441]. A substantial amount of her income is allocated to education and care expenditures. Her son’s private high school monthly fee is CLP 250,000 [GBP 300], nursery’s fee for her grandson is CLP 115,000 [GBP 138], and a university preparation course for her daughter, costs CLP 220,000 [GBP 264]. She is also repaying debts amounting CLP 800,000 [GBP 960]. Simple maths, income and outcomes do not match. As her salary is flexible, she usually struggles to make ends meet. So she recurs to her partner –who does not live with her-, asking for some money from time to time. When property sales are bad, she borrows from him from CLP 300,000 to 400,000 [GBP 360 to 480], and that way she can make it, at least for a month. María has to set a ‘war economy’ at home when is short of money, as well.

In her words, she has a high living standard, which she relates to, for instance, having her son in a private school. However, her daughter sometimes asks her if they are a poor family. "I try to instil in them the idea that sometimes you do not have ham and cheese, and you must eat only butter, and if they say to me 'mom, are we poor?', I threaten with taking her to a toma to see what is poverty". Credit began to her when she was 20. A credit card was offered to her in college. The first time she received a credit card statement, she did not know how to repay, so she ended with an outstanding, growing debt. However, she learnt how to deal with credit, and later she took a mortgage to buy a family house, but things became harder. 'I had all financial things working well, but sooner or later, the machine caught me and I went on a penalty. However, next year, I will be clean, and then I will be able of buying again'. For her, credit is inevitable and helps to shape our lives. Nothing in life can be done without credit, houses, cars, education; nobody has the money to buy in cash.

Maria needs the financial system; she is in the system. Her job is related to finances, so she struggles to be creditworthy again and getting out of the Debtors National Record. She does not want to be excluded, so they managed her debts having this in mind. This implies that she pays banks debts first, and store card debts only if she has leftover money. She also knows that only banks can foreclosure her house, not department stores.

An illegal occupation of wasteland properties (public or private) made for a group of poor families. It usually lasted several years and implied the settlement of these families. Authorities usually buy the property to the owner at market price, so both families and landlord won. Hundreds of this happened in the 1950s and 1960s.
Her consolation is that indebtedness is collective. As part of her job, she checks other’s people financial statements and records. “I see people who do not have enough years in their life to repay in full their debts.”

**Carolina**

She is 56, single, lives with her two children and her mother in Lo Espejo, a lower-class district in Santiago. She finished high school and had been working as a saleswoman in the same department store for more than 23 years. As frequent in that business sector, her salary is compounded of the minimum wage plus a range of commissions for sales. In her case, it falls in the region between CLP 500,000 and GBP 800,000 [GBP 600 to 960] per calendar month, which put her family between the first and the second income decile.

Taking into account her salary scheme, Carolina calculates in advance how much will be her wage for the next month, and elaborate the family budget having that information in mind and the incoming needs of the family, which are mostly groceries, bills, and clothing, but also medicine for her mother and college expenditures for her eldest daughter. She made all this monthly assessment in her mind.

Carolina manages multiple banking instruments; two department store cards and one pharmacy credit card, a consumer credit whose repayment is debited in her payroll and the account where she received her wage. One of her children is in higher education, and they are struggling to pay the fees, so she is taking into consideration applying for an educational loan. She would like to avoid that scenario, but eventually it is a sensible thing to do.

The narrative of the social constraints is introduced when talking about credit uses. She employs her store cards to buy food in a supermarket which offers items on discount by using that card, and a similar performance is made in the department store where she works. She considers smart spending using cards to access discount and limited offers, mainly home essentials. Pharmacy card is used for buying medicines for her mother. This is an unexpected expenditure, so every time it happens, Carolina starts to juggling with payments, making an assessment of which and how much repayment will be delayed.

Recently, she was offered a loan by a bank at her workplace, which would be debited from her payroll with lower interest rates. The majority of the staff took it, including Carolina. ‘As my daughter is studying to be a chef, I need the money for some artefacts and ingredients, and for her graduation fees, so now I have that covered’. Her colleagues ask for more money than her in order to buy a car or home improvements.

An adverse experience from the past was when she lent her card, and the borrower did not repay. Therefore, she paid to avoid further sanctions. This pointed her to some financial issues.

As she works in a store located in an upper-class neighbourhood, she depicts some traits of what she considers as the upper-class client. She is aware that some credit devices are socially stratified; for instance, using the card of her store is not so common since these clients use banking cards or debit cards. Therefore, despite the fact her commission will be higher if the customer uses the department store card, she is not very eager to push the client to do that; she knows that upper-class customers use bank credit cards or debit cards.

**Nancy**

She is 40 and lives with her two children in Quilicura a district replete with new urbanisations for the lower and middle class. She finished high school and works in debt collection for a mobile company. Her salary is CLP 420,000 [GBP 504] and receives no help from the parents of her children, which put her family in the second decile of the income distribution.
Her budgeting practices seem to be a story of methodical micro-management. She emphasises the fact that when you have less money is an obligation to be a ‘perfect finance manager’. Physical earmarking of money, a book for tracking forthcoming and current expenses, and the firm conviction of living attached strictly to her available means are the main foundations of Nancy’s regime. She avoids using credit, having no formal device for it, but she asks friends or colleagues cards or cash in order to pay additional expenditures. For instance, as she was pregnant, extra money was required to a screening, so she asked a colleague. Therefore, regardless the absence of cards, there are small loans from colleagues, and store card borrowing.

In the past, credit allowed her to accomplish her new role as a head of household after getting divorced. It was like starting over, buying the essentials to provide a home for her children. In this narrative of sacrifice being able to take a loan and meet the repayments in time, is part of being a good parent, mixing caring responsibilities of put food on the table and teaching moral values. She dedicated plenty of time to explain to her children the importance of being financially organised, trying to transfer her system of physical earmarking of money and frugality to them. Budgeting is a family enterprise. She recalls her grandparents, rural, illiterate people who still were able to manage domestic finances in an orderly manner.

Some years ago, she applied for a loan on behalf of a job colleague; eventually, that person was fired and never paid the loan. Nancy defaulted, which was ‘horrible’. In her moral discourse about creditworthiness, owing money is awkward. She does not stand the feeling of being indebted, thus when she borrows money to friends she issues a ‘personal invoice’ after repayment, for the records.

Domestic planning here is a defensive, frugal narrative and not about credit. She is aware of being a ‘strange duck’ and feels a sense of exclusion around credit. She promotes saving clubs in her workplace, instead. Getting credit is easy, but easiness is no good. When she is being offered, she thinks of the consequences and the uncertainty of the repayment. Using cards sooner or later led to you to a massive debt burden.

Sofía

She is 54, divorced, and shares her house with a friend in Puente Alto, one of the most crowded districts in Santiago, home for the lower and lower-middle classes. She finished high school, and usually worked as a department store saleswoman, excepting for a short period as a business owner. In the time being, she works in kitchen accessories fancy store. Her wage is fixed around CLP 500,000 [GBP 600]. As she only accounts for herself since her sons are economically independent, she is placed in the fifth decile of the income distribution.

Sofía has an instrumental view of banking devices. She uses cards from time to time, only as a mean of payment since she has her balances to be paid by direct debit in her account. The same goes for all her bills –including repayments of a car loan. This scheme allows organising her budget and to avoid missing a repayment or pay a bill. She promotes saving clubs in her workplace, instead. Getting credit is easy, but easiness is no good. When she is being offered, she thinks of the consequences and the uncertainty of the repayment. Using cards sooner or later led to you to a massive debt burden.

Sofía accounts for a debt disaster in the past, but now she has no store cards. ‘[I defaulted] because my children were boys and they asked me loads of things. It just happened; I used a card, then the other, and then another one to plug the growing debt hole. I have five kids, so there was a moment I was so overwhelmed. Then, I said no, this is not good, and I paid all my debts and said no more. I do so now; I buy only I have the money, but if not, I do not buy it.’ Due to this disaster, Sofía lost an expensive car, which was the main capital of an entrepreneurship started by her and her husband. It was a disjunctive between the car or her
children’s education, since they were in private school, and fees were due. After that, she decided to return to work in a department store. Now, she claims to have a new mindset about credit. *Ten years ago already and I have not relapsed, I have been about to do it, but not. I know it is important to have a card but if the case, I rather borrow it [the card], that way I’ll feel forced to pay*. She thinks it is morally overwhelming to owe money to someone who lent a card, rather than an institution.

The lesson she learnt is a return to the simplest and ‘rational’ behaviour. She just found that when using credit she was paying up to three times the price of the items. This lesson implies operational knowledge and paying-in-full to avoid rotating interests. In the times of the ‘debt disaster,’ as she called it, she felt exploited as she was working just to repay.

**Fiorella**

She is 53, lives with her partner, two children, and one grandson, in Maipú, a crowded middle and lower-middle-class district in the western area of Santiago. She accounts for more than 30 years working in department store business, in different cities of Chile. She remembers the 1980s, working in Temuco, 750 km to the South of Santiago, going to offer credit and to collect repayments to the rural areas once in a week, using a carriage. At the moment, she works in a department store selling insurances and in customer services. The family income is in the region of CLP 600,000 [GBP 720] which places them in the third decile of the income distribution.

Fiorella juggles with several financial instruments in her budgeting portfolio. She organises her budgeting by mixing movements between a current account, two store cards, an educational loan, and a home-improvement loan. She already paid her mortgage in full. More than a half of her salary goes for repayments, but she feels things are ‘in control’. She uses direct debit and standing orders to set repayments and bills. Store cards are for groceries at the supermarket, clothes or for a ‘big purchase’ like a laptop. Banking devices ‘are’ the budgeting. Nonetheless, she avoids interest rates.

Drawing in the credit expansion, she remembers when having cards was a symbol of prestige and power. After a while, she found herself having five store cards. Suddenly, she started to check the card statements thoroughly, to discover innumerable, unsolicited insurances, commissions, and revolving credit fees. It was not a big deal of money, but she realised that considering the whole bundle of cards, it was big money for her, indeed. She decided to close the majority of cards after that.

Paradoxically, Fiorella works selling insurances attached to store cards, and part of her job is to ‘explain’ to customers all about additional charges when they do not acknowledge hiring any insurance, or when the customers think the store is over-charging them. *People make a complaint because they usually do not understand how the payment process is. So I teach them that if they buy on credit, even if it says 0% interest rates, there must be an additional charge, if not department store would not exist. Sometimes I give them the advice of purchase in fewer instalments, or if insurance is not good for them. However, people usually lie and cheat, saying that nobody tells them before about that charges*.

There is a subtle connection between the card and the insurance sales. Every time a new or returning customer goes to Fiorella’s desk, she approaches them by offering a life insurance or unemployment insurance. She admits never saying that these insurances are compulsory, but as her store is focused on very low-income groups, the most of the costumers assume that, which is reinforced by decades of having this charges as taken-for-granted. Only from 2011, statements became regulated.
Paulina

Paulina, 43, is a school teaching assistant. She is single and lives with her two children and her mother in a flat allocated for civil servants in Copiapó. The family incomes amount to CLP 890,000 [GBP 1,068] monthly which put them in the 4th decile. She shares bills with her mother, and has the impression that her salary only last for a couple of days at the beginning of every month since she has to pay a hire purchase for a TV and other items, plus telephone and cable bills.

Paulina use online transfer to pay bills and keep all their expenses in a notebook. She has to leave some cash for transport and daily expenses. On that basis, she keeps a mental balance and is aware if something is out of reach. Despite the fact she works in a public school, her eldest daughter is in a semi-private school. She got a loan for the GBP 60 monthly fee because sometimes she has not that money.

She had a lot of store cards in the past, before becoming a mother. She recalls a lot of problems for lending her cards to friends who did not repay. At that time, Paulina was ‘living la vida loca’, as she reckons. She was at college studying Education, first, and Sociology, later, but she did not finish. Cards were used to buy ‘superfluous things’, mainly clothes and anything that she could buy on credit instead of using cash, because cash was for having fun and go to parties.

Her first daughter meant a full-stop on that, and also for the financial disorder. She learnt to use cards and renegotiate with department stores her outstanding debt. In her case, these new arrangements meant more debt, and she was aware of that. Little by little, she repaid, until she received an inheritance and could repay in full.

When she was indebted, calls from debt collectors stressed her. Having children changed her priorities and this had an impact on how she managed her finances. ‘One is evolving, somehow’. In the past, if she buys something worth CLP 30,000 and the salesman offer her three instalments of CLP 15,000 she just accepted, no matter if she probably has enough cash to buy the item. ‘Now I’m fine, I mean, I fine with debt. I have some payroll discount loans and I know that probably I will pay three times what I borrowed, but I don’t get angry, because as they discount the amount before it gets me, I don’t feel it’.

She recalls in the 1980s, when she was a girl; her mother had the same problem of credit card debt-ridden. ‘At that time, the issue was with banking cards. It was just sacar y sacar [purchase and purchase], but after that the machine chased you, and you defaulted. It always the same with the middle class, it is a cycle’.

Antonieta

Antonieta, 40, is a full time saleswoman, 20 years working in Ripley department store. She lives with her 11 years old son –which attends a private school– in Puente Alto, a populated district to the southeast of Santiago. Her salary fluctuates between CLP 400,000 and 700,000 [GBP 480 to 840] monthly. Store cards are one more bill in her domestic arrangements. She affirms knowing how to deal with cards, counting three store cards and a car loan. She already paid her mortgage in full.

As soon as they get this job, she started to save money. In fact, she arrived to Santiago from Puerto Montt, 1,000 km to the South of Santiago, having the idea of having a part-time job and study in higher education, but she could not afford to pay simultaneously rent and college fees. Thus, she switched from part-time to full-time in the store, and decided that, if she would not study, she should buy a house. She got married later, and repaid the mortgage in full, thanks to a bonus from the store.
The problems she had in the past due to indebtedness are explained for a ‘poorly planning’. A chain of events was behind this. *I was always an organised person. But after I split from my ex-husband, my mood was not fit for sales; I was anxious and sad, and my sales decayed. That made more anxious, due to the debt pressure. The customers realise that, my anxiety for selling, and eventually they did not want to buy me things, and my problems were getting bigger*. Since she has a variable income and her wage depends heavily on sales, the default was almost inevitable. *When I asked for those loans, I was very aware of my capability of repaying. It was not like the card was out of my control. I never did a nonstop buying or expensive things that are not necessary*.

Eventually, after a union deal with the company, a bonus for ending negotiations reached her, so she received a convenient amount of money that allowed her to repay all her debts. Until that moment, she spent all the salary in repayments, getting new debts for afford daily expenses. Now, when the salary is high, she saves for those months that salaries are lower.

She does not deal directly with credit in her job, but thinks that people usually do not pay attention to the total amount of money they are paying for an item, just in the monthly arrangements, and how they will fit with other financial commitments.

For Antonieta, credit is largely segmented. In her store, located in an affluent neighbourhood people use bank credit cards with no-interest deals, whereas in middle and lower-middle class shopping malls, people ‘get indebted two years just to buy a sofa’.

Although she has not a particularly higher salary, and is leading a single-parent household, she feels that her finances are fine. Her actual ‘problem’ is that she wants to buy a second home, however she considers the economy is not booming enough and the housing market is ridiculously expensive at the moment. She also expresses some concerns connecting household level with markets, to the extent she fears of a decreasing in her furniture sales, as she perceived people turn more thrifting when the economy is not working well.

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**Pilar**

**Pilar**, 55, unemployed, is a saleswoman, although sometimes she has worked as a call centre agent. She lives in Puente Alto, lower and lower-middle income district in Santiago, sharing a house with a friend. This is not a common circumstance in Chile, especially for adult people. They share bills but nothing else. Pilar is intensively looking for a job, after six weeks with no income at all. Her projected, usual salary is CLP 350,000 [GBP 420] a month, which put her in the 4th decile of the income distribution.

She has faced a continuous career of job precariousness; this is not the first time that she has no money at all. In this trajectory, credit cards have become a regular saviour to her budgeting practices. Despite their precarious situation he thinks that all people find a way to cope with it. Therefore, she undoubtedly sees department store cards as something positive, a resource that helps people to cope with difficulties, not the source of it.

Borrowing cards is common to her. She used to lend her cards to her former husband, and he maxed out the cards. Nonetheless, she continuously maxes out her cards as well. At the moment, she has three department stores cards without any credit available. She earmarks each card: *Fashion’s Park* is for good, pretty and affordable clothing; *Falabella* is for mobile phone and home improvements, and *Tricot* is for clothes and anything else, since she can use it as a banking card. From the latter, she withdrew money after she lost her last job. She actually sees the credit limit in her cards as an unemployment insurance, and is one of the few customers who actually went to the store to ask for a card. By the same token, when she was offered a store card from Falabella, she thought in God. *It was like the card felt from heaven*. She also thinks cards are much better than the state pawn shop, informally known as the rich aunt [*’la tía rica’*].
She also has experienced a constant in-and-out of credit. *They close my credit cards, but then I recover them. I managed credit very well, for instance, I have a supermarket card controlled with reasonable monthly repayments, but my ex-husband used to burst my cards, he had that bad habit*. Instead of asking for money, he asked for a credit card from her.

Her rationale is considering that you are not good to save; you have to be good to repaying. She admits that in her socioeconomic level, it is impossible to live without credit, for buying electrical appliances, but also for facing emergencies. She also learnt how to deal with seizures. In one of her defaults, she transferred the possession of her goods to a third person, and then she agreed to repay just a portion of what she ought, after paying a down payment, all within legal procedures.

Selling credit cards for a department store, she participated in the early credit expansion in the 1980s. She visited large companies, seeking regular, middle income earners. But now things have changed. *Now cards are offered without a secure income. Even I could get a store card when I was unemployed*:

She surfs the management of credit following the cycle use of credit to the limit / unemployment / maxing out cards / renegotiating terms / repaying. This implies increasing rate interests and growing debt. However, her subjective indebtedness is low, as she thinks that she is over-indebted now, but she will be relief as soon and simple as she gets a job with a CLP 300,000 [GBP 360] salary a month, which seams feasible.

**Priscila**

Priscila, 43, is a full-time cashier in the Johnson’s department store, located in the Plaza Vespucio shopping mall, aimed to the ‘new middle class’. She is married and lives in Puente Alto district, with two children and one granddaughter of 4 years old. Her salary is CLP 380,000 [GBP 356] a month and CLP 800,000 [GBP 960] adding her husband’s wage as an accountant, puts them in the 4th decile of the income distribution. Her son, 15, is high school, and her daughter, 22, left college after her maternity, and now is applying to the police academy; she has a twice-a-week job.

Priscila’s job career is an example of the recent changes in the retail business. Before working for Johnson’s, she was a saleswoman for another department store, Ripley; but now in her new store, just a few proper salespersons remain in tailoring section, and the rest of the staff are cashier and shopping assistants. This implies that is salary is fixed and not depends on sales. Expenses in this household are kept at its minimum by Priscila; she tries to save at least 15 per cent of the income for family holidays. Counting all the family debts, she spends around CLP 270,000 [GBP 324] in monthly repayments; CLP 100,000 [GBP 120] in cards, CLP 120,000 [GBP 144] in a mortgage, and CLP 50,000 [GBP 60] in an educational loan, for the period her daughter studied at university. This is roughly a third of the family income. She had to learnt to manage her budget tight not because of a massive debt disaster, but for decrease in her salary. Credit remained present yet.

Three store cards are in the financial portfolio of Priscila, the one from her own store, plus Cencosud and Falabella. The latter she lent it to his son-in-law for buying petrol, but after him and her daughter broke up the outstanding debt was not paid. She did not ask for repayment; she decided to take some money from savings to assume the repayment, but household budgeting became messy, anyway.

She avoids renegotiating her debt, and preferring to take money for holiday fund. As Priscila works in a department store she knows that renegotiating her debt with the store, or asks for bridging loan in another store or bank would be worse. ‘The cure is worse than the disease’, she explains. However, she admits some ‘guilt’ in having that debt, because although she bought items on discount, the accumulation of them lead to a sometimes unnecessary
bundle of goods, just for the sake of their discounted price. ‘I withdrew money with one card to clear the balance here [in her store] and let the card quiet, but then I started to use the other card, because I always feel the temptation of buy cheap things with cards. It is finally a vicious circle’. As many department workers are tempted with sale items they can buy before they become available to the customers, Priscila is one of the people who reckons that buys for the sake of buying, just because was in offer, although she works for a department store, allegedly knowing how the business works.

What she knows for sure is how the social stratification of credit card works. Upper-class people only use banking cards, and avoid using store cards, even if they have them. People who use store cards are lower class people since that cards are for everyone, and the lower position is for whom ‘come to the store and pay CLP 100,000 using one hundred CLP 1,000 bank notes’. Apparently, cash is for drug dealers.

Ximena

She has a double profile; additionally to her job as an administrative assistant in a consultancy office, she and her husband have started a small company of metal and aluminium structures manufacturing. She manages both households and business accounts online, making repayments and transfers. She avoids credit for day-to-day purchases or household goods; however, she makes the most of store cards and consumer credit to buy capital goods for her business. In this context, she has to make monthly repayments for four consumer loans, one bank card, one store card, and getting in and getting out of an overdraft. CLP 22,000,000 [GBP 25,000] is the total sum she estimates their total debt as a family, mostly in one lorry, a car, and materials for the business. In this transit from working class to entrepreneur, credit and self-exploitation have played a relevant role to leverage resources to invest and to make ends meet to the extent that the new business is not making profit yet.

Ximena does not like go to the supermarket, unlike other shoppers. She rejects the ‘ritual’ of going to the supermarket; for her, it is one of the most ordinary acts she does, to the extent that she avoids going on a weekly or even on monthly basis. She thinks is better to make wholesale shopping for groceries and home essentials each two or three months, because it is more convenient, cheap, less time-consuming, and having loads of groceries it is hard to run out of something. ‘Going to the supermarket is boring’.

She thinks that probably on tick shopping is an ‘endangered practice’. In particular, she does not visit groceries, because she buys in supermarkets while she is commuting. However, there are also moral burdens that people attach to this practice who make it less prestigious and risky, because what it is ought when someone buy on tick is more than money, and people give more value to that.

Conversely, Ximena is proud of her credit worthiness to several banks which gave her the actual option to choose the better offer for their investment-consumer credit. ‘At first, I could only get loans in one bank; but for the last loan, I could browse and choose the better option for me, regarding interest rates. However, it is unbelievable that getting a consumer credit is much easier than ask for a credit to start a business’. Despite the embracing of the free market mantra in Chile, it is hard to be an entrepreneur. Monopolies and wealth concentration, innovation climate, financial instruments, business culture, all these factors could be affecting figures that show that self-employed people running small and medium productive business are decaying in last decades.

What is more of the interest to Ximena is the possibility to make progress in her business. The moral obligation and hope are translated into an investment and risk-taker rather than into a decent life / lifestyle narrative or a conservative stance; probably families make the same calculations, know the same rules, but different moral entanglements led to different
economic practices. ‘We always wanted to keep on going. We know that we can lose but also we can win a lot. The difference is that by doing this [entrepreneurship] we have hope in saying tomorrow I quit, I leave to work in what is mine. After my 9-5 job, I run home to continue with my business and that left me less time with my boy. He is the reason behind all these sacrifices’. Being a good parent and moving to a decent life have complete different meanings when domestic economy life is dominated by investor-ethic. For them, the meanings of debts are completely different from those who are indebted for buying technological items, for instance, which is a legitimate way to give a better life to children. Debts are also about external and internal assessments; not always getting into debt for treating your children is the ultimate justification for being a good parent.

Daniela

Daniela, 47, works a secretary in the civil service. She has a budgeting profile slightly different from others who have regular repayments. Although the repayments seem overwhelming – around 50% of her income –, they are aimed to two loans (health and education). That means a fixed amount each month, and she does not use credit cards. That makes to learn how to live with less money. That implies that for families, in some periods credit makes the subjective income grow, but in others, the income contract and some families are forced to live with less money.

Daniela clearly states his priorities; she is repaying an educational loan for her daughter and a consumer loan used for a non-emergency dental treatment. It is the embodiment of the credit due to the marketization of welfare. These are credit practices aimed to investment, and usually come in the form of medium or long-term loans; as they are an investment - in fact, people say I need to ‘invest’ in my teeth -, they are planned. But not all health expenses are planned; accidents happen, and as healthcare for lower and middle-income families is expensive, they have credit cards ‘just in case’ of something happens. Not all the accidents are health-related, as economics point, unemployment and divorce increase the risk of over-indebtedness. However, things are more complicated.

‘When I go to the supermarket, I see a lot people paying with card. They live before paying. However, disregarding people who get indebted compulsively buying clothes, I think it is hard to live without credit, whether education or housing and mostly based on debts. So, as long as you want to do things, debt is the way’.

‘At first, credit is appealing, but it is because you don’t think that you have to repay. That’s so distractive, and you don’t realise and it’s too late when you’re overdrawn, because it’s not only the department store card, you must pay other bills, schools, school transportation. At the beginning, a bill from a department store could not seem so important, but if you add ore each month it becomes a big bill. So, unless you are extremely methodical or extremely rich, credit cards always give you an unhappy ending’.

Now, she had her store card ‘under control’; nonetheless, in the period her marriage was breaking she got so indebted that she recalls that period as ‘receive and pay, receive and pay’. As she became penalised after this debt disaster, her current loans come from Employer Benefits Fund. Therefore, there was no possibility of get different quotes from different offers, just this last chance.

‘Now university students can get credit easily, but they are different from us when younger; now youngsters are detached from the economic life of their parents, they don’t know how they manage or how they earn a living. Back in the old days, you knew it, so when you ask for something and they say ‘no’, you understood. Now, it is hard to find people who say ‘no’ to their children’. The austerity framework of an idealised past clashes with the reflection about a treating society, parents who reinforce their parenthood going beyond their means through
credit. It is also a description of the divorce between value and price, when children and especially adolescents and young adults incorporate the virtual income of credit in their prospects and fictional expectations. They probably don’t know if they are rich or poor, but take for granted that at least one of their parents can pick a card from his/her wallet and make a purchase, no matter the price.

Angélica

Angélica, 30, is a telemarketing agent and receives her wage in a Cuenta RUT, and keep track of their expenses and coming payments in a notebook. They separate money first for her daughter school, the transport for her daughter, then store cards, mobile phone bill, and then the half of the bills of the house since she lives with her parents in a separate flat within the property. She left money in the account to everyday expenses; she likes to use this debit card. Savings is out of her reach.

She uses two store cards regularly, one for clothes and one for toys and other treats for her daughter. Adding both cards, she repays near CLP 40,000 [GBP 48] -11% of her salary-. She repays also an Employees Benefit Fund loan through payroll discount, aimed to home improvement. That was her chance due to her lack of previous record history, as store and bank databases are not shared or centralised, for banks Angélica was no one.

She admits not knowing too much about interest rates, and prefers to choose instalments that fit into her budget; three to six instalments seem feel reasonable to her. Her father does the same track of expenditures trough written bookkeeping. He also used credit cards to treat her when she was a teenager, until one day he decided that the repayments were too high and cut the cards.

‘I think it is hard to find people who are not indebted, because consumption is temptation, including me’. She is one of the few people who admit some degree of consumerism. However, in her elaboration she categorises different levels of consumerism, and that led her to make a moral stand and to express criticism, probably considering her social constraints as single mother.

Angélica differences people who get indebted without consciousness from those who have substantial reasons for doing that. She defines according to the aims of debt. ‘Some people do not assume their reality, extremely consumerist; they ‘like’ to be indebted; whereas others get indebted with a clear objective. That is not normal, but is not bad. For instance, I know that I have duties, what I have to repay, and my wage is not so much, so I don’t go beyond that. I’d like to have a car, but I know that now I couldn’t pay. However, there are people who do not see things this way, and they just go for it. Later on, they are struggling to make ends meet’. That means that is not offensive to be indebted, as long everybody does that, but you have to follow the rules of the primary moral focus of debt. It is legitimate to enhance your living standards using credit as long as you don’t pretend to enhance your social status at the same time, or as long as you have the decency of not going too high.

‘I’m not that bad and my neighbourhood is not so bad’. Despite her income constraints, she feels part of the middle-class, featuring vulnerability, debt, and on the road to a better life. So it is not a stable position at all.

Christian

He, 37, works as department store salesman. He is one of those who go to the supermarket as a place to treat him. But before that, he paid all his bills and assesses how much money is in his account, and then goes to supermarket. As he has a variable income, he prefers to be quite organised with his bookkeeping. Within his budgeting practices, he manages two
credit cards; one is from a bank, it is only for big purchases or emergencies (TV, dental treatment), and the other -from his own store- is for day-to-day buying. However, when using the card for big purchases, he usually saves first and then uses the card as mean of payment.

Christian speak out proudly that every time he receives a call from a bank offering credit cards or loans, he refuses. He is proud of being offered, but prouder of refuse, because he does not like being charged with interest. ‘I always ask to myself before shopping ‘do I have the money’, ‘do I need this?’, because what happened if I need the money for something more important, like a health issue, two weeks later,’ he explains his conservative rationality.

He also dislikes the emotional labour behind the telemarketing of cards, when he received a call from a bank to be asked if ‘everything is fine’ with card, and why he hasn’t use it yet; or when the callers offer him more credit making fantastic comments about his creditworthiness, and opening his imagination to ways of using the extra money.

As a salesperson in a department store, he categorises other people’s use of card using a class perspective. ‘Rich people have money so they use different means of payment, like debit cards or cheque, but middle-class can’t do anything but with a store card, and usually they do not keep track of their expenditures. Sometimes, they reach the till for paying for an item, and only at that moment, they realised their credit limit or balance is full. It could be a white-collar worker or an old retired lady’.

The rhythm of shopping forces people to stay on credit. The calendar is full of family requirements that can only be affordable with credit; Christmas, Holidays, the beginning of the school season, Mother’s Day, birthdays, winter season, Children’s Day, National Holiday and… Christmas, again. A year full of credit.

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**Rodrigo**

Bluntly, Rodrigo, 38, transport clerk, reckons that almost all the money he and her wife earn goes for repayments. ‘We just had a home improvement, make it bigger, so we are paying mortgage, three loans, two small loan-on-cards, but we prefer to repay and live calm, all things sorted. No calls, no seizures. Indeed, [encalillarse] get indebted implied that my wife had to get a job’, he elaborates.

Rodrigo’s wife serves in a school kiosk, and also is starting a sort of business by selling items bought in the Chinese retailer Ali Express, novel things that they offer to friends and acquaintances. From time to time, she travels to Santiago and buy clothes to resell in the same way or in street markets. They are hoping to this to grow, and when one of the loans got repaid, they will ask for a bigger one to start a more formal business in their house. They notice that in their neighbourhood there are only a few shops which close early.

The family summarises the core of the juggling economy of some families of lower-income families. One loan for home improvement, one loan for an entrepreneurship and the third one, for repaying older debts provoked for an unemployment period of Rodrigo. He earns CLP 600,000 [GBP 720] (with an additional job on Saturdays amounting CLP 80,000 [GBP 840]), her wife CLP 250,000 [GBP 300]. They estimate the repayments around 800,000 including utility bills. They hardly go to the supermarket, and buy groceries on a daily basis, according to the money that she is receiving from selling things in street markets.

Before this expansion period, they were probably less indebted, but they suffer more. They feel their financial life was an ordeal. Losing their house was one of their concerns in that time. She explained that his husband was so tempted, spending CLP 50,000-70,000 [GBP 60-84] in just one visit to the supermarket. There were times when they had to ‘bother’ family and friend to cover some repayment. Eventually, they ask for bridging loans and she started to work. The order of events is relevant and not casual; she asked for store cards and for loan-on-the-cards without having a job, just as a housewife, without knowing if she could repay.
They also lost some money by lending their store cards to people that did not repay later. Conversely, they borrowed cards from their parents, with a moral cost. ‘They lectured us, and that harsh face to us’.

‘The only way to us to move forward is though credit, as we don’t have really good jobs, and as we have some appliances we are not poor and the state doesn’t help us. This we have achieved does not mean we are a wealthy family at all. We grew from nothing. Debt is the only way’. Therefore, credit is mostly good to them. As long it is for a home improvement, a long-term investment, or to avoid to your children the situation that one had to experience. Despite there are roughly living with 10% of their income, their expectations are higher; as soon as they repay their mortgage in full, they look forward to buy a second home in La Serena, a pleasant beach city 400 km to the South of Copiapó, where they expect the eldest son go to university.

**Sergio**

Sergio, 40, feels like a privileged retail worker; due to his seniority at job -20 years- and to the department he works for -shoes and trainers- he earn one of highest commission per sale in the store 2.38 per cent for each sale, comparing to just 1 per cent for those who works in clothing. According to him, it is because in his department a customised sale is part of the service. He earns CLP 700,000 [GBP 960] average monthly.

He had the impression of living according to his means, all things sorted, his repayments and bills are around the half of his salary. He is the main income earner at home since his father is retired and his pension is below the minimum wage. He manages his budget in a ‘modern’ way, bookkeeping is on line, all bills and repayments are on direct debit, usually does not carry much cash, and using debit cards instead. 20 years of experiences selling shoes taught him which the good and bad months are for him, so at this point he uses to live always with less money than his top months.

His customers always buy new shoes for Christmas, New Years’ Eve, and for the National Holiday, so he knows that whereever will be their economic situation, they will buy anyway. Despite he serves in a crowded store, he has regular customer with who elaborate a relationship season after season. For him, they are a good example of an ‘acritical’ use of store cards. In fact, no matter rates or disposable income, the card helps them to accomplish the ritual of the new shoes for those special occasions. It is a mix of conspicuous consumption, regarding the visibility of the items and the publicity of the festivities, with the moral obligation of being at the height of the event.

Sergio, instead, uses the card for big appliances like a laptop for her son. He also uses the card from his store, but only if he can benefit from a special offer. As sales person, he observes people purchasing things ‘just to gain a social status’. These people usually don’t know how to use the card, meaning they don’t pay their balances in full, just the minimum payment, so they suffer with revolving credit. In that sense, their disposable income became reduced and in the long-run things became financially out of their reach, which is a way of living beyond the means. A convenience turns into a hardship.

‘I have new colleagues who are perfectly aware that the interest rates are so expensive, they are aware that they are being ‘cheated’, but they purchase things anyway, because they need them, or so they say. I think it is because working surrounded by all these nice items is a novelty for them. They truly believe that they will be able to pay, but after that purchase, you buy more things and the overall debt increases; after a few months, your accounts are messy, and you ended paying the minimum, which means more debt on the long-run. The stores know that and they always win’.
Loreto, 29, works as a secretary in a medium size company. Her father split up from her mother and moves to live with her; he is a carpenter and his variable income amounts around 30-40 per cent of the household income. They keep separate accounts and have an agreement about who pays what, regarding bills and groceries. Both day-to-day and important purchases are in control of Loreto. Before his father got divorce, he gave all his money to his wife, and she manages the domestic budget. Loreto usually run out of money around the fortnight so she usually asks for a salary payment.

Loreto is in the DICOM -National Record of Defaulters- because she never paid the outstanding balances of their cards. So she cannot get access to mobile phone monthly plans. She resorts to relatives and to her ex-husband to get access to these services and also to credit.

As soon as she started to work, she got access to store cards, and she bought her own TV and DVD using those cards. It was a way to express her autonomy at least in within the boundaries of her bedroom in her parent’s house. At that time, she was organised and keep detailed accounts of every outcome. Now, she feels overwhelmed with financial matters.

‘A family issue’ was the main reason Loreto defaulted. ‘At that time, I had only one daughter, and lived with my mum as a single mother. For things works well at home, I had must to give money for home expenses; if not, I was insulted. I earned the minimum wage, but I had two bank cards, so for my own mental health, I started to withdraw money from them until my credit limit was full, and I was not able to repay’. It was nearly during a year when she was juggling with cards to accomplish her imposed obligation to contribute with resources to her home. ‘It wasn’t consumerism’, she justified. CLP 3,000,000 [GBP 3,600] was her overall debt, nearly 20 times her monthly income.

After four years without formal credit, she thinks that she has used to do that. However, she missed having a supermarket card for those situations when she has to buy unexpected items for her daughters. That’s the reason why she has to ask for this fortnightly pay. As penalised people do, she got an Employees Benefits Fund loan, which is discounted from her payroll. The loan was for school expenses like clothing. Those instruments are the ways to juggling with repayments, bills and household expenditures. She also is repaying a car loan; the car is just for the sake of their children -she strongly emphasises, and actually she resents of people who became indebted ‘just for consumerism’, like her own brother-, and the application for the loan was made by her ex-husband, and the repayments are shared with her father, as he uses the car as well. Her ex-husband also lends to her some credit cards. So, beyond the child allowance, as credit is imbricated in the households’ economic life, access to credit, financial devices, and creditworthiness is also part of the financial support pack. That helps to overcome the problem of access to credit, when the lane is closed.

Fabián, 43, is an operator in a frozen food plant. He is single and lives in a separated apartment within his father property, in Quinta Normal district, a small, old, lower-class district next to Santiago city centre. His income varies from CLP 600,000 to 800,000 [GBP 720 to 960] since aside from his primary job, he sells perfumes, clothes and luxury food on a regular basis mouth to mouth. He gets the products from a customs office and does not pay any taxes for this. He is a heavy user of two store cards, but he has not any other credit or loan, no mortgage and no educational expenditures, since he had a daughter which already graduated from a vocational course.

He expresses a negating assessment of the nature of credit; he sees several contradictions regarding uses and goals. His normativity led him to assess society in broader
term: there are good credit users and bad credit users. Following this, he frequently attaches moral categories to the use of credit: self-indulgence-led credit, temptation-led credit, disciplined shopping.

He reckons paying around CLP 300,000 [GBP 360] monthly in repayments to store cards, which he considers absolutely normal and affordable. ‘I am not in the position of have to pay the supermarket bill in instalments’, he explains.

Fabián lives financial life as a quotidian issue which is revealed through everyday interactions, as doing maths, searching for discount offers, managing time, risk and discipline. A smart consumption requires skills to shop and to finance, both are together. More than one time in the past, he was deceived by people who ask him for his store card to buy something, but later they did not repay.

In his biography of credit, several accounts and cards have been opened and closed. He sees credit detached from its devices; credit is easy, devices are complicated. He admits that the more he pays attention to his statements the less he understands how credit works. Department stores are complicated; they always win; it is hard to deal with them.

‘Chilean society is decaying in part due to credit since credit is tied up to shaping consumption, taste, and public behaviour’. This means that people tend to buy what is not ‘necessary’ and useless things that are only show some purchasing power; in a second level of this, people who usually do not have access to fancy or expensive goods, thanks to credit they gain access, but they use this access with ‘bad taste’, exemplifying with ‘disgusting’ trainers or ‘giant’ TV devices. Eventually, the public display of these items reinforces the idea of a conspicuous consumption. Credit is a tool to get things at any price, and Fabián attached the unrestrained use of credit with people who smash others in workplaces to climb, or with people who walk around within a supermarket carrying a cart full of expensive items, but finally do not buy.

He expresses a lot of criticism to the idea of living beyond the means, although he seems to be in that situation. He thinks that all people are indebted with stores so it is no shame on that.

Francisco

Francisco, 40, married with three children (19, 7, and 18 months), works in a contractor company for mining plants, in Copiapó. His salary is fixed but has variable section compounded of bonuses plus overtime. Her wife worked for a department store for a while, but is currently not working and not looking for a job. Family income goes from CLP 750,000 to CLP 1,000,000 [GBP 900 to GBP 1,200] monthly, placing them between 2nd and 4th decile, since the eldest child is already and adult and is unproductive. They live in their own house and pay a CLP 40,000 [GBP 48] monthly fee for the education of the child in the middle.

He admits being quite involved in the budgeting tasks of the households. He lets her wife the decisions of the everyday or weekly shopping, and keep for himself the big decisions about expensive items in clothing, trips, and celebrations. By all means, the ways of shopping create value for a family, and this is a main concern; so it is not casual the way a family goes to a supermarket, altogether. Hierarchies of goods are negotiated in the aforementioned process. He also manages the family credit line and makes the decision about what bill will be ‘kicked forward’ when they are run out of cash.

Francisco is in the DICOM. This means he is on the national record of defaulted people and is penalised. Long time ago, he was asked to be the best-man of a friend; he decided to take the groom to a department store and make him to choose an expensive appliance as a wedding gift. It was something beyond his means, so he just did not pay afterwards. How can be part of credit if he is penalised? Through his mother. Every time she is offered a credit card, he
encouraged her to take it. At the present time, Mr Francisco manages four cards -three from banks, one from store), with a full usage.

Francisco speaks out about credit as a tool for living the life, to celebrate, to treat family. It is also to transform a threat in an opportunity; he was forced to take annual leave at work, because his company was at risk due to flood in Copiapó; so he decided to squeeze their cards to make the most of those weeks, travelling around the country. It was not an unthinking action; he made an estimate of how much money was needed and then how to split the expenditures in the different cards, and then how to repay each of the cards to adapt the monthly repayments to his financial capacity. ‘Nobody can take us away all the fun we had’.

On the other hand, sometimes he talks about cards in the same way that some people talk about quitting smoking. ‘If I do want, I could quit, but... I don’t want to... yet’. By all means, you cannot be debt-ridden, there are some subjective boundaries. Eventually, we are used to credit; if not, life is not worthy.’

Victor

Victor, 40, works in outsourced company for the mining sector in Copiapó. He has a book to keep record of what he earns and what he spent, because long time ago, he found that money slip of his hands without knowing in what they spent the money. More than a third of the family income goes for repayments to a department store.

Victor distrusts of banks and financial institutions. He has received some calls from department stores asking him to repay for a balance he already paid; or he knows that banks charge a fee for keeping a savings account with a lower balance. So when he decided to start saving, he chose to keep the money at home instead of opening a savings account. In terms of purpose, he took this decision after having no money to finance the funeral of his father. That made him to think ahead.

He started his relation with credit when he was a contractor. At that time, he decided to leave his parents’ house, so a big sum of money was needed to buy appliances and furniture. However, he is afraid of credit. It could be good or bad, but it is a personal responsibility; it depends on how you deal with it, he reckons, but the most of the times, it went bad. His elder brother almost lost his house, for a bad debt management; their neighbours use high-cost appliances and clothing, but he knows that they are fully indebted, so he wonders how they can just live with that.

Despite his detachment to some credit practices, Victor repay a considerable portion of his income to a department store. It is like he is living one month in advance because he uses the car in-store for home items and clothing, but also in supermarkets and similar stores. Therefore, he pays the balance in full each month, but uses a similar amount of credit; so, the next month, the operation is repeated. This way, he feels like not being indebted, although according to the financial system his debts will be worrying. Taking a loan is being indebted, for him. He would do that only for the education of their children, not for going for holidays.

Gloria

Gloria, 50, works mainly as a cleaner in a medium firm, but 10 years ago she was a shopkeeper. Things did not work very well for her as an entrepreneur. She reckons not being able to manage her business properly -neither her husband-. She used credit cards to buy wholesale goods, but she was not clear about the efficient way to make repayments, so all the profit she got, went to repayments; she was also very open to grant on tick shopping to her neighbours, and most of them were hard to pay. However, now, as a dependant worker, and after breaking with her husband, she discovered that she could run a household and deal with
her money. The distinctive feature in Gloria is that she makes a great effort and saves before using credit, when she needs something. The first instance was when she needed to furnish her new flat. She combines a socio-material system with a strong commitment to make savings possible. ‘Aside from my job in the company, I make housework in the houses of two of my bosses, every Saturday. To one of them, I ask to keep the money she pays me, as a savings account. That arrangement, allow me to buy a lot of stuff for my new home. I learnt to be organised with money after my divorce; I feel is completely necessary to let some leftover money, always, even CLP 5,000 [GBP 6], but I’m aware that people spent their money quickly without thinking they have an entire month to deal with’. This is exceptional case where a debt disaster led to a frame of self-control, consciousness, but above all, to a demand for being accountable for the sake of the family, after a divorce. In this case, saving is the enabling feature of their budget management, with a double meaning: to purchase durable consumer goods and to enact the autonomy circumstances required from her. In assessing other people’s behaviour, she expresses a ‘Victorian moral’ consider herself as part of the middle class, because ‘the lower class are those who spent her money without thinking, and then are fully indebted’.

‘The rest of the people are mostly indebted, like my colleagues. When we are approaching the end of the month, we make calculations and I’m the only one who has some leftover money. The affluent lady, they call me’.

‘I’m so happy for learning how to run my money, to decide which is bought and which not, to ask and compare prices. To think that if you want something, you have to fight for that, not go on credit or simply do nothing, like I used to do before. Life changed to me when I begin to work in this company and especially when I got divorced. Now, I know how to spend it’. She opposes firmly to the use of credit, that is on the basis of her rationality and the moral obligation to her is to be enabling, not only credit is enabling; self-control can be enabling as well. Therefore, the requirements of governmentality for actors to being financially robust not necessarily requires a portfolio full of financial devices, but a demand for creditworthiness and a moral demand for self-fulfilment.

Esteban

Esteban, 50, works in a residential building as a receptionist. His hard-working ethic and sense of moral obligations is showed in that he had two jobs throughout seven years; his regular in one building from Monday to Friday, and a second in other residential building during weekends. His aim was repaying his mortgage and the university of his eldest daughter, who now is married and ‘made her life’. This couple keep separate accounts, although he emphasises that he only spent money in his family. He is charge of buying groceries whereas her wife is in charge of clothing.

A strong relief came when he finally repaid his mortgage at the beginning of this year; moreover, his son is going to finish his college by the end of this year, so CLP 130,000 [GBP 156] more in their accounts. He anticipates the feeling of freedom because of that. His ‘ethic of sacrifice’ neve allow to him to mention the possibility of having some help from state. All the welfare provision comes from his ability to play his cards on the labour market, and of course long-term credit. Rarely, his next project is to buy a place in the cemetery.

In the past, he had to deal with credit cards. He recalls a period following his marriage when he was ‘encailillado’. [Extremely colloquial word for debts, only used in Chile. It is a diminutive for “cala”, which means suppository, according to the Spanish official –RAE–, but nobody knows that for sure in Chile]. The readily available resources of the store cards were problematic to him, so he could hardly distinguish what was within his budget and which was not. The rule of ‘the sake of the family’ is behind this; furniture, clothing, and appliances. But since ten years, he does not use cards, and save instead, giving him a sense of control.
Esteban lived a Kafkian experience about how hard is to literally live avoid credit, even against his will, that made him reflect about the financialisation of consumption and the way stores move the core of his business from commercial to financial. ‘Nowadays, they try to force us to having cards. I want to pay the water supply, and if I don’t have a card I have to go to a special office; I went to a department store to buy a laptop to my daughter and they did not let me to buy in cash, so I got mad and I ask for the store manager, and the manage insist in grant me with a card, and then allow me to make the purchase. Eventually, they sold me the laptop in cash, only because I stood firmly. They want to sell on credit, because is conveniently for the, but nor for us. Both lenders and sellers of credit make their effort to make credit unavoidable.

The Lower-middle Class

Fabiola

She is 37 and lives with their two sons in a house in the changing Quilicura district, on the outskirts of Santiago. A rural town until the 1980s, in the last 30 years has become an urbanised settlement for the lower-middle class. Fabiola is separated at the moment and works as accountancy assistant in a big telecom company. Her family income is CLP 1,100,000 [GBP 1,320] monthly.

The interviewee sees herself as a real ‘credit manager’, so skills and knowledge involved in credit was a significant issue. The ‘world of credit’ is an area where skills and knowledge are required, and some are doing great, and others do not; rational thinking is needed.

She manages her finances proactively, creating her scheme to use cards and other financial instruments; her motto is to pay attention to rates. She expresses an absolute reliance on digital means of payment and digital accounting. Multiple sources of credit work as a web of microfinance management: from cards to consumer credit, from consumer credit to bank account, repayments between them, and so on. Eventually, how the budget is elaborated is not about spending is about leverage money. Credit is money that isn’t yours, but you can use.

When she was just starting her career, she had some debt-ridden issues. Indebtedness is an immaturity feature, so the financial maturity is achieved not when you have more assets, but when you learn how to manage and control credit. After her debt mess, in her 20s, she created her own scheme, which includes multiple devices, juggling, and so on. Therefore, keep books in order does not mean clearing debts, but knowing and mastering all about your debts. Being indebted is something common; it is a less-private issue than sexuality, affairs, or illness. All the people talk about it.

Fabiola is prone to establish a hierarchy both in the type and the use of credit. The earmarking of credit cards in her case is for large appliances and unexpected health expenses. Conspicuousness is not allowed. She categorises the use of credit about class belonging; credit in the middle class –like her– is for loyalty rewards –the management of the self- or because they do not have money ‘at the moment’. Her justifications, in particular, are related to a higher living cost in Chile and unexpected health issues, and so credit is part of ‘our society’, but for the majority of the people it is about ‘false class consciousness’: they try to be what they are not in social terms.

In this categorisation, the bank appears as a persona, who lends money, and you can negotiate with him; if you behave yourself, he helps you. Stores, instead, are taking advantage of you. She addresses a sort of credit-mobility. In the past, store cards, more expensive; now, bank devices, more convenient. These perspectives reinforce the ongoing social categorisation between banks and store cards, being the latter the only easy credit, indeed. Stores push people to buy more by forcing her to go to the shop to repay their debts, and so to being tempted to
buy and get more indebted. Banks instead are assessing people before giving credit, and they are not chasing you.

A strong sense of individualism is shown in the distrust of participating in saving clubs at workplaces. Education and information about credit is an individual responsibility since credit is not good or bad, people are smart or dupe.

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**Natalia**

Natalia works in a medium size chemistry company in a technical position, as quality assurance analyst. She lives in Huechuraba district, a relatively new area for the middle class in the outskirts of Santiago, with her two children and her mother, who is a retired teacher, receiving a pension of CLP 300,000 [GBP 360]. Natalia also receives CLP 300,000 [GBP 360] from her ex-husband, as a child support agreement. Her wage is CLP 1,050,000 [GBP 1,261] per month.

She pays all her utility bills as soon she receives her salary. She always takes a look at the statements, and from time to time, she has discovered that some statements were overcharged, as her mobile phone, for instance. She thinks that using an Excel sheet is the better way to be in charge of your expenditures. Her father did the same, but using a notebook. She managed all their financial issues online, making payments, controlling costs, and transferring money from her three accounts [a sight account, where she received her salary; a current account; and an individual account where she receives child support allocation[62]].

She managed to indulge her children by taking them to ski centres next so Santiago, but searching for discount offers, and by no means losing control of her expenditures. She is aware that after paying utility bills and supermarket, she has some leftover money to spend. Despite this, she lives to the limit of her means.

After her divorce, she had to reduce her expenditures, firing the housemaid, and bringing her mother to live with her as a nanny. As she also contributes to her pension to the household expenditures, Mrs Natalia’s mothers have her say in some budgeting matters.

She is constantly looking for discount and offers tied to the credit card use. She does not like paying interest, so she tries to avoid interest fees whenever she can. Banking credit cards usually offer a hire purchase with spot-price. Though using cards could be messy, it is a necessary evil, since it helps you in case you have an unexpected shortfall for doing “banking work-out”, for instance if my ex-husband does not pay the child support.

Right now she is not experiencing debt troubles, although she feels like her banking card is after her. Each month, she felt discomfort by having and outstanding balance. In fact, she is thinking to apply for a loan to repay and clear their credit card balance in full, because she is aware that scheme would mean less interest paid, at the end of the day. She is looking for more “comfortable instalments”. She currently is paying another loan [for her car], so as soon she repays this loan, she is willing to ask for a new loan, in order to close her banking credit card. “I felt trapped in a dead-end street”. She wants to be free.

In the past, she was close to being foreclosed, due to a financial mess of her ex-husband, who asked for a consumer credit using their property as collateral, without any notice. After six months the consumer credit became in defaulted, so the bank was after the house. She underlines the fact that even she was willing to pay her mortgage without fails, she couldn’t. Fortunately, she got a credit from a credit union to pay the ex-husband debt in full, while he put the remaining sum. The house was safe and sound.

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[62] The Chilean banking system has a distinction. Whereas a sight account includes just a debit card, and is usually to pay wages, a current account usually includes an overdraft account, a credit card, and a cheque book.
Belén

Belén is a journalist, but she has never worked as such. In Chile, journalism is a university degree, awarded after five academic years, as economist, biologist, teacher, lawyer or any other university degree. In her career she has worked in financial firms, selling insurances, banks accounts, and savings schemes. At the moment of the interview, she was just starting a job as a marketing assistant for a big telecommunications company, earning CLP 1,200,000 [GBP 1,441] a more than decent salary for a non-professional position. She is 32, single, and lives alone in a rented apartment in Providencia, a mixed district of commercial and office settings, traditional middle-class houses and apartments for young professionals.

Credit devices, she explains, are sometimes imposed on customers by financial institutions, when you open a bank account or when department stores produce some "special offers" only available to those who pay with a card. Her passion for travelling led her to be a compulsive user of banking credit card, to participate in a miles rewarding scheme. So, it is a tool to be rewarded. She usually clears her balance at the end of the month, unless she had bought something in instalments, usually a flight ticket.

She attaches an additional feature to the use of credit card: the possibility of tracking her expenditure, to reach a desirable strict order in her finances, yearning of being an organised and aware subject. Therefore, a credit card is a tool to organise budget, in order to track payments. Order is a valuable thing, so in this case, when money management is a problem, credit card seems to be a solution.

Using credit cards is something entirely different from being indebted. Credit is an everyday resource but paying interest is nasty. Credit cards 'is' her lifestyle. If there will be no more credit cards, her lifestyle and her temporalities will be affected: the present will be a distant future. She admits that she cannot save, which has two meanings: lack of resources and lack of will.

Credit card habit forces her to work in this way -using cards for almost everything-, despite the fact that probably it would be cheaper to save first and travel afterwards. If she saves money regularly, she can use that money at any moment, but she prefers credit because credit card imposes a rhythm and an obligation to her and that the way works better for her.

Rogelio

Rogelio, 31, is a sales agent for a plastic factory, producer of tins and packages for other industries, for instance, blueberries exporter. With his wife and their two children -2 and 5-, he lives in Puente Alto, a very crowded lower-middle class district in the outskirts of Santiago. Their incomes are around CLP 2,000,000 [GBP 2,400] falling into the sixth decile. They do not pay for private education neither for a mortgage since they live in his parents' second home. Her wife is a school teacher who is still paying a student loan.

He seems to be a man who enjoys life, going out with friends and a, according to his owns saying, a consumerist person. His wife disciplines him, particularly in financial matters. Although he admits indebtedness issues in the past, he never related this with making ends meet or so; instead, credit for him is linked to having a proper life-style. He admits being financially restricted by his partner; if not, expenditures will be increasing and his family would be like his neighbours: fully indebted. He speaks out like a former addict still in a recovering process.

When he started to use credit cards in the past he was aware of his non-awareness about credit practicalities. He was single, and he used credit lo live with ‘the twice as much my salary’. At that stage, credit was a recursive activity; one credit led to another whether for finance new aspirations or for bridging loans to secure repayments of outstanding debt. To some
extent, he blames to working in sales for increasing expenditures since in order to look like a serious sales agent, he had to buy fancy clothes and accessories, and this led to re-create a proper life-style to that look, as well. Credit cards allowed him to get funding to this and this ‘insolvency spiral’.

For Rogelio, there are two kinds of people: those who are ‘financially mature’ and those who are not. The former are people who are prepared to the demanding modern economic life, which includes dealing with credit balances and consumption temptation. He put his wife in this group, since she ‘comes from a well-organised family’. Those in the group of financially immature are in the need of use restrictive measures, like giving all their salary to their partner or use payroll discount to secure credit repayments. Mr Rogelio reminds his father being one of the first ‘consumerist persons’ that he knew, and he used a lot of credit indeed, but unlike him, his father repaid always.

He knows a lot of people in his business that use to repay almost their salaries. ‘It is because if the market is giving you something you have to take it’. Anyhow, these are people financially immature for him, because they do not know how to deal with credit. At the moment, he is not using credit, he gave up all his cards, and it is only repaying one loan through payroll discount; but when Chile won the Copa America in July 2015, he did not ‘resist’, and he organised a spontaneous barbecue to celebrate. Having no money in his pockets and no cards at all, he bought the required groceries on tick. The old-fashioned way still worked for him.

Nelson, 40, is married with two children, 11 and 9. He works as an airport security agent in the Copiapó airport. His wife works in education, and the family amounts CLP 1,800,000 [GBP 2,161] which put them in the 8th decile. He manages a current account, savings account, banking credit card, consumer credit, six store cards, and an Employees Benefit Fund loan (by payroll discount).

He uses direct debit for all the house bills, and the rest is for groceries. The former includes repayments which for him are a kind of bill, and using direct debit he cannot choose not to repay. As he considers that the money her wife earns is not equal, he is in charge of more bills. He takes a look to the monthly statement of his current account to check what were all the expenditures and if the balance is roughly what he calculated. *I'm not as obsessed with that to having an Excel sheet*; he explains.

Nelson share decisions regarding household expenditures in an equal manner, he thinks, although going to the supermarket is not a family event since they do not make a big monthly or weekly order; they go three times a week alternatively and he tries to make the most of discount items every time he visit the supermarket.

When younger, Nelson lived the ‘credit card fever’ as he put it. He was born and raised in the country side of a small town 450 kms to the South of Santiago. *I got my first job in Santiago, and when I get my first salary I was walking around the Alameda [the main road in Santiago] and cards were offered everywhere. I felt. I think in one time I had almost 40 store cards. I was young, partygoer, and I used all the cards and the avances en efectivo [withdrawing cash using a credit card], so between 21 and 23 I make a mess of myself; clothes, electronic appliances, I had my first car, then I had to sell it, I felt in DICOM and all that s... It took me 7 years to heal me of that. When I got married at 29, I was more or less healed. Now I'm cleared*. The solution he found was a ‘debt portfolio purchase’ which is an instrument that some banks use to catch needed, potential customers with several debts from different institutional sources. In practical terms, it is a way to renegotiate outstanding debts through a massive bridging loan with affordable instalments. Unifying all debt in just one instalment gives the impression of a fresh start for Nelson. *It worked for me, although repaying just one instalment...*
was a temptation, since you had more disposable income for get indebted. It was a long-term loan, 5 years, but it was that or chaos. At the end, I could re-organise all my finances. Clearing debts from the past and organizing finances did not mean necessarily quit credit. Nelson has not 40 store cards in their wallet, but six still is a figure above the average.

Gladys

Gladys, 37, is married with two children. She works as an occupational health and safety analyst in a transport company which sells its services chiefly to the mining sector. Her husband works for mining contractors as well. Their family income amounts CLP 3,000,000 [GBP 3,600], which put them in the 9th decile. She manages all finances in the households. That means, paying the entire bill, online, taking all the money from her husband’s account, and set the weekly groceries in markets and supermarkets. An Excel sheet helps with that. Aside from bills, they are paying a mortgage and a consumer credit, used as ‘debt portfolio purchase’ in order to consolidate all their different sources of debts -mainly home improvements and a husband’s surgery- in just one instalment. They separate some money for savings to buy a second home in the beach, and for paying for domestic service which in this case is provided for the sister of him.

She used to have store cards, but in 2013 she was five months unemployed, and repayments became more and more difficult, and finally defaulted. She had one card for clothing and one card for home improvements. Their house is remarkably different from their neighbours, due to continuous enlargements. She paid all the balances in full, although never paid much attention to interest rates and fees.

Gladys feels tranquil with her finances; despite the fact she is DICOM because of a bounced cheque when she was unemployed. Due to that episode, she lost access to her cards, but not to credit since she uses her husband ‘indebtedness power’ to do all the things she wants to do. She thinks now it is better to use cash or debit cards to not being indebted. Tough their robust financial situation, she is worried about the future, so she does not want to be in the same situation of being indebted and no employment.

As both works indirectly for the mining sector, they used to share with people who work on a temporary basis for mining works, and they criticise them for not being cautious regarding their finances. ‘As they are contracted for a fixed term, let’s say 18 months, they earn more money than usual, but they do not think what is going to happen after that 18 months, they just live the present day; even more, they live beyond their means, getting credit after credit, in spite of they already earn a lot of money. I know a lot of people who earned a lot of money, and now they cannot live with a CLP 1,000,000 [GBP 1,200] salary, because of previous debts’.

Jocelyn

Jocelyn, 26, is physical education teacher. She lives with her parents and her two siblings in Copiapó, one of them is already working and the other is in high school. Her father is an unemployed factory worker, and her mother, a housewife. Her salary is CLP 500,000 [GBP 600]. At the moment, her family is between the 3rd and 4th decile of the income distribution.

She receives her wage in the Cuenta RUT, and then she supports her house, and pays her debts. As his father is unemployed, she started to run the household economy, giving money to his mother for grocery shopping and daily expenditures. She is looking forward to buying a car, managing to save CLP 200,000 [GBP 240] a month, in a savings account which works in a compulsory way: each month, that amount is charged to her store card, so the saved money becomes debt. The savings account is on her father’s name, because ‘we agreed that to
avoid any temptation of withdrawing money, because sometimes you need quick money, and in that way I cannot interfere’.

Despite the fact she can save a considerable sum of money, and she support her nuclear family with basic expenditures, she uses credit anyway. The easiness of paying with card is fascinating for her, for clothing, eating out, toiletries, as well as going without cash. In that regard, she likes the possibility of just ‘taking’ [sacar] goods from stores. She uses the card mainly when her account is empty, so it is like a virtual salary, which in turn, she already paid, by clearing her debt at the beginning of the month.

Jocelyn is quite an expert managing cards. Before starting her job as a teacher, she worked as a credit assistant for Líder, the chain supermarket which started the credit expansion in the 1990s with its Presto credit card. While she was looking for a job as a teacher, she found that job, where she earned CLP 700,000 [GBP 840] for a 9 to 3:30 shift, definitely more than as a teacher. She even used that card at the same time that she managed her account, being definitely in the two sides of the counter.

She feels she was doing a sort of social work for the clients. For instance, she had the chance to decrease the interest rate when someone she knew asked for a ‘super avance’, a type of instant credit. But, if it was someone unknown she did her job ‘as is due. If he asks for £5,000 and he eventually will pay £10,000, it was my job, and I earned commissions. If he agreed, it was fine’. She saw a lot people just expecting having the money, regardless the conditions of the loan, for a home improvement project or for repay other debts. But from time to time, she experienced doing a ‘humanitarian work’ just for not including additional insurances that people do not understand and do not need, in the case of elderly people, above all.

The majority of the people she sold credit was from lower income families. They usually pop into her counter to check the balance on their credit card, and the credit assistant ‘notice’ them that they have an instant credit available; so part of her job was to convince them of taking the loan, by presenting them different possibilities of how to expend it. She borrowed examples for real customers who approach them asking for a loan, on a voluntary basis. All in all, she tried to empathise with customers by giving credit as if she were giving a solution to their problems.

Rosario

Rosario, 39, is an English teacher and works in full-time basis in a public high school in a Copiapó, where she lives with her mum, sister and son. She has no educational debt since her late father was part of the local university staff. After became a widow, her mother started to work as an accommodation assistant in the same university. Her sister is studying engineering there, and her son is in a private high school. Adding the two salaries plus the widow’s pension, the family income is CLP 1,000,000 [GBP 1,200], which place them in the 4th decile of the income distribution.

They shop ‘just what is due’, that is basic groceries. Going out to eat in a restaurant or ask for delivery is almost a luxury for them. Rosario has the impression of being continuously in red numbers, because she must use the overdraft limit of her account. This also led her to look for additional funding through an additional, out of office job, namely offering individual lessons to students and adults.

She has three store cards, each with a particular arrangement [earmarking]. However, she avoids using those cards and elaborated an old-fashioned, alternative, customised use of credit. Rosario uses personal cheques as a credit. This is a traditional practice in Chile, based only in the custom and trust between seller and buyer. It implies portioning the price of an item in 3, 4, 6, and even 12 equal parts, and charging them in the agreed number of cheques. Each cheque is signed and fulfilled with a date of the subsequent months, for instance, cheque 1, 17th of June, cheque 2, 17th of July, and so on.
This practice is decaying for both the coming of electronic means of payment and the store cards expansion. The system is mostly used now for giving down payments for a house, and relies only in the agreement of the two sides since legally, all the cheques could be cashed immediately. This personalised credit is with a 0% interest, so Rosario tries to use it every time she can. Cheques also force her to leave money in her account, and at the end of the day, that led her to be more restrained with expenditures. The risk of not paying a cheque is higher of not paying a credit card balance, so cards are mostly for emergencies. As many people lend cards, Rosario lends her credit capacity through lending cheques.

When younger, Rosario experienced debt difficulties. First, in her first job she found access to a credit card and decided to make the most of it. 'I was living la vida loca, so due to my immaturity, I felt in temptation with loads of trivial things'. After that, in a different context, she also experienced debt disorders, for trying to be indulgent with her sister and son. Now, she thinks is more reflexive and that helps her to keep things relatively in place. Nonetheless, she spent around a third of her salary repaying credit (consumer credit, sister’s educational loan, building society credit, cheques).

She is one of the few asking for more state intervention in the abundancy of credit and the malpractices of credit providers. On top of that, she is very critical of the use of credit in supermarkets, where she considers is the place for the conspicuous consumption exhibition, mixing this with a positional inconsistency. She usually meets some of her former students with the shopping kart full of things she cannot afford, knowing that those students just finished school and found a job in mining as a driver. ‘Behind all that filled shopping karts is credit’, she concludes.

Ivonne

Ivonne, 26, is an insurance company clerk. She lives with her partner, who is a higher education student. She manages all the things in the household, using her online bank account; her partner prefer cash –when he had-, so in practical terms they keep separated accounts, and share bills according to the despair income they have. She uses cards for taking advantage of special offers, and also for direct debit in non-essential services, like a gym membership and a newspaper subscription. After being promoted, she ‘felt’ she has to hire different services than usual, and also felt she ‘has’ to spent more money, even above her real wage increase, since their credit limit was increased without a specific requirement from her. ‘One feels that you have more easiness [facilidades] to have more things, and you start to thing in a different way. You start thinking it’s just a treat, but then it became regular, and you ended spending more and owing more money than before’. Therefore, at first months she experienced a small debt disaster. However, the great disaster came before that, when she borrowed her card to her mother, and she ‘burst’ her credit limit. That led her to ask for a loan to repay the previous debts -credit for credit-, but what else she can do. She did not know that her mother was earning so less money. Besides that, her mother burst a store card she got as student, which she hardly used. After that, she spent several months doing small repayments, her salary was lower and she felt like going to work only for repaid this ‘family debts’.

Before her current position, she worked in customer services in the same bank. She realised that some people mislead debit cards with credit cards, but she reckons that staff from banks hardly explain things to customers; the only focus is to sell the products.

Despite the fact she works in a financial institution, and she knows the nitty gritty of credit cards, she faced some messy periods regarding their domestic budget. The entanglements of particular expenditures like family treats, or occasional purchases that became regular. For instance, at the moment she feels like doing a damage control since she thinks her repayments are too much, but it is getting out of them, albeit slowly. She reflects that credit
changes people in the same thing that a promotion could do, and it is a complete mystery for her how if people like her are able to be mostly punctual with repayments, people do not save. Credit is recursive, credit calls more credit.

The Low-skilled Entrepreneurs

Cecilia

She is 46 and lives with her husband and two of their children in Pedro Aguirre Cerda district, Santiago, a typical lower class area. She finished high school, and now earns a living providing a basic catering consisting of cupcakes, handmade cookies, pies, and so on, to weddings and other events. Her husband is a cab driver, and their children are both in private subsided schools. The family income is in the region of CLP 450,000 [GBP 540] a month, which put them in the decile 3.

Cecilia has no credit card or consumer credit right now, but she had it in the past. At the moment, she only uses a sight account as a mean to manage her business’ incomes, namely the Cuenta RUT, and also is repaying a loan from a microcredit-oriented fund [Fondo Esperanza] which she used as a business start-up. She keeps the household accounts registered in a book, separated from business accounts, as she learnt in a financial education workshop. Due to the nature of the couple’s jobs, a daily management of money is the usual practice in this family, mainly in charge of Cecilia. She declares a complete awareness of their living expenses. The allocating of money for utilities, school, clothes, and the monthly grocery shop –their primary and regular expenditure- is delivered by an itemization of coins and banknotes in envelopes. Health insurance is not on the list. If something happens, there are some savings. Day trips are part of what she calls non-regular expenses, which must be planned in advance.

Having a store card “happened” to her. She did not ask for it. It just came to her home, as a housewife. She used it without knowing how it works, but soon she learnt that the more instalments she uses in purchasing at the store, the more the interest she paid. ’10 instalments, spot price’ was the slogan of the store, but she realised that at the end of the day there as always something else, such as insurances which she did not ask, hidden commissions, and management fees. Eventually, she turned to her old way to do budgeting and shopping, without cards.

The credit from the ‘bank for the poor’ scheme has a different meaning for her. It involves engagements, sense of planning, goal achievement, and trust in other costumers -since if one is failing to repay, the rest suffer consequences, and the group can decide to exclude this person-. Therefore, a collective sense is made, showing a substantial agency capacity in the leverage of resources and the management of the creditworthiness.

Cecilia relationship with banking devices is more work-oriented rather than consumption-oriented. Her discourse about doing maths as an everyday practice is related to the skills required to be an entrepreneur, which are probably in contradiction with consumption skills, in her view. She sees how easy is to get a credit nowadays, and knows people juggling with debts, getting a loan to repay another loan; therefore, she tries to be distant from credit in that sense, for two reasons: firstly, she recalls the practices of the loan providers -opacity, distrust, lack of awareness-, and secondly, although she feels tempted to buy a car using a credit, she is not sure if she could repay, due to the variability of her business. So she can take a risk as an investment –her business-, but not for the sake of consumption.

63 Similar to the Grameen Bank created by Muhammad Yunus in Bangladesh
Paola

She is 39 and lives with her husband and their three children in a house in Maipú, a typical district of the lower-middle and the ‘new’ middle class. She finished high school and now is a small entrepreneur in the textile sector. She works with a variety of fabrics to produce clothes and accessories, in small markets and from mouth to mouth. Her husband works as a sommelier in a little restaurant. The family income is quite variable from CLP 400,000 up to CLP 1,200,000 [GBP 480 to 1,441] monthly, which put them between the first and the third income decile.

The budget planning is on a daily basis according to emerging expenditures and daily incomes. As it happens, she buys things and keeps leftovers to pay bills. She admits being disorganised in household accounts, but not in her business. They do not use cards; if they need something unaffordable on cash, they try to save, but most commonly Mrs Paola borrows a store card from her mum. They also have a car loan and an educational loan.

Paola emphasises that she does not like cards because she does not like paying interest. For her not taking a formal credit is a mental process, reinforced with the required discipline to save and purchase. She was and intensive cards user in the past. ‘Cards and credit brought me financial disorder: I lost my house and my car’. The couple used to make the most of the credit cards up to the limit, finding harder to make repayments, until her second child was born with a severe genetic malformation which led the family to get more debt to pay for medical treatment and services. Eventually, they lost almost everything. Afterwards, she broke all the cards and is holding on not to apply for a new one.

Their irregular income is not compatible with instalments arrangements. Nevertheless, she thinks that in some cases irregular incomes led to people to live their lives as in the top layer of their income, which is problematic, threatening, and risky. She thinks credit issues are not about misuse, but planning: in her case, she blamed herself for being already being indebted when the financial and emotional catastrophe came to her life; a better health insurance or state benefit is completely out of the equation.

Credit and the subsequent default changed her relationship with money and income. ‘Money is a problem, even if you have more, you will be more indebted. Credit is a vice, and leads you to irrationalities, like buying food on credit or being indebted as much you can afford’. The thing is the ‘machine’ is after you and chase, and it is hard to get out, she explains.

She learnt the lesson, no cards anymore; living hand to mouth, no plans. Now, she realised that saving is seen as a hilarious thing, saving coins sounds ridiculous. However, debt is always around her since all people are in debt to try to overcome some situation. ‘There are so many things that you cannot do without credit; this is how our society works, health and education expenses are inevitably only affordable through debt’.

Patricio

Patricio is 43. He lives with his partner and their three children in Pedro Aguirre Cerda, a southern district of Santiago, famous for its political resistance during the dictatorship in the 1980s, and now home of mainly lower income families. He run a small business aimed at producing ready-to-fry chips to restaurants and take-away shops, employing up to 4 people when the demand is high. All in all, the family income is £600 a month in average, which put them in the 2nd decile of income distribution. He is finishing his high school. Two of his children are still in secondary and primary education, and his eldest daughter goes to a private university to study business on credit. She was already given a current account and credit card, for studying at university.
Being self-employed means they organise their budget in a different manner. On top of they receive a variable income, they must keep a strict division between household expenditures and business administration. A combination of financial skills learnt in a financial education workshop for small entrepreneurs with their own knowledge and valuation scheme help them in the management of budgeting, shopping and credit. They get some funding for their business from a government agency focused on providing funds for entrepreneurial activities. The application to these funds implies passing the ‘proof of poverty’ through a point-based socioeconomic assessment, named informally as the Ficha CAS. Being the application successful, applicants have to attend different workshops in order to manage their new financial capability.

Although he learnt several ‘rational-economic’ things, for saving, a particular talent is required, he thinks. Financial skills are also values that you might teach to your children. He would like to be taught by his parents, like he is doing with his children. ‘I lecture my children about economic life’.

However, Patricio is not using credit at the moment. In the past, he experienced a lot of trouble due to indebtedness. He admits buying a lot of unnecessary things, which he thinks was only because of credit. ‘I want to give my children material things that I hadn’t and unnecessary things can be purchased thanks to credit’. Indeed, his default is not cleared, despite the fact he refuses to put it in that way. But now -as usual after a debt disaster- he takes some distance from credit and express criticism about other people who are living beyond their means thanks to credit.

He is very motivated because of the success of his business and credit appears to him as ‘a ghost from the past’. Patricio lives well, but not like he deserves it; so he is aimed to live better, but not on credit, as he tried once. As he is not able to get credit at the moment, for being penalised, he tried to develop his aspirations around the idea of a hard-working ethic, which is actually working for him. The challenge is coming when his penalisation will be over.

Luis

Luis, 47, is a repairman. This kind of job has different levels in Chile. You can find a repairman working for an established company, another case is a repairman who has their own facilities, but works independently. Luis belongs to a lower category; despite the fact he has some skills for that job, he doesn’t have a proper facility and mainly buys broken things to sell them in good conditions. He can even take some appliances from the streets or litter bins, and he could also compliment this job with other activities. At the moment he is living alone in relatives’ house in the outskirts of Santiago, but spent the most of his time focused on his economic activity in Conchalí. Due to the instable and precarious of his activity, his income is quite variable ranging from £180 to £500 month, which means that Luis roams from the 1st decile to the 5th decile of the income distribution. The minimum wage in Chile is £250 a month.

Due to his low-income, he could participate in a programme of a government agency aimed to providing funds for entrepreneurial activities focused on poor people. Thanks to that, he learnt how to calculate an estimate profit from the stuff he repairs and sell, and keep records of that. His accounting book works as a budgeting device, both for business and household, in a mixed way. No mortgage, no educational credit and no cards.

Having a variable income makes things harder form him. Luis is not an actual credit user, but he has long credit history, experiencing defaults, blockings, and other debt disasters. For 15 years, he used to work for the Santiago City Council in rubbish collection. Thanks to that job, he was offered a bundle of credit cards. He used for buying clothes and toys for public holidays. He reckons that from time to time he exceed his capacity. ‘Temptation is hard to avoid. Department stores offer you always something more, and you fall in their trap’, he explains. He never paid attention to how store cards work, so he faced troubles when debt started to grow.
The major debt he amounted was the purchasing of a quite sophisticated mountain bike costing £1,700! He made a down payment of £400 and the rest went on credit term. Four years repaying a bike that unfortunately was stolen just a few months after being purchased. When he lost his job, he couldn’t repay, and their cards become blocked.

Now, in his entrepreneurial facet, he misses having credit to increase his capital. His lesson was when someone is short of money is legitimate to recur to cards, but some skills are required.

Juan Carlos

Juan Carlos, 50, is self-employed. He works in three areas. Firstly, he belongs to a Mapuche organisation which offers gastronomy services and produces handicrafts. In particular, he sells wheat coffee, merkén [local chilli], and musical instruments, mainly in itinerant markets and events. It could be twice a week or sometimes just once in a month. Secondly, he manages a ruka [Mapuche traditional house] where his organisation welcome schools who want to learn in-situ about Mapuche culture. This is not regular, as well. Thirdly, Juan Carlos works as a mechanics. He lives in Peñalolén, an exceptionally socially diverse district in the eastern part of Santiago, with her wife and his 15 years old son, who is public high school. Her wife works as an intercultural health advisor. The family income is around CLP 700,000 [GBP 840] which located them in the 4th decile of the income distribution.

Only one store credit card has been present in Juan Carlos’ debt career, for at least 20 years. He felt accustomed to it. In that regard, he sees the use of cards as a one-choice only; having a bundle of them is not appealing to him. He recalls that card was offered to him without any paper work, so he is grateful for that. This transaction might be at the beginning of the era of ‘democratising’ credit, so the value for him is in the financial and social inclusion, unprecedented at that times (mid 1990s).

Nonetheless, Juan Carlos has some criticism about department stores, and sees bridging loans as problematic, which differs from the most of the people. ‘If I owe CLP 100,000 and I have no money at all, I could use my creditworthiness to take a loan from another department store to cover that debt. That sounds plausible, but at the end of the day, I owe to two stores. The only one who lose here is the one who is indebted, none of the stores’, he analysed.

Juan Carlos uses this card every month in small purchases, buying stuff mainly from a home improvement store. He feels the necessity of going to the store to see what’s on. The three instalments-spot price scheme is what he regularly uses; but he has elaborated an additional system: long before the payment is due, he pays a sum in advance, so by the time the full payment is due, he feels it less overwhelming and ‘painful’. When is in the need of buying a more expensive item, like a fridge, he combines savings and credit, giving a down payment of a third of the price of the item, and leaving the remaining sum in credit term, a system which come to replace the old hire purchase system. On the contrary, Juan Carlos’ wife use their credit card even when she could afford to pay in cash. ‘She has that bad habit’, judge Juan Carlos, looking for a plausible explanation in the convenience of using cards. All in all, these are two ways of normalising credit.

‘Credit is good, but you have to know how deal with it, you have to know how to ride it. One of the key features for this having just one card. People are so indebted, mainly with department stores, because they make this ‘cash withdrawals’ with their cards [high-cost short-term credit]’. In Juan Carlos views, especially youngsters are living on credit since they earn money, but repay almost everything as soon they received their salary. By living beyond their means, they are brining money from the future, using somebody else’s resources. Therefore, riding credit is a question of maturity. Nobody quit debt, but you have to be reasonable.

64 One of the indigenous people in Chile.
**Myriam**

Myriam, 30, small shopkeeper, maintains separated accounts between her business and the household management; all the money earned is re-invested. She has a Cuenta RUT – requirement of the government agency which make a money transfer to her family- but she does not use it. Her husband used to receive his salary on that account, but now he receives weekly payments in cash. So that Cuenta RUT was used indistinctively by both.

She recently had access to a store card, and the card was used for Christmas shopping, for the very first time. She bought two kettles and a mobile phone, making a down payment of CLP 25,000 [GBP 30]. The difference was set in monthly instalments of CLP 26,000 [GBP 31]. She missed the first payment, and when she went to the store to pay the first and the second payment –CLP 52,000 [GBP 62], she thought- surprisingly for her the cashier ask her for CLP 75,000 [GBP 90]. *It is the interest, so now it’s CLP 75,000*: Myriam refused to pay that money and insisted to pay just CLP 52,000 [GBP 62]. It was a clash between how she thinks credit works and of course the rules stated by the lender. Evidently, Myriam refusal will follow a legal punishment from the lender.

She also experienced another issue, when got involve in a sort of scam. A friend of her, introduced to her a salesperson in a department store, and encourage her to get the card, make a big purchase, and then she will ‘erase’ the card from the records, as she allegedly has access to do that. After the purchase, the ‘erase’ never happened, so she ended with a debt of the size of her monthly income. She doesn’t seem complicated about the moral implications of this failed attempt, to the extent that Myriam dislikes the ‘black box’ of fees, commissions and insurances that are attached to the use of cards. She thinks that is a ‘legal scam’.

In fact, she tried to avoid using store cards, because in the past she had several store cards, as a consequence of her first formal job, and reckons to be so tempted to go to that store and do appropriate items, like a child’s play. She also realised that the creditworthiness in that store open the gates for having a card in other stores. In that context, she got new store cards almost by chance, without a strong disposition to it. *I had a lot cards, just because I could; I was younger, I try to do what everyone else was doing. I bought a telly, furniture, but I repaid everything, I worked for that*.

A different dimension of her financial relationships is her participation in Fondo Esperanza [Bank for the Poor style fund], where she never misses a weekly payment, and understands that is way to invest in her business. She projects some improvements to her business model, considering a new loan from this fund. That would be her third one. Myriam also understands that if she fails, all the group of small borrowers like her will suffer so the moral implications are higher compared to owing money to the department store. It is about the key feature of making a business grow, instead of just buying ‘silly items’ at the store; Myriam manages her different credit portfolio between temptation, needs, and prospects.

**Débora**

Débora, 39, is fully committed to raise her business as a shopkeeper. All the money earned is re-invested, and she temporally ‘delegated’ the household financial management to her husband. He pays all family expenses and is in charge to decide the grocery weekly shopping. Without a regular income, she had at least six store cards. Four years ago, when her husband got unemployed, they eventually could not repay so they defaulted. This is typical situation described by economics; a consumption expansion eased by credit, and a default after an unemployment crisis. According to the same predicament, after the employment is recovered, creditworthiness is restored. However, things are more complicated; they just quite
repayments, so surely she is in DICOM [National Record of Defaulters]. She did not manage to smooth the situation, so now it is hard to her to find a conventional source of credit.

Back in the old days, Débora had one card per each store she made her regular shopping, namely department stores, supermarkets, pharmacies. The access to credit shape her shopping, but also her shopping preferences influenced her access to credit. *I got the cards because they offered to me, so I said what else? But I never knew how they actually work in deep, I just went for it*. Despite her lack of enthusiasm to learnt about cards, but for use it, she never paid the minimum payment since she feels like in this way things were complicated, so for her it looks more sensible to paid in full or at least a considerable portion of the balance; she knew that any outstanding balance will be added to the next statement. Without knowing a word about it, she learnt the essentials of revolving credit.

As a shopkeeper, Débora allow to some customers to buy on tick. So far, she has some ‘bad apples’, amounting for around CLP 70,000 [GBP 84], probably a high sum for her business. However, she expresses empathy by discriminating those who do not want to pay form those who cannot pay. She does not want to be like department store which does not discriminate.

*I think I won’t need to use store cards anymore, if you are well organised it is not necessary. If now I am not using it, why should I tomorrow? I live well without cards. You have to learn to live with your means, not buying in excess*. Surely Débora cannot use cards at the moment because she is penalised, so she is trying to take the chance to really quit cards and to manage things differently, being an entrepreneur, freezing her consumer perspectives, and proudly involving in investing practices. For that movement, it is not necessarily a particular amount of any capital, but some events of a debt career and its practices could lead to that.

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**Katherine**

Katherinne, 32, is currently a housewife, but she used to be a small entrepreneur. Her husband works in transport business. As usual, bills go first, and store cards are considered part of them. Then children expenses, and if there is some leftover, a treat once in a while. Despite they manage a *Cuenta RUT* card, cash is the option for them, and twice a month she withdrawals money from the account. They share everything, so nominally the card is on the husband, but both manage the card, and the budget, and go together to the majority of the shopping. The share their views, ‘but I always ask him, because at the end of the day, the money belongs to him’, stating an undermined position with labour income.

Despite their tiny budget, this family manages to save some money. They arrange some cans to do that, and put coins on it, mainly CLP 500 [roughly 50 pence] coins. When they are facing an emergency, they recur to that or when they want to go on holiday. Katherinne are not as good in saving as her husband, because she has to spend those coins in day-to day items.

The husband is also the owner of the two store cards, but as usual, the decision of use lies mainly in Katherinne. Cards are not used every month, just for making gift, to organise a birthday party or to buy an expensive item in the supermarket, like baby nappies. *This is something new for us, I would say from the last year. Before that, we buy only if we have the money; because what would happen if we use credit and then we don’t have the money to repay*. That is a question of common sense but express a less common way to deal with risk. Does this mean this is conservative family? They eventually declare assuming the risk, but for the sake of the children. Nonetheless, as credit pervades the majority of micro-economic practices within households. Before owning store cards, they already borrow her father’s store card, ‘but always for the children.

*Cards help but you have to treat them with respect and stay alert with them*. Katherinne expresses fear before hope regarding credit, fear of being too enthusiastic, of not knowing too much about the conventional rules of credit, and of not being able to repay. The
credit limit is not part of their way to elaborate a life much better since their fictional expectations, which is, what is reasonably for her to expect about her economic future, credit risks outnumber benefits; but in no way this means that she feels conservative in their effort to give a better life for her family, how she envisages the way to do that is different to those to establish credit as a legitimate tool for climbing in the social ladder, improving their consumption prospects or making the most of market opportunities. For Katherine, cards are just for coping, whereas, for instance, her sister uses credit to go to gigs, to dress better, to shop in malls, to travel.

Katherine is also careful with prices; she refuses to detach the full price of an item from the potential credit plan of it. When she buys clothes to her children, she chose what is ‘within my economic reach. You have to be conscious about that’. That awareness is social and material, it is about not buying things beyond their status, just because they can be bought on credit, and it is also to not get too much debt. However, as her possibilities to get different sources of credit, she simply cannot be aware of the rate interest; comparing is not a possibility to her family.

Marcelo

Marcelo, 51, is a handy-man. He shares both management and decisions about money within his family. The budgeting practices are shaped by the fact that Marcelo has no secured job, so he received money irregularly, on daily basis, if any. The accumulate bills, and as soon money is arriving, they paid that. The rest of the money is keep separated to go to the supermarket once in a month. Therefore, it is a hard for them to keep a detailed account of their expenditures since ‘our money is so few that it is not necessary’.

Marcelo has been offered the Cuenta RUT, but he refused this ‘forced banking’ since he does not make any sense of it. He needs his money instantly, so he does not want to withdraw money as soon as he received some money. Those who have the Cuenta RUT usually withdraw the all the money once or twice in a month, and do not participate generally of all financial possibilities of the account; they have it just because government benefits are paid on it.

Not having the most basic banking instrument for lower income people does not imply that they are outside the credit market; the use credit in and out of the market. For instance, Marcelo is repaying a store card -CLP 22,000 [GBP 26] monthly- for a wardrobe. Her wife is repaying a washing machine after borrowed a store card from her sister -CLP 18,000 [GBP 21]. An educational loan for his eldest son is part of the monthly arrangements -CLP 17,000 [GBP 20]-. They set the instalments to fit into their monthly planning, without taking into consideration the usual ‘rational choice’ suggestion of the authorities of browse and compare different credit providers, that is out of reach for a vast majority of debtors, especially those like this family, are living some months under the poverty line.

For instance, the wardrobe was priced in CLP 150,000 [GBP 180], but they ended paying CLP 300,000 [GBP 360] considering twelve instalments. So what store formerly called ‘convenient terms’ became hardship for these families. As job opportunities decreased, so the family income and they found hard to reach payments on time; revolving credit and delayed payment fees did the rest for increasing the price of the wardrobe to three times the original price, they reckon. As they have a variable and very low income, credit is unmanageable at some point so for them is negative.

As they feel overwhelmed by cards, they refuse to get more. Marcelo’s wife is aware that having cards is in no way ‘a privilege’. They are easy to get. ‘In each corner you have a salesperson offering you one of those. But now I don’t want more cards. I started to save because I want to have my own house, and to get a subsidy from the state, I need to save money first’.
The lack of or lower banking leverage resources has some implications. Despite of the deprivation that provokes two irregular income earners, the needs of this family do not differ than others. Beyond the essential things, they pay for education, home improvement, leisure-treats and holidays. As their possibilities of credit are already taken in ‘home-improvement’ and ‘education’, they save instead or recur to credit for going on holiday or to take their children to the movies. They also resort to different types of resources, like social bonds, who multiply their economic resources; for instance, they went on holiday with other family, pooling resources sharing bills and saving money. That was a big accomplishment for them. ‘It was ten years since the last time I went to the beach. I almost forgot how the waves are. My youngest daughter did not even know the sea’. 

They construct a meaning for using credit just for important, expensive purchases only reachable by credit. They assess credit is for big things, like appliances but not for food or clothes. They distance they take from credit is shaped by the lack of secured job, but also for the urgent aspirations, especially of Marcelo’s wife. Living as a non-paying renter was not infrequent amongst lower-income families thirty years ago, but now it looks stigmatised.
## APPENDIX II – SOCIODEMOGRAPHIC FEATURES OF THE SAMPLE

<table>
<thead>
<tr>
<th>Alias</th>
<th>Sex</th>
<th>Age</th>
<th>Type of family</th>
<th>Occupation</th>
<th>Class*</th>
<th>Income Decile</th>
<th>City</th>
<th>Municipality Typical SES</th>
<th>SES by Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paulina</td>
<td>Female</td>
<td>43</td>
<td>Single, two children + 1 parent</td>
<td>Teaching Assistant</td>
<td>PIWC</td>
<td>4</td>
<td>Copiapó</td>
<td>C3-D</td>
<td>D</td>
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<td>Santiago</td>
<td>C3-D</td>
<td>C3</td>
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<td>C3-D</td>
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<td>1-2</td>
<td>Santiago</td>
<td>D</td>
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<td>Ximena</td>
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<td>Santiago</td>
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<td>Santiago</td>
<td>C3-D</td>
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<td>C3</td>
</tr>
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<td>Antonieta</td>
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<td>Santiago</td>
<td>C3-D</td>
<td>D1</td>
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<td>Couple*/2 Children + 1 grandson</td>
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<td>C3</td>
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<td>D1</td>
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<td>Couple/1 child</td>
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*Class acronyms*

PIWC= Post-Industrial Working Class
LSE= Low-Skilled Entrepreneur
LMC= Lower-Middle Class
To the participant in this research

About the research

My name is Alejandro Marambio-Tapia and I am doing my doctoral research at the University of Manchester. The aim of the project is to explore the use of credit in the context of household domestic budgeting. Whilst the overall project is taking place between 2013 and 2017, the interviews and fieldwork will be developed during 2015, in Santiago and Copiapó.

About your participation in the research

You have been chosen to take part in the research as you are a credit user and/or are involved in the budgeting planning of your household. You will be asked to participate as interviewee, in a chat lasting no longer than one hour. If you have participated in it, you will also be asked to share your comments about your participation in a financial literacy lesson. Please note that there is no monetary reward for taking part in this research.

In the interview, you will be asked about your use of your credit card(s), department store card(s), consumer credit, and other credit devices, how this is related to the budgeting planning in your household, and your thoughts about this. During the interview, the researcher will take notes. Audio recording will be used only under your consent. The interview can be stopped at any time you require.

Are my statements going public?

Your comments and statements will be used together with the comments of other interviewees in order to create a report about the subject. Your anonymity is guaranteed, since your names and any feature that allow identifying yourself will be omitted. Besides, the audio recording (if any) and notes will be securely stored and only the aforementioned researcher will have access to them. If a quotation of yours is used in the final text, your confidentiality will be preserved by using generic names; for example, “I love shopping” (Salesman, 45 years, Santiago).

What happens if I do not want to take part or if I change my mind?

Your participation in this research is totally voluntary and you can withdraw from the study at any time, whether before, during or after the interview has took place, without obligation to state any reason for that.

What might be the impact of the research on me?

Because you will be discussing about your economic domestic life, please feel free to interrupt the interview whenever you feel uncomfortable.
When the research finishes, you will be able to access the final outcome of the study, by receiving the full-text via email. A shorter printed version will be distributed via regular mail, if you are interested. Further publications based on the research may follow, regarding the same confidentiality and anonymity standards.

Contact Details

Alejandro Marambio-Tapia
alejandro.marambio-tapia@postgrad.manchester.ac.uk / amrambi@puc.cl
+44 7826 559959 / +569 93265820

What if something goes wrong?

If you feel upset or uncomfortable, you can stop the interview and withdraw from the study at any time.

If the interview raises questions and concerns about your credit practices you can contact:

- Banking Customer, Tel. 600 4646 000, www.clientebancario.cl
- Financial Consumer Agency, Tel. 600 594 6000, www.sernacfinanciero.cl

If you have any concerns about my role as researcher, you can contact my PhD supervisors at the University of Manchester:

- Prof Alan Warde, email: alan.warde@manchester.ac.uk, Tel: +44 0161 275-3630
- Dr Wendy Bottero, email: wendy.bottero@manchester.ac.uk, Tel: +44 0161 275-0267
If you agree to participate in the research, please read this consent form and sign it:

1. I confirm that I have read the attached Information Sheet on the above project and have had the opportunity to assess the information and ask questions which have been answered satisfactorily.

2. I understand that my participation in the study is voluntary and that I am free to withdraw at any time without giving a reason and without detriment to any treatment/service.

3. I understand that the interviews will be audio-recorded

4. I agree to the use of quotations that are anonymous

I agree to take part in the above project

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<th>Name of participant</th>
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APPENDIX V – INTERVIEW PROMPTS

Questionnaire Draft and Prompts

Interviewees: either male of female respondent

Section 1: Domestic Budget

- How do you usually organise household expenditures? How this task is familiarly shared? Do you use a digital or written record of this?
- During the last month, did you use a credit card, consumer credit and/or department store credit card? How many times? Where? What did you do? Concrete aims of credit: luxury, education, housing, unexpected, ordinary goods and services, durable consumer goods, future plan; Credit devices: credit card, instalment plans, consumer credit, and instant cash.
- Do you or your family have long-term credit (education, mortgages, others)
- What do you think credit is for? Consumption patterns: bringing the future to the present, monetary system account, virtual increase of income, desire trigger / goal achievements
- How do you use credit? Paying on time or revolving?
- Overall, do you think you use too much money for paying credit?
- Have you ever borrow or lend your credit card?
- How did you learn to use credit cards? Do you think credit cards are hard to understand? Self-assessment about the competences and practical know-how about credit skills (knowing about additional fees, revolving credit, hidden commissions, reading an invoice, interest rates, and so on)
- Do you share the control of household expenditures?

Section 2: Assessing credit

Ask for view on a particular significant loan or purchase
- What if you don’t use credit?
- Do you think is hard to get a credit?
- Do you think all forms of credit are equivalent?
- Do you think you use credit a lot?
- Do you think credit is a good or bad thing? Latent elements: Insecurities, livelihood, opportunities and creditworthiness; credit and mobility (going forward, leaving poverty, underlying assessment of class position and class structure);
- Do you think other people actually use credit more than you? Do you think your neighbours or job mates are using credit? Do you think all kind of people use credit?
- Have you ever participated in saving clubs?
- Do you consider yourself as responsible with payments?
- Considering the Chilean economy, do you think is possible to reject credit?
- Would you like to quit using credit? If so, which sorts?
- Do you usually take into account rate interest when taking a loan or using credit card?
- Do you usually make a plan to get indebted?
- Do you use credit just to face unexpected events?
- Do you save money before ask for a credit in order to diminish the money borrowed?
- Broadly speaking, do you think getting a credit something problematic?
- Is the use of IT in domestic finances producing lack of control of budget? Ask what they do? Is it too difficult?
- How do you deal with credit offers?
- How do you service the loans you have?

Section 3: Credit Trajectories

- When was your first time using credit cards? (dates, familiar event, changes)
- Did you use credit during unemployment, for weddings, births, and others?
- When do you think you use more credit?
- Do you remember of these events 1982 if possible; 1997 crisis; 2011 riots and financial affairs; economic “miracle” (in Copiapó)? Do you remember if you use credit at that time?
- Do you move between indebtedness and no credit?
- Have you ever felt over-burdened by debt?

Section 4: Background Information

- Age
- Current employment
- Highest educational qualification
- Place of living (if interview is not carrying into household)
- Marital status and family members
- Total households income (showing band of income if necessary)
• Aparici, G., & Yáñez, Á. (2004). Financiamiento de los Hogares en Chile. *Serie Técnica de Estudios*, Banco Central, Chile (001).


Ossandón, J. (2012). Destapando la Caja Negra: Sociologías de los Créditos de Consumo en Chile [Opening up the black box: sociologies of consumer credits in Chile] (No. 42181). University Library of Munich, Germany.


