

From “good credit” to “bad debt”: Comparative reflections on the student debt experience of young professionals in Santiago, Chile, and Montreal, Canada

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This article explores how and when student debt is represented as a problem for young people as well as the ways in which the consequences of this indebtedness are handled. This is done through a comparative reflection about the experience of indebtedness felt by several young adults who have university student loan debt in Santiago, Chile, and Montreal, Quebec, Canada. The primary results confirm that the two contexts produce two types of distinct experiences of indebtedness. The young adults in Montreal consider indebtedness to be a problem, so much so that they have internalized the discourse on individual responsibility and financial autonomy promoted by credit agencies and Quebec society. Indebted young adults in Santiago consider their indebtedness to be a problem when they observe that Chilean society is not capable of fulfilling the promise of social mobility through the acquisition of a university degree. While for Montreal debtors, the consequences are internalized and shielded by legislation, the Santiago debtors politicize their demands for a debt solution.

Keywords Debt; Student Loans; Life Change Events; Young Adults

“Credit” is understood as a means to access a good or service that is geared toward a desired future, meaning that it is viewed positively. Debts, however, represent current credit obligations, which are socially valued as a negative thing (Chris 2012). This opposition between the social valuation of credit and debt can be observed, for example, in the public treatment shown both in Chile and Quebec, Canada, toward indebtedness as a means of financing higher education during the student protests in 2011 (Santiago) and 2012 (Montreal). Whereas the governments in office in both places considered access to a university education to be an investment that is worth student debt, young Chilean and Quebecois students see this student debt increase as a reason to initiate important social movements in both contexts.¹ This raises a key question: How can we understand that the same kind of indebtedness has created such distinct valuations? In other words, how does a public discourse that presents student loan programs as “good credit” get transformed for some into “bad debt”?

To address these questions, two clarifications of a conceptual nature must be made at the outset. The first relates to the distinction between credit and debt, and the second concerns the idea of problematic indebtedness. Regarding the first point, and echoing economic anthropologist Chris A. Gregory’s (2012) writings on the use of the concept of debt in the domestic moral economy, the use of credit and of debt as opposing notions must be understood as the result of a semantic confusion that has established the idea that credit and debt are synchronic. Strictly speaking, credit and debt are part of a diachronic process. Thus, while the credit exists as a potentiality and something that belongs to the future, once the applicant is considered to be trustworthy and the loan is awarded, the credit becomes a debt (Chris 2012). If we want to understand the dissonance between the public request to foment credit and the

reaction of the debtors who call attention to the risks of student debt, one must understand that both representations appeal to distinct yet related temporalities. We can then conjecture that if those indebted by education publicly position their situation as a problematic one, it is also a commentary on the social assessment of credit as a legitimate means of access to higher education. Put another way, the claim the debtors are making is constructed as a reaction to the idea purported by governments that student credit is an investment for the future (Pérez-Roa 2014c).

Having said that, situating credit and indebtedness as parts of the same process does not help us understand how debt becomes a problem for young debtors. Essentially, a debt does not necessarily mean problematic indebtedness. If a debt becomes a problem, it has to do with the lending institutions, the decisions of an individual, and the simultaneity of critical events in the individual's career path (Villarreal 2009). We can therefore accept that some people are facing debt situations that may become problematic as a function of a series of events that are more or less unexpected in conjunction with the representations that the individuals construct of them (Duhaime 2003). Anthropologists have examined how credit and debt relationships construct time regulation patterns, configure social spaces, and define identity boundaries between individuals and objects (Müller 2014). Debts have an effect on the subjectivity of debtors in terms of relationships, time horizons, and calculation frameworks (Deville 2014). Debt encloses a moral within itself, as suggested by Lazzarato (2011), that seeks to make us into guarantors of our own actions, personally taking on their costs as well as the risks of a flexible, financialized economy. Graeber (2011, 159, 199) believes this is so because there is an implicit social norm linking debt to a moral failing, and this stems from the era in which debts were paid through the slavery of part or all of the debtor's family.

This article puts forth a comparative view of the debt trajectories of educated young adults in Santiago, Chile, and Montreal, Quebec, Canada, using the primary results of two on-site studies. The goal is to undertake a critical exercise that enables a comparative reflection between both paths that takes into account the social and political context. Thus, to fulfill this aim, the methodological scope and limits for both studied contexts shall be presented. Afterward, a comparative analytical perspective of the three central elements is laid out in order to understand the debt trajectory, namely, the perception of the problematic nature of debt, the consequences of the debt, and the psychosocial impacts of debt and its relationship with the state. These dimensions encapsulate the richness of the empirical work done in each of the two contexts (see Pérez-Roa 2014a, 2014b, 2015, 2018). They also represent the principal distinctive elements that arise from the debt trajectory of the participating young adults in their respective situations.

Young professionals and debtors in Montreal and Santiago: Case studies, methodology, and participant access

To understand the debt trajectories of the young professionals and debtors in both situations, a brief context must first be given concerning three key aspects, namely, the education systems, the student assistance or credit systems with governmental funding, and the social protection systems designed for people with debt problems (Table 1).

On the education systems

Young professionals in Quebec have inherited a political project of democratizing education. The universities in Quebec were restructured under the guiding light of the modernization movement of the 1960s–70s (Maheu 2006). This process was characterized by strengthening the public university network in the territory of Quebec, increasing women's and older adults' enrollment at the universities, and secularizing the universities (Rocher 1994). The financing system for higher education in Chile dates back to the sweeping reforms pushed by the military government in 1980, which created the private universities and other institutions and redesigned the university financing structure (Bernasconi and Rojas 2004). While this system increased university enrollment by more than 60% in twenty years, the economic weight of this increase was borne in large part by the youths and their

Table 1 Comparison of the Education, Credit, and Debt Systems of Montreal, Canada, and Santiago, Chile

	Education System	University Funds and Credits	Debt Protection System
Montreal	Inherited an education democratization project. University system that was planned as having universal access, but because of austerity policies, the financial contribution of young people has gradually increased.	System of centralized financial assistance for students in the form of scholarships and loans. The banking institutions manage the loan system, which are the ones lending money to the students.	Public and community institutions that act as debt intermediaries. There is the law on bankruptcy and insolvency; however, educational debts are not admissible until seven years after the end of one's studies.
Santiago	Inherited liberal political and economic reforms. Education system with a high degree of private players wherein the economic burden of a university education is borne by the youth and their families.	A mixed financial system of scholarships and loans. The year 2016 saw the beginning of a progressive system of tuition as a function of family income. There had been three kinds of credit available up until 2014. They varied according to university type: (a) "solidarity fund" for students at traditional universities; (b) state-backed loans for accredited universities, which was the most numerous type; and (c) CORFO, which was the first bank credit designed for any of the universities.	The law of reorganization for individuals and businesses. Debt stemming from student credit is not covered.

families. According to Meller's figures for 2011, 60% of the students in the lowest three income quintiles had education debt.

On university credit systems and funds

In Quebec, financial aid is offered to university students who are enrolled full time and is provided through a "loans and scholarships" program. The program is supplementary, as it is the student who has to pay for his or her studies. Government aid seeks to cover the gap between the expenses associated with a student's studies and the student's contribution. When students declare that they receive help from family and friends, the program sets the contribution amount and then uses this figure to determine the loan amount. Repaying the debt is the exclusive responsibility of the debtor. The loans are administered by the financial institutions and guaranteed by the state. This means that it is the students who go into debt with the financial institutions and the government who guarantees the payment of interest. This makes it a risk-free enterprise for the financial institutions.

In Chile, there was a mixed system of scholarships and credits until 2015. The first student credit system dates back to 1981 and is known as the University Credit Solidarity Fund. This fund is only for the so-called traditional universities. "Private" universities represented a bit over 50% of enrollment in 2010. Until 2012, they had two credit types subsidized by the state: state-backed credits (CAE), which still exist, and the undergraduate Corfo credits. In this study, I go into depth about undergraduate Corfo credits, the credit modality at the center of this work.

The undergraduate Corfo credits were created in 1998 during the government of Eduardo Frei and were in effect until early 2012. They were loans administered by commercial banks using government-provided and guaranteed

funds through the Chilean Economic Development Agency (i.e., Corfo). The procedure was for Corfo to provide loans to the banks at a 3% interest rate so that they could then make a loan at a maximum rate of an additional 5%. In the event it was not paid back, they were guaranteed up to 50% of the loan. The credits were given out in UF² with a fixed interest rate on an annual basis and were renewable and financed up to 200 UF each year in tuition and fees. The maximum payment plan for a loan was fifteen years. An assessment of the university credit system in Chile from 2005 showed that 5% of higher education students paid for their university education with this credit modality (Facultad de Economía y Negocios 2012). According to figures from the Superintendency of Banks and Financial Institutions of Chile (hereinafter SBIF), by 2010, there were 113,163 debtors in this credit system, bearing in mind that the undergraduate Corfo credits were eliminated in 2012. In the words of executive vice president of Corfo at the time, Hernán Cheyre, “It was a horrible program. Today we are paying the consequences of a very bad public policy.”³

On the systems of protection for debtors

Normally, debtors with debt problems in Quebec can choose from two kinds of solutions—financial or legal. Financial solutions include all of the resources that individuals may access outside of the legal system. This assistance is provided by community organizations. Legal solutions are regulated by either federal or provincial legislation, as the case may be. These individuals may turn to the personal bankruptcy or insolvency law as a last resort. However, despite the economic weight that can result from student debt, the available solutions for young debtors are very limited. The federal insolvency and bankruptcy law states that the debts from studying can only be annulled through this law seven years after having been registered in the university.

In Chile’s case, despite the fact that the indebtedness of Chilean families represents 69.8% of available income (Banco Central de Chile 2014), only in 2015, as a result of a series of financial scandals that demonstrated the lack of protection for Chilean consumers, was the law on bankruptcy and clean slates created. This law offers help to people who wish to renegotiate the terms of their debts or liquidate their property to pay for debt. Debts stemming from student loans are not covered.

However, despite these differences, large student protests were launched in both contexts that put the higher education financing systems up for debate, along with the entry of banks into the financing systems and the effects of student debt. The Chilean student movement of 2011 that clung to the slogan “No to profiteering” sought to show the effects of privatizing the right to education and the collusion between politics and business (Figueroa 2013). This movement led to the creation of the Corfo Debtors Associations.

In 2012, as a result of the increase in university tuition costs that the liberal government of Jean Charest planned to impose on students, a student movement described as “historic” gripped Quebec. The government project proposed a gradual increase of CA\$2,168 and CA\$3,793 from 2012 to 2017. From the perspective of those who supported the government’s discourse, the hike in tuition fees was justified, as Quebec is the province with the lowest education fees and the increase would help manage university financing problems. This meant that the students would have to pay “their fair share” of the instruction of which they were the beneficiaries. Contrarily, those who were against the tuition increase used multiple demonstrations to state that it was not justifiable, as it was a reflection of the commercialization of education. They said it was a political project that was seeking to install financial capitalism rather than being a justified necessity (Martin and Ouellet 2011). The election of the government of Pauline Morois on September 4, 2012, and the annulment of the tuition hikes at the university quelled the conflict. Bear in mind that the study participants are indebted professionals, meaning that participating in these student movements was not part of the selection criteria.

Study details

This study sought to explore the experience of problematic indebtedness felt by the young adults educated in Montreal and Santiago. Two on-site study periods of approximately three months each were conducted at each

location. The fieldwork was done in Montreal during the student movement of 2012. To recruit participants, the fieldwork began with volunteer service that was carried out over three months at the Cooperative Association of Household Economy (ACEF). The ACEFs have a work plan designed to help indebted students that consists of individual interviews and collective workshops. Under the framework of this research, I participated in more than twenty informational workshops that were held in Montreal between January and June 2012. I was able to recruit sixteen research participants at these workshops. The selection criteria for the participants were as follows: adults between the ages of twenty-five and thirty-five years at the time of the interview, perceived their own financial situation as critical, sought assistance from the ACEF, and had gone into debt from pursuing university studies. Only the interview data were analyzed for this article.

To examine the situation of young debtors in Santiago, this field study began with a voluntary project of four months' duration at the regional office of Consumer International. Afterward, a collaboration protocol with the Corfo Debtors Association was established to access the sample. Young members of the group who had pursued university studies and gone into debt during their study period were asked to participate. They had to be between the ages of twenty-five and thirty-five years, be residents of the Santiago downtown neighborhood, and perceive their debt situation as critical. This cohort of individuals was chosen given that they were young people who would have entered into the higher education system prior to 2006, which is the year the CAE was implemented. Also, owing to their age, they should have at least theoretically begun their professional working lives. A survey was given to 560 young debtors residing in Santiago, followed by sixteen in-depth interviews. Only the interview data were analyzed for this article.

The in-depth interviews held both in Santiago and Montreal lasted approximately sixty minutes. The goal was for the participants to provide a timeline of their debt trajectories (Duhaime 2003) as a function of specific benchmarks that resulted in bifurcations (Bidart 2006) to that trajectory. Such benchmarks or bifurcations were built using what the literature on the subject recognizes as the "cycle of indebtedness" (Duhaime 2001, 2003), whose key moments are the "start of indebtedness," which includes the characterization of the family's socioeconomic condition, characteristics of the course of study, and access to the credit process; the "breaking point" (Duhaime 2003), or the moment in which the debt becomes a problem; and the "exit conditions," which describe the expected end of the indebtedness situation. The thematic analysis technique was used to analyze the interviews (Paillé and Mucchielli 2008). The themes were identified by reading the interview transcripts and research notes, both of which were then used to identify central, associated, and divergent themes.

This article aims to enrich the analysis of the indebtedness processes in each context through an analytical construction exercise of distancing in relation to the object that allows us to understand one context by using the other, starting from the recognition of the various cultural and political anchors of the indebtedness processes. To do so, I provide the primary results of each case study (Pérez-Roa 2014a, 2015, 2018) and seek to clarify the specifics of each context by examining their contrasts. This is how I constructed three dimensions of the indebtedness process, namely, (a) the perception of the problematic nature of indebtedness, (b) the consequences of indebtedness and the psychosocial impacts of such indebtedness, and (c) its relationship to social connections. These dimensions encapsulate the richness of the empirical work, while also representing the principal distinctive elements that arise from the debt trajectory of the participating young adults in their respective situations.

Results and discussion

Perception of the problematic nature of indebtedness: From "not being able to pay the debts" (Montreal) to "being obligated to pay the debts" (Santiago)

The thin line that separates a "normal" debt situation from a "problematic" one is difficult to draw. The various elements that are included during its creation, in addition to the multiple definitions that subjects ascribe to their

actions, lead to a kind of inexact understanding of the moment in which the problematic indebtedness began. However, for each of the studied contexts, I was able to observe a kind of discursive homogeneity in the way in which the participants described “the” moment that for them marked the change from a mere indebtedness situation to one they characterized as “problematic.” As a first step, these degrees of homogeneity help establish the normative impact that the social institutions have in demarcating the indebtedness problem (Fraser 2005). They also reveal how this institutional logic frames a set of actions and strategies considered as “possible” to pursue by the young adults for facing their problematic indebtedness.

In the Montreal case, this “inflection point” (Duhaime 2003) is described by the participants as a specific moment in which two situations fuse. When they cannot fulfill their financial commitments on the dates agreed to with the creditors and when they reach the limits of their credit resources, including their financial instruments or family support on which they depend. This moment generally responds to a specific situation, such as a drop in income, unemployment, a separation, an illness, or a loss-making combination of two or more of these elements. In such a context, the problem of indebtedness becomes delimited by social institutions. They offer an array of solutions that range from “financial solutions” to “legal solutions” as a function of the gravity of the problem. However, for the majority of the young interviewees, their options were limited to financial solutions. The federal insolvency and bankruptcy law says that the debts from studying can only be annulled through this law seven years after having been registered in the university. This clause immediately excludes nearly all of the interviewees. Despite the fact that they were not able to benefit from this right, it was not something they questioned in and of itself; rather—and this sounds paradoxical—it calmed them down. For the majority of the interviewees, going into bankruptcy was viewed as a sign of failure, as an experience that carries with it a severe moral judgment that they were not at the “age” to accept: “I’ve been living in an extreme situation since January, but I still think I can do something to sort this out”. ... “I’m thirty-two years old, so I’m too young to go into bankruptcy” (Emilie, primary teacher, interview, December 6, 2012, Montreal).

For the Corfo debtors in Santiago, the indebtedness problem arose from an entirely different place. The payment difficulties the youths and their families were facing originated within the very same credit structure. The public policy from the start tried to ease university access for a specific population, which is why they and their families had access to the Corfo credit that was administered by financial institutions. Because of this, the selection criteria for the beneficiaries ended up having a primarily commercial focus. In other words, upon shifting the administration to the private banking sector, the issue of whom and what kind of educational project should be financed via this credit modality was reduced to a question of the financial risk of the future professionals. As this was considered “risky” from a financial perspective, the administering financial institutions of the Corfo credit guaranteed their capital in three ways. First, there is the requirement of at least one “guarantor” or “cosignatory.” This individual or legal entity voluntarily commits to fulfill the responsibility of a third party in the event the latter cannot do so. Second, they would add between 5% and 6% interest on top of the original interest rate of 3% that Corfo charged the banking institutions. Third, the government guarantee that was explained above went into effect once the banks exhausted their legal collection actions, and it covered up to 50% of the unpaid balance of the credit, with a limit of 500 UF. These guarantees turned a risky operation into a business with minimal risk for the banking institutions associated with the Corfo credit. However, all of these financial guarantees for the bank were not guarantees for the borrowers and their families—quite the contrary. The “financial risk” was directly transferred to them through high interest payments and subjecting the credit to an annual assessment of the solvency conditions of the borrowers, their families, and their respective guarantors.

From a government perspective, this risk transferred to the individuals and their families was not considered to be a problem. Both the Corfo program and all of the policies of financing higher education in Chile were designed upon the theoretical expectation that acquiring a university degree meant obtaining jobs with higher incomes that would enable debt repayment of the credit (Meller 2011). This idea is founded on the theory of human capital that

considers education to be an investment comparable to a financial one, hence guaranteeing an economic return. “Being a professional” was no longer a promise about better conditions in the employment market; it became “the” way to access highly coveted social mobility. This idea was woven into the discourse of the participating indebted young adults. For them, being a professional was less about having a clear idea of what it would be like to have specific duties and more a diffuse concept built on social constructs that situate professionals as a category of people who have better access to the market of goods and services: “I wanted to study. I wanted to study so I could work, help out at home, buy myself things, because in my family nobody has a car. We don’t have a lot of things” (Laura, twenty-eight years old, kinesiologist, interview, September 29, 2012, Santiago). The very credit conditions ignited the problematic indebtedness situation for the Corfo debtors because of (a) the abusive credit conditions and (b) the perverse effects created by a “social truth” based on abstract theoretical constructs that not only ignore the discretionary, arbitrary, and discriminatory nature of these decisions but also try to ignore the conditions of inequality in which this “rational” decision to access credit is made (Lemay 2010).

Individual consequences (Montreal) versus collective consequences (Santiago) of indebtedness

The debt trajectories of the young debtors in Montreal began when they left the family home to undertake their collegiate or university studies, thus initiating their independent lives. Indebtedness is a means through which the young people could answer the “test” in the Martuccelli (2006) sense of being economically autonomous individuals. When the financial structure is weakened due to things like job losses, low salaries, relationship breakups, or professional changes, credit becomes a means of maintaining autonomy (Pérez-Roa 2015). Economic autonomy for young people in Montreal is the starting point. In the case of debtors in Santiago, economic autonomy is a project related to the “ideal” of economic prosperity, connected with the idea of being a professional. Indebtedness for those interviewed in Santiago was a way of reaching economic autonomy.

Such autonomy is the center of the transition to adulthood. It is an essential part of what an adult should be able to achieve. This imperative is framed within normative structures regulated by social institutions that set forth time frames and the means of accessing this autonomy. Therefore legislation plays a key role. While those in Montreal are motivated by social norms to develop themselves as individuals from an early age, the legislative structures in Chile delegate a large percentage of an individual’s development work to the family. In Chile, parents are financially responsible for their children until the age of eighteen in the event they do not pursue higher education. If they do so, the parents remain responsible until the age of twenty-eight. Quebec legislation states that financial assistance can only be sought in the event that the eldest child is not independent. This means that it is typical for the participants in the Montreal study to work while pursuing their studies, regardless of the economic status of their parents. The high participation of young students in the labor market is especially evident in Quebec (Belleau and Proulx 2011). The social structure in Chile has functioned to the contrary. The assumption is that education is a learning period for future work and is therefore understood as exclusive. University studies are understood theoretically as mostly for young people who have recently completed their obligatory schooling, have no real economic commitments, and where the standard schedule is full time and usually takes place during the day.

These two contexts have created student debt categories that are completely distinct. When an individual goes into debt in Montreal, that person assumes responsibility for the consequences of indebtedness, whereas in Chile, families go into debt, meaning that they also take on the costs. It is therefore not strange that when the youths in Montreal are facing the challenges of indebtedness, their first impulse is to assume the responsibility for their debts. They assume the debts and the responsibility for their actions, keeping their direct families outside of the situation. Keeping their families distanced from the problem is one way of limiting the judgment they fear could result from the situation, while also protecting their prized independence:

My parents believe that you have to take care of yourself. I don’t want to turn to them out of pride. I don’t have advanced studies like they do (they are both lawyers). I couldn’t just be a political scientist. I had to be something

more. If I discuss my debts with them, they will reprimand me for my studies and the life I lead. I'd rather they not get involved. (Martin, political scientist, interview, June 13, 2012)

In the case of Santiago, the situation is completely different. In the case of young debtors, the banking institutions exploited the family-as-resource situation. Additionally, the requirement of annually renewable cosignatories obligated the borrowers to employ a series of strategies for obtaining them. Essentially, many of them had to seek cosignatories outside of the family. Examining the relationship networks of each Corfo loan, one finds family members, friends, coworkers, and parents' friends, who all constitute an intersubjective network of people that breaks from the creditor–debtor–cosignatory triad. A young debtor, for example, explained to me that during his first year, he asked a coworker to be his cosignatory, but in the second year, this individual did not want to do it again. Thus he turned to his direct boss, who, “out of goodwill,” helped him for two years (Mario, social worker, interview, October 20, 2012). He asked another coworker to be his cosignatory for his final year, because he did not want to have to ask his boss for the papers that would prove solvency, and the bank declined to renew the loan. During his last year at university, he was obligated to increase his already extensive workload to be able to pay for the tuition. However, as of the date of our meeting, he still had not been able to gather enough money to pay for the loans and the tuition costs. In other words, in three years, this young man entered into debt with the bank, his boss, and a colleague. Despite the amount of debt he had taken on, he was still unable to pay for his last year of university studies. Therefore the banking institutions exploited the family network, with practices akin to an expansion of the subjugating force that weaves its tentacles throughout an extended network of people without even being able to guarantee financing for the borrower's entire course of study.

Psychosocial consequences of this indebtedness and how it relates to the social connection: From being “depressed” (Montreal) to “indignant” (Santiago)

I met Antoine (thirty years old, musician) at a workshop organized by ACEF in Montreal. He arrived five minutes late, took a seat, and said not a word. Once the session was over, he approached the inspector to request an individual interview. When I asked him for an interview, he was surprised and gave me his contact information without asking me much about why I wanted to speak with him. He postponed our meeting twice at the last minute. Then a few weeks later, I was able to interview him. The day that we met, he was twenty minutes late. He declined to eat or drink anything but simply sat silently waiting for me to ask him questions. His initial replies were monosyllabic. After ten minutes of trying to conduct the interview, Antoine got more comfortable, and he said, “I'm depressed. I don't sleep. I have no energy. I feel empty.” When he said good-bye, his eyes were brimming with tears, and he said, “Speaking with you has helped me, really, thank you” (Antoine, interview, April 20, 2012, Montreal).

Julia (twenty-five years old, special needs teacher, education psychologist) contacted me via e-mail. I had left a message on the Facebook page of the Corfo debtors inviting the members who met the study profile to participate. Julia was the first to write me. Her message said, “Hello. I see you are looking for people. I fulfill the requirement. I'd be delighted to help. E-mail me so that we can meet up” (personal communication, October 17, 2012). Three days later, we met for coffee in a mall on the south side of Santiago. When I arrived, she was already there. She ordered a sandwich, a coffee, and a juice, and she said, “I'm a special needs instructor and I studied to be an educational psychologist. I'm so indebted that I work only to pay off the debts”. ... “Prepare yourself. You're not going to believe what these scoundrels did to us” (Julia, interview, October 20, 2012, Santiago). The interview lasted almost three hours. Two days later, I got an e-mail from her in which she attached the contract she signed for one of the credits. Her closing said, “Thank you. I hope this helps you. We have to stop these abuses” (personal communication, October, 22, 2012). The meaning of the phrase “thank you” in the two contexts was completely different. Antoine thanked me for listening to his particular situation and for paying attention to his personal story without judging it. Julia thanked me in order to see me commit to this situation as a researcher beyond her personal case and work toward

halting the exploitation of the Corfo debtors as a whole. While Antoine felt depressed by his indebtedness situation, hers caused Julia to feel angry.

The way in which Antoine experienced his debt situation was repeated to a greater or lesser degree in the majority of the interviews in Montreal. It reflected the guilt-producing effects of problematic indebtedness for the youth in Montreal. Guilt with its correlated depression, anxiety, panic attacks, and/or “negative thoughts” all describe the mood and “crisis” situation faced by the participants of the study in Montreal. As Caroline (twenty-five years old, student of law) put it, “It’s not just about having debts. I feel dishonest. It’s not just a debt. It’s a reflection of who I am. I feel like I am a failure because I am not able to fulfill my commitments. I don’t like this because I am the kind of person who likes to do things properly, not in this way” (interview, May 18, 2012, Montreal).

This suggests that there is a feeling of resentment about the responsibility in the debtor–debt relationship; however, this evidence is not sufficient for understanding the reasons that an individual perceives his or her debt to be a failure. In his book *The Making of the Indebted Man*, the Italian philosopher Maurizio Lazzarato (2011) tries to provide an answer. In keeping with the Foucauldian perspective generally from the *Birth of Biopolitics* specifically, Lazzarato states that debt implies the production of a specific subjectivity: The primary task of indebted individuals is to be the guarantor of all of their pursuits and lifestyles, taking full responsibility for everything (2011, 102). He believes that the debt contains within it its own moral principle that proposes the idea that anyone who cannot pursue a “lifestyle” that is appropriate for paying back his or her debts (consumption patterns, employment, social activities, etc.) is guilty of not honoring debts. Put another way, these young adults are guilty of not being capable of fulfilling their financial commitments.

Looking at their indebtedness situation from the perspective of failure not only has consequences for the way in which these Canadian youths regard themselves; it also defines the transformation possibilities they may be able to carry out. All of the interviews were done during the student demonstrations of 2012; however, the participants were not able to see a connection between their indebtedness situation and the context of the commercialization of education being denounced with such vigor by the student movement. For Canadian feminists, this resigned condition or “lack of vision” (Braedley and Luxton 2010) is one of the consequences of neoliberal policies placing all responsibility on the individual. This causes the individuals to feel responsible not only for their own behavior but also for their future. This simultaneously creates a state of passivity in which the individuals feel they can “do nothing” in terms of the situation they are beset by, thus becoming politically inactive people (Pinto 2010).

Having said that, why in the case of the Corfo debtors, whose objective debt burdens are considerably higher than those of the young adults in Montreal, do they maintain a collective discourse about their situation and its potential solutions?

From an expanded and folksy commonsense perspective, this difference is explained by the fact that Quebec society (northern) is individualistic, while Chilean society (southern) is collectivist. Therefore its evident manifestation is that young people in Montreal are resolving their problems on their own, whereas Chileans are relying on social networks. Although on first glance, one can find images that back up such readings, these metanarratives (Martuccelli 2010) as essentialist categories blur the conditions that have given rise to this way of relating, which in this particular case are quite consequential.

This point calls for a small sociohistorical contextual reference. I shall turn to the analysis of Peruvian sociologist Danilo Martuccelli (2010). In his essay “*Existen individuos en el su?*” he seeks to describe and characterize the particularities of the individualization processes in Latin America. The author deconstructs the large metanarratives that have been built to try to figure out what a modern individual in Latin America “would be” or “wouldn’t be,” building his argument around the figure of the “modern subject” that belongs to all European societies. He offers a new reading of what the individual in Latin America would be. One of these particularities that Martuccelli describes refers to the specificity of the social connection. The author’s thesis is that in Latin America, society was ideated as sustaining itself from a place of its very own sociability. This means that, in contrast to the classic positions of Hobbes

and Parsons, the social cohesion originated from a social connection and not from an institutional perspective. The reasons for this process are primarily structural ones and can be explained in broad strokes by the weakness of the systemic integrating mechanisms that meant that the social fabric would play a strategic role as a mechanism of social integration (Lechner, cited in Martuccelli 2010).

However, for the purposes of this analysis, the most interesting aspect to characterize is the structural tension between “hierarchy and equality” and/or “horizontality and verticality” that sustains the social fabric. According to the author, the *hierarchy* is based on economic, political, and even hereditary racial power inherent to the colonial structures in such a way that *egalitarianism* is expressed through collective demands for justice and aspirations for equality that can be observed throughout Latin American history. The movements between these two relationships constitute an original way of being and relating in Latin America, characterized by the tension of maintaining a link to the hierarchy while simultaneously advancing toward more egalitarian relationships (Martuccelli 2010, 137–53).

Coexisting daily with a hierarchy that is stable and powerful in political terms, especially economically, installed into the landscape of Latin American societies a relationship network with strong traits of paternalism and subordination together with ties of “mutual assistance” and solidarity that questioned and challenged such verticality. A model of structuring relationships that is relatively stable allowed a society like the Chilean one, which had been harshly battered by the military dictatorship, to collectively resist. This model today, however, finds itself being seriously challenged. Latin America currently is undergoing active democratization processes. Essentially, it is not possible to understand the collective demand of the Corfo debtors without understanding the reverberations that the demands for horizontality and equality have had in Chilean society. The Corfo debtors have been around since 1997, whereas only in 2011 did their lawsuit become public knowledge. If the Corfo debtors were able to build a public dialogue around their indebtedness situation, it is only because their demands are intertwined with the social agitation process currently taking place in Chile. This social mobilization process began with the large student and social demonstrations of 2011.⁴ Its activities denounce the way in which power has been historically distributed in Chile and call upon the entirety of Chilean society to make structural reforms to change the “rules of the game”⁵ and limit the interests of the business and political classes.

Essentially, the term *fraud* that the Corfo debtors use to describe their indebtedness situation is not a reference to an institutional norm that lets them say they are victims of a crime against their assets; rather, it refers to what Renault (2004) calls an “experience of injustice,” in other words, the practical consequences of social norms that are experienced by individuals as negative, intolerable experiences that also simultaneously mobilize a practical demand. They frame the experience as unjust in terms of the results of abusive practices, as being unequal. By comparing the objective entrance and exit conditions of higher education with that of their peers, as well as being mobilized by a deep sense of neglect and vulnerability, the group participants transition from an individualized understanding of the debt as one in which they are absolutely responsible toward an understanding of student indebtedness as a social problem whose management depends on the entirety of society.

Conclusions

This article explores how and when student debt is represented as a problem for young people and in what way the consequences of this indebtedness are handled. This is done by means of a comparative reflection upon the indebtedness experienced by the young adults who have university student loan debt in Santiago, Chile, and Montreal, Quebec, Canada. The primary results confirm that the two contexts produce three types of distinct experiences of indebtedness. In this article, I have proposed a comparative reflection upon three structural axes of the indebtedness experience in both contexts: (a) the perception of indebtedness as a problem, (b) whether the consequences of the indebtedness are taken on collectively or individually, and (c) the consequences of indebtedness and its relation to social connections.

I suggest that the young adults in Montreal consider indebtedness to be a problem in such a way that they have internalized the discourse on individual responsibility and financial autonomy promoted by credit agencies and Quebec society. Indebted young adults in Santiago consider their indebtedness to be a problem when they observe that Chilean society is not capable of keeping its promise of social mobility through the acquisition of a university degree.

In terms of the debt burden consequences and its relation to social connections, the young debtors in Montreal deal with their indebtedness as an experience of individual failure. As indebtedness for them is a matter of individual responsibility framed by laws protecting debtors, the consequences are thus assumed individually and planned for the short term. For the Santiago debtors, on the contrary, the consequences of indebtedness are irreversible and projected over the long term. The young debtors in Santiago present their indebtedness as a social problem. The debtors are seen as “victims” of a deficient and guilty political system. In Santiago, the indebtedness situation angers the debtors and motivates them to politicize their complaints.

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Notes

- 1 “No to profiteering” was the slogan of Chile’s student movement in 2011. This slogan sought to denounce the institutionality of higher education in Chile, which has been privatized since the period of military rule (Meller 2011; Monckeber 2007, 2013), and to bring the university student debt situation in Chile to light. One year later, in Quebec, an increase of CA\$1,625 for university enrollment was scheduled for the 2012–17 period by the liberal government of Jean Charest. This sparked the creation of a historic student movement. One of the strategies utilized by the student movement in response to the fee increase was to warn the government about the consequences such an increase would have on the debt levels of young students. They considered student debt to be an obstacle preventing the poorest students from accessing university studies and to be a predictor of the diversification of financing sources for the students (Fédération Etudiante Universitaire du Québec 2011).
- 2 The unidad de fomento (UF) is a financial unit used in Chile. It is adjusted with inflation (measured by the Consumer Price Index).
- 3 Please see http://www.estrategia.cl/detalle_cifras.php?cod=6705.
- 4 Mobilization against the Hydroaysen hydroelectricity project (May 2011); social and citizen mobilization against the gas hike in the Magallanes region (January 2012); the social movement in favor of Aysen, “your problem is my problem” (February 2012); socioenvironmental movement for Freirina (May 2012).
- 5 For example, the debates about the need to reform the constitution have not solely characterized the presidential debates in view of the upcoming November 2018 elections but have also defined new forms of social organization. See, e.g., <http://asambleaconstituyente.cl/> and <http://www.revoluciondemocratica.cl/>, among other sites.

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