Culture, Economy and the Normalization of Debt

By

David Michael Ellis

Thesis submitted in accordance with the requirements of the University of Liverpool for the degree of Doctor of Philosophy

December 2014

Abstract

The growth of personal indebtedness in the UK has become of increasing significance in the years following the 2007/8 global financial crises as both a public issue and within the personal troubles of individuals. What distinguishes contemporary personal debt is its relationship to the political and economic transformations of the last 30 years, characterised as the process of neoliberalization. This process is allied with a particularly virulent form of global financial capitalism that has increasingly come to dominate all aspects of society, from the institutional structures of civil society to the minutiae of everyday life. In order to draw out the main features of this process and its role in the *normalization of debt*, this thesis addresses two distinct, but interrelated questions: first, how has personal debt been framed through the promotion and dissemination of particular policy and public discourses?; and second, how have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings? First, the research is guided by the post-disciplinary approach of 'cultural political economy', using the concept of the 'economic imaginary' to identify the evolving material-discursive production of meaning in government policy-making that has framed personal debt. Second, the research examines how intersubjective meanings of personal debt have become resonant within everyday practices of credit and debt through a series of biographical narrative participant interviews. The two strands of research are brought together within a cultural political economy framework. This thesis demonstrates how established neoliberal embedding at policy-level has unswervingly framed a conception of 'consumer freedom' that involves increasing access to credit markets, but emergent extra-discursive situations have always constrained such framings. At the same time, increased access to credit has meant a greater acceptance of debt by people who negotiate these transformations by developing modes of calculation that reduce the moral complications of debt accumulation. However, it also involves being vulnerable to greater risks, as they are exposed to the same extra-discursive constraints.

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List of Abbreviations

ABS	Asset-Backed Security
APR	Annual Percentage Rate
BERR	Department for Business, Enterprise and Regulatory Reform
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CPE	Cultural Political Economy
CPI	Consumer Price Index
DTI	Department of Trade and Industry
ERM	Exchange Rate Mechanism
FSA	Financial Services Authority
HBS	Harvard Business School
IMF	International Monetary Fund
KBE	Knowledge Based Economy
LMP	Labour Migration Policy
MPC	Monetary Policy Committee
RPIX	Retail Price Index (excluding mortgage payments)
SIB	Securities and Investments Board
SRO	Self-Regulatory Organisation
SSDS	Supplementary Special Deposit Scheme

Acknowledgements

First of all I would like to acknowledge the Economic and Social Research Council (ESRC) for funding my PhD and allowing me to pursue this research. I would also like to thank all of the people who took part in the research interviews for giving up their time and for their candour, without which there would not have been a thesis.

I am also grateful to my supervisors, Professor David Whyte and Dr Paul Jones, for their insight, dedication, infinite patience, but most of all for the faith they had in me over the last four years. Further acknowledgement also goes to my thesis examiners, Professor Andrew Sayer and Dr Michael Mair, for their rigour and the insightful comments that have contributed to the final draft. I would like to thank the many friends and colleagues within the University of Liverpool, the Department of Sociology, Social Policy and Criminology, and the School of Law and Social Justice that have all supported and encouraged me in one way or another. Particularly, my appreciation goes out to Dr Menna Jones, Dr Andrew Kirton, Dr Lindsey Metcalf, Dr Sarah Tickle and Dr Stuart Wilks-Heeg who have all been there since the start of my research and have seen me at my best - and at my worst – and have been nothing short of an inspiration to me. Thanks also to all the friends past and present for being there and all the 'character-building' times we've shared. And following the tricky final stages finishing the thesis, I am grateful to my wonderful partner Cerian for her support and belief that got me through in the end. Most of all, I'd like to express my deepest appreciation and respect to my mum, Marjorie, and my sister, Jocelyn for all their love and support from day one. I owe each and everyone mentioned here a huge *debt of gratitude*.

In dedication to the memory of my granddad Eric Bernard Hobson (1919-2012).

Chapter 1 Introduction

The mood was downbeat at the 2011 Conservative Party Conference as the Prime Minister David Cameron prepared to give his speech that would bring proceedings to a close on the final day. Only two days before, the Chancellor George Osborne had warned delegates of the tough times ahead as he reaffirmed the government's commitment to a strict deficit reduction plan. The Prime Minister's speech was not expected to be any rosier. To gauge the response it would receive, journalists were pre-briefed on the content the day before. As predicted, the overriding theme was an emphasis on continuing austerity to pay down the government's debts. But what did cause surprise, as well as consternation, was a brief passage in which the general public were prompted to do the same with their own debts. The offending article in the speech boldly pronounced:

> *"The only way out of a debt crisis is to deal with your debts. That means households – all of us – paying off the credit card and store card bills".*

The reaction was swift and palpable as journalists rushed to print, followed by the whir of switchboards on radio call-in shows as irate listeners queued to take umbrage. Additional commentary was provided by the usual cast of suspects, with a dizzying array of talking heads filling television screens up and down the country. There were two particular lines of attack. The first of these painted the picture of an uncaring, unsympathetic Prime Minister, from a "wealthy background" to boot (Daily Mail, 6 October 2011), whose perceived call to action from on high made him "look dangerously out of touch with families struggling to survive the squeeze on household budgets" (The Independent, 6 October 2011). The second objection was altogether more cerebral, highlighting the dangers that consumers paying off all their debts would have on an already fragile economy that was being sustained by debt. Opposition politicians, high profile economists and other self-proclaimed experts on the economy weighed

in, emphasising the threat of a double-dip recession, the 'paradox of thrift' and a potential situation that was "economically disastrous, as well as politically inept" (The Guardian, 5 October 2011). Needless to say, a hasty rewrite replaced the line with something altogether more benign, and the fateful words were not even uttered when David Cameron finally delivered his speech to close the Conference.

The entire incident itself provided little more than 48 hours of media fodder for the chattering classes to gorge themselves with. However, what this episode demonstrated, if only too briefly, is both the significance and ambivalences at all levels of UK society towards the contemporary high levels of personal indebtedness that have proliferated over the last four decades. Between 1993 and 2010, median disposable household income grew from £16,417 to £24,210, an increase of 47.5 per cent (ONS 2013a). Over the same period, total outstanding secured and unsecured lending to individuals grew from £0.39 trillion to £1.46 trillion, an increase of 267.6 per cent (Bank of England 2014). The glaring disparity between the historical growth rates of household income and household debt indicates a profound shift in the political economy of the UK, especially concerning households' economic practices. These figures are even more astonishing if we bear in mind that they do not take into account a variety of items through which households may also now incur debt, such as short-term loans (e.g. payday lending), student loans, or arrears on household bills like rent, council tax and utilities.

To the extent that we can characterise such a monumental transformation in personal debt practices as a process of 'normalization', it is important to demonstrate what makes these changes distinctive within a socio-historical context. As Graeber (2011) meticulously illustrates in his extensive history of debt, the presence of systems of credit for the buying and selling of goods span the entire course of human civilization to one degree or another. What distinguishes contemporary personal indebtedness is its relationship to the emergence of a particularly virulent form of global financial capitalism that has increasingly come to dominate all aspects of society, from the global institutions

of political economy through to the pillars of civil society and the minutiae of everyday life (Harvey 2005). In the UK context, a succession of governments since the late-1970s have played an active role in mediating, coordinating and facilitating these transformations through an approach to economic and social policy-making that conforms to the tenets of an "evolving neoliberal paradigm" (Hay 2004). It is therefore the object of this research thesis to investigate how these historical processes have contributed to the normalization of debt in the UK.

The next chapter provides an outline of the existing literature that has sought to explain the growth of personal indebtedness from a variety of perspectives. The chapter begins with a discussion of the rise of 'neoliberalism' and its political and economic development in the UK over the last 30 years. In identifying the core principles of neoliberalism, we begin to recognise its contribution to the establishment of a 'non-inflationary growth regime' (Montgomerie 2007a). Manifested as a broad policy strategy that includes welfare retrenchment, labour market deregulation, privatization, and the liberalisation of financial services and markets, neoliberalism bases its claims around a conception of 'economic freedom' in which individual consumers assert themselves within ostensibly free markets (Friedman and Friedman 1980). Rising debt levels are therefore framed as an outcome of individual rational behaviour within a free market paradigm. Consequently, personal indebtedness, primarily through the sub-prime housing market, is implicated as both of a cause and catalyst of the 2007/8 financial crises from this perspective (Foster and Magdoff 2009; Posner 2009).

Following on, a discussion of approaches that critique the deregulatory claims of neoliberalism highlights the role and influence of system maintenance in sustaining 'free markets'. Observed from the perspective of 're-regulation', personal debt is therefore viewed as an inevitable outcome of neoliberalism in the way it stimulates economic growth (Crouch 2009; 2011). Personal debt is attributed as a coping mechanism for individuals as non-inflationary policies impact upon wage growth and welfare entitlements are stripped back as part of

a wider ‘politics of abandonment’ (Montgomerie 2011). The final section of the chapter examines the historical cultural transformations concerning the changing attitudes towards personal debt. It concludes with a discussion of the concept of ‘financialisation’ (Engelen 2008; Langley 2008a; 2008b; Watson 2009a) and its resultant impact upon the behaviours, norms and values of individuals as the subjects of ‘governmentalities’ (Foucault 1991; 2008; Langley 2008a; Lemke 2012).

From the review of existing literatures, two distinct strands are identifiable. These strands are broadly categorised as ‘structural’ and ‘dispositional’. In Chapter Three, ‘cultural political economy’ (Jessop 2004; 2010; Jessop and Sum 2001; Sum 2009; Sum and Jessop 2010) is discussed as an approach that will reflect the interdependence of the structural and dispositional aspects of personal debt and guide the research agenda of this thesis. Cultural political economy provides an analytical entry point to the study of how social relations are maintained and transformed within emergent capitalist formations. A key concept here is ‘the economic imaginary’, a framework of mutually reinforcing discourses that renders the ‘economy’ meaningful to social actors by “interpreting events, legitimizing actions and […] representing social phenomena” (Jessop 2004: 164). While the approach has been criticised for a lack of ‘empirical specificity’ (van Heur 2010b), this chapter will attempt to develop the concept of the ‘imaginary’ in order to broaden its application to the study of everyday economic practices at a local level.

Chapter Four presents the methods and analytical strategies that were employed to operationalize cultural political economy for an investigation into the normalization of personal debt in the UK. It begins by elaborating two distinct, but interrelated research questions:

1. How has personal debt been framed through the promotion and dissemination of particular policy and public discourses?; and
2. How have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings?

To address the first question, the chapter describes the method of selecting textual sources from three defined periods from over the last four decades. These sources include: The Crowther Report, 1971; Conservative political rhetoric from the 1980s; and the Taskforce on Tackling Overindebtedness, 2000-2007. As examples of 'official discourse' (Burton and Carlen 1979), these textual sources are cited as significant contributors to the establishment and maintenance of economic imaginaries relating to personal debt. Further attention is paid to the analytical strategies that are employed to analyse the material-discursive constructions that have framed personal debt in relation to the wider economy and as an object of intervention.

Despite representing examples of official discourse, the selection of textual sources omits intermediary producers of discourses that have more influence on everyday practices of credit and debt, such as banks, building societies and the media. Such texts play a key role in mediating official discourse to the local level, with previous studies in this area focusing on banking advertisements (Botterill 2010) and financial journalism (Engelen et al 2008). Nevertheless, mediating discourses do not tend to explicitly frame personal credit and debt in relation to the macroeconomic priorities, which is an important objective of the CPE approach. While a truly multi-levelled study would include both official and mediating discourses, limitations of time and resources have prohibited such an ambitious, all encompassing investigation.

In order to address the second question, the chapter outlines how research participants were recruited as part of an intergenerational sample of two distinct age groups. The object of the interviews was to elicit the subjective and intersubjective meanings participants attributed to their experiences of credit and debt throughout their lives. As such, the method of biographical narrative interviewing is discussed as the participant-led approach that was used during the interview process to 'activate narrative production' (Holstein and Gubrium 1995). The analytical approaches are also described with particular attention to

the narrative aspects of the interview data and the inference-making implications of ‘membership categorisation devices’ (Sacks 1992).

Chapter Five presents the research findings from the analyses of the three sets of textual sources: The Crowther Report, 1971; Conservative political rhetoric from the 1980s; and the Taskforce on Tackling Overindebtedness, 2000-2007. The chapter is divided into three sections, with each section addressing a particular set of texts, as well as providing the specific historical and institutional backgrounds in which the texts were produced. Through a consistent analytical approach, the findings elaborate some of the key material-discursive constructions of personal credit and debt, revealing both the differences and consistencies that have shaped policy discourses over an extended period of time.

Following on, Chapter Six presents the main findings from the narrative interviews of the two intergenerational groups of participants. Again, the chapter is divided into three sections, each discussing a theme related to a specific form of debt, namely: higher education; homeownership; and consumer credit. In each section, participants’ experiences and the meanings they attach to them are compared and contrasted both between and within the respective age groupings. The research finds evidence of profound cultural transformations not only in the historically contingent experiences of the different generations, but also in the modes of calculation each generation employs to negotiate their interactions with the changing environment of personal credit and debt.

The thesis concludes with a discussion of the main findings of the research within a cultural political economy framework, bringing together the two distinct, but interrelated strands as part of an integrated approach. From this perspective, the research reveals some of the historical processes and institutional mechanisms that have contributed towards the normalization of debt in the UK.

Chapter 2 Neoliberalism and the Rise of the Debt Society

The prevalence of personal indebtedness in the UK has grown in significance in the wake of recent economic crises. Whereas past crises emerged in the context of failures in the productive capacities of economies, the current and ongoing crises have been distinguished by how widespread personal indebtedness has been attributed as both a cause and catalyst of the collapse of the banking system (Foster and Magdoff 2009). In a speech made following the election of the UK Coalition government in 2010, the new Chancellor of the Exchequer, George Osborne (2010), highlighted the substantial overhang of private debt as a threat to future economic prosperity that must be 'controlled'.

What is for certain is that the recent financial crises have exposed the vulnerabilities of an economy underpinned by the unsustainable growth of widespread and 'normalized' personal debt. However, it must be remembered that personal indebtedness has not always been the 'norm'. Indeed, it has only taken off as a society-wide phenomenon over the last 35 years, with an exponential rise in borrowing occurring from the early-1990s onwards. What we must ask ourselves is how we should interpret this shift towards a 'normalization of debt'?

It is therefore the purpose of this chapter to review the literature and perspectives that have attempted to account for this transformation, both economically and culturally. The chapter is divided into three sections, with the first section introducing the rise of 'neoliberalism' in the UK context. Applying the concept of 'neoliberalism' itself is problematic due to the way it has been used to conflate innumerable economic and social changes over a given period. Following on from Dean (2014: 150), the definition of 'neoliberalism' in this chapter will refer:

> "to a limited range of schools or forms of thought and certain practices and policies concerned with the construction of market and market-like relations, and fostering and utilizing capacities of economic freedom".

Consequently, in this section there will be a primary focus on the neoliberal approach to 'non-inflationary growth', particularly with regards to the deregulation of financial services. Once the various claims and policy strategies of neoliberalism have been established, there will be an outline of how the growth of personal credit and debt has been interpreted within this context.

The second section follows on with a critique of the main claims of neoliberalism. By understanding the process as one that has been as much about 're-regulation' as deregulation, I will give a brief overview of how neoliberalism has been reinterpreted as a model of 'privatised Keynesianism' (Crouch 2009; 2011). This concept allows us to connect the widespread transformations of the economy and the role of personal debt in underpinning these changes. Furthermore, it will allow us to examine the government policies that have maintained and sustained these transformations and, ultimately, propelled the growth of personal indebtedness in the UK.

The final section will review social and cultural transformations in relation to credit and debt. It will take a more long-term approach by reviewing early-capitalist notions of thrift (Weber 2003), their subsequent breakdown with the emergence of mass consumerism (Botterill 2010) and the cultural contradictions that appeared as an outcome of this breakdown (Bell 1978). There will then be a brief overview of the concept of 'financialisation' (Coakley and Harris 1992; Engelen 2008; Finlayson 2009; Langley 2008a; 2008b; Montgomerie 2008; 2009a; Watson 2009a) before outlining how new forms of social and cultural regulation have emerged to shape 'norms' concerning debt, with particularly close attention to 'governmentality' (Finlayson 2008; 2011; Foucault 1991; 2008; Knights 1997; Langley 2008a; Lemke 2012; Watson 2009a; 2010). To conclude, we will see how these new cultural forms influenced government responses to the financial crises of 2007/8, before reviewing the perspectives introduced over the course of this chapter.

2.1 Neoliberalism, Non-Inflationary Growth and the Life-Cycle

2.1.1 The rise of neoliberalism

Over the past 35 years, the growth of personal credit and debt in the UK has increased dramatically. At the same time, we have witnessed trends of innumerable social, political, economic and cultural transformation both globally and domestically in the UK. This period has been described as a continuing era of 'neoliberalism' (Crouch 2011; Dean 2014; Harvey 2005; Hay 2004; Langley 2008a; Montgomerie 2007a; Peck and Tickell 2002), beginning with the Conservative government in 1979, through to the 'Third Way' of New Labour, and beyond. Despite variations in how different governments have applied the approach over the years, the core principles have remained consistent as it adapts to changing political conditions, with each new administration contributing to what is, in essence, an "evolving neoliberal paradigm" (Hay 2004: 507). As such, neoliberalism's foremost principle is the belief in freely functioning markets and free trade between private agents as the best and most efficient method of achieving wealth creation, prosperity and the elimination of poverty.

Neoliberalism's emergence as the dominant political and economic paradigm can be traced back to the 'crises of Keynesianism' in the 1970s. Keynesianism itself emerged as a dominant economic model in the immediate aftermath of the Second World War as a response to the crises of 'laissez-faire capitalism' and the Great Depression of the 1930s (Harvey 2005). The general substance of the 'Keynesian demand management' system was for governments to arrest economic crises through extensive debt-financed public spending to stimulate economic activity. When economic growth returned, governments could then reduce public spending and pay off the debts accrued during the years of crisis (Crouch 2009: 386). In combination with the innovations of Fordist production techniques, Keynsianism provided low levels of unemployment, increased wages and rising standards of living for workers.

In addition, the advancement of welfare programmes in the post-war period not only facilitated the mechanism of demand management, but also became highly significant for the development of mass consumption. By introducing social protections to cover health, housing, retirement and unemployment, there was a marked increase to the overall sense of economic security. This newfound security limited the need to borrow as shortfalls in income were covered by these protections. However, it also gave people a greater sense of security regarding their future income and therefore gave them a greater ability to take on debt (mostly through hire purchase) to fund consumption, which was integral for the cycle of economic growth (Montgomerie 2006a: 309). For over 25 years, the self-perpetuating cycle of Keynesianism produced unprecedented levels of economic growth and was seen at the time as the 'golden age of capitalism' (Ingham 2008: 44). Keynesian demand management survived as the dominant mode of economic growth until the 1970s, when recurring global economic crises and a prolonged period of domestic stagflation (stagnant growth, rising inflation and unemployment) led to growing disillusionment with the system. It was in response to these issues and in opposition to the fundamental tenets of Keynesianism that the era of neoliberalism was ushered in.

Despite the manifold causes of the crises of Keynesianism, it was successfully framed by the Conservatives in opposition as the outcome of "an overextended, overloaded and ungovernable state" (Hay 1996: 255). Once elected to government, the Conservatives adopted an approach that combined monetarism with supply-side economics to deal with inflation at all costs, even if that meant the rapid growth of unemployment (Smith 1987: 49). Together, monetarism and supply-side economics formed the economic foundations of the ideological project of neoliberalism. With the exception of targeting inflation by reducing the rate of growth of the money supply, neoliberalism rejected all forms of state intervention in the economy. It thereby explicitly contradicted the *raison d'être* of Keynesianism and marked its usurpation as the dominant economic model of growth in the UK. Rather than stimulating economic growth

by acting as a substitute for market mechanisms, the role of the state was seen to be more as a 'facilitator of markets'. This facilitating role was restricted to ensuring a favourable economic environment for private businesses by guaranteeing personal and individual freedom in the marketplace and removing barriers to market participation, such as cutting back welfare benefits that were considered to act as a disincentive to participation (Harvey 2005: 64-5).

2.1.2 A non-inflationary growth regime

More specifically, the rise of neoliberalism entailed the promotion of 'non-inflationary growth policies'[1] as part of an organised political struggle to implement a new ideological approach to economic governance. This ideological shift was to transform the dynamics of both domestic and global economic growth (Montgomerie 2006b: 119). The overriding aim was for governments to create a favourable economic environment for private investment by ensuring stable rates of inflation and minimal direct government intervention in the economy. In substance, the non-inflationary growth strategy amounted to an integrated set of specific policy prescriptions that included: maintaining price stability; involvement in free trade agreements; cuts in public spending; deregulation of labour markets; privatization of nationalised industries; deregulation of interest rates; deregulation of exchange rates; and the liberalisation of financial services (Montgomerie 2007a: 164).

Through the privatization of state enterprises and the deregulation of private business interests, the neoliberal project is intended to encourage an economy that is driven by competition and choice. For advocates of this approach, competition is considered a 'primary virtue'. As Harvey (2005: 65) illustrates:

[1] Former Governor of the Bank of England, Mervyn King, illustrated this approach with the acronym 'NICE': *non-inflationary consistently expansionary*. During a speech in 2003, when he was still Governor, King described NICE with reference to the economic climate of the 1990s as: "a decade in which growth was a little above trend, unemployment fell steadily, and, supported by the improved terms of trade, real take-home pay rose without adding to employers' costs, thus allowing consumption to grow at above trend rates without putting upward pressure on inflation" (King 2003).

> "Privatization and deregulation combined with competition, it is claimed, eliminate bureaucratic red tape, increase efficiency and productivity, improve quality, and reduce costs, both directly to the consumer through cheaper commodities and services and indirectly through reduction of the tax burden".

The intended corollary of greater competition is to enhance consumer choices across the whole of the economy. This prevailing logic equates economic freedom with freedom in a more general sense. By removing constraints that are perceived as inhibiting economic activity, the proposed outcome is a mutually beneficial relationship between businesses and consumers. Such a relationship emerges as a consequence of the free market economy since:

> "competition does not protect the consumer because businessmen are more soft-hearted than the bureaucrats or because they are more altruistic or generous, or even because they are more competent, but only because it is in the self-interest of the businessman to serve the consumer" (Friedman and Friedman 1980: 222).

Underlining these platitudes, Milton Friedman, the doyen of monetarism, vehemently asserts how a free market economy based on unrestrained voluntary exchange "has within it the potential to promote both prosperity and human freedom" (Friedman and Friedman 1980: 11). It is under these auspices that neoliberalism has been so vigorously promoted over the last 40 years, both domestically in the UK and at a global level.

These allusions to economic freedom are made on the back of a particular conception of collective and individual human behaviour. Such a conception conforms to and is predicated upon neo-classical economic models of behaviour. On the one hand, the institution of a free market economy primarily establishes the conditions for professional businesses, corporations, governments and other elite economic actors to maximise their own economic value. On the other hand, these conditions become increasingly significant and are applied to other areas of social life. This view has both informed and legitimised the advances of neoliberalism to the extent that it is conceived as the

dominant conception of human behaviour across all areas of policy-making (Harvey 2005).

Harking back to the classical liberalism of Adam Smith and John Stuart Mill, these models of human behaviour proclaim the sovereignty of the individual as the primary unit in society (Friedman and Friedman 1980: 2). In addition though, neo-classical economic models take this conception of the individual further by attributing the characteristics of inherent rationality to all actors. Individuals are therefore assumed to possess capacities for rational problem-solving in the pursuit of their self-interests. Such claims are underpinned by assumptions that individual actors are able to maximise the utilities at their disposal and make informed choices based on access to perfect information (Becker 1976: 5). From this perspective, rationality is not simply a matter of deductive reasoning in a general sense. Rather it purports to a form of reasoning that is intent on the 'optimality' of economic action (Hindmoor 2006: 190). In this way, the neoliberal notion of economic freedom therefore purports to ensure that rationally acting individuals can participate in the free market in order to fulfil their own preference satisfaction as it relates to self-interested goals.

Next, we will examine how the conception of rationally acting individuals has been attributed as an explanation of the growth of personal indebtedness in the UK. In keeping with the neoliberal paradigm, these explanations are weighted towards individual action as opposed to systemic causal factors. However, in order to appreciate the context within which individual rational action takes place, I will first provide a brief overview of the development of the banking and finance sectors that emerged in the wake of financial liberalisation. These reforms are credited with widening access to credit markets and increasing participation in the finance sector under the auspices of 'competition and choice'. By examining the changes of this period, it will allow us to highlight some of the fundamental claims of neoliberalism regarding financial deregulation and the role of individuals within the paradigm.

2.1.3 Financial deregulation, securitisation and the 'democratisation of finance'

The role of financial liberalisation in neoliberal ideology relies on extolling the virtues of self-regulation and the economic and political benefits that are assumed to inherently follow as a result (Coakley 1994; Engelen et al 2011; Moran 1991). Financial liberalisation, in this sense, is claimed to insulate markets from the interference of political decision-makers, which is held to be inefficient and an impediment to properly functioning market mechanisms. It is therefore argued that the only effective form of financial regulation is through esoteric means rather than by politicians or civil servants (Moran 1991: 61). Furthermore, the legitimacy of self-regulation draws on laissez-faire narratives referencing the social value of innovative markets in the financial sector as the drivers of economic growth (Engelen et al 2011: 141).

Such narratives had already been ever-present in the historical development of financial regulation in the UK, leading to the continual rejection of legal controls due to their 'rigidity' and 'inflexibility'. Despite a lack of legislative enforcement, an ad hoc system of regulation had emerged by the 1970s under the supervision of the Bank of England. The system relied heavily on restricting competition in banking and finance, while constraints on bank lending (known as the 'corset') were introduced in an attempt to stem rising inflation (Moran 1991: 64). From 1979 onwards though, consecutive British governments were committed to the neoliberal strategy of financial liberalisation through which "bonfires of controls were designed to unleash the full potential of relatively deregulated markets" (Coakley 1994: 705).

Financial deregulation initially proceeded over two phases between 1979 and 1988. The first phase began with the abolition of exchange controls over capital movements in 1979, permitting all UK companies and individuals to export capital abroad. It ultimately gave licence for UK financial intermediaries, particularly banks, pension funds and investment trusts, to invest in bonds, deposits and shares in foreign markets (Coakley and Harris 1992: 44). This

highly significant measure marked the start of an increased internationalisation of the financial sector in the UK.

Other measures introduced during this first phase led to monumental changes in the way banks and building societies were organised. First came the abolition of the 'corset' controls (also known as the 'Supplementary Special Deposit Scheme') in 1980, which had tightly regulated bank lending since 1973. Banks were hereafter given control over their balance sheets, but were still required to voluntarily submit reserve ratio targets to the Bank of England. Further reforms sought to abolish the distinctions between banks and building societies. Banks were granted permission to expand into mortgage lending, which had previously been dominated by building societies (Coakley 1994: 709). Building societies, on the other hand, were permitted to expand the services they offered to include deposit accounts, payment services, personal credit and investment advice. Further legislation also gave them the opportunity to demutualise and convert to full bank status (Coakley and Harris 1992: 45-6).

The second phase of financial deregulation during the 1980s is commonly referred to as the 'Big Bang' in financial services, culminating in the 1986 Financial Services Act. The Act was intended to provide greater competition in the London Stock Exchange by abolishing fixed commissions and removing barriers to Stock Exchange membership (Ingham 2008: 198). However, the most significant feature of the new legislation was that it introduced:

> "the first comprehensive attempt to create a unified, statutorily based system of regulation to replace the dispersed and loosely coordinated corporatist arrangements that previously existed in the financial services sector […] The most important institution in this system [was] the Securities and Investments Board (SIB)" (Moran 1991: 57-8).

Although the SIB was a private institution, it was endowed with public responsibilities by the state to preside over an array of Self Regulatory Organisations (SROs). Its formation was intended to introduce a more robust system of controls over securities and investment while maintaining the autonomy of markets from political interference (Engelen et al 2011: 143).

Under this 'light touch' regulation, trading in securities markets increased exponentially. However, the system fell into disrepute following a wave of regulatory failures, most notably with the collapse of Barings Bank in 1995. The SIB was eventually replaced by the Financial Services Authority (FSA) in 1997, which was more comprehensive in scope, regulating banking, building societies and insurance, as well as investment and securities. While the FSA represented a move to a more formal, publicly accountable system, it continued along the same lines of the SIB in its tendencies towards market friendly, light touch regulation (Buckle and Thompson 2004: 345).

Deregulation did not just amount to the breaking down of barriers between and within financial markets. It was also partially driven by burgeoning relationships between the circuits of finance with other related markets, particularly property markets (Coakley 1994: 705). Building societies had held a 'virtual monopoly' over housing finance until the late-1970s. Because mortgage lending had been predominantly funded through the savings of individual depositors, housing finance up until this point had a relative degree of autonomy from financial markets (Coakley 1994: 709). However, the breakdown in the distinction between banks and building societies following deregulation increased competition between the institutions, thereby fuelling mortgage lending to unprecedented levels. Deregulation also gave both banks and building societies greater scope to expand their operations by raising capital in wholesale money and securities markets (Coakley 1994: 710). These measures effectively removed the laws and regulations that had segmented housing finance from financial markets. With their new freedoms and the lax regulatory environment, banks and building societies were no longer solely reliant upon depositors. By engaging in the process of 'securitisation', they could now overcome the constraints of their balance sheets that had previously constrained mortgage-lending activities.

Securitisation involves a process through which the illiquid assets of financial institutions are pooled together and then sold on to investors in tiers of debt securities, which can then be traded or sold on in a secondary market (Engelen

et al 2011: 40). These are known as asset-backed securities (ABSs). ABSs first emerged in the US during the 1970s, but were not introduced in the UK until 1985. Since then, the UK ABS market has become the second largest in the world. ABSs remove assets from the balance sheets of financial institutions and free up capital that can then be used for more profitable uses. They also allow banks to comply with capital reserve requirements by removing assets from the balance sheet without the need to raise additional capital (Buckle and Thompson 2004: 79).

Securitisation emerged and proliferated as a response to the inflexibility and illiquidity of traditional mortgage finance wherein both lenders and borrowers were committed to long-term contracts. The permissive regulatory conditions brought about by deregulation gave rise to new forms of financial innovations that allowed providers of housing finance the opportunity to increase the liquidity of the asset side of their balance sheets. These developments also enabled financial intermediaries to transfer some of the lending risks to investors and, in the process, removed outstanding mortgages from their balance sheets before they were repaid (Coakley 1994: 708).

Further innovations led to the creation of new financial products that took the process of securitisation a stage further. From the early-2000s, new forms of credit derivatives emerged in the shape of 'collateralized debt obligations' (CDOs) and 'credit default swaps' (CDSs) (Engelen et al 2011: 42). Instead of pooling and selling the actual assets themselves, CDSs commodified and liquidified the default risk calculations on those assets and structured those risks into layered 'tranches'. Investors could therefore buy into different tranches of risk, with senior tranches being low-risk and low-yielding, and lower tranches ('first loss') being high-risk, but potentially high-yielding (Langley 2008a: 158). As such, investors would take ownership of the default risk as a derivative of the asset, which would remain with the seller, who would then pay the buyer a regular premium. Through this process, lending institutions were able to protect themselves by selling the default risks on their assets, as well as diversifying their asset base by investing in derivatives

themselves (Langley 2008a: 160). The reconfiguration of how lenders managed default risk with the development and proliferation of credit derivative instruments therefore increased the ability and willingness of financial institutions to lend to individuals and households (Montgomerie 2007b: 11).

Initially, ABSs and their derivatives were predominantly based on pools of residential mortgages. However, they have since been increasingly applied to a wider range of assets, including credit card balances, consumer loans, student loans and car loans (Buckle and Thompson 2004: 78). As a consequence, various forms of consumer credit have also significantly increased in availability since deregulation. The dramatic rise in the prevalence of credit cards highlights a case in point. This form of revolving credit established deep-rooted and ongoing networks of relationships between borrowers, lenders and financial markets (Langley 2008a: 146).

Although first introduced in the UK during the 1960s, credit card usage remained relatively limited due to the associated risks of default and fraud that card issuers faced. However, from the 1980s, usage soared due to two significant developments. The first was technological advances, notably in authorisation and payment systems, and the development of credit reporting and scoring (Langley 2008a: 147). These transformations facilitated the coordination of networks between retailers and issuers of credit to minimise the risk of fraud and default from cardholders. The second development concerned the increased ability of financial institutions to distribute those risks to other investors and remove outstanding balances from their accounts through securitisation and derivatives trading.

At the forefront of these innovations in the 1980s, profit seeking retail banks shifted their focus from intermediation to the mass marketization of retail services and products, such as credit cards, personal loans and mortgages (Ertürk and Solari 2007). Because they were no longer constrained by the need to balance their lending business with deposits following the liberalisation of banking regulations, retail banks were able to move assets off the balance sheet

through securitisation, which in turn became the "feedstock of wholesale markets" (Froud et al 2009). Throughout the 1980s and onwards, retail banks oversaw a massive expansion of lending both for private consumption and property acquisition. While this expansion was rationalised as a 'democratisation of finance' (Froud et al 2009), the reinvention of retail banks as marketers and providers of credit and debt ultimately fuelled a highly lucrative industry feeding directly into global financial markets.

To sum up, advocates of securitisation and derivatives trading highlight four main claims about the benefits of these practices: first, that they reduce risks for core financial institutions; second, that they free up capital in those institutions and securely boost returns; third, that they deliver liquidity to new markets and stimulate economic growth; and fourth, that they 'democratize' finance by extending loans to households who have previously been excluded from the advantages of cheap credit (Engelen et al 2011: 44). While the first three claims can be said to accord to an esoteric specificity of finance itself, the fourth and final claim concerning the 'democratisation of finance' contributes significantly to the popular legitimacy of the finance sector. The liquidity creation emerging from financial innovation at this level extended mortgages and access for consumption to ever-greater proportions of households, particularly those on low incomes, thereby creating a 'subprime market' for credit (Engelen et al 2011: 43).

2.1.4 The implications of cheap credit in the 'life-cycle'

The financial innovations borne from liberalisation undoubtedly led to the greater willingness of financial institutions to supply both secured and unsecured credit. Furthermore, the increasing availability of credit was matched by its relative cheapness due the apparent success of anti-inflationary policies that drove base interest rates ever downward following an extended period of fluctuation during the 1980s. It is therefore claimed that this 'volume effect' coupled with the 'price effect' provided the backdrop to the near-continuous increase in personal debt levels over the past 30 years (Peicuti 2013: 446).

From the standpoint of consecutive neoliberal governments in the UK, the political reaction to these trends was largely one of indifference. During the late-1980s, the Conservative Chancellor of the Exchequer, Nigel Lawson, dismissed concerns of rising personal indebtedness because it was predominantly secured against assets in the form of growing rates of homeownership (Elliott and Atkinson 2007: 65). Likewise, it has been claimed that New Labour's attitude:

> "was that there was no need to have any attitude at all. As personal debt mushroomed to extraordinary levels, no opinion was offered either way [...] In terms of laissez-faire, it was hard to beat" (Elliott and Atkinson 2007: 61).

Such indifference in this context does not in fact imply a general apathy on the part of governments towards rising personal indebtedness. On the contrary, neoliberal conceptions of debt view it as fundamental for facilitating utility-maximising behaviours within a free market economy. As such, the greater the volume of credit and the cheaper the price is, the more advantageous it is for promoting participation in markets and improving overall economic welfare.

In order to understand the neoliberal ideological justification for personal debt, it is important to recognise an economic model of long-term financial behaviour known as the 'life-cycle perspective of household finances' (Bertola et al 2006; Bridges et al 2006; Deaton 1992; Jentzsch and San José Riestra 2006; Modigliani and Brumberg 1954). The life-cycle approach provides a divergent explanation of household financial behaviour in comparison to Keynesian models. Keynes proposed that an individual's propensity to consume was a direct consequence of their immediate level of income. Therefore, any increase to an individual's income would in turn result in a proportional increase in their consumption patterns (Keynes 2008[1936]: 62). In contrast, according to life-cycle perspectives, the rate of consumption is held to be part of a plan extending over the course of an individual's life, with the role played by their income being one factor among many that may influence that plan (Modigliani and Brumberg 1954: 5-6).

When a typical household is at the start of their life-cycle as young adults, they are expected to be net debtors due to their lack of assets and the costs of purchasing a home, furnishings and starting a family. As they progress through the life-cycle, they are presumed to earn higher incomes and are expected to build up financial assets and savings in preparation for future retirement. Once they have reached retirement age, households inevitably begin to 'dissave' the assets and savings they have accumulated until the end of their lives. So, from an initial deficit position, the life-cycle perspective predicts a household's accumulation of wealth, through investments and savings, will resemble a bell-shaped curve over time (Aglietta 2000: 153). Borrowing, in this sense, therefore allows households to finance the acquisition of assets (primarily in relation to homeownership) and to smooth their consumption patterns to ensure regularity and predictability over the life-cycle.

The justification for these claims is based on the notion that rational actors are able to increase their wealth by taking on more debt. Such a viewpoint relies on three interconnected assumptions. The first assumption is that the price of credit will influence its demand, so that, when interest rates are low, households increase their borrowing for investment and consumption. Second, household finances are subject to 'equilibrating effects', as increases in household indebtedness are balanced out by rising asset prices; something referred to as 'the wealth effect'. And third, increasing household debt to buy assets increases household wealth over the life-cycle and the increase in wealth allows for increased consumption, irrespective of household income (Montgomerie 2006b: 116-7). Together, these assumptions have predicated in one way or another both the 'light touch' regulatory conditions that indirectly expedited the increased availability and affordability of credit, and the forbearance of the authorities in the face of the rising personal debt levels that emerged from such a permissive financial regime.

As such, 'rationalist' interpretations attribute the growth of personal indebtedness to individuals and households merely responding rationally to the supply-side innovations that widened access to credit. Taken on its own terms,

the growth of personal debt in this context was not seen as problematic. However, in the context of the 2007/8 financial crises, the prevailing economic environment had created “a financial perfect storm in which all the wrong incentives for a variety of agents coincided disastrously” (Minford 2010: 41). Rationalist interpretations of the rise of personal indebtedness and the subsequent crises therefore highlighted the sustained availability of cheap credit as an underlying cause (Butler 2009; Minford 2010; Posner 2009).

From this perspective, the effect of cheap credit stimulated economic activity, which in turn led to rising asset prices, most notably in residential property markets. In such conditions, prospective homeowners were inclined to borrow more to take advantage of rising prices, prompting mortgage providers to lend more. All of this resulted in a virtuous cycle of growth, as the higher levels of mortgage lending drove prices ever-higher, it attracted more buyers, who then required higher levels of credit to join the market, leading to higher prices and so on, and so forth (Posner 2009: 105). Of course, as subsequent events were to prove, the result was an unsustainable asset price bubble. The promise of continuous asset price growth ultimately led to all manner of risky behaviours by both lenders and borrowers (Posner 2009: 101-3). However, while the dynamics at work during the bubble made individuals’ actions rational under the circumstances, they proved to be collectively irrational for the economic system as a whole (Posner 2009: 106).

Following the collapse of the housing bubble, credit providers and investors in debt securities and derivatives accrued significant losses as borrowers defaulted, leading to a liquidity crisis in the banking sector. Rationalist interpretations though are steadfast in their conclusions that this was in fact the outcome of political, legislative and regulatory failures rather than market failure (Butler 2009; Minford 2010). These claim that the ‘light touch’ regulatory arrangements failed to properly monitor credit swaps and derivatives trading. Although, rather than condemning the practices themselves, the regulatory failure stemmed from the mispricing of subprime mortgage packages, which ultimately created market distortions and systemic risk

(Minford 2010: 41). Furthermore, government intervention only served to sustain the housing bubble by maintaining low interest rates instead of reigning in the era of cheap credit (Butler 2009: 56). Consequently, attributing these failures to politicians and regulators provides a vindication for the neoliberal ideological commitment to free markets and deregulation.

2.2 Re-regulation and Privatised Keynesianism

2.2.1 Neoliberalism and 're-regulation'

According to neoliberal accounts, the growth of personal indebtedness is presented as the outcome of a general strategy of state retreat, particularly in relation to the deregulation of banking and finance. As stated in rationalist interpretations, this 'freeing' of markets provided individuals and households with greater opportunities to access credit to invest, most notably in property. Concomitant increases in house prices therefore led to higher levels of debt, but, in line with neoliberal expectations, such liabilities were offset by the perceived 'wealth effect' that rising asset prices imply (Butler 2009; Minford 2010; Posner 2009). In addressing these claims, we must first draw a distinction between the theory of neoliberalism and the actual process of neoliberalization (Harvey 2005: 21). By drawing this distinction, we can observe a significant divergence between the stated aims of neoliberalism and the practicalities of implementing a regime of governance. As such, pretences toward state retreat and deregulation in this context should be considered as little more than 'hegemonic devices' (Tombs and Whyte 2009: 106).

These strategies are intended to legitimize a wide range of activities that are not necessarily considered 'regulatory' in a normative sense, but that are part of an ongoing process of 're-regulation' (Hancher and Moran 1989; Peck and Tickell 2002; Tombs and Whyte 2009). The extent to which we define these activities as regulatory rests upon differentiating between 'regulation' as an ideological construct on the one hand and 'regulation' as an analytical concept on the other. Hancher and Moran make this distinction by highlighting how 'regulation':

> "can apply to a precise range of policy instruments or legal rules, and it can also be connected to a wider and more diffuse process of system maintenance or disturbance" (1989: 129).

So, as much as 'deregulation' can be applied to a process of amending or abolishing a set of rules, it can equally apply to the breakdown of mechanisms that maintains and stabilises systems more generally.

Despite this distinction, the practical implications of regulatory reform require the incorporation of both the amendment of explicit rules and an ongoing process of system maintenance. While neoliberal pretensions of deregulation were justified through the mobilisation and extension of market mechanisms, they were subject to technocratic forms of economic management based on the manipulation of interest rates, the maintenance of non-inflationary growth and the extension of flexible labour markets (Peck and Tickell 2002: 389). Such implicit interventions are also supported by more explicit, albeit depoliticised, forms of institution-building, such as the Bank of England's Monetary Policy Committee (MPC), the SIB and, latterly, the FSA, in order to establish and maintain the new markets. Therefore, neoliberal claims attributing the growth of personal indebtedness as merely an outcome of the 'freeing' of markets highlights a fundamental contradiction: "that deregulation in the sense of 'rule cancellation' often seems to be only part of a cycle leading to 're-regulation'" (Hancher and Moran 1989: 132).

2.2.2 An economic model of 'privatised Keynesianism'

The view that regulation goes beyond explicit rule-making to encompass overall system maintenance requires us to reassess neoliberal explanations about the growth of personal indebtedness. Rather than merely facilitating supply-side measures, contemporaneous government interventions also contributed to actively stimulating demand and the continuous maintenance of economic conditions through which affordable credit flourished. It is therefore appropriate to examine the role of 're-regulation' in the context of the growth of personal credit and debt and its implications for the wider economy.

While the liberalisation of banking and finance certainly increased the availability and affordability of mortgage finance, it provides us with only a partial account of the growth of homeownership. Allied to liberalisation was the widespread privatisation of municipal housing with the 1980 Housing Act, and other subsequent legislation, which gave council tenants the 'right to buy' their council homes at significantly reduced rates. Privatisation therefore had the effect of stimulating the housing market by releasing significant quantities of real assets into the wider economy (Coakley and Harris 1992: 51-2). Furthermore, the expansion of mortgaged private property became 'an additional pool of collateral' for financial institutions. This provided the foundation to establish new layers of credit relationships that would ultimately facilitate the long-term expansion of the financial sector (Coakley 1994: 709).

The alignment of finance and property markets also established the foremost components of what turned out to be the neoliberal model of economic growth (Crouch 2009; 2011; Hutton 1995). While neoliberalism has been more commonly acknowledged in terms of its discontinuities with Keynesianism, they both shared a similar approach to overcoming the inherent uncertainties and instabilities of the capitalist economy. These analogous approaches both sought to provide the security and stability to ensure confident mass consumers necessary for economic growth. To achieve this security, Keynesianism relied on anti-cyclical demand management policies linked to mass production and comprehensive universal welfare entitlements. In contrast, rather than the perceived turn to free markets that is often associated with neoliberalism, in reality the approach relied upon:

> "a system of markets alongside extensive housing and other debt among low- and medium-income people linked to unregulated derivatives markets" (Crouch 2009: 382).

So whereas under Keynesianism, governments incurred public debt to stimulate the economy, the same was achieved under neoliberalism, but with private individuals and households incurring private debt to sustain economic growth

(Hutton 1995: 71). For this reason, Crouch (2009; 2011) proposes that neoliberalism should be viewed as a form of 'privatised Keynesianism'.

Although house prices actually fluctuated throughout the 1980s and the early-1990s as the UK economy lurched between boom and bust, by the late-1990s, the housing market began a sustained period of growth. Indeed, between 1997 and 2007, house prices in the UK increased by an average of 12 per cent annually (Watson 2010: 419). However, this extended period of growth was not a pure market development. Rather, governments introduced policy measures designed to ensure house prices continued to rise and supported demand by encouraging the relaxation of mortgage lending terms (Crouch 2011: 109). Of course, these measures reinforced confidence that rising indebtedness was being offset by rising asset prices, the so-called 'wealth effect' discussed above. To this extent, the expectation of near-constant increases in housing prices became the 'norm' (Watson 2009b: 430). It was the very 'normality' of these expectations that attracted more and more people into the housing market, which, in effect, pushed house prices ever upwards.

Expectations also played a significant role in determining UK households' consumption choices during this period. Because the wealth of households is tied to the valuation of their homes, the effect of rising prices is that people are inclined to 'feel' wealthier. Furthermore, as Mellor (2010: 70) proposes, when the expectations are that house prices will continue to rise, "homeowners are encouraged to see these gains as permanent". As such, the growth in house prices also influenced higher levels of consumer spending, either through housing equity withdrawal or increased unsecured debt, such as credit card borrowing (Bridges et al 2006: 136). Also, the increased uses of debt consolidation meant households could amalgamate outstanding unsecured debts and secure them against their properties (Langley 2008a: 190). The occurrence of housing equity withdrawal and debt consolidation highlights the interplay between secured and unsecured borrowing and demonstrates how significant amounts of housing debt leaked into the wider domestic economy. This leakage had the effect of triggering a consumer-led boom in the retail and

services industries, thereby fuelling economic growth. So while government responses to rising consumer debt levels were largely dismissive in the context of overall house prices increases, "the general buoyancy of the economy was being sustained by debt" (Crouch 2011: 109).

2.2.3 Wage stagnation, debtfare and the politics of abandonment

The extent to which the expansion of widespread personal indebtedness has been fundamental to the overall system maintenance of neoliberalism cannot be underestimated. As a central feature of 'privatised Keynesianism', debt has been an underlying driver of overall economic growth. However, it has also reinforced the legitimacy of neoliberal ideological commitments, particularly in relation to the non-inflationary growth strategy. Within the context of cuts to public spending, the success of the neoliberal approach rests upon assumptions that households can overcome the limits of their earned income by investing in capital and property markets (Montgomerie 2013: 872). Montgomerie (2009b; 2011; 2013) has described the process as being part of a wider 'politics of abandonment'.

For most households, government provision of welfare entitlements and other public services have been significantly reduced, or even eliminated altogether, such as with the reforms to the funding of state pensions and higher education (Montgomerie 2011: 4). What this ultimately means is that households must allocate increasingly higher proportions of their income to make up the shortfall. In the US, where there is a distinct lack of comprehensive social protections, particularly in healthcare coverage, the 'politics of abandonment' is considerably more acute. In this context, debt acts as a 'safety-net' and has become a key component for meeting households' welfare requirements (Montgomerie 2013: 873). For homeowners, property is used as a 'proverbial ATM', as they withdraw equity in order to meet rising living costs and the insufficiencies of social protections (Montgomerie 2011: 4). Households in the US without sufficient asset holdings, on the other hand, must access other forms of unsecured borrowing to make ends meet, often at higher levels of interest.

Within neoliberal states more generally, people on low-incomes are now encouraged to rely on credit as a replacement for a living wage or adequate welfare entitlements. Soederberg (2014) has referred to this process as 'debtfarism'. While cuts to welfare provision and public services increase insecurities amongst the population and make debt a necessary feature of their lives, debtfarist practices provide fundamental institutional and ideological support by normalising the growing dependency of low-income groups on credit under the "dominant neoliberal tropes of financial inclusion and democratisation of credit" (Soederberg 2014: 47). Class struggles around democracy, equality and freedom are therefore depoliticised and transposed to the economic sphere of the market. As Soederberg (2014: 61) points out:

> "the euphemism of democratisation of credit masked exploitative and unequal relations of power by locating, framing and solving struggles among poor 'consumers' within the (ostensibly) apolitical market".

However, debtfarist policies promoting market individualism only serve to introduce secondary forms of class-based exploitation, such as interest rates and late fees. At the same time, low-income groups dependence on consumer credit also distorts "primary forms of exploitation between employer and employee" (Soederberg 2014: 60).

As such, these pressures are further intensified by another feature of the non-inflationary approach: the deregulation of labour markets (Montgomerie 2006b; 2007a; 2007b). Under the Keynesian growth regime, mass production and consumption was accompanied by and, to some extent, driven by real increases in workers' wages. However, as part of the neoliberal narrative of the 1970s crises, wage-led inflation was identified as one of the principal causal factors of economic instability and the falling profitability of UK businesses (Hay 1996: 258). As a response, the neoliberal approach advocated a strategy of deregulating labour markets. It was claimed that introducing flexibility into employment practices would slow down wage-led inflation by increasing competition for jobs, thereby lowering wage demands and reducing the impact of wages on price inflation (Montgomerie 2006b: 125). The subsequent shift

towards flexibility led to businesses contracting-out their workforces, resulting in increased job insecurity, stagnant and falling real wages, and restrictions of non-wage benefits for many workers (Montgomerie 2009b: 23).

However, despite the absence of rising wages that had fostered mass consumption in post-war years, households were able to maintain and, in some cases, increase their consumption spending and standards of living during this period. The key to this transition was that households were able to supplement their income by accessing cheap and readily available supplies of credit, as well as cashing in on capital gains from rising house prices (Montgomerie 2007b: 19). So, rather than merely smoothing consumption patterns over the life-cycle, consumer credit and housing equity withdrawal acted as a substitute for real wage gains. In this way, neoliberal policies created possibilities to: "stimulate economic growth by increasing demand without pushing wage-inflationary pressures into the economy" (Engelen et al 2011: 48).

2.2.4 Differentiated inflationary preferences

The practicalities of sustaining a debt-financed economy depended on achieving low levels of inflation and interest rates, at the same time as maintaining rising house prices. At face value, the non-inflationary growth strategy appeared to rely on pursuing seemingly irreconcilable inflationary objectives. However, through the 're-regulation' of how inflation was measured, governments were able to pursue, as Hay (2009: 462) argues, "increasingly differentiated inflationary preferences". The measurement of inflation had been the central component of UK monetary policy throughout the 1980s and 1990s. As inflation increased, base interest rates would also be increased in order to stem the money supply to the economy and reduce inflationary pressures.

In 2003 though, the Labour government made a decisive change to the way inflation was measured by transferring from the RPIX (retail price index excluding mortgage payments) to the CPI (consumer price index). The significance of the reform was that, unlike the RPIX, the CPI excluded house

prices from its calculations. Therefore, the exclusion of house prices from inflation targets meant that any increases would not automatically lead to increases in interest rates. Consequently, from 2004 onwards, interest rates were consistently lower than they might have been under a measure of RPIX. By distinguishing between inflationary preferences, the government was acting upon assumptions that rising wages and retail prices were 'bad' inflation, while rising asset prices, particularly housing, were 'good' inflation (Hay 2009: 474). These assumptions ultimately determined the governments' discriminatory approach to system maintenance that encouraged the prolonged period of cheap mortgage lending by banks, eventually leading to the house price bubble and the ensuing financial crises of 2007/8.

2.3 Overcoming the Cultural Contradictions of the Debt Society

Understanding the process of neoliberalisation as involving both deregulation and re-regulation concomitantly allows us to reconsider the growth of personal indebtedness. Far from merely being the outcome of rational actors responding to market forces, we must give due consideration to the pressures brought about by anti-inflationary growth policies and subsequent government efforts to sustain this approach to economic management. Highlighting the increased reliance of both households and the wider economy upon widely available cheap credit addresses, to some extent, the quantitative growth of debt. Nevertheless, we must also be prepared to take into account the qualitative shift that has been a fundamental aspect of the development of the finance-led economy (Langley 2008b: 133).

Qualitatively, this shift has encompassed far-reaching changes in societal norms concerning individual behaviours, identities, subjectivities and modes of calculation. In order to interrogate these aspects of social change further, we must link them to wider economic change through the concept of 'financialisation' (Coakley and Harris 1992; Engelen 2008; Finlayson 2009; Langley 2008a; 2008b; Montgomerie 2008; 2009a; Watson 2009a). This concept not only brings into focus implicit cultural norms and values, but also

aspects of 're-regulation' relating to the governing of subjects and explicit government policies that induce those subjects into financial networks. However, as distinctive as the contemporary financialised economy may well be, it is still the outcome of long-term processes of political, cultural and economic change at large within society. Therefore, we must first examine cultural trends towards debt and the economy that preceded it in order to understand the social context into which financial dominance first emerged.

2.3.1 The Protestant ethic and the breakdown of thrift

The social acceptance of widespread personal credit and debt is a fairly recent phenomenon. Indeed, pre-Capitalist attitudes towards moneylending for profit were largely intolerant of the practice, if not openly hostile. The practice of 'usury'[2], as it was more commonly referred to, was morally prohibited in the religious teaching of the Catholic Church and was met with the sanction of excommunication. Following the Reformation in Western Christianity and the rise of Protestant sects, particularly Calvinism, the prohibition of usury was relaxed and became socially acceptable as an expedient for commercial purposes (Tawney 1990: 232). The new religious movements toleration of usury reflects part of the 'elective affinity' that, according to Weber (2003), existed between the Protestant ethic and the capitalist spirit. While the key driving forces of capitalism were previously considered as sins of avariciousness and proscribed in religious teachings as vices, the new Protestantism canonised these economic habits as not only virtuous, but as a duty or calling (Weber 2003: 2).

This transformation marked a sea change in moral attitudes towards the acquisition of wealth and other capitalist activities, particularly lending money for profit, which were previously seen as anti-social and immoral. However, the rise of Protestantism did not simply provide capitalism with moral legitimacy. More importantly, the Protestant ethic offered the capitalist spirit an inner-worldly asceticism that expounded the characteristics of industriousness, self-

[2] Usury, simply defined, is 'where more is asked than is given' (Noonan 1957: 15).

control and discipline, the deferral of gratification, and thriftiness. By adhering to these tenets, the economic prosperity of individuals became intertwined with their spiritual wellbeing (Weber 2003: 172). According to Weber then, the mutual influence and reinforcement of Protestantism and capitalism therefore became the dominant driving forces of economic and cultural development across Western Europe and the US (Callinicos 2007: 163).

While Weber's explanation provides a cultural basis for the economic processes of the spirit of capitalism, his sole focus on Protestant asceticism ultimately ignores alternative forms of social organization that contributed to the changing mentality of economic actors. Barbalet (2008) highlights this oversight with reference to the work of Adam Smith (2007), who attributed the development of capitalist behaviours to social processes of satisfying communal norms rather than simply an adherence to religious doctrine (Barbalet 2008: 120). For Weber, the virtues of 'frugality, industry, application and deferred gratification' were an intrinsic outcome of the Protestant ethic. In contrast, Smith explained these same virtues as arising from the development of 'self-command' among economic actors. Instead of merely subscribing to Protestant doctrine, 'self-command' was derived from a practical necessity of the emergent social conditions and opportunity structures of social and economic processes (Barbalet 2008: 137). Furthermore, insofar as 'self-command' was considered virtuous; it was only due to its social approbation by those in the wider community or society that experienced it (Barbalet 2008: 128). As Barbalet (2008: 144) explains:

> "[Smith] understands the source and mobilization of this ethic in the social sanctioning of taking newly emergent opportunities for a return on investment, supported by other institutional changes including the availability of third-party credit".

Smith's account therefore bypasses the reinforcement of the Protestant ethic with an analogous explanation highlighting social emulation and approbation as legitimating mechanisms. Nevertheless, where Smith corresponds with Weber is in identifying the social location of the emergence of this spirit in the lower-

and middle-classes of sixteenth and seventeenth-century European society (Barbalet 2008: 144).

By the 19th Century, the opening up of new channels for commercial credit gave rise to increased economic prosperity as "the moral force of the thrift ethos replaced usury" (Botterill 2010: 9). Simultaneously though, such prosperity also brought about increased opportunities for domestic consumption with the introduction of consumer credit. These opportunities saw the emergence of a 'leisure class' for whom consumption was no longer borne out of necessity, but a 'conspicuous' act to convey status claims (Veblen 1994[1899]). Despite these new consumption patterns being largely restricted to the middle-classes, working-class men were still able to save and access mortgages to acquire their own homes through the building society movement (Botterill 2010: 45).

It was not until the mid-20th Century that luxury consumption was extended to the working-classes with the advent of Fordist mass production techniques. Supported by the stabilising influences of Keynesian demand management and the welfare state, individuals now had the confidence and security to borrow in order to fund consumption (Montgomerie 2006a: 309). The shift to mass consumption was facilitated by giving working people access to consumer credit thereby providing them with opportunities to purchase luxury items that until this time had been restricted to only the wealthiest in society. These transformations had far-reaching implications for the living standards of an increasing proportion of the population and marked a more widespread 'democratisation of luxury' (Ingham 2008: 102).

Although mass consumerism took off almost immediately in the post-war years, the advent of mass banking did not emerge until much later. Up until this point, mass consumer credit was largely financed through hire purchase and other forms of instalment credit. In her study detailing the historical transformation of banking advertising, Botterill (2010) found that, in the 1950s, banks still held on to traditional notions of thrift and took a paternalist approach to their customers. They eschewed the modern marketing and advertising techniques

that were increasingly becoming effective in retail consumerism due to the belief it would "overcome consumers' financial resolve, which they saw as their duty to protect" (Botterill 2010: 108).

However, throughout the 1960s and 1970s, banks experienced their own cultural shift in the way they approached customers. In 1968, around half of the working population in the UK still did not have a bank account (Botterill 2010: 119). With the prospect of accessing more profitable business, banks started to tap into 'the unbanked' market and targeted an ever-wider customer base by developing more consumer friendly services, such as personal checking accounts and credit cards. Banks gradually began to aggressively market credit facilities specifically for consumption purposes as part of their core business strategy (Botterill 2010: 148). Even before the liberalisation of financial services in the 1980s, banks were already competing with each other for the most profitable customers by offering increasingly easier access, flexibility and cheaper terms to attract business. Consequently, the transformation of banking practices during the 20th Century represented a complete U-turn by the banks. From their initial role as the guardians of traditional notions of thrift, banks became key instigators of the mass marketization of debt (Botterill 2010: 219).

For some, the development of consumer credit represents a rationalization of exchange relations that has facilitated the expansion of commercial activity. As Zelizer (1994: 205) asserts:

> "people invented monetary arrangements, such as checks, the one-price store, money orders, automatic transfers, or the enormous variety of credit cards, to regularize and routinize interaction, and reduce the difficulty of social relations in the economy" (Zelizer 1994: 205).

While this rationalization has arguably made a significant contribution to the development of contemporary capitalism, it presents certain contradictions with regards to its cultural impact upon everyday practices. In earlier stages of capitalism, the Protestant ethic provided the cultural and moral justification for the economic organisation of society. However, within a consumer society,

social expectations require individuals to be at once both disciplined workers and liberated, hedonistic consumers (Bell 1978: 22).

This incongruity entailed breaking down the traditional behaviours of thrift, delayed gratification and restraint that had been so fundamental for the rise of capitalism in the first place. As Bell (1978: 21) concluded:

> "the greatest single engine in the destruction of the Protestant ethic was the invention of the instalment plan, or instant credit. Previously one had to save in order to buy. But with credit cards one could indulge in instant gratification. The system was transformed by mass production and mass consumption, by the creation of new wants and new means of gratifying those wants".

The proposed contradiction inherent in Bell's conclusion is thus: without an acquiescent system of values, such as the Protestant ethic, how is the economic structure maintained from a cultural standpoint?

Manning (2000) illustrates this dislocation with the concept of the 'cognitive connect', which determined a households' standard of living based on their present income and anticipated future expenses. Shaped by the historical traditions of the Protestant ethic analysed by Weber (2003), this behavioural calculus encouraged a sense of thrift as households delayed gratification to ensure minimum rates of saving for future uncertainties (Manning 2000: 106). However, the rise of mass consumerism and the replacement of monetary exchange with credit relations undermined such modes of calculation. According to Simmel (1978), just as money itself created a 'distance' between commodity production and the relations of exchange, the use of credit not only increased this distance, but also went further in the way it ultimately "dissociates us from money" (Simmel 1978: 520). Such disassociation contributes to what Manning refers to as 'cognitive confusion'. Confusion, in this sense, involves distortions in judgement leading to imprudence, "breaking down character and resistance to temptations, to extravagance and living beyond one's means" (Manning 2000: 107).

2.3.2 Debt as discipline

In contrast to this view, it has been claimed that the contradictions of the consumer society are actually reconciled through the disciplinary dynamics of credit and debt relations (Calder 1999; Lazzarato 2012). Calder (1999), for example, proposes that the hedonistic tendencies of consumerism are constrained, to an extent, by the external pressures of having to budget household income to maintain debt repayments (Calder 1999: 297-8). In this context, the widespread availability of consumer credit: "far from causing the demise of thrift […] actually worked to make most credit users at least as disciplined in their finances as the generations who lived before the credit revolution" (Calder 1999: 301). With the increased availability of luxury items and the purchasing power permitted by widely accessible lines of credit, individuals must comply with the system in order to fulfil their wants and desires. It is therefore the discipline of having to repay debts that maintains the economic structure in place of an explicit system of values (Calder 1999: 302).

From a Marxist standpoint, Lazzarato (2012) also acknowledges the disciplinary aspects of credit and debt relations. But far from the relatively benign sense of fulfilment and obligation outlined by Calder above, Lazzarato interprets it as an intensification of capitalist exploitation and domination at all levels of society (Lazzarato 2012: 7). By making the creditor-debtor relationship the basis for all social relations, debt creation has been placed at the "strategic heart of politics" within neoliberal economic strategies (Lazzarato 2012: 23). Rather than an equal relationship of mutual benefit between two rational individuals, the creditor-debtor relationship disguises an underlying asymmetry in relations of power. Even in cases where a debtor may enter into an agreement freely, their subsequent actions are thereafter confined within the limits of debt obligation to a creditor (Lazzarato 2012: 31).

Drawing from a Nietzschean perspective, Lazzarato attributes the constitution of a society to the inculcation of the creditor-debtor relationship, rather than simply through the medium of economic exchange. As such, the significance of

engendering people as debtors entails the activation of their 'conscience' in order to meet obligations as part of this relationship (Lazzarato 2012: 39-40). As Nietzsche himself highlighted how the German word for 'guilt', *schuld*, derives from the concept of *schulden*, which literally translated is 'debt'. Nietzsche therefore referred to *schuld* as the 'bad conscience', proclaiming:

> "To breed an animal with the right to make promises [...] man himself must first of all have become calculable, regular, necessary, even in his own image of himself; if he is to be able to stand security for his own future, which is what one promises who does!" (Nietzsche 1969: 58)

Inculcating such responsiveness requires specific forms control over subjectivity to produce a subjective figure: "who is at once guilty and responsible for their particular fate" (Lazzarato 2012: 8-9). The eventual outcome is a form of 'machinic subjugation' through which people must react to the techniques, procedures and instructions they are exposed to as debtors (Lazzarato 2012: 150). These disciplinary forces are no more forced than they are voluntary, but, nevertheless, reduce debtors to mere functional appendages of the economic system and the overall constitution of society (Raunig 2011: 102).

2.3.3 Understanding 'financialisation'

Attributing debt as a disciplinary mechanism in and of itself, whether in the sense of household budgeting or as an exploitative relationship, offers only a limited perspective to understanding the growth of personal indebtedness as a cultural phenomenon. Without taking into account the wider context of social and economic transformation, we are left with only a partial account of the processes that have led to this state of affairs. Overcoming this discrepancy requires us now to examine the concept of 'financialisation' (Coakley and Harris 1992; Engelen 2008; Finlayson 2009; Langley 2008a; 2008b; Montgomerie 2008; 2009a; Watson 2009a).

Financialisation has been used to describe the processes through which financial markets have become increasingly prominent in domestic economies

and in the everyday lives of individuals (Watson 2009a: 45). While it does not refer to a coherent system of transformation as such, it provides an analytical concept that allows us to examine the dynamic processes through which the flows of global finance capital come to mediate social interactions. It also points to how the expansion of financial markets is contingent upon integrating more and more people into the networks of global finance. Finlayson (2009: 402) outlines how these processes represent: "a reduction of the distance between high finance and everyday life, a lowering of the barriers between global banking and household finance". Due to increasing exposure to financial markets, there has been a fundamental shift in the way individuals and households interact with the economy. This has given rise to new behaviours, identities, subjectivities and modes of calculation, which, in turn, lead to differentiated aspirations, expectations and motivations across the whole social milieu. It is therefore claimed that individuals must conform to a 'particular financial rationality' requiring the inculcation of the market imperatives of risk and reward as behavioural norms (Finlayson 2009: 403).

2.3.4 Political revivalism and enterprise in the 1980s

As indicated earlier in the chapter, financialisation was primarily facilitated through the neoliberal reforms to financial services during the 1980s. It has also been noted that this process could not have been established in the way that it was had it not been for the extensive privatisation in public enterprises (Coakley and Harris 1992: 49). Accompanying their drive to promote privatisation, the Conservative government, most notably through Prime Minister Margaret Thatcher, openly declared their intentions to establish an 'enterprise culture'. This rhetorical stance hinged upon a form of political revivalism, drawing on Victorian petty bourgeois values and harking back to the Protestant ethic, with appeals to hard work, individualism, self-reliance, sacrifice for the future and thrift[3] (Botterill 2010: 23). The Conservatives saw their role as cultivating a certain type of aspiration and that, through

[3] It was widely reported at the time that Margaret Thatcher even went so far as to cut up her own credit card *"pour encourager les autres"* ("to encourage others") (The Guardian, 5 March 1988).

privatisation, widening access to wealth ownership would inevitably lead to upward social and economic mobility for the working-classes (Hutton 1995: 204). This aspirational discourse was most effectively realised in relation to homeownership, with the privatisation of municipal housing. Echoing the more general leitmotif of self-reliance, homeownership was hereby promoted as a means to achieving status, independence and security for the future (Ford et al 2001: 173).

Not only were these values mobilised in an attempt to establish a 'homeowner democracy' (Botterill 2010: 10), they were also directed at encouraging widespread small-scale share ownership (Dodd 1994). With the privatisation of nationalised industries, like British Telecom in 1984 and British Gas in 1986, the virtues of small-scale share ownership were publicized widely in national advertising campaigns with the intention of creating a 'nation of shareholders'. But unlike the success of promoting homeownership, share ownership, as a form of 'popular capitalism', never had the same impact. Despite the number of shareholders in the UK doubling during this period to approximately two million, the increase was no more than a temporary and superficial enhancement. As such, most of the new investors failed to develop their share portfolio, essentially treating their shares as an alternative to personal savings (Dodd 1994: 123). These initial forays into developing an 'enterprise culture' in the UK were constrained, to an extent, by the cycle of boom and bust within the economy at the time. Consequently, the resonance of a cultural paradigm based on 'self-reliance' was compromised somewhat by the deleterious social consequences of the deregulation of labour markets and the rolling back of social protections (Wacquant 1999: 323).

2.3.5 New Labour's asset-based approach to welfare

Comparatively, the New Labour government from 1997 onwards took on a more coherent and systematic approach to policy-making in relation to financialisation. New Labour not only accepted this process as inevitable, but also actively embraced it as a foundation for welfare reform. It was a strategy

that at once both reaffirmed the legitimacy of government intervention, while simultaneously accentuating the perceived virtues of financial markets. Finlayson (2003; 2009) highlights how New Labour sought justification for this turn in policy by, in effect, reinventing the whole basis of 'social justice'. While traditional notions of social justice entailed some degree of wealth redistribution, New Labour's approach conceived the role of public policy as a means to minimise individuals' 'exclusion' from mainstream society (Finlayson 2009: 404). Instead of merely exposing people to the networks of global finance, New Labour actively mobilized them in order to: "create the sorts of citizens who will themselves create the conditions for their own inclusion" (Finlayson 2003: 154). Though the strategy of 'inclusion' was principally related to labour market inclusion, it also corresponded to welfare policy mechanisms that sought to incorporate individuals into the mainstream financial system. One example of this form of policy-making that merits further elaboration is the approach known as 'asset-based welfare' (Ellis 2013; Finlayson 2008; 2009; Sherraden 1991; Watson 2009a; 2010).

Widespread asset-ownership had been a foundational ambition of neoliberal governments prior to New Labour's election in 1997. But whereas this ambition had only reached partial penetration previously, New Labour saw it as an opportunity to initiate welfare reforms for tackling ongoing issues of poverty, deprivation and exclusion. Asset-based welfare entailed providing individuals with assets in order to promote participation in financial markets, thereby allowing individuals to take control of their own financial future. The intention was therefore to safeguard individual choice in welfare provision, whilst, at the same time, reducing the 'burden' on state welfare provision (Watson 2009a: 46). In a sense, the provision of assets to fund individual welfare marks another case of neoliberal 're-regulation', especially if we consider these changes in relation to 'the politics of abandonment' (Montgomerie 2009b) and 'debtfare' (Soederberg 2014). It highlights ways in which state intervention is redefined in the context of extensive welfare retrenchment, such as reducing housing provision and the introduction of tuition fees for higher education (Ellis 2013: 234).

The increasing emphasis on individualised welfare subjects represents wider trends of risk and responsibility being transferred from the state to the individual. However, asset-based welfare involves a far more pervasive element to it than simply transferring costs away from the state. Its fundamental objectives are to initiate widespread behavioural change through public policy and the welfare state in order to reconcile individuals with the emergent social and economic conditions of a fully financialised economy. Highlighting this point, Sherraden (1991: 6) notes how asset-ownership offers a necessary alternative to redistributive systems of welfare because: "income only maintains consumption, but assets change the way people think and interact with the world". Understanding asset-based welfare as a form of behavioural engineering emphasises the expectations that governments have of their citizens, particularly when we consider the assumptions of the 'life-cycle hypothesis of permanent income'. Here, the expectation is that individuals will debt-finance the acquisition of assets over the course of their working lives in order that they may then draw on them in retirement. Of course, underpinning these expectations is the assumption that assets will appreciate sufficiently in the future, so as to justify the decision to take on debt to acquire them in the meantime (Montgomerie 2006b: 116-7).

2.3.6 Governmentalities of debt

The behavioural aspects of asset-based welfare in particular, and financialisation more generally, have prompted a series of analyses from the perspective of Foucauldian 'neoliberal governmentality' (Finlayson 2008; 2011; Foucault 1991; 2008; Knights 1997; Langley 2008a; Lemke 2012; Payne 2012; Watson 2009a; 2010). Foucault (2008: 2) defines 'governmentality' as the 'art of government' through which the development of governmental practices determine:

> "the particular situations it deals with, the problems raised, the tactics chosen, the instruments employed, forged or remodelled [for] the

> rationalization of governmental practice in the exercise of political sovereignty".

More specifically, as Finlayson (2008: 107) argues, social policies that reflect governmentality:

> "take the form of techniques to act on the aspirations and outlook of individuals; that changes their behaviour, not by means of external pressures (as is the case with criminal policy, for instance), but by inculcating internal dispositions".

Asset-based welfare, from this perspective, aims to institute a 'government of the self by the self' within financialised agents who are induced to exhibit the "personalised imprints of market rationality" (Watson 2010: 418). The objective is therefore to create 'active saver-investors': self-disciplined citizens who no longer act as passive recipients of welfare, but take responsibility for their own welfare needs without state intervention (Knights 1997: 226).

According to Watson (2009a: 45-6), governmentality acts as a 'moral technology of control'. Whereas asset-ownership is presented as providing choice for welfare subjects, such choice depends upon participating in the financialised economy. To embrace asset-ownership is therefore to adapt to the prevailing economic conditions, thereby acting in a 'responsible' manner to ensure that one's own future needs are provided for. Conversely, relying on state provision constitutes an act of 'irresponsibility' for subjects who have failed to acquire sufficient assets. Failing to adapt to the financialised economy is therefore to fail a "moral test of prudent management of the self" (Watson 2009a: 46). So, although asset-based welfare is represented as a discretionary measure, as a form of governmentality, it demonstrates how: "modes of subjectivation and the practices of transforming the self constitute the centre of moral concern, while the codes and regulation of behaviour are only of minor importance" (Lemke 2012: 61). Governmentality, therefore, does not as such dominate and manipulate individuals, but rather acts on their aspirations and dispositions as subjects.

In relation specifically to personal credit and debt, neoliberal governmentality summons the central tenets of classical liberalism, namely freedom and security. The subject position of the 'entrepreneurial and responsible borrower' mobilizes individuals into different networks of borrowing requiring distinct, but often overlapping, subjectivities of financial self-discipline. Langley (2008a) identifies two such subject positions that are invoked in this way: the 'revolvers' and the 'leveraged investors'.

'Revolvers' are borrowers who are mobilized within credit card networks. They make use of revolving credit facilities on a regular basis, but consistently seek to maximise their consumption opportunities by creatively managing outstanding balances. In this way, revolvers use credit cards as the means to express their individuality, aspirations and freedom through consumption (Langley 2008a: 187). As a counterpoint, the subject is always accompanied with the presence of a constitutive 'other', which, in this case is: "a subject for whom the inability to access credit results in a serious curtailment of freedom" (Langley 2008a: 189).

Issues of freedom are also at stake with the mobilization of the 'leveraged investor' subject position within mortgage lending networks. These subjects are ostensibly owner-occupiers for whom owning a home is primarily conceived as a form of asset-speculation. Corresponding with the subjects of asset-based welfare, leveraged investors acquire a home with expectations they will realize future returns as it appreciates in value. What distinguishes this subject position is how owner-occupation is held up as a beacon of aspiration for all to follow as a 'moral imperative' (Langley 2008a: 193). As such, there is a clear separation between what is considered 'socially acceptable' and what is 'socially unacceptable'. By engaging in socially acceptable practices, leveraged investors are represented by their enterprise and autonomy. The opposing 'other', being socially unacceptable, is perceived as: "dependent, trapped, and insecure renters who place welfare demands on the state" (Langley 2008a: 193).

The concept of governmentality undoubtedly offers valuable insights into how government practices are realised within social and cultural practices. However,

its application within the context of examining the growth of personal indebtedness has a number of interrelated shortcomings that are worth further consideration. In a general sense, analyses of governmentality predominantly focus upon the 'discursive underpinnings' of government practices rather than empirical specificities (Stenson 2005: 269). As a result, the successful production of subjects is taken for granted as a presumed effect of governmentality. To simply accept the social consequences of governmental ambitions precludes the complexities of social life and disregards the creative agency of individual actors (Clarke et al 2007: 22). It therefore means there is limited theoretical scope to account for contestation and resistance to governmental discourses (O'Malley et al 1997: 510). The way governmental power is conceptualised as so deeply entrenched that it cannot be subverted rejects the possibility of transformative agency (McKee 2009: 476).

Finally, such inattention to empirical specificity also leads to a weak conception of social differences in the way various groups are targeted and affected by governmental practices. Differences of gender, race and class not only shape the relations of power in which governmental technologies take effect, but, more importantly, are significant for understanding who has access to power for producing and deploying discourses (Cooper 1994: 450). These criticisms highlight some of the challenges of the governmentality approach, particularly the extent to which agency and difference are adequately taken into account. Nevertheless, it remains an important analytical concept for exploring issues of power in the social construction and reproduction of subjectivities.

2.3.7 A middle-class moral panic and the emergence of the 'uncertain subject'

An example of the significance of governmentalities and the power that is exercised through them can be observed with an interpretation of the UK government's response to the financial crises of 2007/8. According to Watson (2009b), the actions taken in the aftermath of the initial crisis were predicated on a discursive construction of a 'middle-class moral panic'. Decisions made to bailout the banking sector, as well as the reduction of interest rates to

historically low levels, were politically conditioned responses designed to maintain the internal coherence of the prevailing economic system. The 'middle-class moral panic' served to provide reassurance to those who had both propelled and benefited from the house price bubble. As such, the middle-classes were positioned as 'deserving beneficiaries' of government intervention to address the crisis (Watson 2009b: 423). By framing middle-class homeowners as 'responsible mortgage borrowers', they were constructed as the: "genuinely innocent victims of a sub-prime crisis that was the result of other people's poor decision-making" (Watson 2009b: 433). In this case, the 'other' was not actually the banks responsible for selling sub-prime mortgages.

To force the banks to take responsibility for the losses they incurred during the crisis would have constrained their ability for further mortgage lending, which would have seen an even greater fall in house prices. At the same time, the people who had been sold sub-prime mortgages were not conspicuously 'othered' either, despite their socially excluded status as 'sub-prime'. What was significant was how news reports of distressed mortgage borrowers were overwhelming focused on those who had prime mortgages, the so-called 'good financial citizens'. As Watson (2009b: 432) demonstrates: "It was people with good credit histories and a record of previously pristine financial behaviour who were presented as deserving of wider public sympathy".

While moral panics of crime elicit disproportionate punishment for the deviant behaviour of a subordinate group that is a threat to a dominant group, the moral panic in this case facilitated an equally disproportionate response. This was achieved through a clear demarcation of two groups: the 'responsible mortgage borrowers' on one hand and 'sub-prime borrowers' on the other. The recapitalisation of the banks to protect the personal wealth stored in the housing market provided disproportionate assistance to the middle-classes by contrasting their 'responsible' borrowing with the 'deviant' behaviour of sub-prime borrowing (Watson 2009b: 433). Consequently, the successful institution of the 'middle-class moral panic' facilitated a response by government that aimed to placate middle-class anxieties. It also had the effect of preserving the

legitimacy of an economic growth regime based on the accepted behavioral model of the 'responsible mortgage borrower' (Watson 2009b: 435).

With the ongoing economic downturn, significant tensions have now emerged in how discourses of the 'responsible borrower' are assembled as more people find themselves in precarious financial situations (Langley 2008a). Although house prices have remained at inflated levels, the wage stagnation experienced by those who are not already constituted as 'leveraged investors' results in increasing difficulties in performing the requisite financial disciplines. It also poses future problems for those who are already entrenched in those subject positions. Without the demand from new entrants to the housing market, an inevitable fall in demand and prices could undermine expectations of freedom and security that were once an inherent feature of homeownership. For these reasons, mobilizing subjects within contemporary networks of borrowing is far from straightforward. Ultimately, future governmentalities of borrowing are likely to bring forth 'uncertain subjects'. As Langley (2008a: 203) concludes:

> "[in the current situation] individuals cannot identify with the subject position of the responsible borrower in a certain and unambiguous manner [...] rendering precarious the performance of the subject position of the responsible and entrepreneurial borrower".

2.4 Conclusion

The rise of neoliberalism and the strategy of non-inflationary growth were framed as a method for boosting supply-side measures in order to promote 'economic freedom'. Under these pretensions, the liberalisation of financial services encouraged financial innovations, like securitisation, which in turn led to cheaper and more readily available credit. As part of this 'democratisation of finance', rational-acting individuals were encouraged to increase their indebtedness in order to participate in widespread asset-ownership. The implied 'wealth effect' of these measures meant that governments were unconcerned about rising debt levels so long as assets continued to appreciate. In this context, rationalist interpretations present the financial crises of 2007/8

as the outcome of a house price bubble, which emerged as the result of the 'rational' actions of individuals leading to collectively irrational outcomes (Posner 2009).

As the dominant interpretation of the crises and the explanation for rising personal debt levels, we are left in no doubt here that these conditions are the consequences of state retreat and the unleashing of market forces. Of course, this explanation relies on accepting that deregulation and freely functioning markets were an inherent outcome of neoliberalism. What was actually involved was a significant degree of concomitant 're-regulation' that actively encouraged demand, while sustaining the conditions for markets to flourish. As a form of system maintenance, this had a similar effect to the Keynesian model of growth that neoliberalism sought to replace. But instead of governments stimulating economic activity through public debt, the onus fell on private individuals whose increasing debt levels became the basis for economic growth (Crouch 2009; 2011).

The cultural aspects of this transformation were in flux long before the rise of neoliberalism. With the advent of mass consumerism in the post-war years, there was a breakdown in traditional practices of thrift, which in turn led to cultural contradictions of sustaining an economy based on debt accumulation. As a historically distinct process of change, financialisation from the 1980s onwards brought with it new forms of social regulation that openly and actively inculcated individuals into the circuits of financialised capitalism. Such inculcation represented new ways of governing individuals' behaviour in relation to finance and debt. These governmentalities represent implicit ways of disciplining individuals' subjectivities into a particular finance rationality of asset-ownership, and by extension debt. However, in the post-crisis climate of economic austerity and instability, these subjectivities are becoming increasingly uncertain.

The approaches to personal credit and debt discussed in this chapter highlight a variety of different perspectives that can be broadly broken down into two

distinct, but interrelated strands. These strands can be seen to reflect Mills' (1967: 8) fundamental distinction of "the personal troubles of the milieu" and "the public issues of social structure". First, there were the dispositional perspectives that attributed the growing prevalence of personal credit and debt to individual characteristics and subjective transformations. These included theories of rational choice, governmentalities and the more general breakdown of thrift. The second strand highlighted structural changes and pressures in the wider economy and the subsequent political responses that sought to either address these changes or act as a catalyst for further transformations.

Such changes are most evident with the rise of neoliberalism as a regime of government and the resulting financial 'deregulation' that precipitated the ongoing process of financialization throughout society. While each strand emphasises a separate sphere of society, they are not in any way mutually exclusive of each other. Rather, the historical trajectory of the development of personal credit and debt outlined in both strands is conditioned by the interdependence between the institutional structures of politics and the economy on the one hand, and cultural adjustment at a population level on the other. The next chapter will present an approach that offers a means to bridge these interrelated concerns.

Chapter 3 Cultural Political Economy: A Conceptual and Theoretical Review

The previous chapter examined a variety of approaches that sought to explain the development and growth of personal credit and debt in the UK. These approaches were broadly categorised into two main strands: the dispositional and the structural. What appeared to be lacking in these approaches is an integrated account that adequately reflects the interdependence of both strands as a process of interaction between historical political and economic change, and social change. To address these concerns, this chapter will proceed with a conceptual and theoretical review of the post-disciplinary approach of 'cultural political economy' (Best and Paterson 2010; Jessop 2004; 2005; 2010; Jessop and Oosterlynck 2008; Jessop and Sum 2001; 2006; Jones 2009; Paul 2012; Sayer 2001; Sum 2009; Sum and Jessop 2013). A cultural political economy approach to personal credit and debt provides an analytical entry point to investigate the emergence of subjects, subjectivities and modes of calculation as the outcome of wider cultural, economic and political institutional embedding and transformation. Furthermore, this review aims to develop the approach to offer a more substantive account of embedding within everyday economic practices.

The chapter will begin with a brief account of the regulation approach (Aglietta 1979; 2000; Boyer 1990; 2000; Jessop 1990; 2001; 2013; Jessop and Sum 2006; Lipietz 1987; 1988), which is cited as the theoretical antecedent to cultural political economy (Jessop and Sum 2006). Although the previous chapter alluded to 're-regulation' as an inevitable corollary of deregulation, the regulation approach adopts a transhistorical approach to re-regulation. To outline this distinction, there will be a description of the key regulationist concepts of 'regime of accumulation' and 'mode of regulation', before demonstrating the scope of the approach and its limitations with an explanation

of the post-Fordist regulation analysis of the 'finance-led growth regime' (Aglietta 2000; Boyer 2000; Jessop 2013). Following on from the regulation approach will be an examination of how culture and economy have been theorised in the past, with particular emphasis on the work of Karl Polanyi (2001[1944]) and Jürgen Habermas (1987). This will precede a brief outline of the 'cultural turn' in the social sciences and its potential contribution to studies in political economy.

The central feature of this chapter will be a detailed discussion of cultural political economy, with an outline of the key concepts of the 'economic imaginary' and the process of 'evolutionary embedding' through which hegemonic discourses become dominant. Several examples of cultural political economy will also be reviewed to illustrate its application to a variety of different topics and themes. These will serve to highlight both the adaptability of the approach and some of its potential shortcomings. Finally, as a means to overcome these shortcomings, there will be an analysis of alternative disciplinary applications of 'imaginaries' in the work of Charles Taylor (2002) and Jacques Lacan (1977), which will lead us to a discussion of the Althusserian (1971) concept of 'interpellation'. The intended aim of this review is therefore to operationalize these concepts and theories with a view to establishing a fully integrated cultural political economy research agenda.

3.1 Regulation Theory

3.1.1 The regulation approach

For a long time, proponents of Marxism have attempted to explain why capitalism has yet to succumb to its final demise. Despite capitalism's inherent instability, crisis tendencies and negative consequences on society at large, Marx's prediction of an inevitable revolution has failed to materialize (Lipietz 1988: 10). Taking on this challenge, the regulation approach has sought to analyse capitalism as a historical phenomenon that has survived recurrent periods of economic crisis and social upheaval by overcoming its internal

contradictions through the process of regulation (Aglietta 1979; 2000; Boyer 1990; 2000; Jessop 1990; 2001; 2013; Jessop and Sum 2006; Lipietz 1987; 1988). Regulation in this sense refers to the transformation of social relations within capitalist economies to correspond with the prevailing patterns of accumulation. When the system is in flux following a crisis, new relations emerge, both economic and non-economic, which stabilise the system and maintain the cycle of accumulation (Aglietta 1979: 16). Analytically, the regulation approach focuses on two distinct, but complementary concepts; namely, the regime of accumulation and the mode of regulation.

The regime of accumulation systematically coordinates capitalist accumulation through the changing conditions of production and final consumption (Lipietz 1988: 23). This coordination takes place across a range of interrelated structures to determine five key institutional forms within the regime of accumulation. These forms include: the configuration of the wage relation; credit and monetary constraints; forms of economic competition; the form of the state; and the position the state takes within the international economy (Boyer 1990: 37-42). Regulation theorists have identified two basic stages of capitalist accumulation. The first of these stages is based on extensive accumulation and consists of growth being driven by capitalist expansion into areas of non-capitalist activity. In contrast, the second stage is distinguished as intensive accumulation, whereby existing areas of capitalist accumulation are subjected to internal reorganization to produce a higher rate of relative surplus value (Jessop 1990: 156). The two regimes are not mutually exclusive. Rather they tend to coexist and coalesce in any one regime at a time (Lipietz 1988: 22). To the extent that we can distinguish regimes of accumulation as being either extensive or intensive, they are identifiable as predominantly one or the other, as opposed to conforming to a single particular logic.

For every regime of accumulation, there is a corresponding mode of regulation. In each case, the mode of regulation represents the totality of practices, networks and norms required to coordinate economic action and secure the continuation of capitalist accumulation (Lipietz 1988: 24). The modes of

regulation are neither predetermined nor interchangeable features of capitalist regimes. Rather they are the product of past and ongoing political struggles where specific modes of regulation are established to temporally defer the crisis tendencies particular to a given regime, so that the circuit of capital is maintained (Jessop 1990: 309-11).

However, we cannot necessarily presume that relevant economic actors merely internalize modes of regulation intuitively. Still, the overarching logic of the system must somehow be filtered into decentralized decision-making structures at a local level so that they conform to the imperatives of accumulation. Boyer (1990) highlights three distinct processes where the mode of regulation can be operationalized and rendered meaningful. First, the establishment of formal laws, rules and regulations imposes enforceable standards, constraining some practices while enabling others. Second, economic actors or groups are persuaded to accept regulation willingly through negotiations with the offer of concessions that are in their respective interests, but are inconsequential to the overall functioning of the system. And third, the conditions for accepting norms consistent with accumulation are already present in existing common value systems, or representations of reality. These may include norms related to prevailing religious beliefs, cultural expectations and understandings of the economy, or what is generally considered good social conduct (Boyer 1990: 44-5).

Until the crisis of Fordism, regulation approaches focused on Fordist economies based on similar economic conditions of Keynesian anti-cyclical demand management, mass production and consumption, and the emergence of welfare states. While the pressures that led to the crises of Fordism were analogous for all Fordist regimes, their effects were manifested differently within distinct national economies, leading to a variety of diverse responses to the crises. From a regulationist perspective, a number of analyses were proposed to account for what would ostensibly be an archetypal ‘post-Fordist growth regime’ (Jessop 2013: 16). To illustrate the regulation approach, and its limitations, we will now

briefly look at the post-Fordist regulationist analysis of the 'finance-led growth regime' (Aglietta 2000; Boyer 2000; Jessop 2013).

3.1.2 A finance-led growth regime

A finance-led growth regime involves a regime of accumulation that is primarily driven by global financial markets and asset price expectations therein (Aglietta 2000: 153). This logic of accumulation is coordinated across the five key institutional forms as follows. First, global financial markets discourage high levels of public indebtedness through the adjustment of interest rates on loans to national governments. As such, the relationship between the State and the economy is transformed by the constraints imposed on government expenditure, resulting in reduced welfare spending and public investment in industry (Boyer 2000: 120). Second, the financial system plays a central role in employment relations. Increased wages are considered a cost of production rather than a stimulus for domestic production and consumption. The historic wage compromise that included the development of welfare states is therefore replaced by flexible employment practices, profit-sharing, private pensions and a ready supply of consumer credit (Jessop 2013: 18). Third, the form of competition prioritises opening domestic economies to hypermobile global capital. Nations and firms therefore compete to attract global investment by reducing labour costs and public expenditure (Boyer 2000: 116). Fourth, the positioning of domestic economies within the international economy relies on promoting free trade and a trend towards deregulating global capital flows. As such, national economies are increasingly subject to the scrutiny of the international financial community, which influence investment decisions through global financial markets (Aglietta 2000: 155). Finally, the role of central banks is instrumental in creating a stable monetary environment for the development of financial markets. The focus of central banks is no longer simply the balancing of growth, inflation and price stability, but of treating these as secondary issues to the primary concern of containing financial asset bubbles, especially against external shocks (Boyer 2000: 120).

Corresponding to the accumulation strategies of these institutional forms is a mode of regulation that is coordinated by privileging the essential component of 'shareholder value' (Aglietta 2000; Boyer 2000; Jessop 2013). While this mode of regulation primarily affects the governance of firms, it also filters down to the behaviours of individuals and households. In order to attract investment, firms rely on a system of public valuation through which they are measured in terms of their expectations of profitability. It is therefore the expectations of capital markets that impose the financial norms shaping corporate behaviour, which entail the prioritisation of maximising shareholder value above all other considerations (Aglietta 2000: 149). For individuals, wages remain the primary source of incentive. However, because firms must react quickly to any shortfall in profit expectations, flexible employment practices allow them to reduce the wage bill to maintain shareholder value (Boyer 2000: 118). Wage earners also have access to capital gains in financial markets, either through direct participation, such as homeownership, or indirectly through private pension savings. In this way, pension funds inevitably draw individuals into the logic of shareholder value. Rising asset prices ultimately affect the financial wealth of individuals and influence their consumption choices, leading to 'dynamism' within the economy (Boyer 2000: 120). Prioritising shareholder value as a mode of regulation thereby brings together firms and individuals under a finance-led regime of accumulation that, as Aglietta (2000: 156) concludes:

> "rests upon the expectation of an endless asset-price appreciation. The dynamic is self-fulfilling as much as it is reflexive because market sentiment induces firms and individuals to act in such a way that expectations are fulfilled. This market sentiment is a coordination of expectations around a convention shared by the financial community" (Aglietta 2000: 156).

Conceptualizing a finance-led growth regime based on shareholder value as the dominant post-Fordist regime of accumulation has limited analytical appeal. This is partly because it can only be applied to certain economies where the penetration of the financial system is at an advanced stage, such as the UK and the US (Jessop and Sum 2006: 345). More importantly, the overwhelming focus

on financial markets ignores other significant forces and dynamics of societal relations, in particular "the broader dynamics of class domination" (Jessop 2013: 18). The imperatives of accumulation do not merely dictate the form regulation takes. Rather, regulation is shaped by antagonistic struggles between and within competing interest groups, leading to shifting and often contradictory modes of regulation. As Whyte (2010: 166) concludes: "it is more accurate to think about *dissensus* rather than *consensus* as the driving force behind the politics of regulation".

These limitations also reflect shortcomings in the assumption that the logic of accumulation through the five key institutional forms can adequately and exclusively provide the basis for a dominant mode of socialization. While the regulation approach subordinates the interests of various groups to accumulation priorities, "regulation in capitalist societies is as much about social order maintenance as it is about control efforts" (Whyte 2004: 144). As such, relying on these institutional forms leads to a narrow field of analysis, with an overemphasis on economic and political factors. What is effectively missing from the regulation approach is therefore a more substantive consideration of the significance of extra-economic and cultural factors that are essential for a capitalist market economy (Jessop and Sum 2006: 378-9).

3.2 Culture and Economy: Embeddedness, Colonization and the Cultural Turn

In contrast to stringent economistic views of economy and society, the regulation approach places the social embeddedness of economic activities at the heart of its analyses. However, there is a sense that the mode of regulation reduces social and cultural norms to a mere functional adjunct of the regime of accumulation (Jessop and Sum 2006: 238). Nevertheless, despite such functionalist tendencies, the regulation approach illustrates the misconception that economy and society can be treated as distinct spheres and, as such, "the question is no longer *if* culture and economy are related, but *how*" (van Heur 2010a: 421). To further highlight this interdependence, we will examine how

culture and economy have been conceptualised in the work of Karl Polanyi and Jürgen Habermas, before giving a brief account of the cultural turn in the social sciences and its significance for economic analyses.

3.2.1 Polanyi and embeddedness

Like the regulation approach, the work of Karl Polanyi (2001[1944]) rejects the premise that capitalist economies can be analysed in terms of socially disembedded, self-regulating phenomenon in their own right. However, whereas regulationists attribute transformations in capitalism to the emergent social and political struggles as an outcome of crises, Polanyi proposes a 'double movement' (Jessop 2001: 227-8). Taking the pre-capitalist economy as a starting point, Polanyi illustrates how economic activities were embedded in non-economic institutions. These embedded economic activities operated under three principles of non-economic association: reciprocity, redistribution and household production (Polanyi 2001[1944]: 49-56).

With the rise of capitalism, economic relations had to be disembedded from non-economic institutions and became an extension of what Polanyi describes as 'fictitious commodities': land, money and labour (2001[1944]: 72). Of these, the application of market mechanisms to the organization of labour had the most far-reaching and pervasive effects on the pace of social life. Ordinary people were compelled to sell their labour as a commodity to meet the demands of the newly burgeoning market economy, resulting in a change in the organization of society itself (Polanyi 2001[1944]: 79). This transformation of society was the precondition for the second part of the double movement; the (re-)embedding of social relations into the economic system. As Polanyi (2001[1944]: 60) explains:

> "the control of the economic system by the market is of overwhelming consequence to the whole of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system. The vital importance of the economic factor to the existence of society

> precludes any other result. For once the economic system is organized in separate institutions, based on specific motives and conferring a special status, society must be shaped in such a manner as to allow that system to function according to its own laws. This is the meaning of the familiar assertion that *a market economy can function only in a market society*"

So, rather than conceiving the market economy as simply a self-contained system, Polanyi's emphasis on social embeddeness exposes how capital accumulation depends on maintaining the balance between market relations and other forms of social organisation.

3.2.2 Habermas and 'colonization of lifeworld'

Following a similar line of enquiry, Jürgen Habermas (1987) proposes the 'colonization of the lifeworld', in which the inherent rationality of the political and economic spheres of the 'system' inevitably encroach on the private sphere of the 'lifeworld' (Habermas 1987: 325). As a representation of the institutional forms of a society, the system is comprised of rationalized structures that transcend individual subjectivity through the formalization and bureaucratization of operating procedures and rules. Some obvious examples include systems of government, law, banking and education, to name but a few. In contrast, the lifeworld represents the everyday inter-subjective meanings generated through social interaction between individuals. These meanings are reproduced in structural processes found in the lifeworld, notably through: *cultural reproduction* (knowledge renewal); *social integration* (coordinating action); and *socialization* (identity formation) (Habermas 1987: 137-8).

Although system and lifeworld are presented as distinct in terms of their overall substance, it belies the more complex reality of their interrelationship at a societal level, with Habermas explicitly proposing: "that we conceive of societies *simultaneously* as systems and lifeworlds" (1987: 118). Rather than a clear separation between the two, we must understand that lifeworlds exist within systems, even predetermining them in the first instance, but that lifeworlds also contain systems within them. As such, the distinction between the system and

lifeworld exhibits a 'certain fuzziness', to use the words of Andrew Sayer. But as Sayer (2001: 690) goes on to argue:

> "this fuzziness is no more fatal to the conceptual distinction than dawn and dusk are to the distinction between night and day; *that a distinction is fuzzy doesn't mean that there's no difference between its poles.* Fuzzy distinctions, like that between the front of your head and the back of your head (where would you draw the line?) can be clear enough to be useful, even indispensable".

While this symbiotic relationship holds true to begin with, when systems grow they become increasingly independent of the lifeworld from whence they emerged. As the system becomes more self-sufficient and distanced from the lifeworld, it develops a logic and momentum of its own that is removed from constituent knowledge and control. With increasing differentiation between the two components of society, the functional coordination of action is inhibited as the forms of integration particular to the lifeworld and the system become 'uncoupled' (Habermas 1987: 186). Of course this is not a literal detachment as such, but more a continuous movement. For example, if we refer back to Sayer's earlier metaphor, the process of uncoupling should not simply be considered: "a 'purification' equivalent to imagining that the front of our head is separate from the back" (2001: 691).

In the sense that system and lifeworld are 'recoupled', it is with regards to the grounding of instrumental rationality within the lifeworld to conform to systemic imperatives. In favouring forms of system integration at the expense of social integration, system mechanisms come to threaten the lifeworld structures of cultural reproduction and socialization. It is to this extent that the rationalization of the lifeworld can be understood as a form of colonization that feeds back into the system and enables the growth of further subsystems to the detriment of the lifeworld (Habermas 1987: 196).

In contrast to the regulation approach, both Habermas and Polanyi offer more integrative approaches to highlight the significance of extra-economic features for economies. However, all three approaches share a similar, yet fundamental

drawback. Despite Polanyi (1977) rejecting neoclassical theoretical arguments of innate rational action, the institutionalization of embedded market relations mean that actors are subsequently compelled to respond in a purely instrumental manner "in order to secure their own futures" (Watson 2005: 155). Likewise, Habermas' colonization thesis privileges the rationalizing effects that system mechanisms have on the lifeworld (Ebner 2012). Therefore, even where social and cultural norms in the lifeworld are acknowledged, they are subordinated to the functional imperatives of the system in all three approaches. To address this predisposition towards economic functionalism, it is now worth examining the shift in the social sciences known as the 'cultural turn'.

3.2.3 The cultural turn

If the approaches of the Habermas, Polanyi and the regulationists can be accused of overstating the rationalizing effects of market forces, at the very least their respective approaches acknowledge the significance of culture to economic systems. For a long time though, the same could not be said for a great deal of research on the economy. By reducing culture to the level of ideology, it led to impoverished analyses of economic phenomena, resulting in economic determinism and vulgar materialism in the most extreme cases (Sayer 2000a: 166). Within this context, the 'cultural turn' in the social sciences offered an alternative frame of reference to sociological analyses of the economy. What it provided was the impetus for research attention to be refocused on culture, not merely as an appendage to the market as per Polanyi, Habermas and the regulationists, but as a key site for 'signifying practices' in their own right. Such signifying practices entail the construction of meaning and, following the cultural turn, it has led to a greater analytical emphasis on the interpretation of these practices.

In pursuing this end, the rise of the intellectual movements of post-modernism and post-structuralism brought with them a wide array of approaches to social research including: argumentation, deconstruction, discourse, historicity,

identity, ideology, interpretation, narrativity, representation, rhetoric and semiotics (Jessop and Sum 2001: 93). The newfound vitality of social scientific inquiry meant that politics could no longer be considered just a matter of distribution. Rather, interpretive analyses widened the field of investigation to address the politics of recognition as well. The most fertile research emerged where distribution and recognition avoided mutual exclusivity. For instance, in studies of gender or racial inequalities, which are certainly rooted in cultural norms, the new paradigm contributed towards exposing how entrenched inequalities led to detrimental economic outcomes for groups vulnerable to discrimination (Sayer 2001: 693).

Of course, there were perceived drawbacks to the growing influence of the cultural turn (Sayer 2000a). What emerged in its aftermath was a groundswell of culture-orientated studies displaying what can only be described as a tendency towards culturalist imperialism. According to Sayer (2000a: 167), there were even claims that culture and economy were now indistinguishable. This reductionism marginalised economic issues, leading to a form of vulgar culturalism, which promoted essentially 'soft' analyses devoid of significant economic content. On these occasions, it can be said that the cultural turn was responsible for the same kinds of partiality it had sought to correct. Nevertheless, the philosophical and methodological innovations of the cultural turn still hold the potential to contribute to critiques of historical and contemporary economic trends.

Sayer (2000b) has criticised the 'parochialism' and 'imperialism' of disciplinary boundaries that can lead to reductionist understandings of the social world. Earlier incarnations of classical political economy were initially 'pre-disciplinary', as far as it was practiced by the likes of Adam Smith and Karl Marx. Their approaches were 'pre-disciplinary' in that they prefigured the separation of political economy into distinct disciplinary territories, such as economics, law, politics and sociology (Sayer 2000b: 89-90). The development of the disciplines resulted in particular approaches and priorities within rigid boundaries according to each discipline's respected field of inquiry. This

fragmentation ultimately leads to a form of disciplinary ‘parochialism’, whereby the observation of defined boundaries serve to “inhibit thinking outside the framework of a single discipline” (Sayer 2000b: 83). At the same time, the disciplines have a tendency towards ‘imperialism’, as they “attempt to claim territories occupied by others as their own” (Sayer 2000b: 83). To avert these constraints and pursue more coherent studies of the social world, Sayer recommends ‘post-disciplinary studies’ that “follow the ideas and processes wherever they lead” (Sayer 2000b: 85).

Following this approach, Jessop and Sum (2001) see the cultural turn as an opportunity to establish a post-disciplinary approach to contemporary political economy. In this sense, the turn to culture has opened up greater possibilities for escaping the constraints of established disciplinary boundaries and embracing a more comprehensive, post-disciplinary approach to political economy research (Jessop and Sum 2001: 90). The post-disciplinary approach that Jessop and Sum are keen to promote seeks to address what they see as a general absence in more orthodox political economy. They identify this deficiency as the: “notion of how subjects and subjectivities are formed and how different modes of calculation emerge and become institutionalised” (Jessop and Sum 2001: 97).

To overcome this shortcoming, Jessop and Sum (2006: 377) highlight Gramsci’s (1971) concept of ‘hegemony’ as an important aspect of any post-disciplinary approach. In contrast to coercive forms of domination, ‘hegemony’ is loosely defined as “the consensual basis of an existing political system within civil society” (Adamson 1980: 170). According to Gramsci (1971: 52), hegemony emerges out of the historical unity of the state and civil society, which must necessarily be the outcome of ‘organic relations’. Together the two form a ‘historical bloc’, integrating the political, economic and cultural spheres in accordance with the economic imperatives of the ruling classes. Through the instruments and institutions of civil society, ‘intellectual and moral leadership’ is exercised over society as a whole. The purpose of intellectual and moral leadership is therefore to:

> "shape directly or indirectly the cognitive and affective structures whereby men perceive and evaluate problematic social reality [and] a common social-moral language is spoken, in which one concept of reality is dominant, informing with its spirit all modes of thought and behaviour" (Femia 1981: 24).

However, while hegemony is culturally orientated as a form of rule, as Gramsci (1971: 161) makes clear: "it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity".

Therefore, it is Jessop and Sum's (2001; 2006) contention that political economy should take the cultural turn seriously by utilising its methods to examine the discursive-material moments of how hegemony is produced and reproduced. Such an approach would highlight the relationship between the emergence of subjectivities and the wider cultural and institutional formations that stabilise economic regimes, particularly in times of crisis (Jessop and Sum 2001: 97). What Jessop and Sum (2006) therefore propose is a fully integrated 'cultural political economy'.

3.3 Cultural Political Economy

The approach of cultural political economy (from herein CPE) (Best and Paterson 2010; Jessop 2004; 2005; 2010; Jessop and Oosterlynck 2008; Jessop and Sum 2001; 2006; Jones 2009; Paul 2012; Sayer 2001; Sum 2009; Sum and Jessop 2013), developed primarily by Jessop and Sum (2001; 2006), offers an analytical entry point to investigate how emergent capitalist formations are rendered meaningful in the constitution of subjects and their modes of calculation. Building onto, and in addition to, pre-disciplinary approaches of political economy, CPE takes the cultural turn seriously, but does not seek to sever 'culture' from the 'political' or 'economic' spheres, or establish 'culture' as an autonomous domain. It accomplishes this by recognising the importance of symbolic aspects in political and economic practices that contribute towards the maintenance, reproduction and transformation of social relations. By

acknowledging both the semiotic and extra-semiotic features in material-discursive conjunctures of the economy, CPE provides an insight into how subjectivities and modes of calculation become institutionalized through the practices and behaviours of individual subjects (Jessop and Sum 2001: 97).

Underpinning the epistemological groundings of the approach, CPE rejects both universalistic and positivistic accounts of reality (Jessop and Sum 2001: 94). In making allowance for the co-constitution of subjects and objects, CPE contends that:

> "technical and economic objects are always socially constructed, historically specific, more or less socially embedded – or disembedded from – broader networks of social relations and institutional ensembles" (Jessop and Oosterlynck 2008: 1157).

There is always the danger that such an approach could lead to perspectives wholly based on social constructivism, wherein reality is reducible to a profusion of relativistic interpretations. CPE avoids this dilemma by taking into account the materiality of social relations that come to be conditioned by semiotic frameworks, thereby shaping the space for potential action and transformation (Jessop 2004: 161). To explore how these semiotic frameworks are constituted, we must now turn to the CPE concept of the 'economic imaginary'.

3.3.1 The economic imaginary

The complexity of the 'real economy' is ostensibly incomprehensible to observers when taken as the entirety of an unbounded sum of competing and overlapping economic activities and relations. What is therefore required is a simplification process so as to render the economy intelligible (Jessop 2010: 338). This process is achieved by reducing the 'real existing economy' into imaginatively narrated discursive systems of meaning that selectively combine coherent subsets of economic activities from the totality. The simplified assemblage is then defined as the 'economy' (Jessop 2010: 345). From the perspective of institutions and institutional actors, this simplification process

allows the economy to become an object of intervention, calculation, management and governance. In a similar way, simplifying the economy provides subjects with the basis for 'going on' in the world by introducing a sense of certainty and predictability to what would otherwise seem a disorderly and unworkable environment without it (Sum 2009: 185).

Referred to by Jessop as 'economic imaginaries' (2004: 164), these semiotic orders consist of chains of mutually reinforcing discourses that provide a framework for: "interpreting events, legitimizing actions and […] representing social phenomena" (Jessop 2004: 164). The semiotic orders are therein promoted and disseminated through the discourses of both state and non-state actors as part of the underlying logic of the dominant economic imaginary. Their purpose is to apply structure and meaning to existing concerns by construing them in relation to previous systemic failures and future possibilities within the context of a coherent organizational configuration. However, these systems of meaning can only ever partially constitute the economic activities they seek to define. As such, they inevitably tend to exclude fundamental elements that are crucial for the underlying performance of the particular subset of activities being imaginatively constructed. Despite the inherent partialness of imaginaries, they must at least be seen to reflect existing material conditions in the real world in order to resonate with constituent actors. Imaginaries that lack consistency with that lived experience are likely to be perceived as "arbitrary, rationalistic or willed" (Gramsci 1971: 377) and inevitably will fail to resonate as a coherent frame of reference.

3.3.2 Evolutionary embedding

To explain the sequential embedding process of economic imaginaries, Jessop (2010) advocates the use of the evolutionary concepts of *variation*, *selection* and *retention*. These help to draw out the path-dependent and path-shaping effects that determine how some discourses are adopted while other are discarded. This process is most visible in periods of crisis, or in times of significant social and economic upheaval. At these critical junctures, the underlying tensions and

contradictions of the prevailing economic system come to the fore and cannot be adequately explained through the interpretive apparatus in place. Economic crises therefore become crises of the imaginaries that sustain the system, as the emerging contradictions invalidate the existing framework for interpreting, legitimizing and representing social and economic phenomena (Jessop 2010: 341).

Throughout the process of crisis, a variety of competing economic imaginaries emerge as actors within the system put forward diagnoses of the current problems and offer solutions based on their diagnosis (*variation*). The *selection* of particular discourses is conducted through a process that is mediated by diverse networks of political and economic institutional actors. These actors have varying and unequal levels of access to power and resources from which to promote their rationalization of the crisis in order to secure a resonant frame of reference. To be successfully implemented, an economic imaginary should have the capacity to absorb existing discourses and overcome contrary ones that may challenge its authority. In these terms, not only must an economic imaginary be robust, it must also be discursively and materially reproducible across as many sites and scales as possible. Such reproduction and repetition allows it the greatest opportunity of establishing a more resonant representation of events, thereby providing increased legitimacy as being portrayed as part of a more coherent whole. Of course, these efforts of selecting and promoting the new paradigm are dependent on its reception by relevant economic actors. In order for an economic imaginary to be retained, it must be inculcated in the routines and practices at an institutional level, and in the interactions and identities at a personal level (*retention*) (Jessop 2010: 340-1).

Once established, the new economic imaginary is used to co-ordinate action across institutional sites by identifying, privileging and stabilizing the practices perceived as most beneficial to the workings of the economic system. In this way, it not only construes emergent economic events, but also actively constructs such events and the contexts in which they take place (Jessop 2004: 163). Within complex societies, this evolutionary embedding of discourses

operates over a large number of sites and scales, in both political and non-political settings. By investigating this process in action, the CPE approach reveals the sequential ordering of economic and social relationships through the regulatory selectivity and contingency of semiotic and extra-semiotic features in the production of meaning. As such, it offers an insight into:

> "how local sites and scales come to be articulated to form more global (general) sites and scales and how the latter in turn frame, constrain, and enable local possibilities" (Jessop 2010: 341).

To illustrate the diversity in the application of CPE, I will now give a brief summary of five CPE-informed studies, including: the knowledge-based economy (Jessop 2005); Belgian regional economic development strategies (Jessop and Oosterlynck 2008); competitiveness as a knowledge brand (Sum 2009); labour migration policies (Paul 2012); and iconic architecture (Jones 2009).

3.3.3 Applications of cultural political economy

In the first example, Jessop (2005) applies the CPE approach to the emergence of what he refers to as the 'knowledge-based economy'. Following the breakdown of Atlantic Fordism as the dominant mode of capitalist accumulation, based on mass production and mass consumption, there were intense debates around how to characterise the transformations that succeeded it. The most common characterisation of these changes was the concept of post-Fordism. Emerging analogously with Fordism in some respects, post-Fordism referred to the reorganization of the production process with flexible specialization, economies of scope rather than scale, and the adoption of new technologies. However, the thesis rests on the assumption that resolving the crisis tendencies of capitalism could be achieved through technical reorganization within the economy, or concomitant changes to technical-institutional fixes and forms of governance (Jessop 2005: 150-1). Meanwhile, changes to the dynamics of economic growth and the implications it has for competing cities, regions, and nations led to questions about the adequacy of post-Fordism as an analytical entry point. Rather, what Jessop proposes is the

concept of the ‘knowledge-based economy’ (from herein KBE). As a master-narrative, the KBE is more easily translated to inform and shape economic strategies through multiple levels of governance and across various fields of economic activity due to its conception of the ‘new economy’ as:

> “a complex, heterogeneous, and variable assemblage of social relations which are articulated to a distinctive set of subjectivities and mediated through material objects and social institutions” (Jessop 2005: 142).

As such, examining the material-discursive constitution of a globalized KBE as an object of governance offers insights into how hegemonic projects become influential and resonant at various levels of political and economic governance.

From a CPE perspective, the crisis of Atlantic Fordism led to the emergence of a variety of competing discourses, from which the KBE was selected. This selection however was not passively conceived, or the outcome of an “innocent development” (Jessop 2005: 154). Rather, it was rooted in the attempts made by US capital and the US state since the 1980s to protect their global economic dominance and respond effectively to challenges from European and East Asian competitors. Whereas the US was unrivalled in the key sectors of Fordism during its zenith, the breakdown of the old paradigm was marked by a relative underperformance by the US in those same sectors throughout the 1970s and 1980s. To address the downfall of US dominance, official inquiries, academic studies and think-tank reports began highlighting the comparative competitive strength the US had in the leading sectors of the KBE. There then followed a concerted and comprehensive strategy by the US state, US capital and key economic actors to promote KBE as: “the material and ideological basis for a new accumulation strategy tied to a massive extension of intellectual property rights to protect and extend the dominance of US capital” (Jessop 2005: 154)

As a master-narrative of accumulation, the KBE has since been accepted by many of the leading organs of political governance; from international organisations, such as the OECD, IMF, WTO and the World Bank, to regional organisations and intergovernmental arrangements, such as the EU, APEC, ASEAN and NAFTA. Through these and other supranational organisations, the

concept of KBE as a master-narrative gained resonance with national governments who are fundamental to institutionalising the imperatives of KBE within emerging policy discourses. The broad appeal of KBE discourses means that they can be adapted to a vast array of contingent policy areas, functional systems and wider societal institutions. For example, the economy itself is represented in KBE related terms such as: 'knowledge creation', 'knowledge-intensive business services', 'knowledge management', 'reflexive accumulation' and 'embedded knowledge networks'. A further example is in the area of education where KBE-influenced terms include: 'lifelong learning', 'learning society', 'corporate universities', 'knowledge factories' and 'advanced educational technologies' (Jessop 2005: 153). By understanding the emergence of the KBE as not just a material transformation, but also as an imaginatively constructed transformation capable of permeating all levels of society, Jessop proposed a research agenda based on CPE that analyses: "the improbable expanded reproduction of capital accumulation" (2005: 160-1).

In a more nation-specific context, Jessop and Oosterlynck (2008) apply CPE to the attempts made in Belgium to restructure the economy in response to growing tensions associated with globalization. From these tensions, two competing 'anchoring strategies' emerged: the Belgian and the Flemish. These anchoring strategies both sought to address instability within the economy and establish a regional economic development strategy that would secure a strong economy and citizens' welfare therein. As a specific case study, there are three cleavages of Belgian social formation: class, language and religion. A CPE approach in this case not only views these cleavages as the bases for individual and collective identity, but, more importantly, as key factors in determining social practice and social mobilization. There have been two structural trends in Belgian history that have consolidated these social formations, the territorialisation of language groups and uneven regional economic development (Jessop and Oosterlynck 2008: 1161). So, on one hand, there is the economically rich, mostly French speaking Walloon region. On the other hand, there is the economically underdeveloped, Flemish speaking region. These two blocs formed either side of the 'anchoring debate'.

The Flemish anchoring strategy was based on an imaginary of 'national ownership' over economic decision-making, whereby citizens' economic well-being was conceived as being reliant on the success of a national economy, which in turn relied on nationally-based giant corporations. In contrast, the Belgian anchoring strategy was based on an economic imaginary of 'corporate governance'. The corporate governance strategy emphasised that the nationality of companies was no longer a relevant issue for the economic success of a nation and instead was reliant on providing free-flowing capital with sufficiently skilled managers and local workforces (Jessop and Oosterlynck 2008: 1166). Although the corporate governance economic imaginary was more in line with the imperatives of globalization, it was the Flemish anchoring strategy that had more resonance and hence retention. However, the retention of the Flemish discourse failed to be consolidated in institutional terms due to an insufficient mobilization of political, economic and social forces required in realizing the structural transformation of socio-economic relations in the economy.

The Belgian anchoring debate illustrates how the selection, retention and reinforcement of economic imaginaries are ultimately shaped by the concrete and contingent factors of a particular economy. It also shows that no matter how resonant or desirable economic imaginaries and their associated strategies are, it is not always enough to secure their retention. Such imaginaries are rendered invalid and are ultimately rejected when: "path-dependent (material as well as semiotic) legacies and the conjunctures (including the capacities and strategies of social forces mobilized behind competing imaginaries) render them more or less 'arbitrary, rationalistic, and willed'" (Jessop and Oosterlynck 2008: 1168).

In relation to Jessop's conception of the KBE as a master-narrative, Sum (2009) uses CPE to explore the ascent of 'competitiveness' in policy discourses to become a 'knowledge brand' in its own right. Focusing on the work of Michael E. Porter and the Harvard Business School (HBS), Sum identifies three historic

stages that mark the development of 'competitiveness' as a hegemonic policy discourse. Beginning in the 1960s, the first stage focuses on the development of a theoretical paradigm by Porter, which was subsequently disseminated in publications and research reports through Porter's connections with the HBS. The theoretical paradigm, drawing mainly on the work of Schumpeter, emphasised the importance of technological change and organizational innovation in long-term national competitiveness. Such ideas were used to frame the downturn in the US economy during the 1970s as a 'loss of competitiveness'. This then led to the second stage, where the idea of competitiveness became the basis for policy discourses, initially in the US, but closely followed by international organisations and other national governments. The third stage saw the promotion of competitiveness as a 'knowledge brand' in its own right, which underpins many of the assumptions of contemporary policy-making (Sum 2009: 187-8).

Sum identifies several reasons why Porter's theory of competitiveness has become the 'industry standard', including: (i) its legitimacy drawn from the assocation with the HBS; (ii) its conceptual flexibility to allow diverse interpretations; (iii) its promotion and dissemination by diverse institutions across multiple scales of activity; (iv) the increasing credibility it gains in policy networks, especially when approved by business journals and the mass media; and (v) providing ready-made policy advice in periods of rapid economic change, where the demands for immediate policy-fixes make universal policy solutions increasingly attractive (Sum 2009: 189). The success of establishing competitiveness as hegemonic policy discourse therefore relies on its resonance as a meaning-making device across the full spectrum of policy sites and scales, from the international to the national and from the regional to the local. However, it was not the case that this was achieved through an overarching, coherent, top-down approach or a global conspiracy to implement it. Rather, its success had more or less been the case of contingent convergences in national and international policy-making circles, as well as the structural coupling of its main components and skilful recontextualisation to make the transition from a general form to specific policy applications (Sum 2009: 190-1)

Even in the aftermath of the 2008 financial crisis, competitiveness as a hegemonic discourse continued to prove its resilience with its recontextualisation in policy discourses to promote ideas such as 'responsible competitiveness' and 'green competitiveness'. Through this example, Sum highlights the value of the CPE approach to the study of hegemonic policy discourses, from their theoretical beginnings to institutional and organizational implementation, and finally as taken-for-granted assumptions. In emphasising CPE's significance, Sum explains that: "the concept of 'knowledge brand' is just one illustration of how CPE scholars approach the challenge of moving between actual events and processes and real, underlying mechanisms in order to develop a critical understanding of hegemony and its production" (2009: 199).

Closely related to Sum's notion of 'competitiveness as a knowledge brand' is Paul's (2012) investigation into labour migrations policies (LMPs) in France, Germany and the United Kingdom. Through an analysis of policy and legal documents from each of the three countries, as well as interviews with elite policy-makers (both state and non-state), Paul examines the legal classifications of migrant workers and the meanings these classifications have for policy-makers (2012: 380). Paul finds that there are three distinct economic imaginaries that divide approaches to LMPs. These imaginaries emerge with the selective privileging of certain economic activities and rationales over others, serving to impose specific semiotic orders and ultimately shaping the subject positions of those to whom the policies relate (2012: 383).

The first imaginary conforms closely to the notion of competitiveness and focuses on 'high-skilled labour migration'. Policies based on this imaginary attempt to frame labour migration as: 'in the national economic interest'; 'a tool for growth'; and 'an aid to boosting domestic innovation and economic growth' (Paul 2012: 388). The second imaginary focuses on 'skilled national labour shortages'. Migration here is framed as fulfilling 'an economic need' or 'a specific shortage'. Whereas high-skilled migrants enable 'better growth', skilled migrants merely 'fill a gap'. So although the recruitment of skilled migrant

workers serves a purpose within the economy, it does not represent value in itself, thereby diverging from the competitiveness master-narrative (Paul 2012: 391-2). Finally, the third imaginary identified is focused on 'lower-skilled EU labour self-sufficiency'. This policy discourse seeks to cut off demand for lower-skilled migrant recruitment by emphasising how it is the 'duty' of the domestic unemployed to 'pull their socks up' and fill low-skilled vacancies in the economy. Again, this is contrary to the competitiveness master-narrative and actively discourages migration within this selective context (Paul 2012: 392-3). Utilising the CPE approach, Paul is able to illustrate how the fragmentation of the imagined economy in relation to LMPs is neither passive nor disorderly, but allows government to follow what are often contradictory objectives. At the same time, different areas of policy are selected as spaces of legitimate intervention, allowing governments to classify other areas as illegitimate and thereby discard competing imaginaries (Paul 2012: 395).

Our final example demonstrates the potential adaptability of applying CPE with concepts from other theoretical approaches. With a focus on 'iconic architecture', Jones (2009) proposes a theoretical synthesis between CPE and Bourdieu's concept of the 'field of cultural production'. The growth of 'iconic architecture' has emerged as part of urban restructuring strategies, wherein entrepreneurial local governance organisations commission architects to design buildings that are at once highly distinctive and instantly recognisable. These 'icons' are seen as prerequisites in the symbolic economy of post-industrial cities around the world competing to attract inward investment. However, they also contribute to embedding the broader political-economic imperatives of urban restructuring strategies. Iconic architecture is therefore a highly visible aspect of how economic projects convey social meaning and provides an illustration of the: "contemporary manifestation of the resonance between politics, economy and architecture" (Jones 2009: 2526).

A CPE perspective avoids the 'soft' relativistic cultural analyses that position iconic architecture as 'free-floating signifiers' open to multiple standpoints of interpretation and meaning. Rather, CPE highlights the role of architecture in

providing material symbols to enable the embedding of broader concerns related to maintaining and reproducing capital accumulation in urban economies (Jones 2009: 2529). It also leads to the interrogation of the political-economic strategies of the organisations that commission iconic buildings, as well as the architects who design them. This is where Bourdieu's concept of the 'field' becomes relevant. Architecture viewed as a 'profession' imbues its constituents with a certain degree of legitimacy regarding their practices. However, by conceptualising architecture as a 'field of production' among others, we may begin to question the perceived value-neutrality of architects that obscures the role of culture in reproducing power relations. To this end, we gain an appreciation of the political and economic contexts architects work in that reflect the: "broader social power relations and imperatives of other fields" (Jones 2009: 2522).

The most obvious example of such contextual constraints is the dependence of architects on economically powerful actors in commissioning their designs. Our focus is thereby drawn to the way architects rationalise such dependence and, more importantly, how these non-codified regulations shape architectural practices that condition the aesthetic form and semiotic constitution of iconic buildings. By understanding architecture as a field of production, it allows us to explore how capital accumulation resonates through supposedly non-economic fields. The value of a synthesis between CPE and Bourdieu's concept of the 'field' is most significant therefore in avoiding reductionism, both culturally and economically. As Jones (2009: 2532) explains:

> "CPE allows us to frame architecture as one expression of the embedding of 'economic imaginaries' and to connect architects and their designs to the interests of states and markets while at the same time taking seriously the specificities of the architectural field".

3.3.4 Van Heur contra Jessop and Sum

Despite these diverse applications of CPE, van Heur (2010a; 2010b) has offered a detailed critique of the theoretical foundations of the approach and the

implications it has for a comprehensive research agenda. Van Heur's critique leads him to the conclusion that CPE's core adaptations of discourse and semiosis are irreducible to its fundamental aim of explaining issues of accumulation and regulation (2010a: 422). The problem, as van Heur sees it, is an overreliance on the theoretical considerations that have influenced Jessop and Sum's development of CPE; namely materialist state theory and the regulation approach. From these foundations, the CPE approach has a predisposition towards a 'particular materiality', which inevitably leads to a secondary consideration for cultural practices and the role of non-capitalist relations. These theoretical predispositions, taken together, result in what van Heur (2010a: 439) refers to as the 'ecological dominance' of state regulation and capital accumulation prior to an actual analysis of the object (2010a: 439). As such, the analytical scope of the CPE approach suffers from a lack of 'empirical specificity' (van Heur 2010b: 455).

Responding to these criticisms, Jessop and Sum (2010) are dismissive of van Heur's overall conclusions about the predominance of capital accumulation and state regulation in the CPE approach. They contend that van Heur's criticism relies on an interpretation of their turn to culture in political economy as a purely 'thematic' turn. This construal means that van Heur fails to grasp the 'methodological and ontological significance' that such a turn implies (Jessop and Sum 2010: 448). What Jessop and Sum view as a 'misreading' of their theoretical foundations emerges from the treatment of 'capital' and 'state' "as if they were comprehensive descriptions of really existing mechanisms, tendencies, counter-tendencies, liabilities, and so on" (2010: 447). Rather, CPE conceptualizes these as rational abstractions to facilitate further theoretical and/or empirical development. From a CPE perspective then, 'capital' is viewed as the historical specificity of capitalist relations (i.e. labour power as a commodity), while the 'state' is viewed as the territorialisation of political power (Jessop and Sum 2010: 447). Of course, such abstractions need to be viewed as part of a two-stage process of moving from concrete to abstract, and then back to concrete once the abstraction has served its analytical purpose (Sayer 1992: 87).

As much as CPE focuses on the state, Jessop and Sum are keen to emphasise their consideration of different mechanisms of governance. It is here where van Heur's assertion of 'state-centrism' neglects the Gramscian influence on CPE, particularly the important role played by civil society organisations and actors in the intellectual and moral leadership of hegemonic relations (Gramsci 1971: 56). For the process of meaning-making to successfully resonate, it must be actively reproduced across a number of different sites and scales, of which the state is but one actor among many (Jessop and Sum 2010: 448). To elaborate this point, Sum's (2009) research highlights the primary role that non-state actors have played in promoting 'competitiveness as a knowledge brand', namely Michael E. Porter (academic) and the HBS (business school). Also, Jones's application of the CPE approach to 'iconic architecture' emphasises the role of "architects as a profession" for creating and reproducing meaning within urban economies (Jones 2009: 2522).

Jessop and Sum are equally dismissive of van Heur's contention that CPE is over-reliant on the logic of capital accumulation, particularly in relation to the concept of the economic imaginary. The assumption this makes is that all imaginaries are necessarily economic by default. However, it ignores the basic logic of complexity reduction that is the fundamental oeuvre of imaginaries, which can be applied to different forms of imaginary constructions and interpretations. Imaginaries are often articulated in many different areas of social practice and can exist simultaneously alongside other kinds of imaginaries, or become part of more comprehensive master-narratives of societal discourse (Jessop and Sum 2010: 449). For example, Jessop and Oosterlynck (2008) explore different imaginaries in their analysis of regional economic development strategies in Belgium. These imaginaries include political, linguistic and ethnic constructions, which, although are related to economic development strategies, are in no way merely reducible to capital accumulation. Indeed, the conceptual use of imaginaries represents a reflexively adaptable feature of the CPE approach. As Jessop and Sum make clear:

> "Whether they get combined into one or more comprehensive master-discourses, whether these are organic rather than 'arbitrary, rationalistic, and willed', whether they are promoted mainly by state managers or particular branches of the state or by other economic, political, or social forces, and so on, are all contingent issues [...] The social production of intersubjective meaning does not require that every 'imaginary' is 'economic', 'macro' in orientation or is selected and retained primarily on the actions of the 'state'" (2010: 449-50).

However, there is an element of van Heur's (2010b: 455) call for greater "empirical specificity" that is worth further consideration. Despite Jessop and Sum's claim that imaginaries are not necessarily 'macro' in orientation, applications of CPE thus far have resoundingly focused on the production of meaning without necessarily touching on the consumption of those same meanings within economic practice. In the sense that economic imaginaries provide subjects with a basis for 'going on' in the world, the focus on economic practice has thus far been confined largely to policy-makers and other elite actors. What therefore appears underdeveloped in so far as applying the CPE approach, is an empirical consideration of the interaction between economic imaginaries and the production of intersubjective meaning in everyday practices at a 'micro-level'. With regards to this consideration, I will now move on to a conceptual review of the 'imaginary' with the intention of elaborating the 'empirical specificity' implored by van Heur. By fleshing out the conceptual scope of the 'imaginary', we can begin to examine the interrelated aspects of meaning-making as it permeates and evolves through the various levels of society.

3.4 Imaginaries and Interpellations

As Jessop and Sum outline in the CPE approach, the concept of the economic imaginary is part of the necessary process of complexity reduction that is the precondition for 'going on' in the world (Jessop 2010: 337). Constituted by semiotic configurations of mutually reinforcing discursive chains, economic

imaginaries selectively frame subjective experiences. In this way, they not only construe economic phenomena, but also are instrumental in the construction of economic relations and the practices, activities and identities therein. From the examples of CPE cited above, we have observed how economic imaginaries have informed economic practice at various levels of governance, including international, national and regional. We have also seen how they have impacted on particular key economic actors, such as policy-makers and even architects.

In summing up the applications of CPE, analysis has thus far been focused on identifying the production of economic imaginaries and their dissemination across various sites of action. For as much as CPE analyses have examined the affect on economic practices, this has until now largely been confined to whom we could term 'elite economic actors', whether in state or non-state institutions or professions. Once economic imaginaries have been institutionalised, operationalized and then embedded in the practices of these elites, we may ask, what then? In answering this question we must therefore consider the residual filtering effects of these imaginaries into everyday individualised economic practices, such as with our present concerns regarding the use of personal credit and debt. To apply the CPE approach with this in mind, it is worth considering the arguments of Fairclough et al (2004: 39), who recommend that: "at least equal weight […] be given to the consumption of semiosis as well as its production".

In keeping with the inter-disciplinary character of CPE, the concept of the 'imaginary' has been mobilised across a diverse range of disciplines in the past, including anthropology, economics, politics, philosophy, psychoanalysis and sociology (Anderson 1983; Castoriadis 1987; Lacan 1977; Strauss 2006; Taylor 2002). By drawing on some of these other conceptual applications of the 'imaginary', we can start to develop an approach to the economic imaginary that facilitates an empirical connection to everyday economic practices at a local level, whilst retaining the overall CPE analytical framework.

3.4.1 Modern social imaginaries

Taylor's (2002) conception of 'modern social imaginaries' focuses on the transition from pre-modern to modern societies. With the displacement of traditional notions of 'community' by the purported rise of 'individualism', Taylor sought to address how individual subjects were induced to conform to a social order without the binding ties of a community (Taylor 2002: 99). Taylor suggests this historical conjuncture was resolved to an extent with the formation of a new moral order. While initially emerging in theories promoted by a small group of influential thinkers and intellectual elites, it would eventually come to shape the social imaginary of entire societies (Taylor 2002: 92).

However, while the explicit theories of elites may come to shape imaginaries, they are not wholly commensurate to the implicit understandings of the people that make up societies. As Taylor (2002: 108) points out:

> "for most of human history and most of social life, we function through the grasp we have on the common repertory, without the benefit of theoretical overview. Humans operated with a social imaginary well before they ever got into the business of theorizing about themselves".

So whereas social imaginaries shape the social existence of ordinary people, it is through the common understandings within and between groups, rather than through explicit theories. As such, according to Taylor, these theories facilitate the legitimacy of common practices and, as a consequence, carry with them the understanding that makes those practices possible (Taylor 2002: 106-7).

Taylor's interpretation of the 'imaginary' demonstrates how commensurability between 'intellectual and moral leadership' and the wider population is not always apparent, but is nevertheless fundamental for informing societal practices. From a Gramscian point of view, it also highlights the significance of internal or 'intra-class' hegemony for pursuing external or 'inter-class' hegemony (Riley 2011: 15). When ideologies fail to resonate across class boundaries, it precludes the consensual moment of any hegemonic project.

Hegemony therefore requires the formation of a 'higher synthesis' that can be easily rendered into the 'collective will' of the people, as opposed to elite theories imposed from above, but detached from lived experience (Mouffe 1979: 184). Whereas intellectuals can draw from complex and abstract philosophies or worldviews, their contribution to the wider hegemonic project depends on translating these ideas into wider public sentiment. To this extent, such worldviews are subject to high-levels of abstraction expressed as 'common sense' and presented as "the spontaneous philosophy of the man on the street, but which is the popular expression of 'higher' philosophy" (Mouffe 1979: 186).

By applying Taylor's inferences to a CPE economic imaginary, we can begin to understand how explicit theories come to penetrate implicit everyday understandings of the economy. While the coherence of economic imaginaries may not necessarily transfer to everyday economic practices as such, and may even be contradictory in some cases, by legitimizing those practices, at least some element of their logic remains present. What we must now consider is how we may locate economic imaginaries in everyday economic practices, whether they are explicitly present or in residual form. To the extent that common understandings are shaped by imaginaries, we will now therefore look at possible ways through which they can be directly connected to individual subjects.

3.4.2 The Lacanian 'mirror stage'

In order to bridge the gap between the economic imaginary and the everyday, we shall now examine how the 'imaginary' features as part of a Marxist psychoanalytical approach. For Lacan, the object of psychoanalysis is the "demystification of subjective camouflages" (1977: 34). The foundation of this method is made up of three interrelated and multileveled dimensions that constitute individual consciousness and subjectivity. Lacan referred to these three dimensions as the orders of: 'the Real', 'the Symbolic' and 'the Imaginary' (1977: ix). However, these labels can be misleading. For example, 'the Real' does not equate to reality or objectivity, nor 'the Symbolic' to symbolism, or 'the

Imaginary' to imagination. Rather, 'the Real' relates to the world of concrete objects and experiences, 'the Symbolic' is made up of language and culture, while 'the Imaginary' represents the processes that structure the mind and influence perception (Ragland-Sullivan 1986: 138). Together, 'the Imaginary' works in combination with the Symbolic order to interpret the Real, which in turn shapes them both.

To explain the interdependency between the three orders, Lacan employed the model of the three-ringed 'Borromean knot'. If one ring is broken or altered in any way, it affects the functioning of the other two, thereby transforming the constitution of the entire psyche (Ragland-Sullivan 1986: 130-1). The Imaginary order provides a representational reference point for perceiving the Real, but it requires the Symbolic order to give it form, otherwise it would only exist at a purely abstract level (Ragland-Sullivan 1986: 156). To illustrate the perceptual meeting point of the Real and the Imaginary, Lacan describes the phenomenon of a mirage, whereby: "a Real object is refracted by light rays and presents itself to the eye as if it were Real when, indeed, it is only virtual, or, [...] Imaginary" (Ragland-Sullivan 1986: 143-4). The Imaginary order is fundamental to what Lacan refers to as 'the mirror stage'. This is a reference to the formation of the subjective 'I' during an act of identification through which an individual recognises themselves within an image (Lacan 1977: 2-5). While the mirror stage in Lacanian theory more commonly refers to an infant's early development, it nevertheless provides a significant insight into how an Imaginary order contributes to the formation of subjectivity through recognition.

3.4.3 Interpellation and 'interpellations'

Drawing on Lacan's conception of the mirror stage, Althusser (1971) introduces us to the concept of 'interpellation'. Consistent with Lacan's Marxist approach, interpellation describes the process through which ideology operates to 'recruit' subjects in the way it 'hails', or 'interpellates', individuals as recognizable 'Subjects' within an ideological framework of meaning (Althusser 1971: 162).

During this process of interpellation, ideology transforms individuals as free subjects into the ideological subject category they are hailed from. An individual may therefore be hailed as a 'citizen', 'taxpayer', 'worker', 'consumer', or any other categorisation that is a reflection of their existing or prospective subjective identity formation (Watson 2005: 187).

By recognising themselves when interpellated, the subjects 'work by themselves' in freely submitting to the demands of the ideological Subject position once it is assumed. As Althusser (1971: 169) claims: "there are no subjects except by and for their subjection. That is why they 'work by themselves'". When material realities threaten the logical consistency of a perceived ideological unity to reveal its underlying contradictions, they must somehow be displaced in order to avoid an 'ideological crisis'. With the interpellation of subjects, such displacement is often translated into a 'crisis of identity' to a particular subjected group, who are thereby problematized as the cause of the crisis (Laclau 1977: 102-3). For example, during economic downturns, governments have a tendency of treating the resultant unemployment as stemming from the identity of those who are unemployed. Rather than acknowledging the inability of the economic system itself to deliver sufficient employment, the blame is shifted to the unemployed themselves, either because of their inability to find a job or as a result their reliance on a 'culture of dependency' (Sayer 2001: 697).

The concept of interpellation has been criticised for overstating an ideologist view of social relations. Law (2000) takes issue with the 'command and follow' aspects of Althusser's conception, although maintains the value of interpellation in the way "that the subject instantly recognises itself when it is addressed" (Law 2000: 15). From Law's point of view, the constitution of the subject takes place prior to interpellation. Therefore, any act of rational decision-making is bypassed by the interpellated subject, resulting in instant recognition and location. Through personal narratives and stories, Law highlights how interpellation plays a role in the way people are made or remade in particular subject positions, thereby affecting the way they constitute the objects in

relation to them. Rather than a coordinated ideological framework that aligns subject positions, Law proposes that there are in fact multiple subject positions and multiple object positions (Law 2000: 18). Referring to this as “the heterogeneity of multiplicity”, Law identifies how individuals may adopt multiple narrative forms and multiple interpellations. This leads him to conclude that the semiotics of subject/object relations in personal narratives do not necessarily: “come in big blocks like ideologies [or] discourses” (Law 2000: 27). Instead, individuals adopt smaller blocks, contrasting semiotic logics, and differentiated ordering strategies that overlap and interfere with one another. Therefore, personal narratives cannot be conceived as unified accounts of lived experience as such, but as fragmented and sometimes contradictory assemblages of multiple subject positions drawn from multiple interpellations.

By examining the work of Taylor, Lacan, Althusser and Law, we may surmise that the relation between the everyday and the economic imaginary is far from straightforward. While economic imaginaries at the macro-level may bear the hallmarks of coherent and organised discursive configurations, their significance to everyday economic practice is likely to be more residual and fragmented. Nevertheless, the resonance of imaginaries relies not in their logical coherence in such contexts, but on the subject positions that they promote, thereby providing an entry point through which to draw in individuals and groups. So, as far as the production of economic imaginaries relates to an individual’s economic practices, there is bound to be some level of recognition, even interpellation and subjection to a certain point. However, as Law clearly illustrates, this is not simply a coherent top-down process, but a convergence of indeterminate influences from which an individual subject draws on to give meaning to their practices.

3.5 Conclusion

Throughout this conceptual and theoretical review, I have sought to assess the significance of CPE as a research approach and its application to an investigation of the historical development of personal credit and debt. As an

analytical entry point, CPE offers a coherent approach to the study of how social relations are maintained, reproduced and transformed within emergent capitalist formations. It provides us with the means to examine how such formations are rendered meaningful to social actors, both in the constitution of subjects themselves and their modes of calculation (Jessop and Sum 2001: 97). By embracing the methodological and conceptual tools of the cultural turn, CPE offers a major corrective to the functionalist tendencies of other political economy approaches, notably those of the Polanyi, Habermas and the regulationists.

The illustrative examples of previous CPE applications serve to dispel van Heur's (2010a; 2010b) claims that the approach is inflected by the 'ecological dominance' of state regulation and capital accumulation. However, what these examples also reveal is a propensity of the approach to focus on elite economic actors at a policy-making level at the expense of everyday economic practices. Such a predilection reinforces van Heur's view that CPE is currently lacking in terms of its 'empirical specificity' (2010b: 455). A key concern of this thesis is to therefore develop the CPE approach with a view to offering a more integrated account of individual and collective economic practices.

Of course, developing the approach in this way requires maintaining the delicate balance between the functionalist approaches that CPE has attempted to overcome and avoiding an approach dominated by methodological individualism. To this end, I have proposed two subtle, but significant adjustments to the conceptual application of the 'economic imaginary' in order to open it up to accounts of everyday practice. First, Taylor's (2002) perspective of 'modern social imaginaries' suggests that everyday understandings and practices are conditioned not just by the explicit theories of elite actors, but by the intersubjective meanings shared between and within groups. The implications for how we view economic imaginaries in relation to everyday practices leads us to reason that the production of meaning at an elite level is but one stage and as much attention should be paid to how discourses are not only consumed, but appropriated and developed at various levels of society.

The second adaptation proposed focuses on how subjects relate to and engage with imaginaries through the concept of 'interpellation' (Althusser 1971). While CPE is concerned with how subjects are constituted through the construction of hegemonic discourses, the acceptance of such subject positions is not an entirely straightforward process. Indeed, as Law emphasises, whereas recognition is to some extent instant, most actors are exposed to multiple interpellations and multiple subject positions (Law 2000: 18). As such, we must therefore concern ourselves not only with how subjects are constructed from without, but also how those subjects engage with and insert themselves within subjectivities as knowing agents.

By applying these adjustments to the economic imaginary, we are able to broaden the methodological appeal of the CPE approach to connect the constructions of elite actors and institutions at one level with the everyday practices of individuals at another level. The next chapter develops this approach further with a methodological discussion of the ensuing investigation into the development of personal credit and debt in the UK.

Chapter 4 Research Methodology

The previous chapter sought to describe the CPE approach as the theoretical and conceptual framework that will guide this investigation into the normalization of personal debt in the UK. How can this framework be adapted and operationalized as part of an empirical inquiry? The research is interested in exploring the 'economic imaginaries' that have informed behaviours around personal credit and debt, both at a policy level and in the everyday practices of individuals. Furthermore, the investigation of the development of these economic imaginaries is placed within the context of a broader process of historical change. This chapter both articulates the key aims of the research and the methods, techniques and analytical strategies that have been employed to achieve them.

First, a detailed discussion of the textual sources will offer an explanation of how the texts were identified, the significance they have for the research and the methods used to analyse them. Second, a summary of the participant interviews discusses why participants were selected and how the interviews were conducted. It will then go on to outline how the interview data was analysed and the ethical procedures that were followed throughout the research. To begin with, I will first provide details of the background to the research before restating the questions and objectives that this investigation will address.

4.1 Background to research

4.1.1 Public issues and personal troubles

As the review of personal credit and debt literature (Chapter Two) has shown, any investigation into personal indebtedness cannot but encounter the fundamental distinction made by Mills (1967: 8) between "the personal

troubles of milieu" and "the public issues of social structure"; analysis of which "is an essential tool of the sociological imagination". Personal troubles are, by their very definition, matters directly concerning individuals, whether through personal experience or with regards to their immediate relations with others. For individuals, troubles are distinguished by an awareness of their imminence and pertinence to their social lives, determining how they experience the world around them and, ultimately, how they understand it. In contrast, public issues transcend the immediacy of those personal experiences. They may consist of a multitude of these experiences and how they overlap, interconnect and are organized within larger institutional structures as part of the wider society.

In relation to personal debt, this distinction between personal troubles and public issues is most apparent in 'rationalist' accounts of the financial crisis (see Section 2.1.4). The experience of the individual could relate to the increased opportunities to invest in the housing market with cheaper and more readily available mortgage credit. Correspondingly, the asset price bubble and the collapse of global financial institutions that followed its demise were beyond the control of any one individual. As Posner (2009: 106) claimed, what was individually rational proved to be collectively irrational. Therefore, from the various perspectives examined in the review of literature, we can begin to appreciate the ways in which the personal and the public are both differentiated and, at the same time, interconnected.

For example, an individual may comprehend the increased investment and consumption opportunities through the cheap credit available to them. However, this personal experience does not extend to how that cheap credit is generated in the first place and the implications for the wider economy. The causes and implications of cheap credit then are therefore public issues, which are beyond the comprehension of the immediacy of personal experience. These issues would include the liberalisation of financial markets and the increased risks to the financial system that emerged out of increased use of securitization and derivative trading in financial markets (Langley 2008a: 160).

Likewise, the more functional explanations of the pressures on individuals to take on debt cannot be wholly perceived from a personal point of view. Personal troubles that may arise from wage stagnation and retrenchment of social provisions, like housing, pensions and higher education, may be borne by individuals themselves. Nevertheless, their derivations are in fact public issues, such as the anti-inflationary policies pursued by successive UK governments and their consequences for labour market deregulation and the welfare state. As such, we need to acknowledge that institutional practices are public issues that often contribute to the creation personal troubles for individuals (Ritzer 1995: 17). To this end, sociological inquiry should therefore, as Gerth and Mills (1954: xx) advocate: "enable us to link the private and the public, the innermost acts of the individual with the widest kinds of socio-historical phenomena".

The approach of CPE (see also Chapter Three) will provide the theoretical context for examining how the public issues of political and economic institutional strategies have been rendered meaningful for individuals in the constitution their subjectivities and modes of calculation with regards to personal credit and debt. In drawing our attention to the symbolic aspects of political and economic practices, CPE offers a point of entry to observe how those practices contribute towards the maintenance, reproduction and transformation of social relations involved in personal credit and debt. For this purpose, the key concept of the 'economic imaginary' provides the means to examine how the economy, as the sum of all economic activities, has been imaginatively narrated into discursive systems. By constructing a framework that provides subjects with the basis for 'going on' in the world, economic imaginaries are used to coordinate action across institutional sites by: "interpreting events, legitimizing actions and [...] representing social phenomena" (Jessop 2004: 164).

In addition, an objective of this research will be to address the 'empirical specificity' implored by van Heur (2010b: 445). This will require not only looking at the production of meaning-making in these institutional sites, but also how they have become resonant within everyday practices of credit and

debt. Of course, this approach is not intended to make a direct linear connection between the production at one end of the scale and its consumption at the other. As Taylor (2002: 108) has pointed out, the economic imaginaries of elite institutional actors do not necessarily translate explicitly into the common understandings that inform everyday practices. So, while economic imaginaries are not wholly commensurate to implicit everyday practices, the *a priori* processes of legitimation they provide come to facilitate, shape and inform intersubjective understandings, even if they are not explicitly stated.

4.1.2 Research questions

As the review of literature has illustrated, the qualitative dimensions of the momentous growth of personal debt over the last 30 years are less than conclusive. The following research will be directed towards addressing two distinct, but interrelated research questions. In order to probe those questions further and facilitate the subsequent analyses, three related sub-questions are also explored in relation to each:

1. How has personal debt been framed through the promotion and dissemination of particular policy and other public discourses?
    - How is personal debt represented in relation to the wider economy?
    - How is personal debt framed as an object of intervention?
    - How are subjects framed in relation to their indebtedness?

2. How have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings?
    - What identities and subject positions are being assumed in participants' narratives of personal credit and debt?
    - How are different forms of credit and debt being categorised?
    - What are the meanings and behavioural strategies that participants apply to the different forms of credit and debt?

The second research question brings us back to the 'sociological imagination' envisioned by Mills (1967: 6), when he states that: "no social study that does not come back to the problems of biography, of history and of their intersections within a society has completed its intellectual journey". By drawing together these two objectives with the CPE approach, the research connects the changes that have affected everyday experiences of personal credit and debt with the wider cultural, social, political and economic transformations in the UK. It is from this perspective that the research seeks to place individual practices and experiences of credit and debt within the cultural framework of historical change they are constitutive of (Plummer 2001: 39).

4.2 The Promotion of Personal Debt in Official Discourse

The first objective requires an investigation into how personal debt has been framed through the promotion and dissemination of particular policy and other discourses. In addressing this concern, the discursive-material 'moments' that have produced, maintained and 'normalised' hegemonic credit and debt relations must be examined (Jessop and Sum 2001: 97). To identify such 'moments', a historical chronology of the development of personal credit and debt in the UK was established in order to select appropriate textual sources that would highlight the progression of discourses around credit and debt over time. Before discussing the selected texts and the analyses that were carried out on them, it is important to look at how and why a historical chronology of credit and debt was compiled.

4.2.1 A historical chronology of the development of personal debt in the UK

The compilation of a historical chronology of events pertaining explicitly to personal credit and debt in the UK was carried out in order to identify key moments of discursive-material constructions of debt and to select appropriate textual sources for further analysis. While the literature review (Chapter Two) identified a number of approaches to analysing the historical development of credit and debt, the relationship was not always explicit. For example, wage

stagnation (Montgomerie 2006b), welfare retrenchment (Mongomerie 2009b) and financial innovation (Langley 2008a) were all cited as causal factors of rising personal indebtedness. However, the connection with debt in these instances was for all intents and purposes incidental rather than explicit. So, for the purposes of the research, establishing a historical chronology of debt was therefore intended to identify textual sources that were specifically related to the formation of economic imaginaries of personal credit and debt in the UK.

It is worth noting that a historical chronology is not a value-neutral form as such. Organizing historical events into a chronological sequence inevitably entails imposing an order and coherence to those events that establishes a "single coherent story" (Stone 1979: 4). In other words, events and situations that may at first appear chaotic and disconnected are given form through narration. Narrating chronologically sequenced events always requires an element of choice that moves beyond objective description. It involves demonstrating associations and relationships between events, highlighting cause and effect, whether explicitly or by implication of assigning importance or significance to some events at the expense of others (Scholes 1981: 205). Nevertheless, although narratives entail investing events with coherence, structure and clarity based on active choices, they are a fundamental necessity due to our inability to contemplate events otherwise (Mink 1981: 234). As White (1981: 6) concludes: "where there is no narrative, there is no history; historical narratives without analysis are empty, while historical analyses without narrative are blind".

The chosen method of compiling the historical chronology was through a search of UK newspaper databases between 1945 and 2008. The time period was decided on the basis of claims that mainstream credit only became available to a mass market after 1945 following the introduction of full employment policies and the creation of the welfare state, which was said to have given the working-classes greater confidence and security in taking on debts (Montgomerie 2006a: 309). The chronology concludes with the onset of the financial crisis that reached its peak in 2008.

Newspapers, on the whole, have not featured prominently in historical research due in part to "their doubtful accuracy and their ephemeral nature" (Bingham 2010: 225). Rather than merely reflecting events in a purely objective fashion, newspapers actively shape the news by deeming what is 'newsworthy' in the first place. In this way, newspapers structure reality, imposing an interpretive framework on contemporary events and thereby establishing 'habitualised assumptions' (Vella 2009: 193). However, newspapers still provide an important record of historical events and offer a vital resource for understanding the political, social and cultural life of the past. As Vella (2009: 193-4) explains: "[a newspaper] is at once a text, a record of historical events, a representation of society and a chronicle of contemporary opinions, aspirations and debates".

Newspapers therefore allow us to identify relevant events, policies, inquiries and legislation, as well as politicians, organisations and other relevant actors who have participated in public debates around personal debt. They enable us to outline government action over a prolonged period of time and provide the historical context in which such action took place. Moreover, they provide insights into when themes and subjects have been featured in press reporting, identifying when terms are first established in the public lexicon and isolating the continuities and changes in public discourse (Bingham 2010: 229). Of course, there remain issues regarding the validity and reliability of sourcing historical information solely through newspaper archives (Deacon 2007: 24). It is therefore important to carry out other investigative work to verify historical accuracy. As such, accounts of historical events from newspaper articles can be read alongside other sources, such as speeches made in Parliament, biographies or other forms of academic research (Bingham 2010: 229). Therefore, as far as establishing a historical chronology of events from newspapers, it is necessary and proper to "bring extra-textual information to bear on those events when interpreting and evaluating a historical narrative" (Scholes 1981: 207).

Using digitalised newspaper archives available through the University of Liverpool library, a number of publications were chosen from which to conduct a search for relevant articles. The databases were selected on the basis that they were nationwide publications and that the archives went as far back as 1945. They included: Times Digital Archive, (1785–1985); (Manchester) Guardian (1821–2003); The Observer (1791–2003); the Daily Express (1900–current); the Daily Mirror (1903–current); Financial Times (1886–2006); and The Economist (1843–2003). More recent articles were sourced through the Lexis Nexis archive. Of these titles, articles were drawn from all of them with the exception of the Daily Express and the Daily Mirror. While these archives are noted for their poor quality, being described as a "near-unusable mess" (Nicholson 2013: 60), they also had limited research value. The articles that did emerge in relation to personal credit and debt from these publications tended to focus on 'human-interest' stories, as opposed to government policy and wider economic and political considerations.

As the newspaper search was directly related to personal debt, a search strategy was devised that utilised a number of alternative synonyms for 'personal debt' as keywords. These keywords were then combined in different ways using Boolean operators to economise and maximise the search results. Because references to related issues that would not necessarily be classified under abstract themes of credit and debt tended to be historically specific, it was therefore necessary to modify search terms as and when it was required. For example, during the 1950s and 1960s, there was a high frequency of articles relating to 'hire purchase', but from the 1970s onwards the number of articles significantly declined. Conversely, the search term 'credit card' did not begin to feature regularly until the 1980s.

The relevance of articles was determined by identifying information relating to: legislation, specific actors (e.g. politicians, organisations), statistics, reports, economic events or any other items that could be defined as noteworthy in relation to the historical development of personal credit and debt. The selected articles provided the content for establishing the historical chronology of the

development of personal debt in the UK, with more reliable academic sources relating to those events filling out the chronological structure. From the completed historical chronology then, three distinct time periods were distinguished, with textual sources being selected for each period for further, more in-depth analysis. The textual sources, and the time periods they are representative of, comprised: the Crowther Committee on Consumer Credit (1945-1979); Conservative politicians speeches and autobiographies (1979-1997); and the Taskforce on Tackling Overindebtedness (1997-2008)[4]. Each of these sources will be discussed in due course, as well as the methods used to analyse them. However, their more general significance will firstly be considered as examples of 'official discourse' (Burton and Carlen 1979).

4.2.2 Official discourse

The textual sources selected for each of the periods are representative of what Burton and Carlen (1979) have termed 'official discourse'. Official discourse in this sense contributes to both the manifest and latent forms of knowledge that are communicated into political practices and the wider society. The ways in which subjects and objects are constructed through language constitute a form of discursive incorporation at policy-level, which in turn becomes the basis for official discourse (Burton and Carlen 1979: 7-8). In order to address the complexities of social reality as it is, official discourse must at once be both theoretical and practical. Policy processes therefore produce a rational and scientific administrative discourse that must, at least in appearance, conform to a standard of 'objectivity'. These standards of objectivity are crucial to the success of official discourse in relation to the varying material interests of different groups engaged in political struggle and debate, from whom consent is required to establish the legitimacy and authority of the official discourse (Ashforth 1990: 3).

Consent is the foundation for the hegemonic pretences of any democratic political system. As such, committees of inquiry, political leaders and policy

[4] For a full list of textual sources, see Appendix A.

taskforces are highlighted here as illustrative examples of hegemony's dependence on "the indissoluble union of political leadership and intellectual and moral leadership" (Mouffe 1979: 179). However, each of the examples cited vary in the degree to which they conform to the functional requirements of hegemony. From a methodological point of view, committees of inquiry can be considered as an archetypal model of intellectual and moral leadership. They are ostensibly inclusive forums, with their membership and evidence base drawn almost predominantly from civil society organisations and institutional actors. They conduct their hearings in public and are conspicuously transparent with the collection of testimonies, both oral and written. They are also involved in the production of discourse and serve an educational role by informing public opinion (Ashforth 1990: 2). Finally, while they are appointed by and report directly to the State, they are not of the State as such and therefore acquire legitimacy by appearing as independent and objective observers (Chapman 1973: 176).

Relatedly, the policy taskforces established by New Labour fulfil a similar role to committees of inquiry. However, while taskforces claim legitimacy as a form of 'inclusive policy-making', it is not as procedurally transparent or accountable as the committee process (Newman 2001: 68). Nevertheless, the inclusionary features of these forms of policy-making enhance democratic and hegemonic legitimacy because it leaves room for subordinate and potentially antagonistic interest groups to enter into elite decision-making processes. Even if these groups are 'antagonistic', the system of hegemony is able to accommodate them, within certain limits, because of the way it functions as a continuous process rather than "a static empire of thought" (Adamson 1980: 174).

In sharp contrast, 'inclusivity' or 'intellectual authority' does not necessarily legitimate the official discourse of political leaders, especially in the era under review (from 1979 to 1997), wherein economic and social policy-making was the preserve of unaccountable think tanks and special advisors (Campbell 2008: 577). Rather, as Kane (2001) argues, political leaders commonly engage in the deployment and maintenance of 'moral capital' to elevate particular motives,

objectives and values. Where there is public contestation and conflict over questions of political legitimacy, moral capital is essential for political leaders so that they may "effectively articulate, defend and symbolize these values" (Kane 2001: 31). As such, moral justification in political leadership, as well as in moral and intellectual leadership, is a necessary prerequisite for establishing consent.

According to Gramsci (1971: 161), this moral imperative is inherently crucial because "the fact of hegemony presupposes that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised". Within official discourse then, this presumed alignment of interests resides in determining the 'common good' within political practice. To achieve active consent, both State and non-State policymakers must at least appear to be acting in the common interest of all its citizens. The conception of the 'common good' then is fundamental not only for legitimacy purposes, but also for orientating and directing actions at all levels of society (Ashforth 1990: 15). Official discourse is therefore a representation of State and society that gains its legitimacy, in a political sense, as the "embodiment of the popular will" (Ashforth 1990: 17). However, the validity of such claims do not originate from their explicit content, or the authority of those who make them. Rather, the 'common good' or 'popular will', in this sense, is legitimated in the procedures that are followed to produce those claims. Democratic consent of the State and its institutions therefore "emerges as an immanent procedure of political correctness" (Femia 1981: 37). This is part of the epistemological criteria that affords official discourse its credibility in the validation of knowledge (Ashforth 1990: 16).

For the CPE approach, the legitimacy and authority that official discourse therefore wields makes it an instrumental feature of establishing 'economic imaginaries' to broader constituencies beyond the State. Furthermore, conceptualising official discourse as part of a broader 'imaginary' allows us to understand its functional aspects in two specific, but related ways. First, as legitimated modes of knowing, official discourses are recognisable as authoritative claims to knowledge and therefore are more likely to receive

preference over alternative discourses for "interpreting events, legitimizing actions and [...] representing social phenomena" (Jessop 2004: 164). And second, official discourses promote subjectivities that position subjects within sets of knowledges and modes of recognition that are both specific and meaningful (Burton and Carlen 1979: 46). By inserting these subjectivities into a broader imaginary construction that is reproducible across many sites and scales, it enhances their coherence and increases the likelihood that they will resonate with subjects. Further discussion of how subjects engage with these subjectivities through 'interpellations' is provided in Section 3.4.3. We will now turn to the first of our textual sources, the Crowther Committee on Consumer Credit.

4.2.3 The Crowther Committee on Consumer Credit

Throughout the 1950s and 1960s, there was a significant growth in the use of consumer credit, mainly through hire purchase agreements, which doubled in value from 1958 to 1961 (Botterill 2010: 97). At the same time, while this expansion increased production, employment and living standards for many, it was also to have unintended consequences for inflation targets and the balance of payments. For this reason, successive UK governments attempted to control the availability of consumer credit to maintain overall balance within the wider economy. By the 1960s, alternative forms of consumer credit emerged, including check trading, bank loans and credit cards, which undermined government attempts to control the consumer credit market. These rapid changes to the consumer credit market also put a strain on the legal frameworks that were in place, which were increasingly perceived as outdated and unfit for purpose. As such, throughout the 1960s, governments established three separate committees to investigate issues related to personal credit and debt. While the first two committees dealt with specific aspects of debt (the Molony Committee on Consumer Protection in 1962 and the Payne Committee on the Enforcement of Judgement Debts in 1969), the Crowther Committee on Consumer Credit was the first inquiry of its kind to pursue a comprehensive investigation of consumer credit and debt in the UK.

The establishment of a committee of inquiry by government represents a process of policy-making that has become more infrequent over time. Ashforth (1990) identifies four main reasons why a government would appoint a committee of inquiry rather than pursue other lines of investigation to address an issue of pressing importance. These reasons include: (i) the need to 'transcend politics', whereby an issue of significance to the State demands 'non-political' intervention; (ii) limitations of resources within the bureaucracy, particularly when a pressing problem requires expertise that is lacking in the bureaucracy; (iii) distrust between government and the bureaucracy, in which the government is likely to encounter bureaucratic resistance to implementing reforms; and (iv) conflicts and pressures within the bureaucracy itself (Ashforth 1990: 5). When a committee is appointed it is given the terms of reference by which it is authorised by the State to investigate a problem and make recommendations. It is the role of the committee then to gather evidence from a variety of sources, including government departments, interested parties and experts, through both written and oral testimony. Following their information-gathering efforts, the committee submits a report to Parliament, which uses the report as the basis for future legislative or policy reforms. In this sense, committees actually "create a climate for action" rather than merely fulfilling an investigatory function, making them "not only analytic but catalytic" (Chapman 1973: 186-7). Committees also provide an important educational function by informing public opinion. Although this is not necessarily extended to mass public opinion as such, it does inform 'interested parties' and in this way structures future debate on particular policy issues (Ashforth 1990: 2).

The Crowther Committee was established in 1968 following the rapid growth of the consumer credit industry in the preceding decades and the perceived inadequacies of the existing legislation to deal with the changes brought forth. The committee's terms of reference included: to enquire into the present law and practice governing the provision of credit to individuals for financing purchases of goods and services for personal consumption; to consider the advantages and disadvantages of existing and possible alternative

arrangements for providing such credit, having regard to the interest of consumers, traders and suppliers of credit including depositors; to consider in particular whether any amendment of the Moneylenders Acts is desirable; and to make recommendations (Committee on Consumer Credit 1971: iii). Following the publication of the report in 1971, the Crowther Committee's recommendations provided the foundations for the 1974 Consumer Credit Act, which formed the basis for consumer credit legislation for next three decades until its reform in 2006. The monumental and lasting significance of the Crowther Committee was emphasised by Borrie (1986), who stated: "the Crowther Committee in its 1971 Report gave credit a seal of respectability and endorsed the notion that all should be free to obtain credit".

4.2.4 Political speeches and autobiographies

From 1979 onwards, the era that has become characterised as the advent of 'neoliberalism' in the UK brought with it monumental transformations to all spheres of public life. Following four consecutive general election victories, the Conservatives in government stimulated these trends with a seemingly doctrinaire approach to the implementation of a free market policy paradigm. Significant government policy shifts during the 1980s included the two phases of financial deregulation, which contributed to a widening in access to credit. Furthermore, the sale of municipal housing stimulated the housing market and led to a subsequent boom in mortgage lending and homeownership. Policies such as these contributed to the credit boom of the late-1980s and subsequent bust of the early-1990s that led to the drawn out economic downturn and recession of that period.

Despite these far-reaching transformations, particularly for the development of personal credit and debt, there was a conspicuous absence of collaborative and inclusive policy-making processes. Whereas committees were appointed to investigate such matters of importance during the 1960s, the government during this period largely shunned these investigative forums as far as economic and social matters were concerned (Butler and Butler 2000: 324-5).

The lack of inclusive policy-making has been attributed to Margaret Thatcher's "distrust of consultative institutions" (Fourcade 2009: 176). Instead, the government's approach was characterised as "policy on the hoof", with advice drawn mainly from ideological compatible sources, as demonstrated with their "reliance on special advisors and one-eyed party think tanks" (Campbell 2008: 577). As such, the apparent lack of transparent policy-making processes in this period poses a methodological challenge in determining a consistent sample of illustrative textual sources for further analysis. Ideally, it would be most suitable to examine reports by those actors and organisations bearing most influence, such as the special advisors and think tanks mentioned previously. However, as these types of sources are diverse and necessarily diffuse, it places limitations of time and resources in the collection of these materials, especially those that are not publicly available. As an alternative, autobiographies, speeches and interviews of leading political figures from this period, notably Prime Ministers and Chancellors of the Exchequer, were selected to demonstrate the discourses around personal credit and debt.

The approach of using autobiographies, speeches and interviews of key political leaders is far from problematic. Rather than revealing an 'objective' truth, utilising these sources provides the means to explore how the political ideologies behind policy-making are manifested in the everyday and routine political ideas of elite policy-makers (Finlayson 2012: 751). In the sense that the State is a cultural producer in its own right, Gramsci argues: "every State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level" (Gramsci 1971: 258). So, unlike in the case of markets for instance, political leaders must necessarily concern themselves with moral questions because of their essentiality to the general human condition (Kane 2001: 15). Political actions must therefore be founded on a degree of moral legitimacy in order for leaders to justify their motives and objectives. This is a fundamental aspect of democratic regimes where political leaders are required to secure 'uncoerced moral consent' from their constituencies in order to legitimate their claims to authority (Kane 2001: 28).

The way political leaders explain and make sense of their actions whilst they were in power represents a process of narrative and discursive construction, which attempts to provide moral and practical justification for those actions. Therefore, the genres of discourse highlighted, such as autobiographies, interviews and speeches, rely on decidedly moral imperatives to influence public opinion. Of course, it is important not to draw conclusions from any one source (Carlson 2009: 178). Therefore, where possible, a number of sources are analysed to cover both the prospective (manifestos, speeches and interviews) and the retrospective (autobiographies) discourses being communicated by these figures. Also, it is important to place these narratives within the historical contexts from which they emerge, paying particular attention to the medium through which it is disseminated and the target audience of these discourses (Carlson 2009: 189).

In order to examine the political discourses of this period, texts were sourced relating to a number of key political actors who were prominent in the Conservative governments of the 1980s. These included the Prime Minister Margaret Thatcher and the Chancellors of the Exchequer, Geoffrey Howe, Nigel Lawson and John Major. Additionally, further analysis was conducted on Conservative Party general election manifestos to provide a certain level of coherence and party political context to what might otherwise appear as the isolated discourses of individuals. Together, the public discourses of these elite political actors are illustrative of attempts to reinforce and justify some of the major social and economic policies of governments in the 1980s.

4.2.5 The Taskforce on Tackling Overindebtedness

Between 1997 and 2008, total lending to individuals increased exponentially year-on-year, growing from £0.50 trillion to £1.42 trillion, an increase of 181.6 per cent (Bank of England 2014). The trend only began to slow down following the tumultuous events of the 2007/8 financial crises. On the surface, the vast majority of this debt was made up of mortgage lending, which was fuelled by

consistently low interest rates and the relaxation of lending criteria by banks. The capital gains from rising house prices meant there was also considerable leakage of secured debt into stimulating consumer spending. At the same time, there was a growing usage of consumer credit, particular credit cards. In addition, reforms to higher education funding, with the introduction of tuition fees, meant university students became liable for funding their own education, thereby adding to the debt burden.

On the one hand, Labour seemed unconcerned with the growth of household indebtedness, which was in turn allowing the economy to boom as a whole. On the other hand, in keeping with the Janus like nature of their 'Third Way' approach, there were concerns with the more undesirable aspects of this trend. The first of these concerns arose with the identification of groups who were financially excluded from mainstream financial services. It was the view of policymakers that access to financial services (particularly access to credit) was seen as a way out of poverty. Consequently, a strategy to promote financial inclusion to those excluded groups was initiated through the Treasury (Mitton 2009: 14). The second of these concerns was a desire to tackle the growing incidence of over-indebtedness, something that was eventually taken up by the Department of Trade and Industry (later renamed the Department of Business, Enterprise and Regulatory Reform). This latter policy strategy is the subject from which the third set of textual sources is drawn to demonstrate the discursive constructions around personal credit and debt.

When New Labour came to power in 1997, they brought with them a desire to implement a more inclusive policy-making process, which sought to draw in a range of stakeholders from across the business world and society as a whole. In contrast to previous Conservative governments, New Labour's establishment of broad policy networks to address a range of ongoing social concerns was intended to institute policy-making that would: facilitate a consultative style of government; make policy-making predictable; reduce policy conflict; and, also, make it possible to de-politicise issues (Newman 2001: 66).

Throughout their time in government, New Labour established a large number of policy reviews, task forces and advisory groups, made up mainly of non-political actors, including representatives from the business world, academia and civil society organisations. These measures were designed to increase the legitimacy of policy-making decisions by bringing those who implemented policy into the process. It was predicated on the assumption that incorporating key interests into the decision-making process would minimise conflict over policy choices (Newman 2001: 68). However, this approach was not without its critics who highlighted the lack of transparency and accountability of these processes. Also, there were concerns of political bias in the appointment of members to these policy-making networks. While it can be said that these networks were inclusive to some extent, there were still doubts about the representativeness of those who were included, particularly non-governmental appointments that were overwhelmingly drawn from business interests in the private sector (Newman 2001: 68).

This was certainly the case when a taskforce was established by the Department of Trade and Industry (DTI) in 2000 to investigate overindebtedness in the UK. The board in this case, while including academic experts and a representative from the Citizens Advice Bureau, predominantly consisted of members from the banking and financial services sectors among its non-political appointments. Following the initial reports of the taskforce, an action plan was set-up, monitored and assessed with annual reports issued from the DTI, in conjunction with the Department for Work and Pensions (DWP) and the Department for Constitutional Affairs (DCA). It is this approach to overindebtedness that makes up the final strand of the textual analyses on discursive constructions in the development of personal credit and debt. A full list of the documents from across the three periods cited here that were submitted to analysis can be found in Appendix A.

4.2.6 Analytical approaches: framing and rhetorical political analysis

The purpose of analysing textual sources relating to personal credit and debt was to draw out the discursive constructions and configurations that have framed personal debt within broader capitalist formations. To this end, the aim was to determine how personal credit and debt featured within the 'economic imaginaries' (Jessop 2004; 2010) that have interpreted, represented and legitimized personal debt practices and relations as part of the broader circuit of capital accumulation. The analysis of the textual sources was facilitated by two complementary approaches that addressed the distinct analytical demands of the various forms of selected documentary evidence. These approaches were 'frame analysis' (Benford and Snow 2000; Gamson 1985; Goffman 1974; Kuypers 2010; Snow and Benford 1988) and 'rhetorical political analysis' (Finlayson 2004; 2007; 2012; Reisigl 2008). The combination of these two approaches allows us to examine both the rhetorical strategies of elite political actors and the 'official discourse' (Burton and Carlen 1979) of institutional policy-making processes. Rather than being applied systematically, these approaches were deployed as 'sensitising devices' to facilitate the overall analysis. First, the main tenets of the frame analysis approach are briefly considered, before a general overview is given of some of the concepts of rhetorical political analysis.

Frame analysis offers an approach that allows an examination of the ways in which reality is defined and constructed within the public sphere. In this way, it provides the means to understand how hegemony is maintained "not by force or coercion […] but through its ability to shape our world view" (Gamson 1985: 614). The 'framing' of economic and political events, practices and situations is an active process that implies a deliberate act at the level of reality construction. Elite political and economic institutional actors are therefore not merely passive carriers of ideas and meanings that emerge from a benign, objective reality (Benford and Snow 2000: 613). Rather, they act as signifying agents in producing and maintaining dominant systems of meaning-making in what has been referred to as 'the politics of signification' (Hall 1982: 60).

The legitimacy of policymakers relies on their ability to reconcile the material interests of dominant groups with the 'common good' of the population in general (Ashforth 1990: 15). In doing so, they must therefore articulate the means and ends of prescribed courses of action that are designed to achieve such a resolution. Policy texts are deployed to elaborate situations in which 'problems' can be 'solved'. By identifying a *problem*, its *causes* and, ultimately, a reasoned *solution*, policy texts specify the ways in which these elements must be properly articulated (Ashforth 1990: 17). As such, the discourses found in policy documents and reports make what are ostensibly 'true' propositions about material and social reality. At the same time, they elaborate the practical means to address the particular issues at stake within the context of that given reality (Ashforth 1990: 8).

In terms of framing, we can identify three core tasks that policymakers attempt to invoke through this process (Snow and Benford 1988). First, *diagnostic framing* identifies and lays out the contours of the 'problem', establishing causality and attributing blame where necessary; although these aspects are more likely to be disputed than the actual nature of the problem at hand (Snow and Benford 1988: 200). Second, *prognostic framing* highlights proposed solutions to the problem. It involves the formulation of strategies, corrective measures and targets. Within consistent framing schemes, there is a close correlation between the diagnostic and prognostic framing efforts (Snow and Benford 1988: 201). Finally, *motivational framing* moves beyond diagnosis and prognosis by providing rationales for engaging in action to address the problem. The combination of diagnostic and prognostic framing does not necessarily lead to policy mobilization, which is contingent upon the stimulus of motivational framing. As such, the more integrated diagnostic, prognostic and motivational frames are, the more likely they are to resonate as dominant representations (Snow and Benford 1988: 203).

Frame resonance can also be affected by the *belief systems* that framing efforts target, whether intentionally or not (Benford and Snow 2000). Where values or

beliefs figure as part of the framing process, they can enhance frame resonance depending on their centrality to constituent audiences. Conversely, if the values being framed are of low priority to constituents, it will reduce the resonance of framing efforts as a result. Likewise, if a limited range of beliefs or values is referred to, they are more likely to be dismissed, called into question or reduced in salience in contrast to wider belief systems (Benford and Snow 2000: 621). Frames may be extended to include values incidental to primary objectives, but they then run the risk of a loss of focus through overextension (Snow and Benford 1988: 207). An effective trope of framing is *narrative fidelity*, when frames resonate with pre-existing cultural representations, such as stories, myths or metaphors. In these instances, framing strikes a responsive chord with constituents and increases the likelihood of frame resonance (Benford and Snow 2000: 622). However, what is most fundamental to frame resonance is the degree to which framing can be verified by evidence to support any claims that are made. The *empirical credibility* of framing therefore depends on whether it is commensurate to 'real life' events. For constituents, such credibility lies within their particular life experiences, both past and present, which provide them with an 'interpretive screen' to evaluate the evidence. This is especially significant when there are competing frames, or 'frame disputes', and there is a need to determine which claims are more credible than others (Snow and Benford 1988: 208-9).

While frame analysis is suited to analysing policy texts, it is an approach that does not easily lend itself to the analysis of public speech-acts and writings by elite political and economic actors. These less formulaic texts require a more subtle analytical approach. With this in mind, 'rhetorical political analysis' (Finlayson 2004; 2007; 2012; Reisigl 2008) leads us to ask questions about the strategies and arguments that are used to 'persuade' people about the advantages (or disadvantages) of various forms of action (Plummer 2001: 173).

Finlayson (2007) outlines four points of rhetorical argument. First, conjecture *(if a thing is)* is a focus on the facts, where the dispute is about whether something has happened or not. Second, definition *(what a thing is)* concerns

how things are named or labelled, such as referring to credit rather debt, or vice versa. Third, quality *(what kind of thing it is)* is a focus on the nature of the act in question and how it should be judged, such as whether it is well intentioned or not. Finally, the fourth point of argument is place *(whether it is a thing we should be arguing about in the first place)*, whereby attempts are made to set the boundaries of a political argument, which can lead to certain issues being omitted that are instrumental to the argument in question (Finlayson 2007: 554).

Rhetoric concerning place situates the actual content of the argument somewhere between the two axes of *the particular* and *the universal*. In this way, certain aspects of an argument are foregrounded, while others are placed in the background, defining and redefining the content in relation to the prominence placed upon it (Finlayson 2007: 555). For example, as a 'particular' economic practice, personal debt could be viewed rhetorically as both an isolated individual action, or within the 'universal' context of the wider economy. The extent to which a rhetorical argument establishes (or disestablishes) the interconnection between the particular and universal domains has implications similar to framing in the way the boundaries of a rhetorical argument can be either opened up or closed off.

Rhetorical political analysis also allows us to examine how social actors are being constructed, either as individuals or as groups. Identifying actors through rhetoric amounts to a process of *nomination*. These actors are assigned with positive or negative traits through *predication* depending on how they are being constructed from the rhetorical *perspectivation*. From this standpoint then, the predications of nominated actors can be intensified or mitigated as part of the rhetorical argument (*mitigation versus intensification*) (Reisigl 2008: 99).

Principally, political rhetoric attempts to persuade readers and listeners to certain points of view by addressing them through three primary modes of appeal. First, appeals *to logos* offer logical justifications and factual information as the basis of argumentation (Reisigl 2008: 97). These appeals may take the

form of seemingly secure deductive reasoning (where one proposition is inferred from two or more others leading up to it), or through less explicit premises (otherwise known as 'enthymemes'). Enthymemes rely on the activation or deactivation of certain commonplace assumptions, thereby establishing premises from which further deductions are then logically drawn (Finlayson 2012: 761). Second, appeals *to ethos* rely on the character of the speaker for the legitimacy of their argument, drawing attention to their honesty, authority, expertise or experience of the matter at hand (Finlayson 2012: 759). And third, appeals *to pathos* attempt to secure emotional involvement by arousing feelings of sympathy, empathy, anger or fear within the audience in order to gain their approval for the argument put forth (Finlayson 2012: 761). Unlike appeals *to logos*, both *ethos* and *pathos* attempt to reach consent through a non-argumentative use of linguistic pretence by drawing on emotionalization, suggestion and submission to authority as means of persuasion (Reisigl 2008: 97).

Lastly, three genres of rhetoric are worth considering that are deployed in specific contexts. First, *epideictic* rhetoric seeks to praise or condemn people or things. The speaker activates common values shared with the audience that will unite them against an external 'other', specified or otherwise, thereby instilling the impression of 'us' and 'them'. Second, *forensic* rhetoric seeks to prosecute or defend actions. It is very much orientated to the past in the way it determines the motives behind an act in order to secure justice. Finally, *deliberative* rhetoric is concerned with promoting (or deterring) a particular course of action. As such, it is future orientated and highlights the potential advantages (or disadvantages) of the action in question (Finlayson 2007: 556).

Together, rhetorical political analysis and frame analysis provide the methodological tools and concepts through which the research objectives and questions are addressed in order to determine how personal credit and debt has been interpreted, legitimized and represented as features of dominant economic imaginaries. While rhetorical political analysis facilitates an interrogation of the speeches and texts of elite political and economic actors,

frame analysis acknowledges how meaning is constructed and framed within social and economic policies. Nevertheless, the two approaches are not mutually exclusive. Rather, they serve to complement one another, combining in some cases to reveal rhetorical argumentation at work within framing activity at a policy level, or the framing of rhetoric by individual politicians. The correspondence of these approaches is vitally important for maintaining a coherent and consistent analytical framework that facilitates the comparison of discursive constructions relating to personal credit and debt over time. The results of these analyses are presented in detail in Chapter Five.

4.3 Participant interviews

The second objective of this study was to investigate how attitudes and behaviours towards personal credit and debt have been transformed as everyday cultural practices and understandings. To this end, interviews were conducted that attempted to glean from participants information about their experiences of credit and debt throughout their lives. However, the considerations of this objective entailed exploring how these experiences have changed over time. Therefore, the sample of participants had to be such that it would allow the possibility of comparing and contrasting experiences between generations. How and why this sample was chosen is discussed below.

4.3.1 Sampling

The point of sampling is to examine a proportion of a much larger *whole* in order to make inferences that are generalizable with regards to that *whole*. In some cases, the *whole* is a wider population to which the sample is part of and should therefore be necessarily representative of that population. Such cases ideally require a random sample that is large enough to avoid any research bias, which may well occur when attempting to extrapolate inferences that can be attached to the wider population. However, rather than generalizing across an entire population, the nature of this study entails investigating the processes through which financial behaviour and attitudes have changed over time in

relation to the historical growth of personal lending and borrowing. In this context, random and representative sampling is not necessarily appropriate or even desired. That is not to say the results are ungeneralizable as such. If the findings cannot be generalized to at least some degree, then we are left with a situation whereby the "research can suggest nothing beyond itself" (Elliott 2005: 27). Bertaux (1981: 37) therefore proposes that representativeness can be achieved on a sociological level, through a 'process of saturation of knowledge'. This follows:

> "when certain elements show up with regularity, when saturation makes it obvious that facts [...] are not due to chance personal characteristics or individual decisions, but instead to certain structural features, one may begin to develop sociological assumptions about the sociostructural features which might lie behind recurrent observed facts" (Bertaux and Bertaux-Wiame 1981: 188).

To this end, the research findings may be transferred to other settings where the phenomenon is an aspect of comparative 'sociostructural relations' (Elliott 2005: 26).

As such, the research intended to draw comparisons between participant's experiences and perspectives of personal indebtedness according to their particular 'age and stage'. From this perspective, we may hypothesise that participants of different generations will have experienced particular economic events at different stages of their lives. As Elder (1981: 87) explains, different age cohorts:

> "experience the same events at different points in the life span and different events at similar points. This variation and rapid change establish lines of demarcation between the collective experience of cohorts, their life patterns, and options. Whether evolutionary or drastic, historical change generates life-course variations in careers and outlook that shape the mood and priorities of particular times".

For example, rising house prices could well have benefitted older generations, but for younger, new entrants to the housing market, such high prices could be seen as an impediment to owning a home (Mellor 2010: 74). The intended

comparison therefore required a carefully selected sample that would draw out both the common and varied experiences in participants' lives. The findings from this comparison are therefore intended to provide insights of the effects of wider economic and cultural change on individual and collective financial behaviour and attitudes to credit and debt, whether latent or manifest.

To develop a suitable sample for this study, two distinct age groups were selected for recruitment. The first group was 18 to 35 year-olds and the second 50 years old and over. The age-gap between these groups was intended to bring out differences in their experiences of credit and debt. It was also based on the assumption that the second group would have reached adulthood prior to the monumental changes that occurred during the 1980s, while the first group would have only reached adulthood when these changes were already well established. Therefore, the criteria for recruiting participants was primarily focused on these two age groups. Furthermore, participants had to have been resident of the UK for a minimum of 10 years. Of course, we cannot assume that age is a single determining factor in how a participant will view personal debt and that other factors, such as gender, class and ethnicity, may have a bearing on their responses. Therefore, these other factors are addressed as and when they arise.

For the initial recruitment of participants, leaflets advertising the study were distributed to local libraries, Citizen Advice Bureaus and housing associations. Also, an advertisement was circulated via local community websites, as well as through the University of Liverpool. From the initial respondents, more participants were recruited through a snowballing strategy. In total, 25 participant interviews were carried out. This included 13 in the 18-35 year-old category and 12 in the 50 year-old and over category[5]. The overall sample The data gathered during the final interviews served to confirm the evidence and statements collected from earlier interviews, although, of course, with slight individual variations. As such, following the 25th interview, I adjudged that I had

[5] For a full list of participants, see Appendix B.

reached a sufficient 'saturation of knowledge' to satisfy the requirements of the study.

There are limitations to the generalizability of the findings due to the biases of a self-selecting sample. Those who participated in the study may not necessarily reflect 'typical' experiences of credit and debt when it comes to their motivation for volunteering. There is the possibility that they may have wanted to take part to communicate strongly held views based on experiences that are 'exceptional' compared to more commonplace experiences. Nevertheless, although there were exceptional instances, an overall defining characteristic of participants' narratives was the tendency to view their experiences as unremarkable in the context of their immediate milieu.

A further limitation concerns the representativeness of the self-selecting sample. The overall sample (see Appendix B) was drawn predominantly from the lower middle class (C1) and skilled working class (C2), according to NRS social grade classifications. Furthermore, the educational attainment of the sample was higher than average, with 68 per cent of the participants (17 out of 25) educated to degree level or above, compared to the national average of 35 per cent (ONS 2011). The selectiveness of the sample in relation to these biases places limitations on the range of participants' experiences of personal credit and debt from both low-income groups and those from more affluent backgrounds. In particular, low-income groups and those with no formal educational qualifications have been identified as being more vulnerable to financial exclusion (Mitton 2008: 6). Those who are financially excluded are known to experience significant disadvantages in accessing affordable credit to the extent that they are left with no option but to use high-interest credit. Therefore, without taking into account the distinct experiences of these vulnerable groups, the degree to which the findings of this study can address the implications of financial exclusion *en court* is limited.

4.3.2 Biographical narrative interviews

The objective of interviewing participants was to link the changes that have affected them as individuals with the historically protracted transformations of the economy and society in general. From these interviews, the intended aim was to reveal the meanings participants attach to their everyday practices and experiences related to personal credit and debt. To achieve this, the chosen method of collecting such evidence was through 'biographical narrative interviewing' (Bertaux 1981; Bertaux and Bertaux-Wiame 1981; Elliott 2005; Gubrium and Holstein 1997; Holstein and Gubrium 1995; Kohli 1981; Plummer 2001). Structured and more prescribed forms of semi-structured interviewing can suppress potentially revealing accounts by placing limitations on participants' responses and constrain their ability to recount experiences as part of a coherent life history (Elliott 2005: 21). In contrast, the biographical narrative interview gives interviewees the chance to talk freely and take control of the interview situation to reveal information that is rooted in their own social experience (Bertaux 1981: 39). In this way, self-reflecting answers from predetermined questions can be avoided (Thompson 1981: 289), therefore redressing "some of the power differentials inherent in the research enterprise" (Elliott 2005: 17).

Of course, the point of the biographical narrative interview is not to comprehend a person's life in its entirety, but to explore a particular issue as part of the much wider social experience of that life (Plummer 2001: 26). By placing the onus on the respondent, with as little interference from the interviewer as possible, they are free to describe how the issue is connected to other aspects of their life and reflect on it as part of a much broader consideration of their experiences. However, respondents do not merely reproduce their experiences as a series of events one after another as such, but actively construct and make sense out of them as part of the narrative process (Elliott 2005: 24). It is therefore the evaluative and 'meaning-making' activities of biographical narratives that make them an important method for discovering

more about respondents' lives, their experiences and the meanings they attach to them.

There are different approaches to how biographical narratives can be used in interviewing. Gubrium and Holstein (1997) distinguish two such approaches as either 'realist' or 'constructivist'[6]. The realist approach treats the interview as a resource from which to obtain information about the social world. It postulates an external reality that can be observed and described through the "rich descriptions of people and interaction as they exist and unfold in their native habitats" (Gubrium and Holstein 1997: 6). In this sense, the realist approach focuses on the content of interviews to explore the meanings respondents assign to their experiences.

In contrast, a constructivist approach treats the interview process itself as a topic of inquiry. Rather than viewing the social world as an observable phenomenon in its own right, a constructivist approach considers it as something that is constantly 'in the making'; thereby focusing our attention on how meaning is produced through social interaction (Gubrium and Holstein 1997: 38). By identifying meaning-making practices within the interview process itself, a constructivist approach seeks to uncover the ways in which social interaction is locally organised to determine how meanings are constructed and achieved as part of an ongoing process (Elliott 2005: 19). Although both realist and constructivist approaches represent distinctive lines of inquiry, they are not altogether mutually exclusive. As Elliott (2005: 20) suggests, it is possible to explore the content of interviews, while at the same time acknowledging the meaning-making procedures involved in how such content is organised and constructed as part of the narrative process.

However, we cannot take biographical narratives for granted as an unproblematic window on the lives of individuals. The relaying of a life story does not entail merely offering a sequential chronology of events as a coherent

[6] Gubrium and Holstein (1997) specifically describe these approaches as 'naturalist' and 'ethnomethodology' respectively. Following Elliott (2005), the terms 'realist' and 'constructivist' are used to provide greater clarity and articulate their more general methodological usage.

whole. Rather, the narrative form requires respondents to reference and evaluate past experiences in hindsight by representing them in relation to their current circumstances. The biographical narrative is therefore not a static arrangement of life events, but part of an ongoing interaction involving the "continuous restructuring of past events within the framework of the contingencies of the present situation" (Kohli 1981: 65). Yet, the inherent fragility of biographical narratives as accurate reflections of 'real life' does not diminish them as reliable sources of evidence. On the contrary, in order to understand the significance of individuals' lives within a social context, it is necessary that we move beyond the factual content reflected in such narratives. Instead, our focus must be to examine the evaluations and meanings that individuals ascribe to social practices and, where possible, how such meanings develop and become established. As Plummer (2001: 40) concludes: "[biographical narrative interviews] are peculiarly suited to discovering the confusions, ambiguities and contradictions that are played out in everyday experiences".

4.3.3 The interview process

Once the participants were recruited, they were given the choice of where and when the interviews were to take place. It was important for participants to feel comfortable in the interview situation and in surroundings where they would feel most at ease. Also, there were practical requirements for facilitating the interviews, so it was important to work around the schedules of participants with regards to the times that were most suitable to them. Out of the 25 participants, 20 were face-to-face interviews, which were conducted either at the university, in the participants' own homes, or in public coffee shops. The remaining five participants were interviewed over the telephone. Due to the work commitments and time restrictions of the participants in question, conducting the interviews over the telephone was considered the most efficient means available in the circumstances.

To begin the interviews, it was necessary to gain informed consent from participants, which is explained in more detail as part of the discussion on ethics (Section 4.3.5). It was useful at this stage to brief the participant about the context and purpose of the interview in order to define the situation to them, as well as explaining the use of recording equipment. The interviews were recorded on a digital recorder and brief notes were taken where it was appropriate. Recording the interview is important because it provides the most accurate record of the data divulged during the interview. This allowed me to transcribe the interviews verbatim, thereby offering an accurate record of what was said. The use of note taking was used sparingly, not least because it was not conducive to presenting myself, the interviewer, as an attentive listener.

Once interviews were completed, participants were debriefed about what their contributions were being used for and also provided them with an opportunity to raise any questions or concerns regarding the interview itself. In the debriefing sessions, several of the participants acknowledged that discussing their experiences of credit and debt had provided them with fresh insights they had not previously considered.

The opening questions were brief, simple and direct, and enquired about concrete situations that interviewees could answer readily, such as background details about themselves. This allowed them to be eased into the interview process and provided a platform from which a more thorough line of questioning could be launched (Kvale, 1996: 132). It was also important to frame questions in everyday language, rather than sociological language[7] (Elliott 2005:29). If the discussion is focused too much on the interests of the researcher, it can discourage respondents from taking responsibility for shaping their own responses. Questions therefore must clearly relate to respondents' life experiences in order to successfully elicit biographical narratives. As Bertaux (1981: 38) explains: "if given a chance to talk freely, people appear to know a lot about what is going on; a lot more sometimes, than sociologists".

[7] See Appendix C for a full list of interview questions.

As well as rooting questions in everyday language, the fundamental objective was to encourage participants to speak freely in order to reveal their underlying attitudes, experiences and values, rather than merely giving terse or glib responses (Fielding, 1993: 138). To this end, Holstein and Gubrium (1995: 39) propose an interview strategy that "activates narrative production". This entailed asking a 'big' open-ended, overarching question to start with, inviting participants to recount their narratives as they saw fit. However, just because an invitation is made, does not necessarily mean it is accepted. As such, narratives can be helped along through prompting, either by rephrasing the question, or offering examples that will trigger more detailed responses from the participants. Also, the use of probing questions is an important aspect of stimulating biographical narratives and includes asking interviewees to provide examples, more details, or to clarify on certain aspects of their response. Clarification is a crucial interviewing device, not only for opening-up responses within the interview process, but also for future analytical purposes. When statements are made that contain ambiguous, evaluative or value-laden terms, it is essential to find out what meaning the participant attaches to those terms. Adjectives, such as 'important', 'good' or 'bad', may be taken at face value in everyday conversation, but in the interview context they can be problematic in terms of their deeper significance. Probing therefore provides an opportunity to obtain further elaboration from the interviewees of what such significances might be (Fielding, 1993: 141).

The experiences described by participants in relation to credit and debt were expected to provide a rich biographical narrative that intersected with a variety of different aspects of their everyday lives, retold from participants' own perspectives. While this was certainly the case for most of the interviews carried out, some were more successful than others. In total, the 25 interviews produced over 24 hours of transcript data, at an average of 59 minutes per interview. However, there were significant variations across the interviews, with the shortest interview lasting 25 minutes and the longest over two hours. Nevertheless, even where participants' were limited in their willingness to openly engage with the narrative process, their reluctance to articulate their

experiences in-depth also provided data for analysis as part of the interview interaction (Elliott 2005: 21).

4.3.4 Analytical approaches: narrative analysis and membership categorization devices

The analysis of the interview data was intended to gain an understanding of the meanings participants' attached to their experiences of personal credit and debt within the context of biographical narrative interviews. Approaches to CPE have so far focused on the "intersubjective production of meaning" (Jessop 2010: 337) by institutional organisations and elite actors that can be said to comprise the intellectual and moral leadership of hegemonic orders. What the interviews and subsequent analysis attempt to reveal is how intersubjective meanings of personal credit and debt are appropriated and reproduced as part of everyday experiences "in a particular local world, a social space that carries cultural, political, and economic specificity" (Kleinman 1998).

While the interviews all focused in some way on participants' experiences of credit and debt, the open-nature of the narrative process meant that responses were often diffuse, with little in the way of what might be considered structural uniformity. As such, careful consideration must be given to the most appropriate analytical approaches for addressing such a varied range of data, particularly since the analysis is intended to draw out comparisons with regard to the intergenerational component of the study. As Elliott (2005: 36) points out:

> "there is as yet no single analytical approach that can provide the definition for narrative analysis [and] no standard approach or list of procedures that is generally recognized as representing the narrative method".

Constructivist approaches have tended to treat the narrative process itself as the object of analysis. As a "verbal technique for recapitulating experience" (Labov and Waletsky 1997: 4), narratives here are seen as the construction of

units to match a temporal sequence of that experience in order to serve an evaluative function. The 'unpacking' of narratives into units is intended to examine how respondents impose order and make sense of experiences in their lives (Mishler 2007: 201). However, analyses that strictly adhere to constructivist methods require painstaking attention to detail and therefore preclude studies with large numbers of respondents (Reissman 1993: 51-2). Despite these limitations, some elements of the constructivist method were employed in the overall analysis of the interview data where it was deemed appropriate.

Adopting a 'realist' approach to the analysis did not mean that participants' accounts were treated as unproblematic reflections of 'real events'. Rather, the primary aim was to understand the meanings that participants attached to their experiences of those events (Chase 2011: 424). The content of the interviews was initially arranged into different themes and topics in order to compare and contrast participants' common experiences and the explicit meanings they attached to them. This comparative approach to themes and topics was not only applied to contrast the two distinct generational groups, but also within those groups as well. Following a constructivist line of inquiry, the opening narratives of participants were used as a point of reference, allowing us to observe which topics were addressed and which were not, when topics were introduced and whether they were presented extensively or briefly (Rosenthal and Fisher-Rosenthal 2004: 263). In this way, it was possible to get a sense of the prominence afforded to different forms of credit and debt in the narratives, as well as the primary interpretations and associations made by participants.

In order to generate deeper understandings of the more implicit meanings underlying participants' experiences of credit and debt, the analysis also sought take into account the broader cultural framework of which participants operate in. By acknowledging the cultural aspects of experience, we come to get a sense of the 'intersubjective meanings' shared by a particular community or group of individuals (Elliott 2005: 28). The often complex and dynamic production of

intersubjectivity both informs and is shaped by experiences in the social world. Demonstrating this multi-faceted process, Kleinman (1998) illustrates that:

> "experience, like a tidal stream, washes in among the feelings of inner life and rushes out among values, norms, and relationships. Moreover, as fresh water and salt water intermingle but also maintain their own forms in a tidal stream, so too do subjective and collective processes create a mediating world of intersubjectivity while still at times possessing their own characteristics".

Intersubjective meanings therefore emerge as a result of the intersections between "cultural meanings, social experience and subjectivity" (Kleinman 2006: 227). With this in mind, the analysis must consider that:

> "the range of human desires, feelings, emotions, and hence meanings is bound up with the level and type of culture, which in turn is inseparable from the distinctions and categories marked by the language people speak" (Taylor 1971: 15).

To this end, Sacks' (1992) approach to 'conversation analysis' provides an invaluable method for understanding the implicit cultural meanings within participants' narratives of personal credit and debt.

One of the concepts developed by Sacks was the 'membership categorization device' (Sacks 1992; Silverman 1998; 2006). It stems from the occurrence of localised categories that people use to classify a specific population or field. These categories are what Sacks calls 'inference-rich' (Silverman 1998: 86), meaning they have stored within them commonly held knowledge or assumptions that members of a society, group or community share about particular issues, such as credit and debt. Membership categorization devices are therefore local members devices that activate shared meanings in social interactions. A speaker who uses a category will presume that the listener also shares the inferences of the stated category. At the same time, meanings can be reflexively formulated and reformulated to suit the situation (Sacks 1992: 40).

To distinguish categories, modifiers are introduced that are intended to add or reject inferences made about an unmodified category. Modifiers can take the

form of a clause in a statement, such as with the claim "I'm 48 but I look younger". The inference indicated in this example is that the speaker considers, or at least expects the listener to consider someone of 48 to look old. However, the addition of the clause "but" invalidates the expected inference (Sacks 1992: 44). A common form of modifier is the addition of a prefix or suffix to the category referenced. For example, 'problem debt' is differentiated as a category within the field of 'debt' with the addition of the prefix 'problem'. By determining a category within a field, it opens up a 'contrast class' where two categories form a contrast relationship, each modifying the other to locate inferences in relation to one another (Sacks 1992: 799-800). The interpretive nuances of contrast relationships serve to illustrate the importance and sensitivity of localised context when drawing inferences from modified categories.

The methodological application of Sacks' membership categorization device makes it possible to identify the subtle inferences in participants' narratives that are part of localised systems of meaning. It therefore reveals the knowledge and cultural understandings stored within these categories that are extensions of shared 'intersubjective meanings' within society. As Silverman (2006: 194) has noted:

> "[Sacks] shows us the nitty-gritty mechanisms through which we construct moral universes [He also] wanted to avoid treating people as 'cultural dopes', representing the world in ways some culture demanded. Instead, Sacks approached 'culture' as an 'inference-making machine': a descriptive apparatus, administered and used in specific contexts".

While the analyses carried out by Sacks are highly intricate examinations of relatively short conversations, the sheer volume of the data involved in the research precludes such a thorough and minutely detailed analysis. However, the methodological 'toolkit' offered by Sacks provides the means to examine the more implicit values and attitudes of participants towards personal credit and debt, specifically in relation to how they are categorised within localised settings. A full presentation of the findings from the analysis of narrative interviews will follow in Chapter Six.

4.3.5 Research ethics

There is a need to be ethically aware at all times and practice due diligence in all aspects of the research process. In this respect, the research conducted was informed at all times by the ethical standards set by the British Sociological Association (2002). Furthermore, a research proposal outlining all ethical considerations was submitted to the University of Liverpool's ethical panel and was approved following their review prior to the commencement of any research conducted. I will briefly outline below some of the precautions that were taken and the procedures that were followed over the course of the study.

When conducting research with human participants it is important to gain informed consent from participants prior to the actual interview stage. Informed consent required providing each participant with an information sheet that explained the research objectives, how the interview would proceed and contact information if they had any concerns following their participation. They were also informed that their participation was entirely voluntary and that they were free to withdraw at any stage. Although there was no element of the research that involved deception in any way, participants were fully debriefed once the interviews were completed on what the research aims were and how their information would be used.

Participant confidentiality and anonymity is paramount to establishing trust in the relationship with participants. As the interviews were recorded on a digital recorder, once the interviews were finished, the data was downloaded onto a password-protected computer ready for transcription and the digital files were erased from the recording device. All digital audio files were erased on completion of their transcription. Care was taken during the transcription process to censor any information that would jeopardise participants' anonymity, with each participant allocated a pseudonym and code number to protect their identities. As the research topic was on a potentially sensitive theme, i.e. personal finance, it was necessary to be attentive to whether

participants were uncomfortable discussing the emergent issues. Where this was the case, participants were reminded that any information they gave was on a voluntary basis and that they could withdraw if they so wished. Overall, I have upheld the highest ethical research standards at all times during this study.

4.4 Conclusion

At the start of this chapter, two distinct, but interrelated objectives were stated that would define the parameters of this investigation into personal credit and debt. The first objective sought to address the promotion and dissemination of particular policy and other public discourses, while the second objective was directed at examining the transformation of everyday cultural practices and understandings. These objectives were intended to draw out the historical processes that connect widespread political, economic and social transformations with personal changes at the local level. As an entry point to this study, the research focused on the CPE concept of the 'economic imaginary' and how such 'imaginaries' are established and developed over time, both as hegemonic constructions and as localised intersubjectivity.

To address the first objective, textual sources from three defined periods were selected to demonstrate the discursive constructions of personal credit and debt in each period. The sampled texts served to highlight the role of intellectual and moral leadership by both State and non-State elite institutional actors in the establishment of public discourses. Through an analytical approach combining frame analysis and rhetorical political analysis, we are able to determine the historical transformations and continuities of 'economic imaginaries' relating to personal credit and debt.

Following on, the second objective involved conducting biographical narrative interviews from an intergenerational sample of two contrasting age groups. Through the biographical narratives of participants, the meanings they attached to everyday experiences of credit and debt were examined to understand the

changing attitudes and behaviours of different generations over time. In the sense that such meanings constitute localised 'imaginaries' of credit and debt, these narratives provided insights into the intersubjective understandings of participants through an analysis of the emergent themes with reference to Sacks' concept of 'membership categorisation devices'. The next two chapters summarise the main research findings and evidence from the analyses of both the textual sources (Chapter Five) and biographical narrative interviews (Chapter Six).

Chapter 5 Material-Discursive Constructions of Personal Credit and Debt in the UK

The following chapter will present the findings of the analyses of texts relevant to the historical development of personal credit and debt. The objective in pursuing this line of inquiry is to address the first of the two research questions: *how has personal debt been framed through particular policy and other public discourses?*

The rationale for the analyses is based on the CPE approach (outlined in Section 3.3) and, in particular, the concept of the 'economic imaginary' (Jessop 2004; 2010; Sum 2009). Economic imaginaries are discursive systems that attempt to simplify the economy into a coherent subset of economic activities. By doing so, they provide subjects with the basis for 'going on' in the world through an imaginatively narrated framework of meaning that offers the primary means for "interpreting events, legitimizing actions and [...] representing social phenomena" (Jessop 2004: 164). To examine the role of economic imaginaries in the development of personal credit and debt in the UK, relevant texts, including policy documents, reports, speeches and autobiographical material, have been selected to represent three historical periods.

The first of these analyses will examine the Report of the Crowther Committee on Consumer Credit (1971). This committee of inquiry was the first of its kind to fully investigate the role and effects of consumer credit in British society and the wider economy, and was carried out while Keynesian demand management was still the dominant strategy for economic policy in the UK. The second period under examination predominantly covers the 1980s, when the Conservative government implemented far-reaching economic and social changes under the auspices of a monetarist policy regime (Payne 2012). While there were no specific official inquiries into the role of credit and debt during this time, the deregulatory approach of the government saw a significant rise in

personal indebtedness in a short space of time. As such, relevant texts have been drawn from election manifestos and the speeches and autobiographies of key political figures, most notably the Prime Minister, Margaret Thatcher, and the Chancellors of the Exchequer, Geoffrey Howe, Nigel Lawson and John Major. The final period under review will entail an analysis of the Taskforce on Tackling Overindebtedness, established by New Labour in 2000. Between 2001 and 2007, a series of departmental reports, action plans and a white paper were produced in collaboration with the Taskforce, which will form the source material of the analysis.

The analyses of the relevant texts will help us to establish the main features of economic imaginaries from each of the three periods. To consistently identify these features, an analytical framework combining frame analysis and rhetorical political analysis (see Section 4.2.6) was utilised to guide the analyses. Through this approach, three specific questions are asked of the texts: (i) how is personal debt represented in relation to the wider economy?; (ii) how is personal debt framed as an object of intervention?; and (iii) how are subjects framed in relation to their indebtedness? Addressing these questions across each period provides an opportunity to compare and contrast both the differences and continuities of economic imaginaries as they develop over time. The chapter will begin with the analysis of the Crowther Committee on Consumer Credit, but first, a brief overview will be presented of the development of consumer credit in the first half of the twentieth century in order to elaborate the historical context of the committee and its establishment.

5.1 The Crowther Report on Consumer Credit

5.1.1 Historical context

> "Despite the increasing wealth that accompanied the expansionism of the British Empire, at the dawn of the twentieth century, life was still marked by relative hardship and scarcity for many working-class families. Homeownership remained the preserve of the upper and

suburban middle classes, and reticence towards acquiring debt, especially for luxuries and indulgences, remained a questionable practise for all classes" (Botterill 2010: 75).

While the Victorian ideals of thrift and self-denial extended well into the early-twentieth century, developments during the interwar years (1918-1939) contributed greatly towards a growing tendency for mass consumerism. This period witnessed the growth of new industrial methods of production that meant consumer durables, such as cars, radios, televisions, bicycles and domestic household appliances, became more affordable for ever-increasing sections of the UK population; although they were still largely confined to the middle-classes (Bowden and Turner 1993: 256).

Underpinning this newfound propensity to consume was an increased use of hire purchase to fund domestic spending habits. Despite being well-established in the US, widespread use of hire purchase in the UK was still largely underdeveloped during the 1920s. By the 1930s though, the availability and acceptance of hire purchase business practices grew considerably, due in part to financial backing from the Bank of England (Bowden and Collins 1992: 134). Its expansion thereby served to reinforce cycles of mass production with domestic mass consumption that was to become the defining characteristic of Fordist growth regimes. Furthermore, the 1930s also saw a significant rise in homeownership in the UK. The Great Depression inadvertently created the ideal economic conditions for a 'housing boom', as the cheapness of land, labour and materials reduced building costs, while the low interest rates designed to promote industrial investment meant mortgage-lending became more affordable (Malpass and Murie 1994: 48). Despite homeownership still being the preserve of the middle-classes and largely confined to the south of England, it increased significantly between 1914 and 1945, from 10 per cent of the population to 26 per cent.

The Second World War marked an interregnum for consumerism in the UK due to scarcities in all consumer durables and enforced rationing. Moreover,

government efforts to fund the war led to campaigns to promote savings amongst the population. Following the end of hostilities, the UK embarked on a programme of social and economic transformation that would underpin a prolonged period of industrial growth. With the creation of the welfare state and attempts to maintain full employment through Keynesian demand management, growing prosperity led to higher living standards for much of the population in the post-war years. The security and regularity of employment provided the working-classes with access to consumer durables for the first time as disposable incomes grew, providing greater opportunities to spend and increased demand for consumer credit (Montgomerie 2006a: 309). As such, these transformations also contributed to the growth of hire purchase as more and more people from the working-classes sought to take advantage of the increasing market of consumer items that were being produced. Economic growth and rising prosperity also fuelled the continued growth of owner-occupation, which increased from 29 per cent in 1951 to 52.7 per cent by 1971 (Malpass and Murie 1994: 16).

Even before the end of the Second World War, there were widespread fears that the high rates of personal savings accrued during the war would lead to inflationary pressures once people began spending, especially in a post-war economy that was ravaged by shortages. Consequently, national policies continued to promote voluntary savings after the war in order to head off prospective inflation. Such was the concern that in 1951, the bank rate, which had been suspended during the 1930s, was reintroduced as a policy instrument to address inflationary pressures (Burnham 2007: 402). At the same time, the growing use of hire purchase and other forms of consumer credit further contributed to economic imbalances. The periodic bursts of inflation swelled domestic demand for imported goods and reduced the scope for British businesses to export, resulting in recurrent balance of payments crises that imposed constraints on the expansion of demand (Flemming 1978: 20). Although government policies towards hire purchase were initially restricted towards guidance and persuasion rather than explicit regulation, inflationary fears led to the introduction of statutory controls during the 1950s and 60s. The

introduction of Hire Purchase and Credit Sale Agreement (Control) Orders from 1952 onwards was designed to quell domestic demand by imposing strict minimum deposit requirements and maximum repayment periods on hire purchase use (Harris et al 1961: 269). However, restricting domestic demand in this way not only served to reduce imports, but also placed limitations on the expansion of mass production, leading to a 'stop-go' cycle of economic growth (Kerr 2001: 128).

Although attempts to control consumer credit were perceived to have an immediate effect on consumer demand, an increasing number of alternative forms of credit were not covered by the controls. It was feared that these alternatives would undermine government controls and highlighted the outmoded legal framework governing consumer credit. While hire purchase agreements were successfully pared back, it provided a boon to other forms of credit, such as check trading, mail order and voucher trading (O'Connell 2009: 78). Furthermore, from the late-1950s, mainstream banking institutions began competing in the consumer credit market, with many offering overdrafts and personal loans to their customers. In 1966, a British bank introduced the first credit card to the UK credit market when Barclays launched the Barclaycard (Botterill 2010: 127). Together, these transformations heightened concerns about the effectiveness of credit controls for stemming inflation and the overall suitability of existing consumer credit legislation.

5.1.2 Background to the Report

The expansion of credit provision and use throughout the 1950s and 1960s contributed to not only the economic transformations of the post-war period, but also to the major social changes that were taking place at the same time. Although the government was not directly responsible for creating the demand or the supply of credit, the rapidly changing terrain of the consumer credit market and the implications of these shifts led to a series of piecemeal

government reforms. In 1962, the Molony Committee on Consumer Protection[8] reported on existing hire purchase legislation, advertising and the general protection of the consuming public (Diamond 1963). Further investigations were carried out from 1965, when the Payne Committee on the Enforcement of Judgement Debts[9] (report published in 1969) was established in response to the growing incidence of people being imprisoned for non-payment of debts[10] (Glasser 1971).

By 1968, due to ongoing concerns about exploitation and deceptive trading practices, as well as the inadequacy of existing legislation, the Labour government commissioned a comprehensive review of consumer credit under the chairmanship of Geoffrey Crowther[11]. The terms of reference of the committee (Committee on Consumer Credit 1971: iii) were stated as being:

- To enquire into the present law and practice governing the provision of credit to individuals for financing purchases of goods and services for personal consumption;
- To consider the advantages and disadvantages of existing and possible alternative arrangements for providing such credit, having regard to the interest of consumers, traders and suppliers of credit including depositors;
- To consider in particular whether any amendment of the Moneylenders Acts is desirable; and
- To make recommendations.

While the inquiry was far-reaching in its scope, the Report highlighted two areas of concern that were "most crucial and urgent". First, the reform of the

[8] The recommendations of the Molony Committee led to the creation of the Consumer Council in 1963 and the reform of the Hire Purchase Act in 1964.

[9] The recommendations of the Payne Committee led to the abolition of imprisonment for debt in the 1970 Administration of Justice Act and established the 1971 Attachment of Earnings Act as an alternative sanction on defaulting debtors (Ford and Wilson 1993: 24).

[10] Although 'imprisonment for debt' had been abolished with the 1869 Debtors' Act, debtors could still be imprisoned for contempt if they failed to comply with a court order to pay the debt. In 1949, 445 people were imprisoned under this proviso, rising to 2,679 in 1957 and 4,160 in 1959 (The Guardian, 8 September 1959).

[11] Geoffrey Crowther (1907-1972) was a British economist, journalist and former editor of *The Economist*.

existing legal framework relating to consumer credit; and second, whether the use of credit controls as an instrument of economic policy by the government was in the wider public interest (ibid.: 11). It is the latter of these concerns that shall provide our first point of examination.

5.1.3 Controlling consumer credit

The dramatic growth of consumer credit in the postwar period stoked fears about the undesirable effects it could have on the wider economy. These fears brought forth arguments about the necessity of controlling consumer credit as a clear and present threat to economic stability. First introduced during the Second World War, statutory controls of credit terms were originally conceived as a way to reinforce price controls in cases where excessive prices were disguised as credit charges. However, in the postwar period, the objective of terms control was redefined as an instrument:

(i) for fostering and directing exports and reducing imports, or imports of any classes, from all countries and for redressing the balance of trade; and

(ii) generally for ensuring that the whole resources of the community are available for use, and are used, in a manner best calculated to serve the interests of the community (ibid.: 346).

The criticisms of consumer credit and the justifications for maintaining strict controls over its use were broadly based on four main lines of argument (ibid.: 123-4). The Crowther Report[12] addressed each of these arguments in the context of evaluating the overall impact of consumer credit on the economy.

The first criticism of consumer credit was its detrimental impact on inflationary pressures and the balance of payments. Following this line of argument, increased levels of consumer expenditure, facilitated by access to easy credit, would potentially make "the problem of inflation more intractable" (ibid.: 123), leading to higher demands for imports. In turn, domestic resources would be

[12] Henceforth, the *Report of the Committee on Consumer Credit* (1971) will be referred to as the Crowther Report, or the Report.

diverted from exports, resulting in trade deficits and negative pressures on the value of pound sterling. As such, the chief advantage of imposing terms control on consumer expenditure was that it would produce immediate effects without adversely impacting on more ‘desirable’ forms of lending, such as business investment and mortgage lending, or introducing more inflationary pressures on the cost of living (ibid.: 349).

The Crowther Report, though accepting the advantages of terms control in crisis situations, nevertheless questioned their overall effectiveness. On the one hand, the proportion of consumer expenditure affected by terms control was comparatively small in 1969, with estimations that it would lead to a reduction of only two per cent of total consumer expenditure (ibid.: 352). On the other hand, because it discriminated specifically against instalment credit, it created favourable market conditions for alternative forms of credit to flourish, such as check trading, personal loans and second mortgages (ibid.: 357). Such loopholes in the operation of terms control also created problems of social equity in accessing credit. Because poorer members of society were restricted to certain forms of credit, they were more likely to be disproportionately affected than the more affluent, who could borrow using other, cheaper sources of credit not affected by terms control (ibid.: 358). Moreover, arguments for terms control failed to acknowledge the possibility that consumers could simply shift their expenditure to other forms of non-regulated consumption with high-import content, such as food or clothing (ibid.: 353).

Because consumer credit increased demand for durable goods, the second criticism of consumer credit focused on the instability that it would introduce to domestic producers of those goods. By diverting expenditure away from non-durable goods and services, which tended to be more stable, and towards durable goods, which were less so, consumer credit could potentially lead to instability in the economy (ibid.: 129).

While conceding that consumer credit did indeed have a destabilising influence in theory, the Crowther Report highlighted how the history of economic development had been underscored by:

> "the progressively increasing use of durable goods to raise the level of efficiency and welfare [...] and if it brings with it a greater risk of economic instability, the techniques of countering that instability are also being refined" (ibid.: 130).

Nevertheless, the Report also identified a further source of instability in the use of terms control. Although tightening terms control led to a reduction of imports in the short-term, it also had a detrimental impact on the exporting capabilities of British manufacturers in the long-term. When there was a contraction of British domestic credit, it reduced the more stable domestic sales for home producers causing artificially induced fluctuations. But, if the difficulties that prompted that contraction were associated with uncertainty in world markets, then such losses were unlikely to be made up by exports, thereby leading to a loss of productive efficiency in the long-term (ibid.: 353).

The third criticism of consumer credit was the contention that by encouraging consumption at the expense of savings, it reduced the amount of deposits available for capital investment, thereby inhibiting the rate of economic growth. The requirement of repaying instalments was therefore understood to have the "effect of promoting dissaving" (ibid.: 128). The Crowther Report dismissed these concerns and rejected the conclusion that the growth of consumer credit had reduced the rate of savings. For one, the claims that consumer credit reduced funds for capital investment ignored the possibility that credit actually contributed to 'asset formation'. Secondly, by illustrating that personal savings in the UK had in fact doubled between 1955 and 1969 to 7.8 per cent of personal disposable income (ibid.: 129), the Report concluded that consumer expenditure through instalment payments represented a "disciplined form of saving [that had] increased the rate of national saving and the rate of capital accumulation"(ibid.: 128).

Finally, consumer credit was criticised on the basis that it posed a threat to the stability of the economy as a whole. Such fears were premised on predictions that if the weight of debt became too much and all borrowing ceased, the decline in consumer demand would have catastrophic consequences for the economy (ibid.: 124). Outlining the relative infancy of the consumer credit market in the UK at the time, the Crowther Report discounted such fears by rejecting the assumption that increased credit use would inevitably lead to debt levels outstripping relative incomes[13] and that outstanding credit was far from dangerous or excessive. To conclude its assessment of these criticisms, the Crowther Report claimed that:

> "we, therefore, do not view its potential future growth with alarm and do not believe that there is a case on economic grounds for curbing the development of the consumer credit industry" (ibid.: 131).

Here, the Crowther Report sought to invalidate the prevailing activities that had successfully framed consumer credit since the Second World War. Until this point, the diagnostic framing of consumer credit as a 'problem' had resulted in a prognostic framing of credit controls as the 'solution'. Primarily through a process of logical argumentation, the Report addressed and attempted to rebut each of the criticisms that had hitherto been levelled against consumer credit, and which had justified the imposition of credit controls in the first place. While the criticisms of consumer credit were presented within the universal context of its impact on the wider economy, the Report's assessment of credit controls focused on particular detrimental consequences to nominated actors. These included 'poorer members of society', for whom the controls disproportionately impacted upon (ibid.: 358), and 'British manufacturers', whose long-term development would be adversely effected (ibid.: 353). In this way, the Crowther Report enacted a step-change to the previous framing of consumer credit as a 'problem' and credit controls as the 'solution'. What therefore emerged from the Report's appraisal was a diagnostic framing of credit controls as opposed to consumer credit itself. As will be highlighted in the subsequent analysis, this

[13] To support this argument, the Crowther Report highlights theoretical evidence of the life-cycle model of consumer behaviour discussed in further detail in Section 2.1.4 of this thesis.

shift in the terms of the argument signalled an about-turn concerning the overall framing of consumer credit policy.

5.1.4 A reasonable exclusion of credit?

The Crowther Committee was established, first and foremost, to investigate the provision of consumer credit to "individuals for their private purposes". In order to strictly adhere to the terms of reference (stated above), the Report defines credit thusly:

> "we have taken 'credit' to mean *either* the deferment of payment for goods delivered or services rendered at once (what the first item of our terms of reference calls 'the provision of credit… for financing purchases of goods and services') *or* the straight lending of money" (ibid.: 1).

A key distinction was made here within the category of consumer credit between 'purchase-money credit' and 'non-purchase-money credit'. The latter indicated the straight lending of money where there is no specific intended purpose and the lender has no role in the application of the loan. In contrast, the former indicated transactions wherein there was an explicit connection between the loan and the goods or services acquired (ibid.: 13). In such instances, the supplier of the goods acts as an intermediary between the original lending institution and the end consumer. It was the category of 'purchase-money credit' that was the primary concern of the Crowther Report, not least because of its pre-eminence during the period, but also because of its significance as an object of intervention through terms controls.

Further distinctions and exclusions were made throughout the Report. The use of credit for business purposes, for example, was excluded, although it was conceded that maintaining this distinction held some difficulties, notably, that lending institutions were often engaged in extending credit for both personal consumption and business purposes simultaneously (ibid.: 1). Likewise, the provision of credit for house purchases was seen to be a "reasonable exclusion" (ibid.: 2) due to the legal distinctions and legislation controlling that area of lending. It was also highlighted how borrowing for house purchases entailed

acquiring assets that appreciate in value, in contrast to other forms of borrowing that led to ownership of assets that depreciated in value. To emphasise this point, it was claimed that:

> "borrowing for house purchase is widely encouraged and meets with general approval; incurring debt in order to install capital equipment in the house is not so easily accepted as prudent financial behaviour" (ibid.: 118).

However, the Report also stated that:

> "consumer credit, on any strict definition, certainly includes loans made to individuals for the purchase of houses for their own occupation" (ibid.: 2).

The existing government standards of accounting at the time treated consumers' purchases of houses as capital expenditure and so listed them in the capital accounts. It was found that housing purchases were unique in this context as the only form of consumer expenditure that was subject to this adjustment. Contesting this approach, the Crowther Report argued:

> "there is no justification for treating expenditure on house purchase differently from expenditure on the purchase of other consumer durable goods" (ibid.: 109).

Such ambivalences towards distinguishing credit for house purchases from consumer credit in general emanated from a growing incidence of individuals taking out personal loans secured against second mortgages. This growing trend was seen to be artificially stimulated by restrictions on other forms of consumer credit, leading to concerns about the risks people were taking by borrowing against their homes in what was then a largely unregulated market. It also strengthened the Report's case against the use of terms controls for addressing inflationary pressures.

However, the Crowther Report's central objection to the exceptionality of credit for house purchases was what they saw as "a lack of perspective in the formulation of economic and social policy" (ibid.: 109). By highlighting how

house purchase loans entailed more substantial amounts for much longer periods, the Report questioned:

> "the logic of encouraging the instalment purchase of houses, which uses up much more resources, but restricting the instalment purchase of the contents of houses" (ibid.: 358).

The 'lack of perspective' in policy formulation therefore referred to the appropriateness of applying terms control to certain categories of credit, when house mortgage balances in 1966 were seven times greater than all other forms of consumer credit. Illustrating the approaches to consumer credit policy during the 1960s, the Report explained how:

> "no one has yet proposed that terms control should be imposed on credit for house purchase, or denounced the buying of houses on mortgage as socially undesirable, but the use of credit for buying other goods and services has incurred criticism both on economic and social grounds" (ibid.: 109).

So, while the Crowther Report initially set out to determine a working definition of consumer credit, the argument proceeded in such a way that it further problematized the use of credit controls. The use of credit for house purchases, as a particular form of consumer credit, was foregrounded as a 'reasonable exclusion' from the remit of the Committee on the basis of certain qualitative distinctions. Such distinctions included the legal and legislative exceptionality of credit for house purchases, as well as the 'general approval' towards it as a 'prudent financial investment' in an appreciating asset (ibid.: 118). However, the Report also highlighted the quantitative dimensions involved in credit for house purchases, such as the use of second mortgages for collateral on personal loans and the overall volume of mortgage borrowing in comparison to other forms of consumer credit. These quantitative factors led the Report to dismiss earlier distinctions as "artificial" (ibid.: 109) in relation to the universal context of credit controls, thereby leading to a perceived "lack of perspective" (ibid. 109) in policy-making. In doing so, the Crowther Report reinforced its diagnostic framing of credit controls, and further established a rationale for the subsequent prognostic framing of corrective measures.

5.1.5 Consumers: rationality versus ignorance

In assessing the consumer credit market, the Crowther Report makes an unequivocal claim about the expectations of consumer behaviour that informed their findings, stating:

> "the first principle of social policy should be to treat users of consumer credit as adults who are fully capable of managing their own financial affairs and not to restrict their freedom of access to it in order to protect the relatively small minority who get into difficulties" (ibid.: 153).

As "adults who are capable of managing their own affairs", it was therefore assumed that consumers "will be using credit in a rational and economically efficient manner" (ibid.: 146). In this context, consumer credit offered significant advantages to consumers, both monetary and non-monetary.

For the 'rational consumer', it offered practical conveniences in purchasing items and allowed them to control their future expenditure. Even for poorer families, consumer credit offered a means to overcome household budgeting problems and to bridge the gap when unexpected expenses arose or household income was irregular (ibid.: 137). It also enhanced consumer satisfaction by enabling individuals to purchase real and financial assets that would be prohibitively expensive if they were to rely solely on savings. With such advantages open to the rational consumer, the Crowther Report proposed that:

> "given the considerable benefits consumer credit confers upon the individual, it is possible for the individual to use too little as well as too much" (ibid.: 118).

It duly concludes that under these circumstances, "credit should be freely available to consumers" (ibid.: 145). Furthermore, the Crowther Report took the view that the guiding principles of policy-making should reflect these assumptions. As such, it recommended that:

> "the state should interfere as little as possible with the consumer's freedom to use his knowledge of the consumer credit market to the best

> of his ability and according to his judgment of what constitutes his best interests" (ibid.: 151).

One area where the Report does see a role for the state was in the protection of consumers. Far from the consumer who uses credit in a "rational and economically efficient manner" (ibid.: 146), the Crowther Report also highlighted the case of 'less able consumers'. These consumers were more likely to have lower-incomes and are described as being "woefully ignorant both of the nature of the different types of consumer credit and/or their legal rights" (ibid.: 149). Their lack of knowledge "due to want of intelligence or education" (ibid.: 231) meant they were less able to make rational choices and failed to compare the prices of lenders, leaving them exposed to higher charges for credit (ibid.: 137). Furthermore:

> "the easy access to credit may be a temptation for them to undertake excessive commitments and to get into financial difficulties. This danger is increased by the handicaps of greater ignorance and exposure to higher charges" (ibid.: 138).

As such, while consumer credit was seen to be advantageous for the budgeting of some consumers, for consumers with inadequate incomes, it could lead to further financial difficulties. In this context:

> "the taking of goods on credit imposes a strain on the consumer's ability to budget, as he now has to think a week or month ahead. This is not a task the *average* consumer finds easy" (ibid.: 368).

Though the principles underpinning the Crowther Report's recommendations suggested it was a "small minority" who got into difficulties, the notion that managing credit was not an easy task for the "average consumer" implied a more far-reaching deficiency of consumer knowledge concerning consumer credit. Either way, the Report's assessment of this situation led them to claim that "such consumer ignorance contributes to the existence of an imperfectly competitive market" (ibid.: 120).

In framing the users of consumer credit, the Crowther Report effectively developed its diagnostic and prognostic framing of policy-making in relation to

consumer credit. Elaborating the first principle of social policy, the Report privileged a conception of the users of consumer credit as “adults who are fully capable of managing their own financial affairs”, and that policy should “not restrict freedom of access” (ibid.: 153). Such users were nominated and predicated as ‘rational consumers’ whose “rational and economically efficient” (ibid.: 146) use of consumer credit brought manifold advantages. The logical conclusion emanating from such predications was therefore to maximise the freedom of social actors in the credit market with as little state interference as possible (ibid.: 151). Conversely, the Report also acknowledged the existence of the antithesis to the ‘rational consumer’. Cast as ‘less able consumers’, their ‘lack of knowledge’ and ‘inability to make rational choices’ made consumer credit a potential liability in light of their ‘ignorance’. Although the scope of this antithetical group varied in the Report’s presentation, ranging from a ‘small minority’ to the ‘average consumer’, it was the nomination of the ‘rational consumer’ that was given precedence as the preferred ideal type. As such, the Crowther Report’s expectation of consumer behaviour appeared entirely appropriate to the prognostic agenda towards a free and competitive consumer credit market (discussed below), while the ‘less able consumer’ was to be seen as an aberration from such framing.

5.1.6 Towards ‘the Elysian condition’[14]

In rejecting the potential dangers to consumers and the wider economy posed by the prospect of a more permissive consumer credit regime, the main challenges identified by the Crowther Report for the future were overcoming, what they saw as, an absence of active competition between lending institutions. The objective of the Report was therefore to recommend conditions that would:

[14] The Crowther Report refers to the ideal situation of credit market relations as the ‘Elysian condition’ (ibid.: 231). This is a reference to the conception of the afterlife in Greek religions and philosophy known as ‘Elysium’, or the ‘Elysian Fields’, and is used to signify characteristics akin to heaven or paradise.

> "create a competitive environment which will provide the maximum scope for future development, promote the efficient use of resources and offer every incentive for innovation and experiment" (ibid.: 150).

The problems highlighted with the operation of terms control meant that if they were to be continued, they would have to be extended to all forms of credit in order to be effective. The artificial distinctions imposed on the various types of consumer credit by terms control led to a situation where competition was being distorted by restricting one form whilst other forms prospered at their expense (ibid.: 357). To contribute to the improvement of the competitive situation, the Report expected commercial banks to take a more prominent role in the provision of consumer credit (ibid.: 388). Such a shift in lending practices would result in a direct connection between lenders and borrowers, with competition aimed directly at consumers thereby removing the intervention of supplier intermediaries.

In proposing to remove all restrictions on consumer credit, the Crowther Report predicted that there was: "no reason why a less regulated, but more competitive, industry should entail the provision of excess credit – rather the contrary" (ibid.: 150). This view was predicated on the basis that credit grantors in a competitive market would be less likely to lend excessively to consumers if they were unable to charge higher rates than their competitors to cover potential losses (ibid.: 152). Nevertheless, with regards to ongoing economic pressures, the Report did not renounce all methods of controlling, accepting that:

> "it is the duty of the Government to seek to control the economy, or at least to protect the currency, and credit is central to any policy of control" (ibid.: 361).

It was therefore recommended that the Bank of England made use of the battery of controls at its disposal to regulate credit, including the bank rate mechanism, reducing cash reserves of commercial banks or requesting special deposits to induce them to hold larger reserves (ibid.: 361). In this way, it was alleged that the Bank of England could exert a powerful influence over the consumer credit industry.

Another proposal for government policy to improve the competitive situation was to reform the information given by credit providers about the real cost of credit (ibid.: 271). By offering standardised information on the cost of borrowing, consumers were more able to make informed choices about their purchases. Where there were deficiencies in consumers' knowledge about credit, government policy should be directed towards providing consumer education both at schools and for the existing adult population (ibid.: 378). However, there were limitations to such intervention, as the Report makes clear:

> "it remains a basic tenet of a free society that people themselves must be the judge of what contributes to their material welfare" (ibid.: 151).

Following the principals espoused throughout the Report, it was asserted consumers cannot and should not be subjected to "paternalistic control" (ibid.: 384), but should instead be encouraged to develop self-reliance in their approach to credit use.

Throughout the Crowther Report's assessment of the consumer credit market, a clear and seemingly coherent diagnostic framing of contemporary conditions emerged. The primary focus of this framing was an indictment of the use of control orders to restrict consumer credit in order to fulfil macroeconomic targets regarding inflation and the balance of payments. The Report highlighted the problems of control orders, notably in relation to their ineffectiveness and the detrimental impact they were having on the economy. It also illustrated a situation wherein 'rational consumers', who stood to gain most from the advantages of using consumer credit, were curtailed in their freedom to use it productively for their own benefit. By identifying these 'problems', the Report's commensurate 'solutions' were likened to "the Elysian condition" (ibid.: 231); an ideal situation of 'perfect happiness'. Such an 'Elysian condition' consisted of achieving a competitive market for consumer credit, free from state intervention, wherein 'rational consumers' could determine their own needs.

The prognostic measures outlined by the Crowther Report to achieve this ideal situation included removing terms controls altogether and increasing competition by encouraging commercial banks to become more active in the consumer credit provision. At the same time, the Report also acknowledged the need for some regulation at the macro-level, although not in state form, the Bank of England would be expected to control credit with its pre-existing powers. The role of government policy, on the other hand, was to be restricted only to improving competitive conditions, notably through ensuring credit providers offered clear and precise borrowing information, and providing consumer education to 'less able consumers' allowing them to make 'rational' choices in their use of consumer credit. The overall contention of the Crowther Report then was in effect to reverse the previous framing of consumer credit policy in the UK. No longer was consumer credit framed as a 'problem' and controls as the 'solution'. Rather, the controls and restrictions on consumer credit were now problematized as contributing to an imperfectly competitive market. The resolution of this 'problem', as identified by the Crowther Report, was therefore to improve competition in consumer credit provision without restricting access.

5.1.7 Post-Crowther

Even before the publication of the Crowther Report, the Conservative government had already embarked on a strategy of loosening credit restrictions with the release of the white paper 'Competition and Credit Control' in 1971. This new regime meant abandoning all direct controls over bank lending, while also making significant cuts in purchase tax and removing terms control restrictions (Payne 2012: 61). Between 1971 and 1973, economic growth accelerated to unprecedented levels as the lax credit conditions resulted in excessive consumer demand. The 'Barber boom'[15], as it became known, led to a considerable rise in inflation, which was further compounded by the 1973 oil crisis (Smith 1987: 40-1). The instability introduced into the economy by these circumstances contributed to a secondary banking crisis, sending shockwaves

[15] Named after Anthony Barber, the Chancellor of the Exchequer between 1970 and 1974.

through Britain's financial system and the economy as a whole (Smith 1987: 43). Amidst the tumultuous events of 1973, the government abandoned its ill-fated experiment with 'Competition and Credit Control' by reintroducing terms control on hire purchase and establishing a 'Bank Corset' in an attempt to restrain bank lending (Smith 1987: 59).

Against this backdrop, the recommendations of the Crowther Report were finally realised in 1974 Consumer Credit Act, although any substantive changes to consumer credit law were largely shunned. While the new Act only sought to repeal and consolidate the previous disparate patchwork of consumer credit legislation, its main focus was to reform consumer protections; the most prominent of which being the policy of 'truth in lending', making it a requirement of all credit agreements to quote an Annual Percentage Rate (APR) as the standard measure of charging interest (Goode 1974: 238). However, it was to be 11 years more years before all the measures of the 1974 Act would be fully implemented. Even so, the social significance of the Crowther Committee on Consumer Credit should not be underestimated. Speaking at the Eleanor Rathbone Memorial Lecture in 1986, Sir Gordon Borrie[16] (1986) emphasised this importance:

> "While credit grew in the postwar period as a result of consumer demand and commercial provision, the Crowther Committee in its 1971 Report gave credit a seal of respectability and endorsed the notion that all should be free to obtain credit. It was not an artificial freedom like the freedom of all to enter the portals of the Ritz Hotel, because some sort of credit on some sort of terms could readily be obtained by almost anyone. Following Crowther, the government too accepted this post-war orthodoxy and this has eased the way for a government, concerned above all to conserve public resources, to see loans as distinct from out-and-out payments as a socially acceptable method of providing welfare".

[16] Sir Gordon Borrie is a Labour life peer and former director-general of the Office of Fair Trading.

5.2 Thatcherism, Deregulation and the 1980s Boom

Throughout the 1970s, the economic situation in Britain lurched from one disaster to another, starting with the 1973 oil crisis and continuing throughout the decade, resulting in stagnant economic growth, falling employment levels and rising inflation. The circumstances of this 'stagflation', as it became known, created the conditions in which the post-war consensus on economic demand management was seriously questioned as a viable economic strategy. As the Labour government floundered in their attempts to get to grips with the malaise, the Conservatives, in opposition, had begun laying the foundations for an alternative approach to the economy based on the economic theory of monetarism[17] (Payne 2012). Following widespread strike action by public sector workers at the end of 1978, infamously known as 'the winter of discontent', the Conservatives were able to make political capital by framing the events as the outcome of "an overextended, overloaded and ungovernable state" (Hay 1996: 255). It was under these conditions that the Conservatives entered government in 1979 on the back of a seemingly cogent and resonant critique of the crisis and a plan to restore economic stability.

5.2.1 A new beginning?

The Conservatives 1979 election victory was driven by an overriding focus on the endemic inflation that had engulfed the UK economy throughout the 1970s. From the moment they entered office, the Conservatives made bringing inflation under control their primary objective, and remained committed to this priority throughout the 1980s. The intensity of this preoccupation was emphasised with apocalyptic forebodings of how inflation posed a threat to the "social fabric of a nation" (The Conservative Party 1987) and even to "democracy itself" (Thatcher, 9 October 1987), while governments that ignored this threat were "politically immoral" (The Conservative Party 1987). Underlining the inflation

[17] For a more detailed discussion of the decline of Keynesian demand management and the shift to neoliberalism, which characterised the Conservatives economic strategy throughout the 1980s, see Section 2.1.

targeting zeal, Margaret Thatcher (Prime Minister, 1979-90) described it as an "insidious evil", stating:

> "In terms of national economics, I should also refer to what I believe is an evil, namely sustained inflation. For over thirty years the value of our currency has been eroding. It is an insidious evil because its effects are slow to be seen and relatively painless in the short run. Yet it has a morally debilitating influence on all aspects of our national life [...] It is, in my view, a moral issue not just an economic one" (Thatcher, 4 March 1981).

Furthermore, the political rhetoric of the Conservatives also sought to frame the effects of inflation in closer proximity to peoples' everyday lives, most notably by drawing associations with the high rates of unemployment of the 1970s and 80s. This personal approach also highlighted how inflation ultimately devalued peoples' savings, thereby undermining personal thrift and encouraging debt in the process (Thatcher, 10 October 1986). As such, the Conservatives in government placed inflation at the forefront of their economic strategy, both as a public issue and as personal troubles for the general population. As Margaret Thatcher asserted:

> "Inflation destroys nations and societies as surely as invading armies do. Inflation is the parent of unemployment. It is the unseen robber of those who have saved. No policy which puts at risk the defeat of inflation – however great its short-term attraction - can be right" (Thatcher, 10 October 1980).

While the need to tackle high levels of inflation was hardly a new development for a British government, the Conservatives identification of the causal factors and the methods proposed to address them signalled a break from the prevailing postwar orthodoxy. As such, the problem of inflation became an indictment of the entire postwar system of economic demand management. The role of government borrowing and spending to promote economic growth was presented as the fundamental source of inflation in the economy (The Conservative Party 1979). Moreover, the confluence of government spending and rising inflation was seen to be exacerbated by the demands of trade unions,

who, by calling for increases in wage levels to keep up with rising prices, were contributing to the problem of inflation (Thatcher, 16 October 1981). In the run-up to the 1979 general election, the Conservatives identified five core tasks to address Britain's economic failings; the first of which proposed:

> "To restore the health of our economic and social life, by controlling inflation and striking a fair balance between the rights and duties of the trade union movement" (The Conservative Party, 1979).

Here, the trade union movement is implicated as an attributable cause of inflation and, by extension, of the 'unhealthy' state of economic and social life. The Conservatives continued their invective against public spending and trade unions throughout their time in government. Their critique relied on providing a resonant narrative of events proposing a commensurate link between these causal factors and the stagflation of the 1970s. Illustrating this connection, Margaret Thatcher propounded:

> "The people, as earners and consumers, had rumbled what the Government was doing to their money. They knew the Government was creating inflation and they took that into account in their wage demands. So all the extra money went into wages and prices and not into more jobs" (Thatcher, 16 October 1981).

By successfully framing the economic struggles against inflation and unemployment to such a degree, the Conservatives established a legitimizing foundation on which the corrective measures that would follow could proceed.

The Conservatives actively addressed the causes outlined above with swingeing cuts in public spending and the reform of trade union legislation. However, their underlying approach to controlling inflation was based on the economic theory of monetarism. Within this theory, it is believed that inflation can be prevented by controlling the growth of the money supply. It is therefore the role of government to set strict targets for the growth of the money supply and exercise discipline in restraining any monetary expansion beyond those targets (Smith 1987: 4).

While previous government attempts to control the money supply had focused on the control of bank lending and regulating consumer credit, the Conservatives saw these measures as contributing to Britain's economic malaise. Their antipathy towards such forms of government intervention was unequivocal; stating in their 1979 general election manifesto: "All the controls have achieved is a loss of jobs and a reduction in consumer choice" (The Conservative Party, 1979). Government controls, in this light, were seen to stifle competition, innovation and dynamism in the economy. With their strategy of 'deregulation'[18], the Conservatives aimed to "get the government off people's backs" (Lawson 1992: 625) by freeing capital markets in order to promote competition in the banking and finance sectors.

As the Conservatives battled with fluctuating inflation levels throughout the 1980s, they faced repeated calls from political opponents to reintroduce controls, which, time after time, they rejected out of hand. Geoffrey Howe (Chancellor of the Exchequer, 1979-83), in response to these calls, outlined the reasons for their aversion thusly:

> "Many people have expressed surprise at the fact that I did not take direct action to control specifically consumer credit lending [...] First, consumer credit is a relatively small proportion of the total [...] of lending by all banks [...] Secondly, consumer credit lending has not been growing significantly faster than other forms of lending [...] Thirdly, direct intervention in the working of any market will inevitably mean distortions as ways are found around the controls. If I acted to tighten hire-purchase controls or restrict credit card lending, there might be temporary impact, but there are many other channels for credit to consumers and after a while there might be little continuing effect. Uncomfortable though it is, the way to reduce demand for credit is by means of interest rates. They bite equally on all forms of credit, including consumer credit" (HC Deb, 1979, 794 col. 1308).

These sentiments were echoed by Nigel Lawson (Chancellor of the Exchequer, 1983-89) who, equally dismissive of their use, likened credit controls to

[18] For a more detailed account of 'deregulation', see Section 2.1.3.

"mythical golf clubs" (Lawson 1992: 852); an allusion to the perceived lack of controls at his disposal. Furthermore, the abolition of exchange controls, one of the first acts of financial deregulation, had rendered any form of direct national controls on credit ineffective (Lawson 1992: 627). As a consequence, the Conservatives sole instrument for controlling the growth of the money supply, and therefore inflation, was through setting interest rates. In summarising their overall approach to inflation, the 1987 Conservative Party general election manifesto outlined the main features of their strategy accordingly:

> "Our success in the battle against inflation has been the key to Britain's economic revival. It required firm control of public expenditure, a substantial reduction in government borrowing, curbing the growth of money in circulation, maintaining financial discipline, stimulating competition and moderating trade union power" (The Conservative Party 1987).

While previous government approaches to tackling rising inflation had involved imposing direct controls on the economy, including credit controls, the Conservatives framing of the 1970s crisis diverged significantly. Not only did the Conservatives eschew the use of direct controls, their diagnostic framing of the crisis implicated government intervention as the root cause of the economic malaise. From this standpoint, government spending and borrowing fuelled the inflation of the 1970s, which was exacerbated further by wage demands from trade unions. In bolstering support for this narrative, the Conservatives core method of appeal was through pathos; projecting ominous scenarios of the threat of inflation to induce fear. Such fear was given greater emphasis by connecting the threat of inflation at the national level to more personal concerns of employment and savings. The Conservative's prognostic framing of the measures to tackle inflation included reducing government spending and borrowing, reforming trade unions and, more importantly, a broader agenda of 'deregulation'. Although direct controls were explicitly ruled out, particularly in relation to credit, it was envisioned that adjusting bank-lending rates, in combination with the other measures taken, would successfully bring inflation under control. By the time of the 1987 general election, the Conservatives were

complacent enough to revel in the success of this strategy, although it would prove to be short-lived.

5.2.2 A property-owning democracy

In framing their account of the economic troubles of the 1970s, the Conservatives analysis of inflation was that it had undermined peoples' confidence in the economy (Thatcher, 14 October 1988), as well as undermining more 'traditional virtues' of enterprise, industriousness and thrift (Thatcher, 4 March 1981). Furthermore, the level of government intervention during this period was presented as an unbalancing of society "in favour of the State at the expense of individual freedom [and] with the threat to freedom there has been a feeling of helplessness" (The Conservative Party 1979). The Conservatives approach to 'salvaging the economy', as they saw it, was to restore self-confidence by promoting a society based on the values of 'the family', 'freedom', 'independence', 'individual responsibility' and 'self-reliance' (The Conservative Party 1983; The Conservative Party 1987; Thatcher, 4 March 1981). Such values were represented as both desirable and inherent character traits of the British people in general. In this context, the Conservatives proposed to "work with the grain of *human nature*" (The Conservative Party 1979), or framed those values as part of a restoration of a collective national heritage by proclaiming: "*our history* is the story of a free people" (The Conservative Party 1983); and, "*the British instinct* is for choice and independence" (The Conservative Party 1987).

The Conservatives plan for reinvigorating the economy and creating a free and independent society was to widen access to property-ownership across the whole of the population, of which "the basic foundation of it is the family home" (The Conservative Party 1983). As Margaret Thatcher put forth:

> "Our concern is to create a *property owning democracy* and it is therefore a very human concern. It is a very natural desire of Conservatives that every family should have a stake in society and that the privilege of a family home should not be restricted to the few" (Thatcher, 16 October 1981).

It was proposed that encouraging homeownership would increase personal freedom and provide people with the economic independence, self-reliance and security to take responsibility for their own decisions (The Conservative Party 1987). Mortgage-lending had received a boost through the 'deregulation' of the banking and financial sectors, which stimulated competition between banks and building societies leading to greater access to and availability of mortgages. These measures were further supported by government policies extending mortgage interest relief for home-buyers. However, it was the government's decision to promote the sale of council housing stock to sitting tenants through the 'right-to-buy' scheme that was to have the most significant and far-reaching affect on promoting homeownership.

On the one hand, the sale of council houses to encourage homeownership was justified on purely financial grounds. It was claimed that substantial savings could be made to the taxpayer due to estimations that subsidising new council homes would cost three times as much as providing mortgage interest relief to homebuyers (The Conservative Party 1979). On the other hand, the sale of council housing stock was also framed as a means to promote social mobility by "returning power to the people" (Thatcher, 10 October 1986). In this context, council tenants were to be seen as 'trapped' in social housing and at the mercy of council landlords; as Margaret Thatcher expounded:

> "Councils, particularly Socialist councils, have clung to the role of the landlord. They love it, because it gives them so much power. So, more than two million families have seen themselves paying rent forever. Petty rules aid restrictions and bring *enforced dependence*. These are the marks of this last vestige of feudalism in Britain" (Thatcher, 16 October 1981).

By offering people the opportunity to purchase their own property, the Conservatives aimed to "*free* tenants from their *dependence* on council landlords" (Thatcher, 9 October 1987). The promotion of homeownership, as represented as an assertion of freedom and independence, was based more on ideological and social considerations rather than economic ones. For the Conservatives:

> “home-owners are more independent, they develop a more independent outlook [and] in this way the scope of individual responsibility is widened, the family is strengthened, and voluntary bodies flourish. State power is checked and opportunities are spread throughout society” (The Conservative Party 1987).

These measures largely contributed to a surge in the proportion of homeowners in the UK throughout the 1980s, increasing from 55 per cent in 1979 to 68 per cent in 1991 (Malpass and Murie 1994: 105). However, the increased demand in the housing market also led to a boom in house prices, which more than doubled over the same period, resulting in wider impacts on inflation and interest rates.

Along with their diagnostic framing that cast government intervention in the economy as a root cause of the 1970s crisis, the Conservatives sought to stress the impact that it had at an individual level. Going beyond mere economic concerns, the framing of the crisis as the outcome of an overbearing state was also put forward as a cause of the decline in what the Conservatives termed ‘traditional virtues’. It followed that, in their prognostic framing of what became ‘salvaging the economy’, the Conservatives would restore these virtues, with appeals to pathos in the form of responding to threats to ‘the family’, ‘self-reliance’, ‘independence’ and ‘freedom’. Further narrative fidelity was provided by linking such virtues with a sense of national identity. The Conservatives strategy for engineering this great restoration of values was to create a ‘property-owning democracy’, citing the ‘family home’ as the basic foundation of ‘independence’.

The measures taken to promote mass homeownership were twofold. First, the liberalisation of financial services and banking had increased opportunities for mortgage borrowing that had hitherto been restricted due to the monopoly of building societies. Second, and more importantly, the sale of council housing to tenants at discounted rates under the ‘right-to-buy’ scheme made the prospect of homeownership more affordable for first-time buyers. In accordance with their prognostic framing of homeownership, the Conservatives sought to

emphasise its benefits with appeals to pathos through the nomination and predication of 'homeowners', who were labelled as 'free' and 'independent'. Conversely, the antithesis of such 'homeowners' were 'council tenants' who, by comparison, were represented as being 'trapped' and subjected to the 'enforced dependence' of 'Socialist councils'. The growth of homeownership rates throughout the 1980s indicated a certain degree of success in the Conservatives strategy. However, their prognostic narrative of homeownership, as the restoration of traditional values, ignored the financial incentives and implications to homeowners that eventually came to prominence with the ensuing boom in the housing market.

5.2.3 Contradictions, boom and bust

The Conservatives promotion of homeownership represented a contradiction with regards to their primary objective of tackling inflation through interest rates. While they acknowledged that high mortgage interest rates were a deterrent for people who wanted to buy their own home, it was predicted that "our plans for cutting government spending and borrowing will lower them" (The Conservative Party 1979). Despite such optimistic forecasts, interest rates were consistently in double figures throughout the 1980s, as inflation targets were repeatedly exceeded even with the cuts to government spending. At the same time, homeownership continued to flourish in spite of the high interest rates.

The reason for this inconsistency of rising homeownership while interest rates remained high was attributed to the policy of 'mortgage interest relief' on the first £25,000 borrowed on a principal residence (Howe 1995; Lawson 1992). Against the wishes of the then Chancellor, Geoffrey Howe, mortgage interest relief was increased to £30,000 in the 1983 Budget, despite Margaret Thatcher's preference to extend it further. Mortgage interest relief remained a continued source of contention between the Prime Minister and consecutive Chancellors during the 1980s. For Geoffrey Howe, it represented:

> "a glaring anomaly: distorting the housing market […] and, moreover, unjustly favouring the better off in the south rather than the north. Even so, Margaret [Thatcher] had long wanted it to be extended because it was of special value to 'our people'" (Howe 1995: 280).

His successor as Chancellor, Nigel Lawson, even made an unsuccessful attempt to revoke mortgage interest relief altogether because it acted as "an incentive to borrow" (Lawson 1992: 365).

It was the 'populist instincts' of the Prime Minister Margaret Thatcher that meant she was to remain steadfast in promoting homeownership at any cost. As Nigel Lawson recalls, such commitment demonstrated:

> "Margaret's [Thatcher] devotion to the cause of the home-buyer, irrespective of the economic consequences; and, as a result, her antipathy to high interest rates. Her detestation of inflation was genuine enough; but while willing the end, she was repeatedly reluctant to embrace the means" (Lawson 1992: 11).

In the 1988 Budget, the system of mortgage interest relief was reformed to close a significant loophole that had allowed cohabiting unmarried couples to claim double the amount of interest relief than married couples. However, the implementation of applying mortgage interest relief to each property rather than each person was delayed several months. It resulted in a surge of housing market activity as people took out mortgages in order to exploit the loophole before it closed (Lawson 1992; Thatcher 1993). This was to have the effect of boosting an already booming market, leading to an inevitable crash as interest rates were raised to address inflationary pressures.

With the economy already booming, the 1988 Budget introduced a number of tax cuts that intensified a climate of 'excessive consumer and business confidence'. The failure to recognise that the economy was overheating was due, in part, to an underestimation of the role of rising house prices in the boom. As Nigel Lawson explained:

> "Too many economists, including most of my 'Gooies'[19], were satisfied that house prices were essentially relative prices and not a symptom of general inflation. This was unfortunate, since it turned out that, during this period, rising house prices were an important part of the transmission mechanism from credit creation to inflation, as a sharp rise in house prices in increasing perceived personal wealth, and the increase in personal wealth led to an upsurge in consumer spending" (Lawson 1992: 638).

The degree to which capital gains in the housing market leaked into consumer spending, primarily through equity withdrawal, and a greater willingness by consumers to borrow in order to fund consumption was to have significant repercussions for the wider economy.

The realisation of these effects forced the Conservatives into drastic measures to tighten the money supply. At the 1988 Conservative Party Conference, Margaret Thatcher highlighted the reasons for these measures, stating that:

> "with rapid growth in consumption, imports have grown faster than exports, leaving us with a substantial trade deficit. And too much buying has been paid for by too much borrowing. And so to encourage people to spend less and save more, the Chancellor has had to raise interest rates [...] Too much borrowing has also meant that inflation today is too high. Make no mistake. We intend to bring inflation down again. That's not an expression of hope. It's a statement of intent" (Thatcher, 14 October 1988).

As the Conservatives attempted to stem rising inflation and rebalance the economy with higher interest rates, the Labour Party, in opposition, made calls for the reintroduction of direct credit controls. These calls were rejected outright by the Chancellor at the time, John Major, on the basis of the ineffectiveness of such controls and accusations that it was "natural for the

[19] 'Gooies' refers to the 'group of outside independent economists' that were recruited from outside the Treasury to advise the Chancellor of the Exchequer on economic policy. In 1988, the group's membership included Samuel Brittan, Alan Budd and Patrick Minford (Lawson 1992: 389).

Labour Party to hanker after the ration book and the [mortgage] queue" (HC Deb, 1989, 154, col. 263).

Nevertheless, the failure of the government to get to grips with the economic situation meant interest rates were continually increased, reaching a peak of 15.4 per cent on new mortgages in February 1990. Such constraints led to falling house prices and a stagnant market, which, due to the excessive prices paid previously on properties, meant many homeowners falling into negative equity and an increasing incidence of mortgage arrears and repossessions (Malpass and Murie 1994: 102). The housing market crash contributed to the slowing down of economic growth and rising unemployment, leading to an extended period of economic recession in the 1990s. Reflecting on this period, Nigel Lawson attributed the boom and bust to the intensification of the credit cycle as an outcome of financial deregulation. While asserting that this was in fact a "self-correcting process", Lawson concluded:

> "What Britain went through in the later 1980s was to a considerable extent a once-for-all occurrence: the change from a financially regulated to financially deregulated economy" (Lawson 1992: 631).

The problem, therefore, as Lawson interpreted it, was that financial institutions lent excessively to borrowers, who lacked 'prudent self-discipline' and, as a consequence:

> "Credit liberalization admittedly brought problems as well as benefits. Freedom always does, until people learn to use it properly" (Lawson 1992: 983).

The prognostic framing of the promotion of homeownership appeared to rely on the success of the Conservatives 'primary objective' of controlling inflation. However, the pursuit of these concomitant goals involved a fundamental contradiction due to the commitment of the Conservative government to the use of interest rates to tackle high inflation. As the affordability of mortgages relied on low interest rates, increasing those rates to reduce inflation brought with it a threat to the empirical credibility and, therefore, frame resonance of affordable homeownership. This paradox was initially resolved with the policy of

mortgage-interest relief, extolled and fiercely defended by Margaret Thatcher, which served to offset the historically high interest rates that prevailed throughout the 1980s. Despite the initial success of this approach, the contradictions eventually became intractable, as house price inflation exceeded and invalidated the limits of mortgage-interest relief and interest rates soared to address rising inflation. The ensuing collapse of the housing market, leading to widespread negative equity, mortgage arrears and repossessions, once again threatened the empirical credibility and frame resonance of the Conservatives valorisation of homeownership and their approach to the economy in general. Nevertheless, the Conservatives remained steadfast in their commitment to their original framing and the measures they had taken while in government. Rather than acknowledging the failures of their overall approach, the Conservatives diagnostic of the crisis of the late-1980s vindicated their actions and instead attributed the blame to imprudent borrowers; a category of individual, in the context of homeownership, which their economic policy had largely brought into being.

5.3 New Labour and the Taskforce on Tackling Over-indebtedness

5.3.1 Background to the Taskforce on Tackling Overindebtedness

The economic boom of the late-1980s was swiftly followed by an economic recession in the early-1990s in which one million jobs was lost. With inflation peaking at over ten per cent in 1990, the government had raised interest rates to over 15 per cent in response. As a consequence, house prices fell rapidly from their peak levels of 1990, leaving one million homes in negative equity. The added costs to borrowing also contributed to homeowners falling into arrears with their mortgages, resulting in record numbers of housing repossessions, which peaked at 75,540 in 1991[20] (Ford et al 2001: 14). Despite these measures, inflation continued to rise unabated culminating in the devaluation of pound

[20] In comparison, housing repossessions in the years preceding this were as follows: 18,510 in 1988; 15,810 in 1989; and 43,890 in 1990 (Ford et al 2001: 23).

sterling in 1992. Referred to as 'Black Wednesday', the devaluation ultimately led to Britain's withdrawal from European Exchange Rate Mechanism (ERM). Almost immediately following these events, inflation levels began to fall, dropping to below two per cent by the start of 1993, with interest rates falling to below six per cent in the same year. With both inflation and interest rates seemingly under control, the economy picked up and was well on its way to recovering by 1997, as employment levels significantly increased and house prices returned to their peak levels (Elliott and Atkinson 2007: 7).

In 1997, with the economy returning to buoyancy, Labour was elected to government in a landslide election victory with the promise of a 'Third Way' for policy-making. One of the first major pieces of legislation passed by New Labour saw them grant operational independence to the Bank of England in 1998. It made the Bank responsible for setting interest rates in line with strict inflation targets through a Monetary Policy Committee (MPC). This move was much vaunted at the time as a 'depoliticisation' of monetary policy in the UK (Burnham 2007: 396). Such policies were indicative of the 'deregulatory' and free market continuities New Labour shared with the preceding Conservative governments. In contrast, the incongruous character of the 'Third Way' approach meant New Labour also placed a high premium on tackling wider issues of poverty and social exclusion (Hay 2004: 509). As such, while economic indicators in late-1990s certainly appeared robust, concerns were raised about the effects of increasing levels of indebtedness on the population, particularly the relatively high levels of mortgage arrears and housing repossessions, which still numbered over 30,000 in 1999 (Ford et al 2001: 24). For New Labour, the key question was whether rising debt levels were "primarily a healthy expansion of the consumer credit market or an unhealthy growth in over-indebtedness" (DTI 2004: 13).

In order to answer this question, the Taskforce on Tackling Overindebtedness was set-up in 2000 "to explore the causes and effects of overindebtedness and look at ways of achieving more responsible lending and borrowing" (Taskforce on Tackling Overindebtedness 2001: 8). It was established alongside other

initiatives to address longstanding issues relating to personal finance, particularly financial exclusion. These initiatives included: reforming mortgage regulation (HM Treasury); promoting consumer education (FSA); encouraging credit unions (HM Treasury); a debt awareness campaign (Office of Fair Trading); and supporting personal savings (HM Treasury). The membership of the Taskforce was drawn from a variety of areas, including consumer groups, the lending industry, regulators and other interest groups[21].

Following its initial reports into the problem of overindebtedness, the Taskforce was transferred to the Department of Trade and Industry[22] (DTI), which would implement its recommendations and monitor progress until the final report was published in 2007[23]. The early work of the Taskforce also contributed to the reform the 1974 Consumer Credit Act in 2006 (DTI 2003). Since 1974, the consumer credit market had changed significantly both in its size and composition, with ever-increasing availability in the complexity, range and choice of credit products (DTI 2003: 27). In the aftermath of the 1980s credit boom and its subsequent bust in the 1990s, the problem of overindebtedness therefore posed such a threat that government action was deemed "appropriate" (DTI 2004: 11). This was especially so in light of New Labour's priorities of targeting issues of poverty and social exclusion, which were seen as both a cause and a consequence of overindebtedness (DTI 2006: 46).

[21] The full list of members and contributors to the Taskforce on Tackling Overindebtedness consisted of: (from the lending industry) APACS, the British Bankers Association, the Consumer Credit Association, the Council of Mortgage Lenders, Experian, the Finance and Lending Association, (from consumer groups) Church Action on Poverty, the National Association of Citizen Advice Bureaux, the Money Advice Trust, Money Advice Scotland, (from government and non-governmental departments) the General Consumer Council for Northern Ireland, the Local Government Association, the Department of Trade and Industry, the Department for Work and Pensions, the National Consumer Council, the Office for Fair Trading, the Financial Services Authority, (from other interest groups) the Joseph Rowntree Foundation and the Personal Finance Research Centre (Taskforce on Tackling Overindebtedness 2001: 8).

[22] The DTI was dissolved in 2007 and replaced by the Department for Business, Enterprise and Regulatory Reform (BERR).

[23] The DTI conducted these responsibilities in association with: the Department of Work and Pensions, HM Treasury, the Office of the Deputy Prime Minister, the Department for Constitutional Affairs and the Department for Education and Skills. Each department contributed an MP to sit on the Ministerial Group overseeing the Taskforce.

5.3.2 'Sound fundamentals' and an end to 'boom and bust'?

> "Early action on interest rates now prevents a return to the drastic action of the past. Those who would refuse to take the necessary pre-emptive decisions to meet our inflation target would risk returning our economy to the days of inflation out of control, unbalanced economic growth and 15 per cent interest rates. Under this Government, Britain will not return to the boom and bust of the past" (HC Deb, 1999, 337 col. 884).

In his 1999 pre-budget statement, the Chancellor, Gordon Brown, effectively announced an 'end to boom and bust' in the UK economy. Such was the belief and reassurance of this prophetic statement that it was consistently reflected throughout the reports of the Taskforce. Highlighting the economic stability that had delivered rising prosperity and record employment levels, the reports celebrated the "high levels of the feel-good factor" (Taskforce on Tackling Overindebtedness 2001: 8) and "consumer confidence" that had underpinned "robust growth in consumer spending" (DTI 2003: 10). Furthermore, it was asserted that the prevailing macroeconomic stability had:

> "helped to change households' expectations about their expected level of future income. As a result, those groups with the highest propensity to consume [...] are taking on proportionately more debt [...] as they become more optimistic about their future circumstances" (DTI 2003: 22).

Underpinning these stable economic conditions, the reports repeatedly highlighted the "sound fundamentals" of low inflation and low interest rates upon which the perceived success of the UK economy was built (DTI 2003; 2004; 2005).

Falling interest rates were attributed as the determining factor in the increasing demand for consumer credit by making it more affordable for consumers to service their debts (DTI 2004: 3). A 2003 white paper drew attention to how households were spending 15.1 per cent of their disposable income on interest payments in 1990 (DTI 2003). In contrast, households in 2003 were spending 7.2 per cent and it was even estimated that a one per cent increase in interest

rates would only increase debt servicing costs to 7.8 per cent of disposable income, which was "still low by historical standards" (DTI 2003: 11). The degree to which low inflation was accepted as a commonplace by the Taskforce was highlighted by the lack of any consideration whatsoever to the likelihood of reintroducing credit controls, if not even to dismiss the possibility as was the case with the Crowther Report (1971) and the Conservatives in the 1980s (Lawson 1992: 852). Rather, the Taskforce, while stressing the importance of maintaining macroeconomic stability, saw the role of a competitive and efficient consumer credit market as "essential to raise the level of economic growth in the UK economy" (DTI 2003: 4).

Despite the self-assurance of these "sound fundamentals" and the prevailing stability within the economy, the Taskforce did make some references to the implications that a possible decline of economic conditions would have in the future. In an earlier report, the Taskforce drew a parallel with the existing high levels of borrowing and the consumer and housing booms of the late-1980s. The report speculated that contemporary levels of debt and the more widespread use of credit could leave more people at risk in the event of an economic downturn or a sustained period of higher interest rates (Taskforce on Tackling Overindebtedness 2003: 9-10). But, even though asserting that current macroeconomic conditions were different from the late-1980s, the report still concluded that there was "no room for complacency" (Taskforce on Tackling Overindebtedness 2003: 11). Later reports also made perfunctory mentions of the prospect of declining economic conditions, but expressed faith that:

> "maintaining macro-economic stability with low inflation, low interest rates and high levels of employment is expected to ensure that, for most households, existing levels of debt are sustainable" (DTI 2004: 24).

Even acknowledging the possibility of 'global risks' to the UK economy, the Taskforce concluded that "the chances of an uncomfortably sharp retrenchment by households are judged to be low" (DTI 2004: 3). The Taskforce's standpoint on the economy was supported by citing the views of the Bank of England, which had:

> "indicated that lending institutions and individuals may be underestimating their long term vulnerability [but] that the current level of borrowing is not a threat to economic or banking stability" (DTI 2005: 7).

Such confidence in the endurance of UK economic stability continued throughout the reports of the Taskforce, at least until 2006.

The establishment of the Taskforce was precipitated by concerns over the incidence of overindebtedness and rising levels of debt more generally. In their diagnostic of these issues, the Taskforce identified the 'sound fundamentals' of low inflation, high levels of employment and low interest rates, the latter being of particular relevance. Together, these indicators were considered the basis for the macroeconomic stability that had increased households' expectations of future income, leading to a 'feel-good factor' in the economy and ongoing consumer confidence. Therefore, with low interest rates and confidence in continuing stability, consumers were seen to be increasing their levels of borrowing. While the Taskforce identified the causes of rising debt levels, they were more circumspect about whether this constituted a problem or not. With seeming self-assurance that macroeconomic stability would continue, the Taskforce were content to dismiss concerns about household borrowing, with existing debt levels considered 'sustainable' and benign in terms of the wider context of economic stability.

5.3.3 Healthy expansion or unhealthy growth?

The justification for establishing the Taskforce on Tackling Overindebtedness had been partly based on concerns about the considerable increases in personal borrowing in the preceding years. In addressing these concerns, the Taskforce acknowledged the 'historically high levels' in the ratio of personal borrowing to income, which it noted had doubled between 1995 and 2003 (DTI 2004: 13). However, while household debt had continued to rise relative to household incomes, the Taskforce also drew attention to how household wealth had increased by over 50 per cent between 1997 and 2003 (DTI 2003: 11). As such,

it was highlighted how the ratio of household debt to total net household wealth had effectively remained constant as increased borrowing was used to fund the purchase of household assets, primarily in the form of mortgaged homeownership[24] (DTI 2004: 23-24).

Further attempts to appease concerns about high debt levels were also applied to unsecured forms of lending, particularly credit cards, which had grown in significance during the preceding years. Credit cards were presented in the reports as a preferred payment medium in place of cash or cheques, and consumers were therefore expected to settle their accounts in full each month (DTI 2003: 15). So, rather than deferring payments for any extended period of time, it was speculated that credit cards had merely displaced more traditional forms of exchange and, as such, were not necessarily a contributory risk, despite the increasing amounts owed by card users (Taskforce on Tackling Overindebtedness 2003: 9). By rationalizing the increasing levels of debt owed by households, both on credit cards and through measuring personal borrowing on a ratio of debt to wealth as opposed to debt to income, the Taskforce could conclude that "households are in a strong position to borrow" (DTI 2003: 11).

Nevertheless, despite claims that rising debt levels were not necessarily a cause for concern in general, the Taskforce recognised that some households were more susceptible to financial difficulties. In identifying these households, the Taskforce defined 'overindebtedness' as:

> "having four or more current credit commitments; spending more than 25% of gross income on consumer credit; or spending more than 50% of gross income on consumer credit and mortgages - indicates a high risk of getting into financial difficulties, if not already being in difficulty. Those in this position could be overindebted" (Taskforce on Tackling Overindebtedness 2003: 12).

[24] These sentiments were echoed by Professor Stephen Nickell, a member of the Bank of England's MPC at the time, in a 2003 speech in which he asserted that "the increased borrowing corresponds closely to the acquisition of financial assets [...] So over recent years, the rapid increase in loans has been almost exactly balanced by a rapid increase in the purchase of financial assets, a fact that is rarely mentioned when household debt is discussed" (Nickell 2003).

The extent of these commitments reinforced concerns about 'irresponsible' lending practices, especially the growing trend of credit being marketed with an emphasis on the "ease, speed and scale of credit available to customers" (Taskforce on Tackling Overindebtedness 2001: 22). Such practices were seen to be contributing to a culture of 'borrow now repay later', which the Taskforce took a dim view of, stating:

> "presenting a picture that there is lots of easy money to be had is misleading and runs counter to the message that borrowing needs to be thought about, earned and repaid" (Taskforce on Tackling Overindebtedness 2001: 15).

However, the Taskforce also accepted that overindebtedness was not strictly confined to those with outstanding credit commitments, but took in other factors such as household income and deferred payments for essential services and utilities. To illustrate this point, research was cited that found:

> "a higher proportion of households are in arrears on household bills than credit commitments: in particular, those on low incomes are twice as likely to be behind on household bills than consumer credit" (DTI 2004: 31).

As such, rather than an indication of wilful 'irresponsible lending' practices, the Taskforce was concerned about the tendency of lenders to assess potential loans to borrowers on predicting the 'likelihood of repayment' (Taskforce on Tackling Overindebtedness 2001: 26). What was advocated instead was for lenders to obtain and assess information on a range factors that would determine a borrowers 'ability to pay'. Therefore, lenders would be required to take into consideration existing credit commitments, income and household outgoings "in determining a borrower's ability to repay further credit" (Taskforce on Tackling Overindebtedness 2001: 17).

Overall, the evidence presented in the Taskforce reports seemed to vindicate the credit industry in fuelling increasing debt levels, which were not necessarily viewed as a bad thing to begin with. Furthermore, it was felt that in order for households and individuals to gain the maximum benefit from credit

arrangements, a modern consumer credit framework should be one that emphasised fewer restrictions on accessing credit and greater choice (DTI 2003: 3). Therefore, by encouraging and enabling a more open, transparent and competitive credit market, the Taskforce predicted that:

> "vigorous competition provides a spur for businesses to be more productive, innovative and efficient, which will provide benefits to consumers in terms of lower prices, higher quality, and more choice and innovation. By allowing resources to be put to their most efficient use, we will increase economic welfare and promote prosperity for all [...] as well as contributing to the Government's aim of raising UK productivity" (DTI 2003: 27).

Where overindebtedness was a concern, the Taskforce conceded the need for some consumer protections, but stressed the importance of responsibility for both lenders and borrowers when entering into agreements.

As part of its diagnostic framing of debt, the Taskforce sought to discriminate between the two issues that it had been set-up to investigate, namely overindebtedness and rising debt levels. With regards to the rising levels of debt, the Taskforce attempted to dismiss concerns through seemingly logical argumentation of whether it was an issue that should be a source of alarm at all. Noting the commensurate rise in household wealth that accompanied increasing debt levels, the Taskforce concluded that households were "in a strong position to borrow" (DTI 2003: 11). Furthermore, the growth of credit card use and other forms of unsecured debt was equally disregarded, as it was considered to be merely a shift away from cash transactions rather than a problematic trend. In contrast, the issue of overindetbedness was sustained as an area of ongoing concern. The Taskforce highlighted this concern by nominating and defining the 'overindebted' as a specific group of interest who were especially susceptible to financial difficulties. Although the Taskforce acknowledged the role of credit providers in facilitating these difficulties to an extent, they were subsequently cleared of irresponsible lending by shifting concerns to how lenders evaluated borrowers' ability to repay. It was concluded by the Taskforce that the 'overindebted' would be best served by encouraging

greater competition in the credit market, with fewer restrictions and more choice available to consumers to maximize their use of credit; a prognostic framing that bore striking similarities to the Crowther Report (see Section 5.1.6).

5.3.4 Another attempt at implementing Elysian conditions?

The Taskforce's conception of a more open and efficient credit market was contingent upon expectations of consumers taking greater responsibility for their borrowing decisions. On the one hand, the Taskforce proclaimed that most consumers are able to use credit in a "productive and prudent way", without getting into difficulties (DTI 2006: 5). On the other hand, it also conceded "the level of understanding of financial matters amongst the population as a whole is limited" (Taskforce on Tackling Overindebtedness 2001: 12). This apparent lack of financial awareness suggested that consumers were not equipped to make fully informed choices about their decisions to use credit and "are confused by the complexity of modern credit products" (DTI 2003: 30). Such deficiencies could therefore lead to consumers facing financial difficulties. This could be caused by more irresponsible borrowing behaviours, such as 'impulsive' consumption, whereby the decision to use credit was solely as a means to purchase goods as opposed to being part of an overall decision (Taskforce on Tackling Overindebtedness 2001: 14). Likewise, borrowing to re-finance other outstanding credit commitments, or pay off arrears on household bills could result in individuals 'over-committing' themselves (Taskforce on Tackling Overindebtedness 2003: 16). It was claimed that those most at risk of falling into financial difficulties were low-income groups and families with children, especially lone parent families (DTI 2004: 3). For these groups, difficulties could arise in the event of a sudden change in circumstances that they were inadequately prepared for, such as changes in employment, family breakdown, illness or having children (DTI 2003: 76).

It was for these very reasons that the Taskforce declared the establishment of an efficient and competitive credit market as the means for such consumers to

actively manage their finances with greater control and flexibility (DTI 2003: 4). Emphasising this point, the Taskforce asserted that having access to credit:

> "enables consumers to manage finances better, providing them with the freedom to match spending to need and opportunity rather than being constrained entirely by immediate savings levels or pay dates. Importantly it enables consumers to spread the cost of significant purchases over a longer period so as to enjoy the full the benefits of products and services during their lifetimes" (BERR 2007: 4).

It was therefore considered imperative for consumers to develop the necessary skills that would permit them to evaluate and discern between credit products and services. By doing so, they could be enabled to make informed choices about what is in their best interests, minimising the risks of them falling into financial difficulties and, in the process, driving competition between lenders (Taskforce on Tackling Overindebtedness 2001: 12). In order for all consumers to "make rational, well-informed choices about financial products", the Taskforce made recommendations for consumer education and financial literacy programmes, targeted both at school level and for adults with "poor consumer literacy and numeracy" (DTI 2003: 80). In summing up their view of what principles government interventions should follow, the Taskforce proposed that:

> "all action should empower individuals as consumers, focus on providing options for low income consumers and promote individuals' legal rights. In particular, action should be based on a recognition of the need for choice of and access to as wide a range of credit options as possible" (DTI 2004: 11).

The Taskforce's prognostic framing of overindebtedness, and debt in general, hinged upon a framing of the end users of consumer credit comparable to that first encountered in the Crowther Report (see Section 5.1.5). While the Crowther Report gave precedence to the 'rational consumer' as the ideal-typical consumer, the Taskforce highlighted how 'most consumers' used credit in a "productive and prudent way" (DTI 2006: 5). Likewise, the nomination and predication of the 'overindebted', as the antithesis of the 'productive and

prudent consumer', shared a likeness with the 'less able consumer' of the Crowther Report due to their perceived common lack of understanding of financial matters (Taskforce on Tackling Overindebtedness 2001: 12). Again, the Taskforce's prognostic measures to address this 'problem group' focused upon encouraging a more efficient and competitive credit market. It was envisioned that the benefits to consumers in general would allow them "greater control and flexibility" (DTI 2003: 4) in managing their finances. Nevertheless, rather than addressing the credit providers directly, the Taskforce's recommendations sought to tackle the perceived deficiencies of consumers themselves. In particular, the inability of the 'overindebted' to "make rational, well-informed choices about financial products" (DTI 2003: 80) would be tackled through consumer education and financial literacy programmes. As such, the Taskforce's rationale presumed that 'empowering' individuals as consumers would drive competition between lenders, leading to a more efficient credit market and therefore greater benefits to consumers; an almost identical prognostic framing as the Crowther Report's imagining of the 'Elysian condition' over 30 years earlier.

5.3.5 Prelude to the 2007 global 'credit crunch'

Since the establishment of the Taskforce in 2000, its assessments and recommendations to tackle overindebtedness had by and large been based on an assumption of continuing macroeconomic stability. Likewise, the "sound fundamentals" of low inflation and low interest rates that had underpinned that stability were for all intents and purposes also taken for granted. However, during 2005, a period of sustained oil price rises led to higher than expected inflation rates. At the same time, the housing market, which had expanded rapidly in the previous three years, showed signs of slowing down, despite house prices continuing to rise (DTI 2006: 22).

Faced with these potential threats to the UK's economic stability, the Taskforce's 2006 report therefore appeared more circumspect than previous reports. Notwithstanding the implications of these changes, which may well

have increased the risks of triggering a recession in previous years, the report noted how the prevailing macroeconomic stability had ensured the UK economy would continue "its longest unbroken expansion on record" (DTI 2006: 8). As such, the effects of rising oil prices on inflation were only expected to be temporary, with interest rates and unemployment remaining at historically low levels (DTI 2006: 23). While changes in interest rates and levels of unemployment could potentially impact on peoples' ability to service their debts in future, the report noted that there was "no suggestion at present that either of these variables will rise substantially over the short to medium term" (DTI 2006: 29). Following projections by the Government, the Bank of England and the FSA predicting continued economic and financial stability for 2007, the Taskforce concluded that "threats of very disruptive 'events' that would be high impact are considered to be very low probability" (DTI 2006: 9).

Such optimism about the future trajectory of the economy had been swiftly dispelled by the time the final Taskforce report was published at the end of 2007. The emergence of a global 'credit crunch' triggered by the collapse of the US sub-prime mortgage market led to a contagion within financial markets throughout the world. In the UK, the Bank of England was left to 'bail out' Northern Rock, a mortgage bank, when a liquidity crisis meant it could no longer cover its liabilities or deposits. Such an intervention in the banking sector was justified on the basis of needing "to avert a genuine threat to the stability of the financial system and in order to avoid a serious disturbance in the wider economy" (BERR 2007: 10). Even prior to the financial turmoil of 2007, the Bank of England had begun to marginally increase base lending rates, which had grown by 1.25 per cent since July 2006 to 5.75 per cent (BERR 2007: 8). The slow effects of the rate rise filtering through the economy made it difficult to fully assess its impact on the economy, but, as the Taskforce acknowledged, it was now apparent that there were clear risks "for the UK economy, with the possibility of a slowing down in the housing market and consumer spending" (BERR 2007: 8).

These new developments in the macroeconomic situation did not go unnoticed by the Taskforce. Where they had previously sought to placate concerns about rising debt levels by placing a greater emphasis on the ratio of debt to financial assets, as opposed to debt to income, it had now become clear that a potentially much larger threat loomed. Although housing wealth had increased substantially since 2000, rising by 88 per cent on average, these gains were largely driven by increases in the value of house prices thereby offsetting increases in personal debt. However, with the prospect of higher interest rates and a subdued housing market, the Taskforce was forced to make allowances for the possibility that "if house prices begin to fall, while the level of secured debt will remain unchanged the value of housing assets will decline, reducing the ability to service debt obligations" (BERR 2007: 14). Despite these forebodings and an explicit recognition of the growing problem of debt for an increasing number of households, the Taskforce still felt confident enough to conclude that the UK's macroeconomic stability was assured for the foreseeable future (BERR 2007: 9).

5.4 Conclusion

The findings from these analyses are intended to address the first research question: *how has personal debt been framed through particular policy and other public discourses?* At the outset of this chapter, three sub-questions were also asked to inform the analyses in order to draw out the main features of economic imaginaries. Each of these questions will now be examined in terms of how they relate to each of the three periods under review.

How is personal debt represented in relation to the wider economy? The Crowther Report was produced in an era when direct credit controls were enforced and consumer credit was seen as a threat to economic stability in the context of inflationary pressures and recurring balance of payments crises. The Report itself served as an invective against the use of controls and, also, the criticisms levelled at consumer credit in general. Its findings led to the conclusion that there was no "case on economic grounds for the curbing the development of the

consumer credit industry" (Committee on Consumer Credit 1971: 131). Following the release of the Report, the government lifted restrictions on credit, leading to a consumer boom in the early-1970s. This short-lived experiment ended in disaster as a series of economic crises plunged the economy into recession, resulting in the reintroduction of controls.

When the Conservatives returned to government in 1979, they made targeting inflation their number one priority, viewing it as an "insidious evil" (Thatcher, 4 March 1981). But whereas previous governments had attempted to control credit to head off inflation, the Conservatives scrapped credit controls as part of their 'deregulatory' zeal. Their diagnosis of the cause of inflation focused attention on two alternative sources of pressure. One was government borrowing and spending, for which swingeing cuts in public spending were implemented; and the other was the 'excessive wage demands' of trade unions, leading to legislative reforms to reduce trade union influence. As part of their monetarist economic policy, the Conservatives had sought to address inflation by controlling the money supply with adjustments in the rate of interest charged on credit. However, their promotion of homeownership had exposed greater numbers of people to debt through their involvement in the housing market. So when the late-1980s consumer and housing boom eventually led to more inflation, the rise in interest rates led to a sharp downturn in the economy, with rising unemployment and deteriorating economic prospects for large sections of the population as their housing assets declined in value.

By the time New Labour was elected in 1997, the economy was already on the road to recovery. This upswing had led to claims of an 'end to boom and bust', which was reflected in much of the work produced by the Taskforce on Tackling Overindebtedness. Revelling in the macroeconomic stability brought about by the 'sound fundamentals' of low interest and low inflation, the Taskforce retained an overwhelming confidence that debt levels, though growing exponentially, remained sustainable. Even the possibility of a sharp retrenchment in economic conditions was dismissed as being a "low probability" (DTI 2006: 9). Such confidence was only deflated following the

2007 global 'credit crunch', when the threats to macroeconomic stability eventually became an immutable possibility.

How is personal debt framed as an object of intervention? While the Crowther Report considered the use of credit for house purchases as a "reasonable exclusion" (Committee on Consumer Credit 1971: 131) from its remit, it still viewed it as a form of consumer credit. The distinction of using credit for house purchases was based on its 'socially desirability' as an investment in an appreciating asset. Nevertheless, the Crowther Report still maintained that it was an "artificial distinction" that had resulted in a "lack of perspective in the formulation of economic and social policy" (Committee on Consumer Credit 1971: 109). Whereas credit controls specifically targeted hire purchase agreements, the Crowther Report questioned their efficacy when mortgage debt was considerably more substantial.

Although in theory the Conservatives abandonment of direct credit controls should have put an end to this distinction, it merely took on a new form altogether. The Conservatives aim of creating a property-owning democracy was pushed forward by the greater availability of mortgages as a result of deregulation in the banking sector and the sale of council housing stock at discounted rates. However, these policies opened up contradictions with the Conservatives stated aim of controlling inflation. Because interest rates were their sole means for addressing inflationary pressures, the higher rates of interest during the 1980s should have tightened the availability of all forms of credit, including mortgages. Instead, mortgage interest relief on the first £30,000 of a buyer's primary residence meant that by and large mortgages remained affordable in comparison to other lending. This in turn fuelled rising house prices, which ultimately led to the late-1980s boom, as equity from capital gains in the housing market leaked into the wider economy (Lawson 1992: 638). As a result of the Conservatives failure to acknowledge the effect of rising house prices on consumer spending, the economy overheated and inevitably crashed when interest rates were raised and mortgage interest relief had become negligible due to house price inflation.

Despite the establishment of the Taskforce on Tackling Overindebtedness being prompted by concerns about rising personal debt levels, it did not contain a remit to specifically address mortgage lending (which was delegated to the FSA). However, the Taskforce still sought to assuage fears about rising debt levels by highlighting simultaneous increases in household wealth, which were of course driven by rising house prices funded through mortgages. The Taskforce's assertion that households were "in a strong position to borrow" (DTI 2003: 11) was only questioned in the aftermath of the 2007 global 'credit crunch'. It was only then that serious consideration was given to the possibility that if house prices began to fall, it would threaten the housing market and debt-financed consumer spending that had sustained economic growth (BERR 2007: 14).

How are subjects framed in relation to their indebtedness? Invoking 'consumers' as rationally-acting individuals who benefitted from consumer credit, the Crowther Report was unequivocal in pronouncing that the "the first principle of social policy should be to treat users of consumer credit as adults" (Committee on Consumer Credit 1971: 153). Acknowledging that substantial sections of the population were "woefully ignorant" (Committee on Consumer Credit 1971: 149) of financial matters in general, the Report conceded that 'these people' were vulnerable to financial difficulties and exploitation by lenders. However, the Report still concluded that 'consumers' freedom of access to unrestricted credit markets was the most desirable course of action and that they should not be subjected to "paternalistic control" (Committee on Consumer Credit 1971: 384).

As part of their framing of the 1970s crisis, the Conservatives suggested that overbearing state regulation had left people feeling 'helpless' and 'lacking in confidence'. Their push to promote homeownership and create a 'property-owning democracy' had seen them label council tenants as 'dependent' and 'trapped'. The Conservatives proffered a solution to this malaise that would increase 'individual freedom' by getting "the government off people's backs"

(Lawson 1992: 625). Their approach of state retreat from public services and economic deregulation was therefore intended to restore confidence in the economy and instil people with the traditional virtues of 'enterprise, industriousness and thrift' (Thatcher, 4 March 1981). More specifically, individuals were invoked as 'homeowners', 'investors' and 'entrepreneurs' who were encouraged to see homeownership as the means to 'individual responsibility', 'self-reliance' and 'security'. It was only with hindsight following the excessive lending and borrowing of the late-1980s, which was largely prompted as an outcome of this drive towards homeownership, that accusations were made that people had misused these newfound freedoms (Lawson 1992: 983).

For the Taskforce on Tackling Overindebtedness, a more open and competitive consumer credit market required 'consumers' as 'borrowers' to take greater 'responsibility' with their finances (DTI 2006: 5). Such lofty expectations were made despite acknowledging "the level of understanding of financial matters amongst the population as a whole is limited" (Taskforce on Tackling Overindebtedness 2001: 12). Even so, the Taskforce's main conclusion was that a more competitive credit market would provide more 'choice' for 'rational and well-informed consumers' to manage their finances with greater "flexibility and control" (DTI 2003: 4). For those lacking the sufficient financial understanding required to participate in the credit market, the Taskforce recommended programmes of financial literacy and consumer education so that they may become 'rational and well-informed consumers' (DTI 2003: 80).

The findings of these analyses will be discussed further in Chapter Seven, where they will be interpreted within the context of the CPE approach. However, the next chapter will first present findings from our second research objective, focusing on the transformation of cultural practices, attitudes and behaviours in relation to personal debt.

Chapter 6 Subjective and Intersubjective Experiences of Personal Credit and Debt

Following on from the analysis of the textual sources, this chapter will provide a summary of the analysis of narrative interviews conducted with participants from two distinct age groups. Over the course of this analysis, the second research question will be addressed: *how have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings?*

The research consisted of 25 interviews in total, drawn from an intergenerational sample (see Section 4.3.1). Of the 25 participants interviewed[25], 13 were aged between 18 and 35 years old and 12 were aged 50 years and over. Henceforth, the participants aged 18 to 35 years old will be referred to as 'Group One', while 'Group Two' will refer to those aged 50 years and over. The objective of the interviews was to learn about participants' perceptions of personal credit and debt, and how they attributed meaning to those experiences through personal narratives. These narratives drawn from across the two groups allow us to compare and contrast the experiences of participants according to their respective 'age and stage' in the life-cycle and to identify the transformations that have affected attitudes and behaviours towards credit and debt across the life-cycle.

The opening question asked to all participants was:

> *Could you describe in your own words your experiences of debt throughout your life and the circumstances in which you have accessed credit?*

The guiding principle of such an open-ended question was to 'activate narrative production' (Holstein and Gubrium 1995: 39) in pursuit of getting participants

[25] For a full list of participants, see Appendix B.

to ‘tell their story’ and make their own associations with as little input from the interviewer as possible. As Margaret Atwood (2008: 81) suggests:

> “Without memory, there is no debt. Put another way: without story, there is no debt. A story is a string of actions occurring over time […] and debt happens as a result of actions occurring over time. Therefore, any debt involves a plot line: how you got into debt, what you did, said, and thought while you were in there, and then – depending on whether the ending is to be happy or sad – how you got out of debt, or else how you got further and further into it until you became overwhelmed by it, and sank from view”.

This participant-led approach opened up the interview process to participants to discuss the issues they considered most relevant. As such, the most prominent features raised by participants throughout the course of the interviews determine the content of the following analysis.

The chapter is divided into three sections. The opening section examines participants’ experiences of credit and debt in the context of further and higher education, including university education and more vocational-based training. Although debt in the context of post-secondary education did not apply to all of the participants, its significance was nevertheless prominent within the narratives of those to whom it did. The section opens with an analysis of participants’ experiences of the cost of higher education and how it is framed as a specific form of ‘debt’. It concludes by examining experiences of student debt more broadly; that is to say the debts incurred to cover living costs while students are not in full-time employment.

The second section analyses the phenomenon of homeownership, for both participants who were existing homeowners and for those who were not. This includes comparing and contrasting the experiences and attitudes of participants from both groups. It examines how intersubjective understandings of homeownership as a pillar of ‘security’ have developed and changed in the context of the wider economic issues facing participants. The section closes with

an assessment of the ambiguities involved in how participants have framed mortgage-finance as a long-term 'debt', or not as the case may be.

The final section takes on the broad category of consumer credit, including hire purchase, credit and store cards, and overdrafts. It analyses both the perceived normalized use of consumer credit and more extreme forms of 'problem debt'. To this end, it will examine how participants' perceptions of consumer credit have been transformed in the context of a rapidly changing credit environment and how new strategies have developed to deal with these changes.

To conclude the chapter, a summary will focus on three sub-questions that will shape and inform the analysis: (i) what identities and subject positions are being assumed in participants' narratives?; (ii) how are different forms of credit and debt being categorised?; and (iii) what are the meanings and behavioural strategies that participants apply to the different forms? Addressing these questions provides an opportunity to compare and contrast the experiences of participants from both groups in order to understand how cultural practices and understandings towards personal credit and debt have been transformed.

6.1 Further and Higher Education

In total, 20 (11 from Group One and nine from Group Two) out of the 25 participants reported undertaking post-secondary education of some form or another. Of these, 16 (nine from Group One and seven from Group Two) had attended university, while four of the participants (two from each group) had alternatively pursued vocational training. The remaining five participants (two from Group One and three from Group Two) had all directly entered into employment upon completion of their secondary education.

The link between further and higher education and debt accumulation has intensified significantly in recent years with the growing trend towards the commodification of higher education in the UK. Changes to the funding of higher education institutions have increasingly required students to contribute to their

education through tuition fees[26], which are more often than not financed through student loans. These loans are then repayable once students have graduated and are earning a specified wage.

Prior to the introduction of tuition fees in 1998, higher education in the UK was for all intents and purposes free to those who chose to pursue it. As a result, none of the seven participants from Group Two who had attended university declared incurring any significant debts during their time in higher education. In fact, only one, Polly, who had attended university as a mature student in the late-1990s, was charged tuition fees at all and, even then, had sufficient financial resources to pay the fees upfront.

To a certain degree, the association between pursuing full-time post-secondary education and the accumulation of debt is not an entirely new phenomenon. Most evidently, engaging in full-time education as an independent adult necessarily entails a deferral from full-time labour market participation. A deferment in this sense could include the period immediately following completion of secondary education, or could require a suspension from full-time employment if further and higher education is pursued later on in life. Either way, participating in further and higher education inevitably means people are constrained in their ability to earn income to support themselves and are often given recourse to borrow money in order to overcome these shortcomings, which they would then expect to repay once they entered the labour market.

6.1.1 Tuition fees: to pay or not to pay?

For some members of Group One, the advent of tuition fees and the resultant student debt was an overriding feature in their narratives, with seven out of the nine participants who went to university discussing it as a primary concern. There were however two exceptions. On the one hand, Sophie did not qualify for student loans because she was classified as an international student having

[26] Tuition fees were first introduced in England in 1998. Though initially capped at £1,000 a year, the amount that universities were allowed to charge for tuition fees was increased to £3,000 a year in 2004 and, since 2012, has been increased to £9,000 a year.

lived abroad in the years prior to going to university. As a result, Sophie had to self-fund her way through university by working up to three jobs throughout the summer and winter breaks to pay the tuition fees. Commenting on these experiences, Sophie declared: "although I really resented not having a student loan at uni, I don't have a student loan to repay". The other notable exception was Alfred, who was funded through his local authority due to tuition fees initially being means-tested. Likewise, Rebecca also received an exemption from paying tuition fees due to means-testing, although she did take out student loans to cover living expenses, which left her with a significant outstanding obligation to be repaid upon leaving university.

The other six participants from Group One who attended university cited debts incurred from their time at university as a primary concern when asked about their experiences of credit and debt. A common theme that emerged from their narratives was how they differentiated student debt from other forms of debt. To this extent, they sought to distinguish student debt as a separate category of debt altogether, even going so far as to repudiate its status as a 'real debt'.

As the examples below illustrate, what is apparent is how the conditional element of student debt repayment, i.e. getting a job and earning a wage, somewhat diminishes the significance of incurring such a sizable liability for the participants. At the same time though, the prominence afforded to student debt within these narratives of credit and debt points to a more complex consideration of its relevance than merely a dismissal of student debt altogether. Because the repayment of student debts is not required until a student has graduated, entered the labour market and started earning a certain level of wages, there is a significant time-delay between acquiring the debt and fulfilling the obligation of repayment. The inference being that the cost of education will be offset by the increased job prospects for graduates. In this sense, student debt is, as Christopher asserted, "an investment". For Emma (a full-time student), the time-delay means that repayment is a distant event that belies immediate consideration, so that there is "no point in worrying about that now".

When is a 'debt' not a 'real debt'?

"That was my first experience with debt I suppose, but it never at the time felt like a real debt in some senses and still now, I don't think of it as a real debt because if I'm not earning I don't have to pay it and that's quite important because obviously now I'm not working, they're not banging down my doors saying 'we're going to take your TV if you don't give us money'. So that's kind of interesting, it's a different kind of debt I suppose in a sense" (Matthew, 30)

"I suppose I viewed debt on different levels. So I've got like a student loan, which is debt, although I don't count that as debt because until I get a job, I'm not paying that off yet until I'm in full-time work and then automatically it will just get taken out of your wage anyway. So, although I know I owe it, I sort of feel like there's no point worrying and spending my life worrying about that part of debt […] So yeah, I never really consider that as debt, even though obviously it is debt, it's money that I owe […] I sort of think there's no point in worrying about that now. I'll worry about it when I start earning in a job. It doesn't feel like a real debt […] you only get like a statement once a year maybe, maybe even less than that, unless you're paying it off, you might get more. And you sort of forget about it, like when you're discussing it with your friends, it's sort of like, not a joke, but it's like, 'oh how much do you owe on your student grant', no one knows how much they owe […] It doesn't feel like… especially in my friendship circles, apart from Bill [fiancé], really consider it as a real debt if that makes sense, especially until you're in a position to do something about it" (Emma, 28)

"So, it didn't seem like it was a real debt that I was taking out, that's the first thing. My perception is now that I'd be thinking very differently if I was thinking about going to university now than when it was at the time, with the amount that it's changed. But no, at the time, that wasn't something that felt like it was real… I knew I could take it out. I knew that I could make any decision based on what I'd study and then I wouldn't have to be thinking about if I was going to get pay back off it. You could afford to take that hit and not really necessarily have to pay it back at any particular time and study something you wanted to study, so it didn't really factor that much at the time. You knew it would be there as well. It was easy money" (Luther, 27)

"There are certain forms of debt, things like mortgages and student loans and things like that, which are viable, they're more acceptable to have because they're more like an investment really. So, I don't really consider them to be debt as say debt in a negative sense, in a sense that it can have bad consequences. It's important to obviously have all that because I can get a degree and things like that" (Christopher, 20)

"Because student loan debt is kind of different than a bank loan because, you know, they don't send the bailiffs around. It's kind of you pay it off as you're earning, so I just sort of saw it, and have always seen it, as an additional tax really. And to be honest, I don't notice it when it goes out of my paycheck. I think I pay fifty pounds a month maybe. I don't know how they calculate it because I don't know if that even pays off the interest" (Dan, 27)

This viewpoint is further reinforced by the absence of regular notifications, or statements, so that there was little awareness of the amount owed; something Emma finds is a common experience within her peer group. The lack of immediacy is also emphasised with the perceived absence of "bad consequences" (Christopher) for non-payment. For example, both Matthew and Dan allude to these consequences when they suggest how "they're not banging down my doors" (Matthew), or how "they don't send the bailiffs around" (Dan). Even when student debt is repaid, the method of subtracting it directly from a person's paycheck lends to it the characteristics of "an additional tax" (Dan).

None of the participants explicitly highlighted the prospect of incurring debt as a contributing factor in their decision to go to university. Instead, there was an implied expectation that they would attend university and graduate, which would then ultimately lead to future employment opportunities. However, their seeming acceptance of accruing substantial debts to fund their education was not wholly a matter of 'rationalisation' in the sense of calculating the costs and benefits. To the extent that higher education is an asset that will yield future profit, those facing substantial debts for attending university bore little resemblance to the 'rational actors' hypothesised in neo-classical models of financial behaviour (Bertola et al 2006; Bridges et al 2006; Deaton 1992; Jentzsch and San José Riestra 2006; Modigliani and Brumberg 1954).

Rather, the implied acceptance involved participants' attempts to differentiate student debt and displace its main features in relation to other forms of debt. Group One participants were therefore active in modifying the category of 'student debt' as part of a 'contrast class' (Sacks 1992: 799-800) from which inferences could be drawn about the field of 'debt' more generally. As such, the ways in which participants from Group One differentiated their 'student debts' exhibited a tendency towards a negation of what might be called 'real debt'. These negations allow us to draw inferences about how participants from Group One conceive a 'real debt' in contrast to their views on 'student debt'. From the examples cited previously, we can infer three interrelated components of what defines 'real debt'.

First, a real debt requires a certain level of attentiveness on the part of the borrower. The degree to which attention is allocated has less to do with the amount of debt owed, than it does to the immediacy or urgency of repaying the debt. We may therefore propose that a debt is more real when its repayment is of more pressing urgency, and, as a result, more deserving of greater consideration, or even 'worry', by the borrower. Second, a real debt brings with it the prospect of 'bad consequences' for borrowers who fail to repay it. The perceived threat of negative consequences is, in this sense, closely related to the urgency of repaying the debt and the 'worry' or 'anxiety' that is attached to it. In their most extreme form, consequences, as envisioned by borrowers, could apply to the fear of having bailiffs remove their property, but may equally apply to less threatening consequences. Finally, the third component of a real debt is the borrower's sense of loss, either at the prospect of future repayment or when payment is actually due. Whereas student debt is framed as "an investment" (Christopher) that will reap dividends in the future, a real debt does not necessarily imply the possibility of future gain from the initial outlay. Rather, a real debt would entail immediate gain at the expense of future loss, which is felt by the borrower as a significant and noticeable divestment once it is repaid and not "just […] an additional tax" as Dan labelled his student debt repayments.

The necessity of having to pay for their education inevitably distinguishes the experiences of participants' from Group One compared to those from Group Two. Within the context of contemporary arrangements for funding higher education, participants from Group Two who attended university certainly acknowledged the propitious circumstances that granted them the opportunity to obtain a 'free education'. Examples of this appreciation were expounded by both Mark: "I was funded by the state, by Cheshire County Council, God bless them"; and by Elaine: "all my fees were paid in those days, the good old days".

A further contrast between the two groups is that participants from Group Two did not recognise student debt as a separate category of debt when discussing the contemporary arrangements. The failure to distinguish student debt was

most evident when they were discussing the prospects of their children who faced tuition fee charges. In one instance, John described how he warned his daughters against complacency regarding their student debts:

> "when the issues of a student loan came up, I said 'look, you need to keep your student loans down […] please be very, very careful because it's sitting down there waiting for you when you have finished your studies'".

Moreover, Fay explained how her husband even went so far as to fund their children's university education and "paid everything":

> "[he] would not let my children have the debt […] but he paid you know… didn't want them coming out of university with big debts […] I would not want that debt. I don't want my children to have that debt and I don't think it's worth it".

Of course, we must bear in mind that participants from Group Two have the benefit of experience in relation to ostensibly 'free' higher education compared to participants from Group One, for whom the necessity of taking on student debt could be considered a key determinant for their future employment prospects. An exception is the case of Polly, who went to university in later life. However, her decision to pay her tuition fees upfront illustrates how the costs of attending university are an expense like any other and the debt incurred by younger generations is merely an attempt to prolong that expense to a future point in time. Notwithstanding the conditionality of contemporary student debt, participants from Group Two failed to distinguish it from other forms of debt because, despite the lack of immediacy in repayment, there is still the perceived feeling that "it's hanging over your head" (Fay). They therefore perceived the imposition of student debt as a 'real debt'.

In the context of a wider 'politics of abandonment' (Montgomerie 2011: 4), the loss of free higher education and the introduction of tuition fees are therefore interpreted by Group Two participants' as an abandonment of sorts, especially in relation to their own children who are faced with education costs that they were not. On the other hand, participants' from Group One were not inclined to view the imposition of student debt as 'abandonment'. Their acceptance of these

costs therefore indicated a process of normalization in terms of the shift in university funding from government to individuals. In comparative terms then, Group One participants' acceptance of student debt marks a cultural shift as much as a financial one, albeit a shift that was borne out of necessity for them. While the expectation of entering higher education may well have even increased over time, the changes to funding conditions have ultimately involved a transformation in what it means to be in debt for younger generations, particularly with regards to gaining an education.

6.1.2 Education and financial maintenance: keeping up appearances?

The imposition of tuition fees on students' represents one component of the structural debt that pursuing higher education undoubtedly incurs. As previously mentioned though, there is also the need to maintain living standards while students defer their entry into the labour market.

Because participants from Group Two who went to university were largely grant-funded, with the exception of Polly, they did not incur any of the significant debts from student loans to maintain themselves whilst in education. Nevertheless, the maintenance grants and other institutional financial supports provided were not so substantial to preclude financial difficulties altogether, as attested by Elaine, who recalled "being really, really poor as a student". In order to make up the shortfall in living expenses, participants from Group Two alluded to various means that were at their disposal. Some of them worked during holiday periods and saved their money to sustain them throughout term time (i.e. John and Mark). Others, such as Elaine, Fay, and Nicola, acknowledged how they made use of overdraft facilities from their banks, which they would balance with subsequent grant instalments and eventually pay off altogether once they began working. Other than overdrafts, none of the participants from Group Two made reference to the use of credit cards or any other form of consumer credit while they were at university.

The experiences of participants from Group One contrast sharply in this respect. Not only were maintenance grants replaced with student loans by the time these participants went to university (in addition to the student loans needed to cover tuition fees), but also, all nine of the participants from Group One reported how they acquired a student bank account before entering university. These student bank accounts usually included various incentives from the different banks, plus the standardised offer of overdraft and credit card facilities. For these participants, it was the first time they had had access to credit facilities, and for some, even the first bank account they had opened. However, with the exception of Dan, none of the participants said they had used their credit cards to any great extent whilst at university. Some even made an active decision to turn down the offer of a credit card when they opened their student bank accounts (i.e. Alfred, Emma, Rebecca and Sophie).

For example, Emma revealed how, when she opened her student account, she was dissuaded from accepting a credit card by her mother when it was offered. Even for Dan, while admitting that his credit card balance sat at it's limit for the majority of the time he was at university, in hindsight, he stated it was a "bad idea" to get the credit card in the first place and that:

> "for years I was just really stupid with it […] I would pay off a little bit when I could, or I'd pay off the minimum amount every month, you know, which was five quid or something, and [on a] five hundred pound credit card, it doesn't make so much as a dent".

By and large, although most of the participants made extensive use of their overdrafts, they reported a certain degree of caution and restraint in their use of credit cards during their time at university. Such caution was exemplified by Alfred, who stated how he was "not going to incur loads of debt just to go to university". He explains his reticence thusly:

> "I don't know if it was my sort of, fear is probably too strong a word, anxiety by incurring debt meant that I didn't indulge in activities that would incur it, or whether I wasn't very inclined anyway and it's a happy accident that the way I was meant I didn't spend that much money".

However, Alfred's aversion to debt whilst at university did entail certain sacrifices, as he admitted "it probably retarded my social abilities for a long time". The issue at stake here is the extent to which widely available credit for students determines their lifestyles; with the desire to maintain social relationships increasing the temptation to take on debt. Nevertheless, the increased availability of consumer credit on offer to students, particularly credit cards, illustrates a striking difference between the experiences of Group One participants and those from Group Two who undertook further and higher education. These issues are discussed further in Section 6.3.

6.2 Homeownership

For the majority of the participants, mortgage-financed homeownership was an integral feature of their experiences of debt. In total, 17 out of the 25 participants (68 per cent) interviewed were homeowners. Of these, all 12 participants from Group Two were homeowners compared to only five from Group One. The greater number of homeowners from Group Two seems inevitable when we consider that older participants are at a more advanced stage of the life-cycle (see Section 2.1.4). Indeed, historical rates of homeownership had increased progressively from 1918, eventually peaking at 69 per cent in 2001. However, since 2001, homeownership started to fall, with the current rate in England and Wales now standing at 64 per cent (ONS 2013b). The recent decline has been attributed to the impact of "high house prices, low wage growth and tighter lending requirements" (ONS 2013b). As such, the combination of these regressive financial pressures with the more predictable bearing of being younger (i.e. at an earlier stage of the life-cycle) suggests that participants from Group One would be less likely to own a home.

6.2.1 The security of homeownership

Throughout the course of their narratives, participants from Group Two consistently presented homeownership in terms of 'security'; as illustrated in the examples below. The way that 'security' was framed in relation to

homeownership often varied from one participant to another, whether it was in terms of the need to "put down some roots" (Catherine), providing a sense of "control" (Elaine), or encouraging 'self-reliance' (Joanne) and "personal responsibility" (John and Mark). Beyond such variations, the security of homeownership was most commonly framed in relation to two interrelated themes: (i) as a direct contrast to renting; and (ii) as a financial investment.

First, homeownership was alluded to in direct opposition with renting. The security of homeownership was explicitly juxtaposed with the 'insecurity' or 'vulnerability' of renting in relation to rent increases and the fear of being evicted (Elaine, John, Lauren, Polly), for example, "you are at the mercy of the landlord" (John). More commonly though, renting was seen as an unproductive use of money, or "dead money" (Catherine). Supporting this view, Angie asserted:

> "If you haven't got a mortgage, what do you spend the majority of your money on? It's rent isn't it? So you might as well be owning your property and, although it's for long-term, you will get benefits from it won't you?".

In this context, owning a home was considered a long-term investment, which was not only 'safe', but offered the means to derive a profit. As the examples below illustrate, there is an expectancy of "making money" from investing in a home that goes beyond merely "accruing capital" for some of the participants. Particularly for Catherine and Polly, the expectancy of profiting from their home was borne out through experience. That is not to say all participants from Group Two saw investing in their home as a strictly financial proposition.

For instance, both Elaine and Nicola described how they had spent money renovating their homes without considering the possible financial return, while Annie even went so far as expressing discomfort with the notion of homeownership "in terms of gaining money out of it". Indeed, financial motives were seldom cited as contributing factors that led participants from Group Two to become homeowners in the first place. For instance, buying a home was seen

by some as an expected corollary of getting married and starting a family, as Catherine recalled: "that's what everybody did, like a lot of people got married and took on a house". Such expectations were at times felt to be an outcome of general, perceived social trends of aspirant homeownership.

The security of homeownership: safe as houses

"We wanted to see something for our money really. In your head, you felt you'd be more secure with a house and that's what everyone was doing […] we needed to put down some roots and we needed some security, so yeah, that's what everybody did, like a lot of people got married and took on a house […] it's good in that people have something aim for, strive for, maintain. From my point of view, it provides security, both financial and emotional-personal" (Catherine, 64)

"I think personally I own my own home because it gives me security […] We wanted somewhere of our own that we'd have control over, that we could personalize and invest some loving care and a bit of personality really" (Elaine, 50)

"I always wanted my own home and I always thought it was really important […] if you owned your own home then you wasn't reliant on anybody else, it was yours and you were paying for it and it was yours. So that's how I always viewed things and then once it was mine, I didn't have to pay for it rather than paying rent for the rest of your life, which I always thought was pretty useless" (Joanne, 55)

"Landlords can put up the rents at any time. If it's your home you are rest assured. The only worry you have is if the interest rate goes up, then you get worried about the mortgage interest that your mortgage lenders are going to land you with […] but the good side is you are able to enjoy security of tenure because it's your property and you are in there" (John, 60)

"My views are, I like feel it, I feel secure with it. Renting, I think you're vulnerable when you rent to a certain extent, you know, moving out and the state of property. I think you'd feel more vulnerable… I would feel more… you know, renting, you're more likely to, you know… look at the government and the bedroom tax, so to speak, and that sort of thing. I think you feel more secure if you own your own property" (Lauren, 59)

"I think it represented a bit more security. It was your own house and houses were seen as a good investment because they were going to increase in value. Those were the main reasons. Also, you were more inclined to put work into your own home than somewhere you rented and that would be reflected in the increased value. So you were investing in the future I suppose" (Mark, 72)

"I enjoy owning my home because it's more settled, whereas if you're in private renting, you know, they could say that they want the house back anytime. I think it's just more settled really […] I think with private [renting], you'd always be worried that the lease would be up. Now, I'd find that quite unsettling" (Polly, 51)

Equally though, for participants whose parents were homeowners, the expectation was less explicit, but more deep-seated for them. Nicola, for example, claimed that the decision to buy a house was something she "took for granted":

> "you just weren't aware that you would ever go on a council list or a housing association list if you saw everybody around you, all your family members, your school peers, your work colleagues, were all looking to buy, so you just went on that tightrope as well".

Not all of the participants in Group Two reported this sense of expectation though. For both Annie and Helen, buying a home was borne out of necessity due to the lack of renting alternatives available to them:

> "You couldn't get a council house. Council houses became very scarce and you'd be on a waiting list for like years […] So, in a way, we had no choice" (Annie).

In Helen's case, her and her husband even had to live with Helen's sister initially before buying a house because of the lack of renting opportunities at the time.

The security of homeownership: investing in the future

"It's all for a long period of time and you're going to have that responsibility for years to come, but then there's positives about owning and have some equity in it […] it's generating money for you" (Angie, 54)

"It was the situation of a rising market, so yeah, we did feel more secure having our own house and still do" (Catherine, 64)

"We've invested in our house because we feel that is a good investment, a relatively safe investment […] We're investing in property, our property, to accrue some capital" (Elaine, 50)

"I think it encourages people to take care of their property and having an investment, a long-term investment for their future" (Mark, 72)

"I had bought low and three years later, my house was worth twice as much. So I moved around the corner and then by judgement, I think I must've made forty grand on it […] So I see homeownership as a positive thing. It's a way of making money if you can buy at the right time […] I think it's a good way of investing really, as long as you invest sensibly" (Polly, 51)

Other participants (Elaine, Joanne and Lauren) revealed how they had rented for prolonged periods due to difficulties in saving enough for a deposit before eventually purchasing their first homes when they reached their thirties and forties.

The requirement of putting down a sizeable deposit on a house before buying, whilst also renting, posed a significant challenge for many of the participants. As Mark recalled, attempting to save for a deposit represented: "a big chunk out of our income in our early days of married life […] so [it was] just keeping body and soul together in the first few years". As such, participants emphasised the importance of maintaining a steady and secure income for buying a home. For Annie, although her and her husband were both in work, her husband was employed in the building trade, which was not seen as "consistent work". This made it very difficult for them to obtain a mortgage and they had to endure countless rejections from mainstream lenders before eventually getting one from a mutual building society with, what she referred to as, "a liberal attitude" towards mortgage-lending. Even for those with secure employment and steady incomes, getting their first mortgage was a far from straightforward process. Catherine described the process her and her husband had to go through thusly:

> "When we were in our early married life, getting our mortgage and that, I remember having an interview with our bank manager and it was very formal and he was checking on us, you know, checking on our income, and I actually resented that. I resented his rather patronising, you know, attitude to this young couple. You could see him thinking 'put them straight', and I resented that. I felt, again, it's that thing that you should manage your own money and it's my business, not anybody else's. But then, he was being very careful".

Reflecting on a similar experience, Mark compared the attitude of lenders when he was first getting a mortgage with how he viewed them nowadays:

> "These days, it's much easier isn't it? You're encouraged to get into debt whereas when I first got married you were encouraged to manage your debt more carefully shall we say".

This perception of mortgage-lenders encouraging borrowers to be 'careful' was repeated by a number of the participants who also stressed the long-term "responsibility" (Angie) and the "massive financial commitment" (Elaine) that was involved in owning a home. The weight of such a responsibility for some participants often led to struggles and ongoing concerns about maintaining mortgage-payments during periods of uncertainty. Some participants revealed having concerns about the levels of interest rates in the past (Polly), even recalling times when interest was "double-digit" (Mark and Nicola). Other participants had experienced profound changes in their circumstances, whether it was through periods of unemployment (Catherine), divorce (Angie) or family illness (Lauren). Despite such uncertainties, participants from Group Two did not tend to see their mortgage as a 'burden' or a 'strain' as such. Rather, it represented an inviolable commitment, reinforced through the security and confidence they felt in relation to their status as homeowners.

6.2.2 Owning, aspiring, opting-out?

In contrast to Group Two, only five of the participants from Group One were homeowners (Bob, Emma, George, Laura and Rebecca). The remaining eight participants were either renting from a private landlord (Alfred, Christopher, Dan, Luther, Matthew and Sophie), or renting a council property (Alice and Jill). Although homeowners were in the minority, the topic of mortgage-financed homeownership was nevertheless a prominent feature for all of the participants throughout their narratives of debt, whether they were homeowners or not. As such, the significance afforded to housing and homeownership by Group One participants was in some ways no less than that of their counterparts in Group Two. Nevertheless, there were perceptible differences between the two groups, both in the experiences they narrated and the views they espoused on the subject of homeownership.

As we observed in the narratives of participants from Group Two, homeownership was to one degree or another framed within the context of 'security', ranging from emotional security to the financial security ownership

provides, particularly in opposition to renting. What was remarkably distinctive within the narratives of Group One participants was the lack of any explicit reference to 'security' whatsoever in relation to homeownership. There were the occasional fleeting references to some of the more incidental elements of the 'security' theme that characterised Group Two narratives. For example, Dan's ambition to own a home was expressed with regards to his desire "to have a base and an anchor", while Rebecca suggested that owning her property gave her greater 'control' over it. Although it must be said, in the latter's case, the notion of control was more of a footnote than of any decisive significance.

Nevertheless, there was little in the way of what might be seen as a consistent and sustained association between security and homeownership for Group One participants. Similarly, the position advancing homeownership in opposition to renting went largely undeveloped beyond variations on the familiar view that paying rent was "dead money" (Jill). Most notably, both Dan and Rebecca expressed the feeling of 'resentment' in the context that rent payments would contribute to the mortgage payments of another property-owner. As Rebecca indicated: "I don't see the point in paying someone else's mortgage when I can pay my own".

With regards to homeownership as an investment, the views of Group One participants corresponded to a certain extent with those from Group Two, although there were slight variations in how they framed investment. On the one hand, both Christopher and Jill based their aspirations of owning a home on the perception of homeownership as a "viable" or "good" investment. On the other hand, Bob, as an existing homeowner, was a little more circumspect. While he considered homeownership to be "very good", such assuredness was conditioned upon the premise: "if you get the right investment". For Rebecca, the expense of paying her mortgage meant she was unable to afford to contribute to a pension scheme. As such, she viewed her house as a "future investment" in lieu of an adequate pension for when she retired.

While Group One participants expectations of buying a home to ultimately provide a nest egg for future retirement certainly echoed the sentiments expressed by participants from Group Two, there was also differences in the way this strategy moved beyond merely primary residences. Within Group Two, Polly had revealed how she had invested the money she had made from her first house in other properties, remarking: "it's more or less a pension to me that". Likewise, from Group One, George had kept the first flat he had bought after moving into his new house in order to rent it out as a long-term investment for future retirement. Although Polly and George were the only two participants overall who had actually invested in the 'buy-to-let' market, both Bob and Dan from Group One declared their intentions of entering the market in the future. Even though Dan did not currently own his own home, he had nevertheless made plans with his brother to invest in a 'buy-to-let' property as he saw it as a more stable and secure investment than contributing to a pension.

Although Group One participants seemed to be more cautious about homeownership as an appreciable investment overall, there was still the tendency of viewing it as secure relative to other forms of investment, such as pensions. Nevertheless, throughout the narratives of the participants from Group One, there was a distinct lack of consistent and assured justifications, either for owning a home or aspiring to own one in future in contrast to the theme of security proffered in Group Two. There were, however, three participants in particular (Alfred, Luther and Matthew) who were profoundly unenthusiastic about homeownership and even expressed a vehement opposition to it. Within their narratives, the justifications for homeownership, particularly those put forth by Group Two participants, are reframed to offer a contrary perspective in relation to its opposition to renting and the investment possibilities it promises (as shown in the boxes below).

From Alfred's perspective, the prospect of owning a house is negatively influenced from how he has viewed his parents' experiences. As such, he perceives the amount of money involved in getting a mortgage and the long-term implications it would entail "as a chain around my neck". By being

Contra homeownership

"I suppose it's going back to that thing of we're all to some degree doing things that we don't want to do for money. It's a case of how much do we do them. As far as I can tell, and this is perhaps my family has shaped what I think, as far as I can tell, my dad goes out to work very, very, very, very early in the morning, does something that he doesn't like and makes him tired all day and then comes back home and is sleepy and goes to bed. And in exchange for doing that, he gets some money and he pays off his mortgage, then when he's paid off his mortgage, he'll die and it'll have all been for nothing. And so, I think someone's basically saying to you, we've got a great idea, we're going to lend you loads of money and you can spend the rest of your life giving it back to us and if you don't do that, we'll own what you've got anyway. I just think, I don't know how stupid you think I am, but hopefully I'm not that stupid. So yeah, I think it's not for me at best […] I would just constantly see it as a chain around my neck and I'd just think, the mortgage isn't paid off, the mortgage isn't paid off, I owe all this money […] There is no independence. The house isn't free. The money isn't yours. How am I less independent giving someone some money each month, which I would have to do if I had a mortgage, living in essentially a property I don't own, which is basically, you know, you do not own that property until you've paid for it essentially, but I can leave when I want. I don't have to fix the roof, how am I less free" (Alfred, 33)

"On one hand, I feel I'm going to have no choice but to do it at some point. Partly that's because you get ripped so hard on rent that it's cheaper to purchase something if you can be in a position to do it. But I also see it as an intolerable risk, but one that I'm going to have to take, which if you tally up my negative perspective of the future is that it's going to be saving and then that money's going to be used until you try and get another job. That does not go very well with the idea of the long-term indebtedness of the very place that you live because what you're riding on is, you're putting your home… I don't trust my future enough and the conditions of which I can exist in my future enough to bet thirty years of my life that I'll be able to pay back my home effectively. So it's a situation that I feel like I'm going to be in a position where I'll probably have to do it, but I'll do my best to not be in a position where I have to do it. And also, the idea of being bonded by the debt for thirty years, whatever reason I'm picking that number, but to be bonded by debt is a way of shutting down the rest of your life in a way. So, as much as you want security in a home, you also want the freedom […] It's the tension between the desire for belonging in a home, which I think is… I won't call it a basic human need, but I think it's an essential quality of some form and that's exploited through being indebted through a mortgage […] What you're trading there is freedom and liberty for that homeliness and sense of security and really those two things should be in a balance between sense of security and the ability to have this freedom" (Luther, 27)

financially tied not only to a house, but also to a job he may not like in order to pay the mortgage, Alfred suggests "there is no independence" in owning a house and does not see himself as being "less free" by renting. This notion of freedom

Contra homeownership (continued)

"I think there's a massive pressure I think to own your own home. It's obviously a complete fallacy anyway because ultimately most people don't own their own homes, they own part of it, the bank owns most of it, but I think there's this real societal pressure to be a homeowner [...] But it just filters down, so you know if your parents own their own home then you think that you should or they say that you should, and if everyone is following that pattern of buying a house or buying a flat then eventually you start to think 'maybe I should'. And then people talk about renting being a waste of money, that's always the classic line isn't it that rents just a waste because you're not getting anything back from it and in a sense, they could be right in the long-term in that in fifty years you won't own the flat that you've been renting for fifty years and they would own their flat. But then, in a lot of cases, most people would buy a house, they would pay a mortgage for X number of years, they pay it off, they then own their homes, they've paid the mortgage, but by the time they've got to that stage, they'd probably be retired [...] I suppose in my mind the idea of buying a house ties me down, really ties me down to a place. And so it would get complicated if I wanted to go somewhere else, whereas renting gives me the freedom to go wherever I want at short notice if you like and I think that's quite appealing in a sense as well. There's that aspect to it as well. I think people get very het up about it and a lot of people see it as an investment long-term, but it's still not a guaranteed investment because house prices have rocketed in the past thirty years, but who knows what's going to happen over the next thirty years, they could easily just level or even crash. I think people see it as a strong investment, but it is still as volatile as any other investment is. Obviously it's not as bad as shares, but it's still not a guaranteed return. I think it's not the panacea that people think it is really. Particularly when they've got negative equity and they want to move somewhere else [...] I suppose it's the feeling of ownership and I think people like to own things and know that that's mine, it's not yours it's mine [...] So its ownership and a feeling of progress and comparison and a feeling that mine's better and I've achieved something because I've got this and it's better than what you've got over there [...] I think owning a house, it indicates progress, indicates success and a certain level of achievement. I suppose that's maybe how some people see it [...] but I don't place as much importance on property as I think a lot of people do, which is why I don't worry about buying a house" (Matthew, 30)

is echoed by Matthew, who feels that the idea of owning a house "really ties me down to a place [...] whereas renting gives me the freedom to go wherever I want at short notice". Similarly, Luther's view of entering into a long-term mortgage agreement is to be "bonded by debt", wherein the security of owning comes at the expense of "shutting down the rest of your life". So, while he considers security to be an "essential quality of some form", it is offset against the freedom to pursue other "life potentials" beyond merely owning a home.

The idea of homeownership as a secure investment is also problematic for Luther, who sees it as an "intolerable risk" due to uncertainties in his employment status. Because he is restricted by short-term contracts in his job, he makes the claim that "I don't trust my future enough"; a situation that "does not go very well with the idea of the long-term indebtedness of the very place that you live". Nevertheless, Luther feels he will have "no choice" but to buy a home at some point because he gets "ripped so hard on rent that it's cheaper to purchase".

For Matthew (as shown below), the security of investing in a home is also called into question. Rather than job insecurities though, Matthew's concern was more with the volatility of the housing market itself, suggesting that any investment in a home is far from guaranteed with the potential for stagnation or even a crash as characteristic risks involved in investing. But again, Matthew also highlights what he terms "real societal pressures" that he feels are pushing him towards homeownership. Matthew feels these pressures first and foremost in the immediate influence of family and friends who own homes. In a more general sense, the pressure was interpreted as homeownership being an indicator of progress, success and achievement, although he did not necessarily subscribe to such viewpoints.

Other participants from Group One also cited the kinds of pressure highlighted by Matthew as contributing influences to their own views on homeownership. For some participants, from both groups in point of fact, the whole notion of homeownership was part of a distinctly 'British culture', with the old adage of 'an Englishman's home is his castle' being repeated in some form or another by at least three of the participants (Dan, George and John). Such allusions were primarily made in accordance with the notions of 'security' discussed earlier, but also emphasised a certain embodiment of 'security' that transcended mere financial considerations. As Dan suggested: "we are very concerned about homeownership and buying a home, regardless of whether that means we're going to be in a worst financial position in future". Elaborating on this theme, Lauren points to homeownership as a particularly British aspiration, stating:

"we're one of the main countries that have homeownership. We tend to strive for that […] I think people strive for homeownership. I think people in our country do strive for that. My views are, I like it, I feel secure with it".

To substantiate their views that homeownership was somehow essentially British in character, participants' highlighted examples of UK government policies they felt reinforced such perceptions. These policies included, encouraging homeownership through the sale of council houses (John) and the recent introduction of the 'bedroom tax'[27], which enhanced the perception of 'insecurity' in renting (Lauren). The imperative to own a home was therefore viewed not simply as an innate aspect of British culture as such, but as an external pressure that was actively promoted and validated by government policies, either through positive or negative reinforcement.

Another source of pressure commonly referred to was the extent to which familial relations influenced views on homeownership, especially in cases where participants' parents were already homeowners. Parental influence was cited both implicitly and explicitly. For example, the influence of parents on both Christopher and Laura led to expectations that meant they did not even consider any options other than homeownership, i.e. "I don't really know what other ways you can have" (Christopher); and "I never thought about anything else really" (Laura). More explicitly, George recalled how his father-in-law, who had benefited from the house price increases in the past, had advised him and his wife to buy, even going so far as to advocate borrowing to the "absolute limit" when they got their mortgage.

Notwithstanding these influences, for some, particularly those who were not homeowners (Alice, Dan, Jill and Sophie), the aspiration to own a home was to some extent mitigated by more pressing financial constraints, regardless of expectations drawn from parents or otherwise. With contemporary house prices at high levels and the requirement of having to save for a substantial

[27] The 'bedroom tax', introduced in 2012, placed restrictions on the housing benefit claimed by council and housing association tenants if their properties contained bedrooms that were not occupied.

deposit, entering the housing market for prospective first time buyers was seen to be prohibitively expensive. For the non-homeowning participants, there was an almost unanimous feeling of pessimism regarding the prospect of buying in their immediate future. The difficulty of saving for a deposit was often compounded by other financial commitments, such as the cost of renting, as well as insufficient income and job insecurities. For example, as Luther explained, for him the idea of planning and saving for a deposit on a house seemed "totally implausible because of the precarity of the work situation".

In the cases of Emma and Rebecca, they both described how they were the exception within their respective peer groups to own their homes. But while their friends could not afford to save for deposits, both Emma and Rebecca revealed how they had received financial assistance from their parents, which proved to be a decisive factor in them being able to afford to buy. As Rebecca explained:

> "I was lucky enough that when I got my house, my parents gave me the deposit and in terms of the work that needed doing, they paid for that and I paid them back […] but, I mean in terms of that, I wouldn't own the house if it wasn't for them. There's no way that I would've owned the house if it wasn't for them".

In these cases, parental support had proved to be vital. However, not all of the participants could draw on such assistance to overcome their financial shortcomings. As Sophie's circumstances demonstrated, while she knew friends whose parents had helped them save for a deposit, her own parents were in precarious employment and she also had three other siblings, which meant that any money that was passed down would have to be split between the four of them.

These examples highlight the importance of intergenerational support both for encouraging and for reinforcing notions of homeownership. Heath and Calvert (2013) have shown that providing assistance for mortgage deposits represents a particular and, in most cases, unique instance of parents supporting their children financially in adult life. Whereas financial support was not commonly

given for rental costs and other large expenditures, "homeownership as an ideal and as a deserving case for intergenerational support was thus reinforced within many families" (Heath and Calvert 2013: 1132). Such financial inducements could take the form of a 'gift', whereby reciprocation was not necessarily made in monetary form, but as part of "an intergenerational contract of mutual support and assistance, a process which will play out over the life course" (Heath and Calvert 2013: 1131). Even when intergenerational support took the form of a 'loan' with the expectation of repayment, recipients would not expect to pay interest on such an advance, which would otherwise been deemed "objectionable" in the context of familial relations (Sayer 2014: 67-8). As such, the advantages of those who have intergenerational support for gaining access to the housing market are most apparent when compared to those from less affluent backgrounds, without access to parental financial resources. For these groups who have little recourse but to borrow from interest-charging institutional lenders, the prohibitive expense of saving for a deposit makes the ideal of homeownership a precarious and potentially unrealizable expectation (Heath and Calvert 2013: 1133).

6.2.3 The 2007/8 financial crises

In the examples above, the ability to access homeownership, or not, is clearly determined on the capacity of individuals to accumulate enough money for a deposit. However, those participants from Group One who bought prior to the financial crash in 2007 (Bob, George and Laura) did not report having to put down a deposit to buy their houses. Rather, they recalled how banks were not just easy-going with lending prior to the crash, but were actively encouraging them to borrow even without a deposit[28]. As Laura recounted from her experiences of getting a mortgage:

[28] At the height of the housing bubble in the mid-2000s, there was recognition that first-time buyers were finding it difficult to get on the property ladder due to rapidly inflating house prices. During this period, some banks and building societies began offering mortgages to people without deposits and lending up to six times a buyers income. Promoted as 'democratised' lending, there were even building societies that offered mortgages worth up to 125 per cent of the value of a property (Mellor 2010: 73).

> "they were trying to sell you everything under the sun and you had to very clearly say no to a lot of things while it would have been made easier for you to say yes".

For Bob, George and Laura, the financial crash was a significant event in itself within their narratives of homeownership. As a pivotal moment in their lives, they reflected on their experiences before, after and during the events. George, for example, recalled his experiences of getting a mortgage just prior to the crash and his concerns when the turbulent events unfolded:

> "they were throwing themselves at you. But now, it's a totally different story. I say throwing themselves at you, with the flat, first time buyers, honestly, you were getting inundated with offers and this and that. They love first time buyers especially. We had a bit of trouble with the house because it was a flat roof, only three companies would touch us and one of them was Northern Rock[29] and we went with them and it was two months later, boom, you know, when Northern Rock was in the shit. So that was a bit of a worrying time, but luckily it didn't affect our mortgage".

The extent to which bank lending changed in the aftermath of the financial crisis was also particularly pertinent for Bob who claimed he had found it "easy" to borrow when he first got a mortgage, but:

> "since the fall in the financial market, because we had to go and renew our mortgage again, there was a lot more sterner questions; 'why do you want to borrow?', ' do you need to borrow?', 'would you like any extra?', 'why would you want extra?' and so on and so forth".

Difficulties in borrowing from banks were not the only detrimental outcome of the crisis, as both George and Laura explained how they had lost money on their houses with the fall in the housing market leading to negative equity. Laura who eventually moved to a bigger house when her and her husband started a family revealed how:

[29] Northern Rock was the first UK bank to run into liquidity difficulties when the financial crisis emerged in September 2007 and were eventually given financial support from the Bank of England to avoid a collapse following a run on the bank by depositors.

> "the one we sold, we actually sold it for less than we paid for it because of the time period […] it was a priority that we wanted to get moved and we appreciated that we were going to have to maybe take a bit of hit on the house, on the equity on the house really, so we had to make up for that".

Likewise, George felt the high price he had originally paid for his house meant, "in a way, we did get ripped off". Although, on reflection, George also explained how he felt somewhat begrudgingly fortunate in the circumstances:

> "we bought as well the house at the peak, 2007 September, which was… if we waited another year, we wouldn't have got on the market because we never had this huge deposit that you need nowadays. So it works swings and roundabouts doesn't it?".

Despite the gravity of the financial crisis, only Bob, George and Laura from Group One specifically related their experiences of homeownership in a comparative context of before and after the crash. The other participants, from both groups One and Two, did not relate any of their concrete experiences to the crisis, even though they did at least acknowledge it by speculating on its impact in general or upon people they knew.

6.2.4 Defining mortgage as debt?

As was discussed at the beginning of this chapter, the opening question that was made to all participants to 'activate narrative production' (Holstein and Gubrium 1995: 39) was subject to the interpretation of individual participants in how they framed, foregrounded and, indeed, understood credit and debt. When considering homeownership, the opening responses from participants reveal some telling insights about how mortgage-borrowing is both explicitly and implicitly understood as a form of debt, or not as the case may be.

Of the five participants from Group One who owned their homes, all but one of them mentioned their mortgage in their opening responses as a significant experience of credit and debt, even if it was only briefly mentioned. The exception was George, who began his initial response by outlining a negative

view of debt in general, stating: "Debt is something I've tried to avoid even from the moment I left school […] Debt is something I don't like hanging over my shoulder". The first mention George made referring to his mortgage was when he was prompted with a question about long-term savings and investments to which he disclosed a property he was renting out as a long-term investment. From thereon, he spoke of his experiences of homeownership and mortgages without further prompting.

In contrast, even though all 12 participants from Group Two were homeowners, only two of them (Catherine and Angie) brought up their mortgage as part of their opening responses in an unambiguous manner. For some participants (John and Polly), the subject of homeownership was brought up much later in their overall narrative without prompting. Other participants (Elaine, Mark and Nicola) actually did mention their mortgages in their opening responses, but their replies were slightly more ambiguous. For example, Elaine's immediate response began with, "I've never had…", followed by a momentary pause, before adding, "… well I have a mortgage", suggesting an element of doubt in her association of 'mortgages' with 'credit and debt'. There were however five participants (Annie, Fay, Helen, Joanne and Lauren) from Group Two who did not discuss mortgages at all until they were prompted with direct questions on the subject of homeownership. Most notable of these was Fay, who despite later discussing her mortgage when prompted, immediately responded with: "I haven't ever been in debt".

The whole concept of taking on a mortgage was to one degree or another discussed in terms of its significance as a long-term responsibility by most of the participants who owned their homes. Even so, the failure of some participants, from Group Two in particular, to make an immediate connection between mortgages and debt raises issues about the character of mortgage-debt more generally. Both Alfred and Luther, who were resoundingly pessimistic about homeownership, were unequivocal in viewing a mortgage as 'long-term indebtedness', something that would be a 'chain around their necks'. However, for those who were not so pessimistic, taking on a mortgage was merely an

inevitable step to owning a home. Here, the intersubjective aspects of homeownership that makes it a socially desirable aspiration take precedence over the actual means that are employed to achieve it. In these terms, both the emotional and financial 'security' participants associated with homeownership tended to outweigh the prospect of a substantial and long-term mortgage. Consequently, long-term indebtedness is merely perceived as an unavoidable by-product of owning a home and is therefore an 'acceptable' form of debt. As Emma suggested: "it's like a natural, I suppose like a normal process of debt". Such acceptability was reinforced further if we consider the opposition that was directed towards renting, whereby a mortgage was seen as a "sensible" (Angie) or "viable" (Christopher) alternative in the context of buying a home as an investment.

Of course, the success of that investment could alter perceptions of mortgages as a form of debt, especially if the mortgagor has lost money on their property, as was the case for George and Laura whose homes had fallen into negative equity since the financial crash of 2007. Conversely, in those circumstances where the investment had appreciated, a mortgage was far less likely to be viewed in terms of a debt. This was certainly the case for Polly, who stressed: "the house is worth seven times more than the mortgage, so it's a very small mortgage, so I don't see it as debt". It can therefore be speculated that the perception of mortgage-debt has less to do with the essential character and elements of the transaction than it does to do with the situation and conditions in which that transaction takes place. Under these conditions, the extent to which mortgage-debt appeared as a 'normal process of debt' revolved around a growing tension between homeownership as 'emotional security' on the one hand and homeownership as 'financial security' on the other. This, in turn, marks a significant point of departure from the ideal-typical subject position of the 'leveraged investor' (see Section 2.3.6), through which homeownership was principally a means of asset speculation (Langley 2008a: 193).

For Group Two participants, the two types of security were not mutually exclusive in general. In fact, they even reinforced one another. Even though

asset speculation was not cited as primary motive, the capital gains made from house price inflation served to vindicate the long-term indebtedness inherent in buying a home. In contrast, the issue of security was a far more complicated matter for Group One participants. The changing financial conditions they were confronted with eroded the notion of financial security in homeownership to a certain degree, although it was still considered a more desirable investment in comparison to other assets such as pensions. In the cases of George and Laura, the negative equity they faced following the fall in the housing market contributed to their financial insecurity. Others who aspired to homeownership (Alice, Dan, Jill and Sophie) were severely restricted due to the financial limitations of having to save for a deposit due to stricter lending requirements. Nevertheless, despite these growing tensions, mortgage-debt remained an acceptable precondition for becoming a homeowner. The level of expectation that surrounded owning a home remained conspicuously embedded for some Group One participants, whether it was directly felt through family and friends, or as societal 'norm' more generally. In addition, participants also repeated more familiar tropes concerning the undesirability of renting and homeownership as an exemplar of a distinctly 'British culture' (see Section 5.2.2). So, in spite of facing growing financial uncertainties, the ideal of homeownership continued to resonate with Group One participants even when the perceived financial security and speculative potential of it receded.

There was also evidence to suggest a far more sceptical attitude to mortgage-debt among Group One participants, particularly in the examples of Alfred, Luther and Matthew. Their perceived lack of both emotional and financial security was to some extent based on an understanding of mortgage-debt as an undesirable constraint, leading them to reject the concept of homeownership as a whole. This rejection implies an almost entirely contradictory position to that of the 'leveraged investor' subject. Here, freedom and independence are not inherent corollaries of homeownership, quite the opposite in fact. Despite being confronted with job insecurities and the perception of an unstable housing market, their position is not wholly that of the 'uncertain subject' set forth by Langley (2008a: 203). Rather, they exercised considerable transformative

agency in distinguishing alternative aspirations and objectives that fell outside the 'moral imperatives' of the governmental subject position of the 'leveraged investor'.

6.3 Consumer Credit

Unlike in the cases of higher education and homeownership, the use of consumer credit was something that was experienced at first-hand by all participants from both groups. Consumer credit, itself as a distinct category of debt, encompassed a wide array of different credit products, which were reflected in the varying experiences recounted by participants. However, much like the ambivalence some participants exhibited when associating mortgage-finance as a form of debt, consumer credit was not an altogether straightforward proposition for participants either, particularly those from Group Two.

6.3.1 Consumer credit and being 'in debt'

The opening question posed to participants asked them to describe their 'experiences of debt' and the circumstances in which they had 'accessed credit'. The literal definition of debt, simply put is 'something owed, an obligation or liability', while the Crowther Report (1971) defined credit as "the deferment of payment for goods or services rendered at once *or* the straight lending of money" (p.5). Such definitions are expansive, and intentionally so, as credit and debt have increasingly been incorporated into innumerable consumer and financial products, services and relations. However, this expansiveness also leaves a great deal of interpretive scope regarding credit and debt. For participants from Group One, credit and debt were generally interpreted broadly, encapsulating a variety of credit products, including consumer credit, student debt and mortgage-debt. The only exception here was George, who, as mentioned previously, claimed to "avoid" debt, despite acknowledging his mortgage and numerous other instances of consumer credit later on in his narrative. Participants from Group Two, on the other hand, were considerably

more ambiguous in how they interpreted credit and debt, primarily in relation to mortgage-debt (as discussed in the previous section), but also concerning other forms of credit as well. While there were some participants who adhered to the broader interpretation of credit and debt, and others who professed an aversion to debt altogether, there were three participants in particular (Joanne, Lauren and Polly) whose immediate interpretation led them to recount their "worst situation", as Joanne termed it.

In the cases of both Joanne and Lauren, the question of credit and debt prompted them to recall periods of instability in their lives when they suffered multiple debts, primarily through arrears relating to housing and utilities. The absence of available sources of mainstream credit at the time led both women to seek assistance to resolve their difficulties. For Polly, a prolonged outstanding consumer debt she incurred while still a teenager, and which had long since been resolved, was the basis for her claim that: "I have only ever been in what I would class as debt once in my life"; despite the sum in question being relatively insignificant in the context of Polly's later admissions of credit use. For these participants, the immediate associations they made in relation to the question of credit and debt was to recall instances of 'problem debt', whereby the circumstances referred to marked a departure from what they would normally consider an 'acceptable debt'. Such an interpretive lens may also explain to some extent why some of the other participants in Group Two (as well as George in Group One) claimed to be 'debt averse', notwithstanding all of the participants in question having regularly used some form of credit or another throughout their lives. The interpretation of the opening question for some participants was therefore not necessarily predicated on the literal definition of 'debt'. Rather, being 'in debt' was interpreted as a more problematic and chaotic state of affairs altogether, which was not wholly perceived as an inevitable implication of 'accessing credit'. On the whole, the incidence of 'problem debt' in the responses of participants from Group Two was not a common occurrence. Although the admissions made by Joanne and Lauren were cases of significant indebtedness by themselves, they were largely the result of interruptions in regular income streams leading to repayment difficulties for basic necessities.

‘Problem debt’: Alice and Emma

“I got a credit card, an interest free credit card, which I started paying some of that off. But then there was money on that, so I ended up, when it came to change it, I got another card with a little bit more money and it went so forth, Egg, Barclaycard, a few other ones, and then I couldn't make the payments back on the card, which had give me a bit more money. I ended up getting a loan off [a loan company], which was one thousand and eighty per cent interest. I didn't realise what I was doing when I went in to get it and that was, I couldn't make the payments back on that, so I started getting cash until payday, putting checks in the money shop to cover little other bills. At the time, I've got loads of little loans going out trying to get one to pay for the other one and it was to the point where I was paying… taking every fifty pound I had in there, I was having to pay twelve pounds because I didn't have the fifty pounds to pay it back and it got to the point where I had time off work, I lost the plot completely […] So everything just went, arrears, arrears, arrears. In the end I had to tell my… my mum and dad didn't even have a clue. So I had to tell my dad, I burst into tears and he said he'd lend me the four hundred eighty five quid to pay the court costs to go bankrupt. So I had to put in for bankruptcy. But, it just ruined me completely, completely and utterly […] I've always looked after myself and I just got myself in such a mess because I didn't ask for any help neither. I was thinking, well I'll just do this and do that and it just got worse and worse and worse. So, I ended up off work for a while with like stress, which made things even worse, but I suppose if that hadn't have happened then I wouldn't have told my dad and I wouldn't have got it sorted” (Alice, 33)

“I did owe money to several store cards, not like massive money, but seventy pounds somewhere, one hundred fifty pounds somewhere else […] So I had some store cards and then I think the worst thing was when I did actually get a credit card […] before I knew it I had like three and half grand’s worth of debt on it, which was kind of OK because at the time I was still earning, I've never not made a payment. I can be quite strict with that. But obviously it got to the point where I think I was struggling to just pay off the minimum payment each month and I remember just this horrible feeling of it being really overwhelming and like you think about all the time, being in this debt, and although I was in my overdraft, I think at the time, my overdraft didn't feel like a real debt because it was interest free, obviously where I was…. obviously because whenever you got paid, your overdraft would eat up your money, so it was always coming and going. Whereas this debt on the credit card was permanent and if you could only pay off the minimum payment, you’re only paying off your interest each month. You're not really getting anywhere with it […] It was like horrible. It was like sort of all-consuming, like I remember I used to go to the gym and I'd go swimming after the gym and like I'd quite often remember it when I was swimming, like doing lengths and like really thinking about how much money I owed and how much money I had coming in and like how much I could physically set aside to pay off each month and paying that off and working out what the interest would be, how long it would take me to like pay it off […] I don't ever want to ever be in that position again because it was horrible, you know, it's all you really thought about” (Emma, 26)

In contrast, Group One participants who experienced what we may term 'problem debt' reported how their difficulties emerged solely through the use of consumer credit. The experiences of Alice and Emma (as shown above) provide examples of the most extreme cases of how consumer credit leads to 'problem debt'. Alice's case, in particular, provides a stark portrait of rapidly escalating debt, which only ceased when she was left with no alternative but to file for bankruptcy whilst still in her twenties. After graduating from college, Alice had ambitions of attaining a well-paid job in her chosen profession. However, despite initially pursuing an internship, she was unable to secure a full-time job and was forced into insecure, low-paid work. To overcome income shortages and maintain her living standards, which she suggested were not in the least 'extravagant', Alice began using credit cards.

In an attempt to alleviate the difficulties she was facing, Alice procured what turned out to be a high-interest loan to pay off her credit cards. However, the loan repayments only worsened her situation and she began taking out payday loans in order to make ends meet, which owing to the excessive charges involved soon became an overwhelming burden. As her debts began to spiral out of control, the stress of dealing with her finances forced Alice to take time off work. It was at this point that Alice ended up confessing her indebted situation to her parents, leading to her Dad persuading her to file for bankruptcy in order to end the cycle.

Unlike Alice, Emma's debt problems unfolded while she was still in full-time education. Upon entering university, Emma was initially cautious towards her finances. As mentioned previously, Emma had refused the offer of credit card when she opened her student account on her mother's advice and was even reluctant to go into her overdraft at first. However, the influence of friends began to wear down Emma's reluctance to go into debt as she saw how they seemed able to afford lifestyles that belied their modest means as university students. At first, it was simply a case of her using an overdraft when she was short of funds, but that was soon extended to the use of 'store card' credit offered by certain retail outlets when she was out shopping. During this period,

Emma had a part-time job and was able to keep up with repayments. It was when Emma finally relented and applied for a credit card in order to go on holiday that her situation started to become unmanageable. Although she paid off the balance of the credit card when she returned from the holiday, Emma soon started using the card on a regular basis and began accruing considerable debts. The pattern of her credit card use ranged from large one-off items such as car insurance and repairs, to everyday expenditures in order to overcome cash-flow problems when she was short of money.

Like Alice, the accumulation of multiple debts began to take their toll on Emma. Struggling to make the minimum repayments whilst continually adding to the overall debt, Emma eventually succumbed to her dire situation, which became a stressful and "all-consuming" presence in her life. After revealing the extent of her debts to her parents and her fiancé, with their help, Emma finally started to pay off her debts by getting rid of her credit and store cards, selling her car and, bit by bit, reducing her debt burden.

Both Alice and Emma experienced their problems with debt at a relatively young age. Though their initial forays into using consumer credit did not appear to them as potentially hazardous, they both soon spiralled into unmanageable and overwhelming financial situations in a short space of time. Even when they realised the magnitude of their difficulties, they continued to dig themselves into an ever-larger holes of debt as they attempted grapple with their problems. It was only through the assistance and interventions of family and loved ones that both Alice and Emma were able to escape their respective predicaments. So, what began as unproblematic credit use only became a problem when each participant reached a certain threshold; but not a threshold in the sense of the amount of debt accrued. Instead, it was the point at which they felt they were no longer in control of their respective debt situations. As such, the notion of individual control appeared to distinguish whether the debt was a problem or not, rather than what could be construed as an acceptable or unacceptable level of debt. Ultimately though, the most striking aspects in both cases were the

numerous, readily available sources of credit, as well as the ever-willing accommodation of lenders, that facilitated their decline into problem debt.

6.3.2 A bygone era of credit scarcity

Participants from Group Two, when recollecting their formative years as adults, paint an entirely different picture of the consumer credit environment in the past. Discussing the conditions for obtaining credit prior to the 1980s, at least half of Group Two's participants (Annie, Catherine, Elaine, Joanne, Mark and Polly) revealed how credit finance was not as readily available as it later became. As Annie explains: "at that time, to obtain credit, it was very, very difficult […] credit was not to be obtained on any basis as it is today". The difficulties in obtaining credit for some participants were compounded by certain mitigating factors, such as "inconsistent work" (Annie) or, as Elaine revealed, simply being 'a woman'. Until 1935, the law denied women the right to enter into financial contracts of any kind (Botterill 2010: 43). However, despite reforms granting women more equitable rights, they were still disproportionately marginalized from mainstream credit services. While women's presence in the labour market increased significantly throughout the 1960s and 1970s, they continued to bear the principal domestic roles of childrearing and housekeeping (Botterill 2010: 141). As such, full-time employment opportunities were severely restricted, thereby reducing their overall creditworthiness in the eyes of mainstream credit providers leading to discriminatory lending practices. Witnessing the struggles her mother faced as a single parent under these circumstances, Elaine described how:

> "It was quite hard to get credit. You're talking about the seventies, eighties. It wasn't very easy for women on their own to get credit. Laws relating to credit changed for women I think in the… I'm not quite sure, I think the seventies. Prior to that, you had to have a guarantor […] They needed their husband or a male guarantor's permission. Now I may be wrong, but I think that was the case then. It changed, I don't know when it changed, but my mum was very suspicious of debt. I think it's a very working-class thing actually".

Even though credit cards first emerged in the 1960s, none of the participants claimed to have actively engaged with them until much later in life. For Polly, the mere notion of a credit card seemed unimaginable in the context of her background when she was younger:

> "It's not something I would have imagined that I would've had. You're working-class, it's whether you would have got one anyway with what you were earning and also, it was never really a done thing".

That is not to say that the absence of consumer credit was to be considered a matter of deprivation or exclusion as such. Rather, within the context of their everyday experiences, the lack of credit was a circumstance that was shared equally among people from similar backgrounds in the wider community and was therefore an aspect of the accepted "general culture" (Elaine).

There were alternative forms of credit available to those in working-class communities, including mail order, tallymen and other forms of doorstep lending (such as Provident Financial), as well as illegal loansharking (O'Connell 2009: 5). For instance, both Annie and Helen mentioned using check-trading (most notably through the Provident Clothing and Supply Co) to buy clothing and other durables, while short-term credit was either drawn from pawnbrokers or by neighbours and families lending to each other to overcome cash-flow difficulties (Joanne). Nevertheless, it was more common that the first experience participants had of mainstream consumer credit was when they got married and began to set-up home (Annie, Catherine, Fay, Joanne and Mark). Although some items of furniture could be bought second hand or 'on the cheap', other items, such as televisions, would be rented rather than bought. For more expensive items, participants reported how they would have to save for prolonged periods or, alternatively, use hire purchase schemes for things such as bedroom suites, white goods and cars. However, despite the ready availability of hire purchase for most people, it was not necessarily readily accessed.

Hire purchase access was constrained to a degree because participants were required to save for deposits. As such, there was an element of caution in how it was used overall. For a start, it was more often the case that this was the first time they had ever used credit. For example, Catherine admitted feeling apprehensive about using hire purchase to begin with:

> "I had to be persuaded [...] It was just sort of gradually moving away from the situation of my childhood where you didn't at all or hardly ever. As far as I was aware, my parents never did anything on hire purchase".

As a consequence, decisions to take out hire purchase were not strictly dictated by the need for particular items, but on whether it was an affordable undertaking. This was certainly the case for Joanne who had to wait to get her first washing machine. She and her husband eventually decided to buy one on hire purchase:

> "but only because we knew we could afford it [...] For two years, it was washing nappies in the sink. So when we could afford the washing machine, that's when we got it".

Participants from Group Two seemed to exhibit a certain degree of caution and restraint in their early encounters with consumer credit. Owing to the limited options available to them, they were prepared to either delay purchasing certain items in favour of saving or using hire purchase, a form of credit that was attached to specific purchases. As such, each hire purchase transaction was carefully budgeted and would be paid off before entering into another transaction. To that extent, although some of the participants had to go without important household utilities and appliances (i.e. washing machines), they did not experience any excessive or long-standing debts at a young age.

6.3.3 'Easy money': credit cards, store cards and overdrafts

The scarcity of credit that Group Two participants experienced earlier on in their lives could not be more different to contemporary lending conditions. Drawing comparisons between these different periods, participants noted the seemingly ubiquitous and pervasive nature of present-day consumer credit,

most notably regarding credit and store cards. Commenting on the availability of credit cards, Mark stressed how:

> "the place is awash now with easy money. In those days that wasn't the case [...] You could have a pocket full if you wanted to. Just besieged by invitations through the post, mainly through the post I guess or through the press, to have one for every day of the week and one for every day of the year".

Likewise, concerning the growth of store cards, Catherine felt they were being pushed on people in the way "they were more or less handing them over the counter". A common tale was recounted by participants (Catherine, Emma, Nicola and Polly) who went shopping and were offered store cards with the promise of discounted goods if they were charged on credit rather than settled in cash. These views about the pervasiveness of consumer credit were generally shared by participants from Group One, particularly Alfred and Emma, who both felt lenders were "throwing credit cards at you".

While Group Two participants were only exposed to freely available and pervasive consumer credit at a later age, for participants from Group One, the exposure to credit has been an inherent feature of their adult lives to date. The offer of a credit card and an overdraft has seemingly become de rigueur for standard banking accounts so that the provision of even the most basic credit facilities is a passive choice for most people. As mentioned previously, the bank accounts offered to students who went to university acted as an introductory gateway to the use of credit. Whilst the apparent inescapability of consumer credit also meant that even those who initially rejected the offer of a credit card ended up taking one eventually. In each of the cases of Emma, Rebecca and Sophie, the decision to finally get a credit card was prompted when they went on holiday, for which a credit card was seen to be essential as the only accepted means of payment while they were abroad. All three continued to make use of the credit cards following the initial foray, despite their previous reluctance, suggesting that their aversion to credit dissipated once the threshold was broken.

The promotion of credit use by lenders is not only confined to providing a specific product or service. Once a person has taken up the offer of a credit card or overdraft, there is usually a set credit limit that, in theory at least, restricts their spending to the specified limit. Numerous participants from both groups related how they would receive notification from their bank or credit card provider informing them of unsolicited extensions in their credit limits. So, while a credit limit would act as an external constraint on the spending power of an individual, by extending the limit, the constraint on spending would be removed for those unable to resist temptation. As Nicola admitted:

> "You've got to be strong enough not to get entangled with them, but they were definitely too easy. You'd just get them through the post or you'd just get a letter to say your credit's extended and I would've been the nature that I would've carried on spending".

Similarly, Matthew revealed how on top of the bank extending his overdraft to £5,000, his credit card provider also indulged him:

> "because you behave well, they increase your credit limit don't they. So my credit limit, it suddenly leapt up, so I think it's about ten grand now, which is ridiculous. So I could potentially spend that much money that I don't have and couldn't afford to pay it back right now".

After being removed from bankruptcy, Alice began using a catalogue credit account. Because she was mindful about the pitfalls of accruing excessive levels of debt following her past troubles, Alice used the account sparingly to make occasional one-off purchases she would otherwise be unable to afford. An outcome of her cautious approach was that she was 'rewarded' for her newfound prudence:

> "because I've been making my payments on time, my credit rating has gone up to one thousand five hundred [£1,500] now and it started at three hundred quid and then they've put it up because I've kept all my payments on time, they keep putting it up […] It's like dangling it in front of you, look what you can spend, and I have to stop myself and go, 'no don't do it'".

So, in spite of Alice's attempts to maintain a sustainable level of credit-use, she considers the extension of her credit limit as an unnecessary temptation that is thrust upon her, which she must then resist. Credit providers encouraging people to spend on credit seems to be axiomatic given the nature of their business. However, the lengths to which they 'promoted' their services were felt to be overly assertive in some cases, as John revealed. Having seldom used his credit card and only keeping it in cases of emergency, John was contacted by his card provider:

> "They said, 'why don't you use it? You have so much credit'. I said, 'no I don't use it. It's there for emergencies".

As many of the participants attested throughout their narratives, the greater presence of consumer credit in contemporary society has not been a benign development by any stretch of the imagination. Nevertheless, although some participants' relationships with lenders could in some cases be described as passive, they were often far more active in how they managed their use of the credit once it was provided.

Participants from Group Two were especially careful in how they used their credit cards. Of those who used them regularly (Annie, Catherine, Elaine, Fay, Lauren, Mark and Polly), the general pattern was to try and pay off the balance at the end of every month. This tendency towards caution was, of course, motivated to a certain extent by the desire not to build-up significant debts. It was also motivated by a lack of trust in way credit cards operate in terms of interest and other administrative charges that could be applied in the event of late payments for whatever reason. As Elaine stated:

> "It's very easy, all you have to do is miss a couple of payments or accidentally underpay and you could find yourself in a huge amount of debt. So I don't trust them in that way".

Notwithstanding these concerns, participants found using a credit card could be a convenient way to make consumer purchases, whether it was saving money in general (Annie), accruing 'points' buying petrol on the card (Fay), or the insurance it guaranteed when making big purchases (Catherine).

Some participants kept a credit card for exceptional circumstances (Joanne, John and Nicola), although did not use them in general. For example, Joanne used her credit card for big purchases in much the same way as she had once used hire purchase; by budgeting how she would pay it back in set time period, rather than as a revolving credit facility. There were only two participants who did not hold a credit card (Angie and Helen), but even they had once owned at least one in the past. Helen had had no use for credit cards since she retired. Likewise, Angie had got rid of hers when she got divorced because she knew she would not be able to afford to maintain repayments if she spent beyond her means. Polly was the only participant from both groups who declared using store cards regularly. Although she had had a bad experience with store cards in the past, Polly had learnt to use them to her advantage by charging purchases to her account in order to get the discount and then paid them off immediately.

Participants from Group One shared striking similarities with their counterparts from Group Two in the way they used credit cards. Whether it was using their credit cards for budgeting big purchases and the insurance provided (Laura and Rebecca), or merely keeping a credit card for emergencies and exceptional circumstances (Dan and Sophie), Group One participants generally reported a pattern of controlled behaviour, either by maintaining strict repayment regimes (Laura and Matthew) or clearing the balance on a monthly basis (Bob, Luther and Rebecca). But whereas Group Two participants' cautious approach to credit cards was in some ways instinctive, the circumspect attitude of some participants from Group One was borne from hard lessons learned from past use. The more extreme experiences of Alice and Emma, discussed earlier, are cases in point. Although Alice was no longer eligible for a credit card, her palpable sense of trepidation was apparent when she declared: "the thought of a credit card scares me to be perfectly honest". While she now has a catalogue credit account, she is careful to keep it within strict limits by paying off each item before purchasing another. Likewise, Emma no longer had a credit card of her own since paying off the considerable debts she had accrued in the past. In both of these cases, Alice's and Emma's past experiences of enduring negative

consequences for what was deemed 'improper' behaviour served as a corrective for their behaviour since.

Bob, describing his first experiences with credit cards and an overdraft, revealed how he used credit to go on holiday and indulge in other extravagances, confessing that he was "young, brash and […] carefree. I thought fantastic". After struggling to make repayments, Bob had to be helped by his parents to clear the accumulated debts; an experience that has stayed with him since: "I've now got a credit card, but when I use it, I pay it off […] After that first time I learned my lesson not to get involved, use them responsibly for what's needed". Similarly, Dan contrasts his early use of credit cards as a student with the "careful" approach he now takes: "I'm not nearly as reckless as I was. It used to be the bank of never-never with the credit card". These examples point to a steep learning curve that many of the participants had to endure before developing a sustainable and therefore 'normative' approach to credit card use.

A further area where Group One and Group Two participants differed was in their use of overdrafts. Although some of the participants from Group Two (Elaine, Fay and Nicola) acknowledged using overdrafts when they were students, there was no mention of overdrafts as part of their existing use of credit. In contrast, several participants from Group One reported regularly using their overdraft (Christopher, Dan, Emma, George, Laura, Luther, Matthew and Rebecca). However, an overdraft was not considered 'credit' in the same way that credit and store cards were. For example, George, who professed to avoiding debt, regularly found himself in his overdraft on a monthly basis. Also, Dan claimed, "I don't have any kind of debt from personal expenses really", before acknowledging that he was £2,500 into his overdraft at the time of the interview.

Referring to overdrafts, participants saw them less in terms of consumer credit and more as an inevitable feature of their financial behaviour, almost taking for granted they would run into their overdraft before the next monthly payday when they would be out of it once more. As Emma explained:

> "My overdraft didn't feel like a real debt because it was interest free […] obviously when you got paid, your overdraft would eat up your money, so it was always coming and going, whereas this debt on the credit card was permanent and if you could only pay off the minimum payment, you're only paying off the interest each month".

Elaborating on this point, Laura suggested that she felt "more uncomfortable using my credit card than an overdraft. The overdraft was interest free, the credit card wasn't". In this context, the lack of additional cost in the form of interest for using an overdraft reduced its salience as a "real debt", regardless of its status as a form of credit or whether repayment "would eat up your money".

6.3.4 The changing face of credit

Participants raised issues about the development of consumer credit and the changes it had brought forth in the way they interacted with credit and debt. Of course, these changes were more apparent for participants from Group Two, whose frame of reference permitted them to draw comparisons with a past that was at odds with contemporary conditions. A significant transformation for these participants was the shift to cashless transactions, including the advent of card payments and electronic transfers. Both Annie and Helen marked this shift by highlighting how, in the past, their wages were paid in cash, which would then be divided up for various expenses, including paying utility bills and physically depositing money with the bank to pay their mortgages. Such rudimentary approaches were felt to be advantageous for the budgeting of household finances and the prudent management of money more generally.

Within this context, the introduction of cashless transactions was interpreted as a challenge to such judicious behaviour, possibly even promoting imprudence. This was certainly the view of Annie, who stated:

> "I think once plastic cards came on the scene [...] I think the worry and concern about debt went right through the window because it became unreal, a plastic card to be able to buy things. With plastic cards, I think all sight was lost then of debt".

The perceived detachment felt by some with the displacement of a more tangible form of exchange by 'plastic cards' removed what was seen as a fundamental constraint on spending habits. As Joanne explained:

> "You just keep going, paying by card, so you're not actually handing over money [...] If you saw what money you had, it's in your hand, and when that's gone there's nothing else, then perhaps that would... you couldn't get into debt. Whereas now, you can just keep putting that card through can't you and you keep buying things".

These sentiments were echoed by Elaine, who maintained: "I don't think we're as aware of our incoming and outgoing income and buying things by a couple of numbers punched into a hole in the wall, you do lose a grip a bit". From the point of view of Group Two participants then, the growth of cashless transactions represent much more than simply a shift in the mode of exchange. It also entailed a radical overhaul of traditional modes of calculating behaviour. Whereas cash-money in its physical form provided both an overview and an absolute limit to spending decisions, a cashless mode of exchange removed such safeguards, bringing into question the whole notion of control.

Without the benefit of hindsight in terms of predominantly cash-based transactions, participants from Group One expressed mixed views about their relationship with cashless finance. There was certainly recognition about how circumstances had changed, as Laura acknowledged: "It's made a lot easier for you isn't it, you don't physically handle cash a lot these days, it's all paying on your card or transferring money on the internet". But the degree to which participants accepted and adapted to these changes was more varied. For instance, Alice, who had experienced significant debt problems in the past, shared the views of older participants; described the lack of constraint she felt with a credit card thus: "because it's there, you don't see what your spending because it's not real money in your hand or real money that you've earned, you're not careful with it. Scary". For these participants, the shift to cashless transactions was experienced as a breakdown of the 'cognitive connect' described by Manning (2000: 106) (see Section 2.3.1). The 'distance' created by credit cards and other forms of electronic payments therefore contributes to

'cognitive confusion' (Manning 2000: 107) through their acknowledged feelings of temptation to imprudence and a lack of control in their finances.

In sharp contrast, there were those who not only felt at ease with cashless transactions, but also had a strong preference for them over cash-money, such as Alfred who defined his approach as "very much a number on the screen rather than a pound in your pocket". Several participants mentioned a greater inclination toward online shopping as a fundamental driver of the declining relevance of cash to their everyday lives. Furthermore, because cash transactions usually meant receiving change, the imprecision of cash payments was cited as an unnecessary aggravation (Alfred and Christopher) and, even in direct contradiction to those who favoured cash, an invitation to imprudence (Dan and Luther). As Dan related:

> "If I have cash on me, I'm more free with it than I am with my debit card. So if I have a twenty pound note, in my head, I'm like, 'well I've removed that from my account, so I can just spend it' […] I'm much more careful when I spend with my debit card than I am with cash and I don't like to take cash out because I know it will just go on whatever, you know […] I'm not reserved with it".

While new technologies have more or less made money obsolete, they have also given rise to new approaches to managing personal finance, with those who preferred cashless transactions also making use of online banking facilities (Dan and Luther). Moreover, with mobile phones, it has become easier than ever for some people to access their online banking records, enabling them to make decisions regarding their finances seemingly whenever or wherever they need to.

The differences between the two groups of participants could not be more pronounced in these circumstances. On the one hand, the emergence of cashless transactions represented a challenge to the 'cognitive connect' that had allowed Group Two participants to maintain a balanced approach to their finances in the past. On the other hand, some Group One participants had adopted new modes of calculation to assert control, thereby avoiding the 'cognitive confusion'

asserted by Manning (2000). However, the extent of how widespread these new behaviours have been assumed cannot be taken for granted given that so few participants alluded to them over the course of the interviews.

Another aspect of using consumer credit that was brought up by participants was their perception of how they were assessed by lenders through their credit history. In the case of Polly, the experience of having lived in America was cited as a major influence in the way she has understood and behaved towards credit:

> "In America anyway, there's a big thing about your credit rating, so if you use credit cards sensibly, you will go out and buy everything on your credit card and you'll pay it back at the end of the month because it builds up your credit rating […] So for me it's about building up that credit rating".

The importance of credit ratings was also significant to both Christopher and Luther who emphasised how their credit card use was almost solely for the purposes of building up a credit history for when they applied for mortgages in the future.

With the notable exceptions of Angie and Polly, Group Two participants did not bring up the subject of credit ratings, whereas the majority of participants from Group One readily accepted the premise that credit ratings were a key determinant for their futures. In this manner, the role of credit ratings, as an ostensibly objective measure of an individual's creditworthiness, acted as a subtle form of enforcement for participants to regulate their behaviour within the perceived standards expected of them. For example, after receiving a court summons when his council tax went into arrears, Matthew's immediate reaction was to ask, "what does this mean for my credit rating?".

For Alice and Jill, the consequences of having a 'bad' credit rating were very real indeed. After being rejected for a bank loan, Jill discovered that an unresolved mobile telephone bill had left a black mark on her credit record, which prohibited her from accessing any form credit whatsoever. Alice, on the other hand, faced considerable difficulties even accessing basic banking services

following her bankruptcy. There were also cases where participants were penalised for having 'no' credit rating at all. For instance, when Rebecca applied for a credit card, she was initially rejected because she had not previously used any form of credit. Similarly, Angie was turned down for a bank loan to begin with because she had no credit history so to speak of, and it was only the fact she had been a customer of the same bank for a number of years that they finally relented and gave her one; leading her to the conclusion that: "you're encouraged to have debt to build up your credit rating".

The issue of credit scoring highlights a cornerstone of governmental practice in relation to consumer credit (see Section 2.3.6), and exemplifies the 'government of the self by the self' or, to put it another way 'the conduct of conduct' (Gordon 1991: 2). In recent years, credit reporting and scoring of borrowers by lenders has been the sole determinant of who is able to access credit and constitutes "an increasingly pervasive means of surveillance that divides 'good' from 'bad' credit consumers" (Langley 2014: 455). Moreover, the awareness of this surveillance by borrowers not only ensures they fulfill their debt obligations, but also disciplines them as 'responsible borrowers' in accordance with the supposed 'rationality' of credit scoring techniques.

It is therefore not enough to be responsible per se, as Rebecca and Angie discovered. Rather, borrowers must conduct themselves within the rationality of credit scoring to build-up their creditworthiness and reduce the perception of them as a default risk through the continued use of consumer credit. In the context of credit scoring, the 'other' of the responsible user of consumer credit is therefore not merely a delinquent debtor, but rather:

> "an individual who buries their head in the sand, and who fails to equip themselves in order to get ahead amidst the vicissitudes of contemporary liberal life" (Langley 2014: 463).

The governmental conduct of the 'responsible borrower' is consequently driven by the need to acknowledge and gain expertise of their credit rating so they may continue to have access to consumer credit and the 'freedoms' it promises (Langley 2008b: 141).

In summarising changes in attitudes towards credit and debt, participants from Group Two (see below) pointed to what to they saw as a distinctly moral transformation. Although all of the participants used credit, or had used it in the past, they all grew up in families where credit was something of an anathema and, even if it was used, it was not openly discussed. While all of Group Two's participants had experienced the increasing openness and availability of consumer credit, they still retained some of the reservations that their parents had held in relation to debt. In the examples above, participants associate debt with "guilt", "shame" and "embarrassment"; traits that they perceive to no longer bear a significant resonance for younger generations in contemporary society.

While there were no explicit references to debt in such terms by any of the participants from Group One, there were inferences towards a 'sense of shame' within the cases of problem debt discussed earlier. Both Alice and Emma revealed they were reluctant to tell their parents about their debt problems, with Emma even going so far as to initially "hide" the extent of her troubles from her family. Of course, these examples highlighted extreme cases that were not necessarily representative of what could be considered the 'norm'.

A moral transformation?

"There was a certain amount of shame I suppose attached to it and I suppose I've inherited it, internalised that […] I don't think there's the guilt complex, if you could call it that, is pronounced anymore" (Catherine, 64)

"You didn't tell anybody about it. Everybody had tick, but nobody talked about it. It really wasn't something you discussed really. It was embarrassing to be in debt […] Debt, what did that say about you? It would mean you were morally failing in some way if you got into debt. Yeah, they would've taken a very dim view of that. So yeah, nobody talked about it, but everybody had debt […] I don't think people think the same way about debt as they used to, not at all. I don't think people are ashamed of it, in fact, quite the opposite. I think people laugh about it don't they" (Elaine, 50)

"It's very, very acceptable that I don't think there's any shame attached to it now. I know people who'll freely admit that they're in debt. Whereas I don't think I could. I just don't think… I'd be mortified. I wouldn't sleep. That's how I'd be" (Polly, 51)

Many of the participants from Group One framed their own approach to credit and debt in relation to people they knew, or knew of, who had significantly greater debts than themselves. In this way, they positioned their own behaviour to credit and debt as 'normal' in opposition to what were seen as less prudent 'others'. Laura explicitly displayed such an approach to self-framing, when she declared:

> "So the fact that we've got two grand on it [a credit card], if somebody else we know has got ten, that makes me feel more comfortable, or if somebody else is constantly using their credit card, then that makes me feel more comfortable that we're probably being more sensible than them, but you know, we're not against the norm, if all my friends were like, 'oh I never use a credit card and we're never in debt', or you know just people you work with in just your general environment, I think if they were like that I'd probably be more cautious to do it".

'Comfort' in the knowledge that others were worse off than themselves therefore reinforced and validated the behaviours of some participants to a certain extent. As such, within the context of a normalized pattern of behaviour, participants were not prone to "guilt", "shame" or "embarrassment", and were therefore more open about issues related to debt. Emphasising what he feels is a social acceptance of debt, Dan proclaimed:

> "I think people are much more open and it's much more accepted. There's very… certainly for people in my generation, there is no social stigma about in terms of being in debt. When I speak with my friends, it's just common knowledge that we're all in debt, we all have a lot of debt, and we're all going to be paying it off until we're middle-aged. But like I said, with my parents and my grandparents, they were never in debt and if they were in debt they didn't talk about it, so, whereas I will talk quite freely with my friends about debt. It's kind of like attitudes to marriage and sex and things like that, it's quite acceptable now to talk about those things quite openly and loudly, but like, it wouldn't have been twenty, thirty years ago. So, yeah, I do think that's a good thing, I think it's a good

thing, people are just sort of… things are more transparent, you know, people are all in the same boat".

The absence of what Dan refers to as a "social stigma" suggests that a moral transformation of sorts has taken place. Without the sanction of social approbation, the perceptions and understandings of younger generations normalize behaviours to credit and debt, albeit within certain limitations of what is deemed acceptable or unacceptable behaviour, particularly in relation to 'problem debt'.

6.4 Conclusion

The findings from these analyses are intended to address the second research question: *how have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings?* While the three sub-questions that informed the analyses were useful analytical tools, the interconnectedness of the narrative form made it impractical to attempt to answer each question independently. When participants alluded to subject positions, categories of credit and debt, or meanings and behaviours, each featured in relation to the others as part of a narrative whole that was more than the sum of its parts.

Within their narratives, the different subject positions assumed by participants, whether they were 'homeowners', 'investors' (both in property and education), or 'responsible borrowers', were tied to different categories of credit and debt with their own distinct cultural meanings. Often adopting multiple subject positions within their individual narratives permitted participants to treat the different categories of debt in distinctive and sometimes contradictory ways. In this context, participants sought to reduce the moral complications and contradictions of credit and debt in accordance with the degree to which such practices were considered 'acceptable'. Increasingly though, the acceptance of personal debt was not necessarily determined by a specific category or a set amount that once exceeded would become 'unacceptable'. Rather, it was the degree to which participants felt in control of their respective debts that defined

their acceptance. When participants' felt they had lost control, debt seemingly became a 'moral issue' once more. The awareness that out of control debts would incur 'bad' or 'negative' consequences reinforced 'responsible' behaviours that were deemed 'normal'. Such reinforcement was further underpinned by participants' perceptions of individualised credit ratings as a determining measure of approval for their behaviours.

One of the most significant aspects that were revealed throughout participants' narratives was the increasing prevalence and greater availability of credit and debt in society. Equally, there was evidence of a corresponding cultural shift in attitudes that was manifest in the greater acceptance of credit and debt exhibited by participants in the way they interacted with it. For participants from Group One, the widespread availability and pervasiveness of credit and debt was an inherent feature of their lives from an early age. In contrast, Group Two participants displayed a more acute awareness of the changes in attitudes, having grown up and lived through periods when credit was scarce and debt was viewed with suspicion. From this point of view, the shift in attitudes and behaviour towards credit and debt was perceived as a 'moral transformation'. However, to the extent that there was such a transformation, the shift was not simply a matter of moving from cultural rejection to cultural acceptance.

What were equally significant to the cultural and moral transformations of the two groups were the changes in material conditions that participants from each group experienced. While the increasing availability of credit provided easier and more numerous inroads into debt, participants from Group One were also confronted with specific structural demands in contrast to Group Two participants. For example, the changes to higher education funding arrangements meant that Group One participants who went to university were unavoidably compelled to shoulder a considerable long-term debt. The perceived necessity of attending university to improve their employment prospects required those participants to accommodate indebtedness into their future life course. Furthermore, transformations in the housing market also posed distinct challenges for Group One participants.

Although participants from Group Two faced challenges of their own to become homeowners, their experiences led them to characterise homeownership in terms of 'security', both emotionally and financially. While the aspiration of homeownership remained strong for participants from Group One in general, the high levels of contemporary house prices meant that buying a home placed people in a precarious financial position, or even prohibited those aspiring to own from entering the housing market altogether, thereby invalidating any sense of security in homeownership. Such material transformations are therefore fundamentally bound up with the cultural changes and intersubjective meanings that have shaped individual and collective experiences of personal credit and debt for participants from both groups.

Chapter 7 Conclusion: Putting Debt in its Place?

Over the course of this thesis, the primary concern has been to investigate the widespread and normalized phenomenon of personal indebtedness in the UK. In the wake of the 2007/8 financial crises, widespread individualised debt was implicated as both a cause and catalyst of the collapse of financial and banking institutions around the world (Foster and Magdoff 2007). Since then, it has maintained a near-constant, though sometimes implicit, presence in national debates as both a *personal trouble*, as individuals struggle under the present UK government's austerity policies, and a *public issue*, as it relates to the structural integrity of the economy as a whole.

While the contemporary relevance of personal debt is obvious, the growth of indebtedness over the last 30 years indicates longer-term processes of cultural, political and economic transformation. As such, this investigation adopted a cultural political economy (CPE) approach in order to examine the development of personal debt as an outcome of the material-discursive production of meaning. The CPE concept of the 'economic imaginary' provided an analytical entry point through which to study the discursive frameworks that are essential for "interpreting events, legitimizing actions and […] representing social phenomena" (Jessop 2004: 164).

Following on from the CPE approach, the thesis began with two distinct, but interrelated research questions:

1. How has personal debt been framed through the promotion and dissemination of particular policy and public discourses?; and
2. How have attitudes and behaviours towards personal debt been transformed as everyday cultural practices and understandings?

The first question involved analyses of policy documents and political rhetoric from three periods within the historical development of material-discursive constructions of personal debt. Characterised as 'official discourses', the findings from these analyses are discussed in more detail in Chapter Five. The second question involved the selection of an intergenerational sample of two distinct age groups who participated in biographical narrative interviews focusing on their experiences of personal credit and debt. The analyses of these narratives are presented in Chapter Six. Drawing from the findings of these two distinct questions, the results will be synthesised within a CPE framework to relate the analogous development of intersubjective meanings of personal debt at both policy level and a local level. Following on, a brief discussion will summarise the main features of the normalization of debt and will conclude with a typology of personal debt behaviours and attitudes.

A Cultural Political Economy of Personal Debt

The first set of material-discursive constructions we examined was drawn from the Crowther Report in 1971. The Report itself was published at the height of economic demand management in the UK. In this historical context, consumer credit was subject to episodic restrictions due to its perceived impact on inflationary pressures and recurrent balance of payments crises. Furthermore, the consumer credit industry was still relatively undeveloped at this time. As such, hire purchase and other forms of instalment credit continued to make up the bulk of total consumer credit purchases, despite the growing presence of mainstream banking institutions following their entry into the market from the late-1950s.

The narrative accounts of participants who recalled the period in question reflected on the difficulties they had in obtaining credit (see Section 6.3.2). While legislative constraints and a lack of available options inevitably played a role in restricting access to credit, strict lending standards also meant the exclusion of those in insecure work or with insufficient income, especially women. These standards were on occasion a source of resentment, particularly

in relation to mortgage lending, where prospective borrowers were subjected to a formal interview with their bank manager to ascertain not only their means, but their character also. Even when consumer credit was accessed, it was usually approached with a degree of caution, with large credit purchases calculated and set within a tightly controlled household budget plan. This often meant that purchases, including important household appliances, would be put on hold if it were not deemed prudent to take on the obligation. Such judicious behaviour corresponded with culturally ingrained moral dispositions towards 'debt' as a source of 'guilt', 'shame' and 'embarrassment' (see Section 6.3.4). As such, the lack of available credit, far from being lamented, was experienced equally within working-class communities and was therefore accepted as part of the 'general culture'.

While the Crowther Report (1971) was principally commissioned as a legislative review, it also served as critique of the prevailing government economic policies that sought to control the demand for consumer credit. Refuting the arguments against consumer credit as a source of economic instability, the Report in fact attributed government intervention as a threat to stability with its distorting influence on market competition (Committee on Consumer Credit 1971: 357). Consequently, the Report emphasised the benefits of credit for rationally acting 'consumers' who should not have their freedom to access it hindered by government interference. The Report therefore recommended the improvement of market competition in the consumer credit industry in order to promote 'efficiency, experimentation and innovation' to provide consumers with greater choice ('the Elysian condition' – see Section 5.1.6).

From a CPE perspective, the Crowther Report represented just one of the many sites through which a prospective 'economic imaginary' incorporating consumer credit was being promoted. Throughout the 1960s, a number of high-profile think tanks (most notably the Institute of Economic Affairs) pursued a consistent and sustained campaign to forge a new economic order in the UK, although it was not until the 1970s that these arguments took on a more

popular resonance. Critiquing existing demand management policies, these think tanks argued for an end to government intervention and the establishment of a liberalized banking system that would ensure the freedom of the 'sovereign consumer' (Payne 2012: 56). Explaining the historical development of neoliberal ideas, Harvey (2005: 40) describes how:

> "the organization of think-tanks (with corporate backing and funding), the capture of certain segments of the media, and the conversion of many intellectuals to neoliberal ways of thinking, created a climate of opinion in support of neoliberalism as the exclusive guarantor of freedom".

The Crowther Report was therefore a continuation of a much broader process in which neoliberal meaning-making was being established as an alternative to the dominant economic ideas of demand management. As part of an evolutionary process, the Crowther Report and its antecedent think tank publications offered discursive *variation* to the dominant economic and social discourses of the 1960s. These discursive framing efforts reached their zenith in 1971 with the government white paper, *Competition and Credit Control*, which can be considered the point of discursive *selection*.

The white paper led to the abandonment of all forms of direct control over both bank lending and instalment credit. As a result, economic growth accelerated in the UK between 1971 and 1973, boosting consumer demand in what became known as the 'Barber boom'. However, a rapid surge in inflation accompanied the boom, which was further compounded by the 1973 oil crisis, and meant controls were reintroduced in 1974. The return to demand management was prompted by the unanticipated *extra-discursive* effects that were manifest with rising inflation during the early-1970s (Sum and Jessop 2013: 156). Consequently, despite its *selection*, the economic imaginary of asserting sovereign consumers within free and unregulated credit markets fell short of full discursive *retention* owing to the emergent constraints posed by rising inflation and macroeconomic instability. Nevertheless, the recommendations of the Crowther Report duly became the basis of the 1974 Consumer Credit Act, which would go on to underpin the prodigious development of the consumer credit industry over the next 30 years. While the Crowther Report's coordinated

discursive constructions of establishing a free market for consumer credit ultimately failed, at least initially, its discursive legacy remains significant, as Borrie (1986) observed: "[the Crowther Report] gave credit a seal of respectability and endorsed the notion that all should be free to obtain credit".

The economic crisis of the 1970s that brought a prolonged and seemingly intractable period of stagflation to the UK economy provided the *pre-discursive* conditions for the incoming Conservative government in 1979 to frame the crisis as the outcome of "an overextended, overloaded and ungovernable state" (Hay 1996: 255). Although they foregrounded the 'insidious evil' of inflation as their number one priority, the Conservatives attributed the causes to government spending and borrowing, and the role of trade unions in seeking wage increases for their members. This marked a point of departure from previous governments who had sought to address inflationary pressures by reducing consumer demand through direct credit controls. The Conservatives not only rejected these premises, but actually reversed government policy by abandoning credit controls altogether as part of a much broader programme of financial market deregulation and liberalization. The problem of inflation was henceforth to be tackled through the setting of interest rates, which would ostensibly impact on all forms of credit equally.

As part of their narrative of the crisis, the Conservatives posited 'overbearing state regulation' as contributing to people feeling 'helpless' and 'lacking in confidence'. Their solution to this malaise was to reassert 'individual freedom' through the promotion of homeownership (see Section 5.2.2). The invocation of people as 'homeowners' and 'investors' was directly associated with the politically desirable virtues of 'independence', 'personally responsibility' and 'self-reliance'. These virtues were drawn explicitly in contrast to council housing tenants who were considered 'dependent' and 'trapped'. To further their ambitions of creating a 'property-owning democracy', the Conservatives gave council tenants the 'right-to-buy' the properties they rented at discounted rates. Furthermore, along with the increased accessibility to mortgage lending following the deregulation of banks and building societies, these measures

resulted in a surge in the rates of owner-occupancy throughout the 1980s. Consequently, debt secured on property increased exponentially, as more and more people took out mortgages to finance their house purchases. As Sayer (2014: 59) put it: "politicians may have spun the idea of 'nation of owners', but 'a nation of borrowers would be more apt".

The promotion of homeownership did however seem to contradict the Conservatives primary aim of tackling inflation. Interest rates had remained relatively high throughout the 1980s, which at least on the surface discouraged consumer borrowing that did not conform to the traditional virtues of 'enterprise, industriousness and thrift', as espoused by the Prime Minister, Margaret Thatcher. However, the growth of homeownership and mortgage borrowing continued unabated due to the policy of mortgage-interest relief that offered homeowners a degree of protection from interest rate rises. As such, by 1988, the boom in the UK housing market saw house prices increase to unprecedented levels in spite of the relatively high level of interest rates.

The Conservatives discursive constructions around debt-financed homeownership share significant continuities with the Crowther Report's discursive construction of consumer credit. In both cases, the overwhelming theme is concerned with asserting the freedom of individuals to participate in ostensibly deregulated, free markets without the constraints of government interference. However, although macroeconomic concerns about inflationary pressures ultimately contributed to the Crowther Report's lack of discursive *retention* at the time, there was also an element of cultural and moral resistance to consumer debt, especially in the early-1970s. In contrast, the promotion of homeownership in the 1980s deliberately tapped into a more deeply entrenched cultural aspiration of owning a home.

Corresponding with the Conservatives rhetorical line associating homeownership with a distinct national identity (see Section 5.2.2), participants from both of the groups interviewed pointed towards a particularly 'British aspiration' of homeownership in their narratives, as illustrated in the oft-

repeated adage of 'an Englishman's home is his castle'. While such references indicated a more emotional level of 'security' tied to the notion of homeownership, Group Two participants also pointed to financial security as a significant aspect of owning. The mutual reinforcement of emotional and financial security meant the Conservatives appeals to individuals as 'homeowners' and 'investors' satisfied both forms, thus striking a resonant chord with the general public. This was especially so in the context of a growing housing market where some homeowners could make capital gains from rising property prices.

The discursive constructions around homeownership were strengthened by these *extra-discursive* elements, as well as policies that 're-regulated' government provision to stimulate market activity and ensure continuing house price appreciation (see Section 2.2). Such provisions included the sale of council houses at discounted rates and a commitment to providing mortgage-interest relief. So, while the growth of mortgage-financed homeownership brought more and more people into the circuits of financialised debt, the favourable economic conditions they encountered contributed to an overall sense of security in which they saw themselves as 'investors'. The appeal of homeownership was therefore the outcome of a more coherent economic imaginary that on one level appealed to people culturally and subjectively, and on another level was supported through their positive financial experiences of the housing market at the time.

The strength of this appeal proved to be enduring following the economic crisis and subsequent collapse of the housing market at the end of the 1980s. The government's decision to raise interest rates to tackle the spike in inflation that accompanied the 'Lawson boom' plunged millions of homeowners into financial peril as their properties fell into negative equity, leading to record levels of mortgage arrears and repossessions. But, rather than undermining the concept of homeownership and the broader economic imaginary it was constituent of, these events, tumultuous as they were, only served as a temporary aberration in the material-discursive framing of mortgage-financed homeownership. The

cause of the crisis was attributed to an underestimation of the impact that rising house prices had on perceptions of personal wealth, which in turn transferred over into increased consumer spending power and, as a consequence, inflation. So, instead of questioning the foundations upon which increased rates of mortgage-financed homeownership and surging property prices were contributing to economic growth figures, the responsibility lay with individuals in the sense that they were getting freedom 'wrong'. As such, material-discursive constructions of mortgage-financed homeownership as a source of emotional and financial security continued unchallenged well into the next century.

The final set of textual sources examined was drawn from New Labour's Taskforce on Tackling Overindebtedness. By the time New Labour were elected to power in 1997, the recession of the 1990s had largely subsided, with a return to growth in both the housing market and the economy in general. Their approach to economic policy-making was characterised as a continuation of the 'deregulatory' and free market approach of the preceding Conservative governments. As such, the economic imaginary from this period was also an extension of earlier discursive constructions of personal credit and debt. However, whereas previous framing efforts had been constrained to a certain extent by macroeconomic instability, the *pre-discursive* conditions into which the Taskforce on Tackling Overindebtedness was established were relatively stable.

Revelling in the 'sound fundamentals' of low inflation, low interest rates and low unemployment, the Taskforce reports were content to dismiss concerns about rising overall levels of household indebtedness in the UK. While homeownership and mortgage-debt did not feature within the Taskforce's official remit, they were of the utmost importance for justifying the claim that: "households are in a strong position to borrow" (DTI 2003: 11). Although the ratio of personal borrowing to personal income had reached 'historically high levels', the Taskforce were at pains to point out that the ratio of household debt to 'household wealth' was, in comparison, relatively stable. However, rising

levels of 'household wealth' were in fact an outcome of the housing market growth that had inflated property prices to record levels, which in turn was an outcome of increased mortgage borrowing. The discursive construction of the sustainability of household indebtedness during this period therefore relied on the argument of a self-perpetuating cycle through which increased mortgage-borrowing boosted house prices, which, as a result, justified more borrowing.

In such a way, the Taskforce reflected an economic model of financial behaviour indicative of the 'life-cycle hypothesis of household finances' (see Section 2.1.4). The implication being that households borrow in order to invest in financial assets, particularly property, that ultimately appreciate over time. They are then expected to use other forms of consumer credit to smooth their consumption patterns over the life-cycle until they have accumulated a sufficient enough asset base on which they may draw on once they retire. The life-cycle perspective represents an implicit, but consistent feature of each of the discursive constructions that were examined; at once reproducible in each distinct context, whilst also coordinating policy action over an extended duration of time. On the one hand, Conservative political rhetoric invoked individuals as 'homeowners', the 'investors' in financial assets. On the other hand, the Taskforce, like the Crowther Report before it, invoked individuals as 'consumers', the rationally acting end users of consumer credit who utilise it to smooth consumption patterns. Again, similar to the other discursive constructions, the Taskforce's recommendations were for more open, more transparent and more competitive markets to maximise consumer freedom and choice. Here, the benefits and advantages to 'investors' and 'consumers', as debtors, were of the foremost concern within these economic imaginaries. However, the benefits to their creditors were seldom foregrounded, if mentioned at all (Soederberg 2014: 84). As an inherent characteristic of the creditor-debtor relationship, the proliferation of interest-bearing loans represents a regressive transfer of wealth, from those who are asset-poor to those who are already asset-rich (Pettifor 2006: 137).

Another significant feature of each of the imaginaries was the presence of the 'other' in relation to the subject positions being advanced. The 'other' could relate to those persons whose behaviours did not fall into the imaginary's frame of reference. So, with regards to consumer credit, those who did not conform to the normative ideal of 'rational consumers' represented the 'other', either as the 'woefully ignorant' in the case of the Crowther Report, or the 'overindebted' with 'limited understanding of financial matters' as they were problematized in the Taskforce reports. The proposed solution in both these cases is recourse to corrective measures, such as greater access to information, consumer education and financial literacy programmes, in order that the 'problematic other' may become the 'rational well-informed consumer'. Equally though, the 'other' plays a constitutive role in advocating the desirability of subject positions. For instance, the Conservatives drive towards a 'property-owning democracy' in the 1980s relied on the juxtaposition of homeowners, as 'independent', 'responsible' and 'self-reliant', in relation to council tenants, who were by comparison 'dependent' and 'trapped'.

The high levels of personal indebtedness characteristic of contemporary society represent a certain level of vulnerability for individuals and households alike. This is especially so in times of uncertainty, wherein sudden and unexpected changes in individual circumstances may be triggered by external shocks. The final report of the Taskforce on Tackling Overindebtedness highlights a case in point. Published in 2007 when the global financial crisis was first emerging, the Taskforce had no alternative but to abandon their self-assuredness about the continuation of macroeconomic stability based on 'sound fundamentals'. In the same way that the economic imaginaries of the 1970s and 1980s had been undermined by emergent *extra-discursive* conditions, the Taskforce's claims about sustainable household debt levels relative to rising household wealth were seriously called into question with the increased likelihood of potential threats to the UK housing market.

The impact of these threats, as it turned out, were not as pronounced as the housing market crash that followed the boom of the late-1980s. Nevertheless,

the continuation of high property prices relative to personal income, along with the tighter restrictions in mortgage lending, combined to make it harder for first-time buyers to enter the housing market. As such, Group One participants who were aspiring to own their own home emphasised the difficulties they faced in getting on the property ladder and their bleak prospects of owning in the future. Furthermore, other participants from Group One rejected the notion of homeownership outright (see Section 6.2.2), indicating a severe dislocation between the emotional and financial security that previous generations had attached to homeownership. Without the legitimacy and security of mortgage-financed homeownership based on capital gains and rising household wealth, the economic imaginary of sustainable high levels of personal indebtedness is likely to become increasingly problematic as more and more people find themselves on the outside looking in.

The Normalization of Debt

The CPE approach has highlighted some of the ways in which personal debt has been interpreted and represented in particular policy and public discourses. But rather than revealing processes of normalization as such, the economic imaginaries from each period are remarkably consistent with each other in regard to their constructions of debt as an object of intervention and the expectations of debtors' behaviours in relation to it. From the 1971 Crowther Report onwards, political and policy discourses of personal debt were to one degree or other predicated upon the ideal of mobilizing rationally acting individuals within competitive and unrestricted credit markets. In this way, it was imagined that individuals, whether as users of consumer credit or as 'self-reliant' homeowners, would have the freedom and independence to fulfil their own welfare requirements. The most significant variations displayed in the economic imaginaries related to the changing macroeconomic conditions of each period and the degree to which they facilitated or hindered the resonance of such ideals. Therefore, broader understanding of the processes of normalization requires an examination of the ways in which intersubjective

meanings and everyday cultural practices of credit and debt have transformed at a local level.

The biographical narrative interviews with the two intergenerational groups (see Chapter Six) revealed differences and continuities in the experiences of participants, both between and within the groups. What they point to is not only a cultural transformation in attitudes to debt, but a moral one as well. The experiences of participants were conditioned upon the types of debts being discussed, the age and stage participants encountered them, and the varying forms of inducement that influenced their engagement with those debts. For example, the issue of student debt was highly relevant for Group One participants, who, unlike their counterparts in Group Two, were compelled to take out student loans. The extent to which Group One participants accepted student debt as 'normal' therefore depended on it being a necessary prerequisite for attending university, contrary to Group Two participants, for whom higher education was predicated on a debt-free experience.

In contrast to student debt, the issue of mortgage-debt significantly affected both groups, although not necessarily in equal measure. The aspiration to own a home was considered to be particular to British society. This expectation was strengthened if participants came from families who were homeowners, or, in the case of some Group One participants, where families overtly reinforced the ideal of homeownership by providing financial support specifically for them to enter the housing market. In the sense that homeownership was a culturally entrenched expectation for participants, taking on long-term and substantial mortgage-debt to fulfil that expectation was generally accepted as a necessary prerequisite to membership in the wider cultural community.

For participants from Group Two, these cultural expectations were further reinforced by positive financial experiences as their property values appreciated considerably within the context of a booming housing market. The paradox of high and rising property values is that, despite the financial incentives, it becomes increasingly expensive and even unaffordable for first

time buyers, such as the participants from Group One, to enter the market. Prior to the 2007/8 financial crises, Group One participants who bought at the height of the housing market boom were facilitated by the comparatively relaxed borrowing criteria of mortgage-lenders. Following the crises though, property values either stagnated or fell, resulting in negative equity for some newly mortgaged and over-leveraged homeowners, while the banks tightened their borrowing criteria, making it even harder for first time buyers to access mortgage-finance. Nevertheless, even with declining financial incentives, the overriding cultural expectation of mortgage-financed homeownership continues to persist, even those for whom it is an unrealisable and unaffordable aspiration, although there was evidence to suggest a rejection of the homeowner ideal by some participants (see *the mortgage sceptic* ideal-type below).

Similar to mortgage-debt, all of the participants had some experience of consumer credit to one degree or another. Within their narratives, participants reported the pervasiveness of credit and debt in contemporary society; acknowledging the ease of access, the aggressive marketing of credit and even unsolicited credit extensions by lenders. Furthermore, the perception that debt is omnipresent is further compounded by technological innovations that have resulted in the increasing prevalence of cashless transactions and surveillance techniques through which borrowers regulate their behaviours in response to individualised credit ratings (see Section 6.3.4).

In the case of Group One participants, the seemingly ever-present exposure to credit is something they experience as soon as they reach adulthood, like when student bank accounts provide a gateway for introducing young adults to a range of credit products (see Section 6.1.2). Because of this exposure, young people are faced with an array of different credit and debt situations and relations at an early stage of their lives, which they must adapt to or suffer adverse consequences. This is in stark contrast to the experiences of Group Two participants who grew up and reached adulthood when credit was difficult to obtain and there was still a moral stigma attached to debt. These formative

experiences have remained influential to Group Two participants, informing a cautious approach to their use of credit in contemporary society.

With the benefit of hindsight, some of the participants from Group Two pointed to a loss of moral restraint in contemporary attitudes towards debt. As such, the moral dispositions associated with debt in the past, such as 'guilt', 'shame' and 'embarrassment', had largely disappeared or had been significantly reduced (see Section 6.3.4). To the extent that such moral considerations persisted for participants, it was usually in relation to what was seen as 'problem debt', which was therefore treated as a reference point for what they considered their own 'normal' behaviour. Nevertheless, within their narratives, participants from both groups appeared to exhibit a degree of conflict, or 'dissonance' (Etzioni 1988: 72), between their uses of credit and debt and more implicit moral commitments they may have felt. While there was little explicit reference to the morality of debt, participants frequently sought to differentiate credit and debt into distinct categories, each with specific intersubjective meanings attached. Through this process, they were able to reduce the moral contradictions and complications of their own credit use by distinguishing it from what they considered to be 'real debt'. As such, the attempts to reduce dissonance demonstrates the needs of participants' to actively accommodate their debt practices with their observed moral commitments, suggesting a more nuanced shift in moral attitudes rather than simply an absence.

To illustrate the degree to which debt is normalized, eight ideal-types have been developed from the narrative accounts of participants. These ideal-types demonstrate the particular calculative practices participants employ to negotiate their cultural and moral encounters with credit and debt. By establishing a typology, the research follows on from previous studies of personal debt that have utilised the approach. For example, Salter (2014), in a report for the political think tank Demos, proposed a typology based on the impact and social harms different debts have on the lives of borrowers. Using various quantitative indicators of debt characteristics and the characteristics of people in debt, Salter produced a 'harm index' of different debts with the aim of

determining “how a certain person will react to their debt situation, or how they can best be helped” (Salter 2014: 16). A further example of this typological approach was developed by Harrison et al (2015) in a study of UK undergraduates’ attitudes to student debt. Their six-point typology focused solely on the characteristics of student debtors, ranging from ‘debt-positive’ to ‘debt-anxious’ in relation to student debts.

Both of these examples, although limited in their respective parameters, demonstrate approaches that offer a more holistic understanding of debts and debtors than those focused on merely legalistic or financial characteristics. Following this lead, the typology below proposes eight ideal-types to represent each participant age group in relation to each category of debt. Student debt, however, is a notable exception, wherein Group Two is only represented as a contextual counterpoint having not been liable for tuition fees when attending university. Participants may well overlap across and between the types as a reflection of the diversity of experience and multiple roles adopted within individual narratives. Furthermore, multiple ideal-types have been developed to represent Group One participants in both mortgage-debt and consumer credit categories to acknowledge particular in-group differences.

Student debt

The leveraged student ideal-type refers to participants from Group One who had taken out student loans to fund their higher education. Whereas they are interpellated as investors in education, they do not engage in a rational calculation of costs versus benefits; although there is an implied expectation that a university qualification will result in greater employment opportunities in the future. *Leveraged students* resolve the dissonance produced by the imposition of substantial debts for their education by discounting it as not a ‘real debt’. The conditionality of repaying student loans only after reaching a certain income threshold facilitates this resolution by deferring repayment into an unknown future. Even when the income threshold is reached, the repayments are considered ‘an additional tax’. Therefore, the lack of immediacy

and the absence of bad consequences for non-payment contribute to the unreality of the debt when it is initially incurred. In contrast, Group Two participants, who were not liable for tuition fees, are more likely to view the loss of free higher education in the context of 'abandonment' (Montgomerie 2011).

Mortgage debt

The leveraged investor ideal-type refers to Group Two participants who are at an advanced stage in the life-cycle and for whom homeownership is a source of both financial and emotional security. They are likely to view homeownership as a good investment having profited from rising house prices, which reinforced their sense of financial security. Such security is contrasted sharply with the alternative of renting, which is considered insecure and 'dead money'. While they are interpellated as 'investors', it is not their primary motive. They are first and foremost likely to view homeownership as a source of independence and security for their family. Nevertheless, with the positive experience of making capital gains on their property, a mortgage is not considered a 'debt' for the *leveraged investor*, as much as it is an investment for the future.

The precarious leveraged investor ideal-type refers to Group One homeowners who mortgage-financed their house purchase prior to the financial crash of 2007/8 when house prices were at their peak. While they would have been given intergenerational financial support to afford their mortgage in the first place, the fall (or stagnation) in the housing market has meant they have fallen into negative equity on their property since. As such, they do not view homeownership in terms of security, either financial or emotional. Despite their adverse investment outcomes, they are still interpellated as 'investors', viewing their properties as a future investment, possibly even an alternative to a pension. *Precarious leveraged investors* tend to view mortgage-finance as a 'debt', but with their expectations of homeownership, they see it as 'a normal process of debt', or as a means to an end, in spite of their precarious financial position.

The aspirant leveraged investor ideal-type refers to participants from Group One who do not own property, but aspire to be homeowners. In many respects, they share the same expectations and perceptions of homeownership as *precarious leveraged investors*, even up to point of being interpellated as 'investors'. However, they are unable to fulfil such a role due to significant financial limitations that prohibit them from entering the housing market. With the expense of renting, *aspirant leveraged investors* cannot afford to save for a deposit, do not have access to intergenerational financial resources to assist them and face the reluctance of banks to lend to them in the current climate. These constraints are further compounded by comparatively high house prices. Notwithstanding these considerable financial barriers, they still hold aspirations to become homeowners and investors in the future.

In sharp contrast to the various incarnations of the leveraged investor, *the mortgage sceptic* ideal-type refers to participants from Group One who rejected the concept of homeownership. Not only do they view mortgage-finance as a debt, they see it as a form of long-term indebtedness, resulting in 'debt-bondage' that constrains their freedom and takes away their independence, thereby directly contradicting the political rhetoric justifying mortgage-financed homeownership (see Section 5.2.2). *Mortgage sceptics* are still subjected to the same external pressures and societal expectations of homeownership, and are therefore interpellated as 'investors'. However, because they do not view homeownership in terms of security, seeing it as a 'risky investment' in light of job insecurities and contemporary housing market instabilities, they reject the role of investor outright. Even though renting is considered expensive, they feel it is secure and allows them the freedom to pursue other life priorities, such as travelling.

Consumer credit

The disciplined consumer of credit ideal-type refers to Group Two participants whose use of consumer credit is characterised by their disciplined and cautious approach. They are likely to have grown up in times when there was a stigma

attached to debt and reached adulthood when it was still difficult to obtain credit in any form. As such, they are highly attuned and largely sceptical of the downside of debt, but still use credit to their advantage where it saves them money and are disciplined enough to pay off the full balance of their credit card monthly so as not to incur charges. *Disciplined consumers* are likely to view the growth of cashless transactions as a challenge to prudent behaviour and consider there to be a lack of moral values in contemporary attitudes to debt compared to the stigma of the past. Nevertheless, they do not tend to view their consumer credit use as being 'in debt' in the sense that it is not a 'problem debt' (see below), which may indicate an element of dissonance within their own approach to consumer credit.

The confident consumer of credit ideal-type refers to participants from Group One who are confident in their use of consumer credit and comfortable with large outstanding balances. They would have been exposed to freely available credit as soon as they became adults, with those who went to university receiving credit facilities with their student bank account. This early exposure would have meant a steep learning curve in their use of credit and resulted in discipline being learned through experiences, particularly negative ones. *Confident consumers* are not only accepting of cashless transactions without fear of imprudence, but have a preference for them. They are more likely to be aware of and engage with new technologies, such as electronic banking and credit ratings, leading to new calculative practices in having control over their finances and the strategic use of credit to boost their credit history. For *confident consumers*, consumer credit is broadly interpreted as debt, with the exception of their overdraft, which is not considered a 'real debt'. They justify and normalise their own use of credit within the context of their peer groups where having large amounts of debt is considered common. *Confident consumers* feel reassured about their own debts knowing people who have comparable or even worse debts than themselves, especially in relation to *problem debtors* (see below).

Finally, *the problem debtor* ideal-type refers to Group One participants who have experienced significant debt troubles with adverse consequences. Whereas 'problem debt' for Group Two participants would be the outcome of unexpected events, such as illness or unemployment, *the problem debtor* is more likely to have accrued unmanageable debts through the use of consumer credit. With high levels of debt common in contemporary society, it is difficult to determine where 'responsible borrowing' ends and 'problem debt' begins. Choices loaded with moral considerations, such as debt, tend to be 'sticky' in their beginnings and approached with caution. However, they also have a high 'notch-effect', where once a threshold is broken, the moral considerations are diminished to the point where they are difficult to reverse (Etzioni 1988: 76). 'Problem debt', in this sense, does not necessarily refer to a numerical threshold that is exceeded as such, but is marked by the loss of control by the debtor over their finances more generally. Once control is lost, the debtor is likely to suffer internal anguish through fear, stress and worry, as well as external censure in the form of legal proceedings, bankruptcy and adverse consequences on their credit history. More importantly though, *the problem debtor* represents 'the other' that constitutes 'normal' practices of credit and debt in opposition to it. *The problem debtor* therefore provides a counterpoint for what can be considered 'responsible' and 'prudent' borrowing behaviour in contemporary society.

Implications of the Research

The research compiled in this thesis has sought to reconcile existing perspectives on the study of personal debt that have up until this point focused either on the structural components of political economy, or the dispositional changes of cultural transformations (see Chapter Two). With the application of a CPE approach, the research has endeavoured to offer an integrated perspective of the growth of personal indebtedness that reflects the interdependence of both strands. For instance, the concept of the economic imaginary provided an opportunity to identify how neoliberal ideas of 'normative' behaviours of debt based on rational choice within free markets were embedded within policy

formulations prior to the extensive liberalization of credit in the 1980s. On the one hand, this highlighted the consistencies in policy action that were coordinated with later developments relating to credit and debt. On the other hand, it also revealed an overlap between the prevailing economic demand management policies of the 1960s and 1970s, and the attempts to challenge them through the embedding of neoliberalism at a policy level. To this extent, the research extends upon and is consistent with perspectives of 're-regulation' that explore how neoliberal system maintenance facilitates the process of neoliberalization (Harvey 2005), particularly in relation to 'privatised Keynesianism' (Crouch 2009; 2011) and the 'politics of abandonment' (Montgomerie 2009b; 2011; 2013). Furthermore, by pursuing an integrated approach, the research also offers insights into how individuals have negotiated neoliberalization and the widespread social changes it has brought about at a local level.

To this end, the research attempted to address van Heur's (2010b: 455) charge that the CPE approach lacked 'empirical specificity'. Therefore, in order to bring an empirical edge to the CPE approach, the concept of 'interpellations' (Law 2000) was employed as a methodological innovation to take into account the analogous development of intersubjective meaning at a local level. The economic imaginaries derived from the selected texts were predominantly 'state-centric' (van Heur 2010a: 439). Nevertheless, in comparison to the everyday imaginaries of credit and debt practices narrated by the participants, there was very little correlation between the two levels as multiple, and often 'fuzzy', interpellations and subject positions were present within individual narratives. Even where the everyday imaginaries did overlap, they bore only a partial resonance with the dominant narratives. As such, future CPE studies should be wary of taking the production of discourses by dominant institutional actors and organizations for granted as 'resonant' at the local level.

From a methodological perspective, the aim of the research was to recruit participants for whom debt was to one degree or another 'normalized'. This marks a point of departure from other empirical studies that focus solely on

extreme cases of debt use, wherein debtors are 'problematized' as being in some way divergent from a particular normative and unproblematic type of debtor. The objective of using two contrasting intergenerational participant groups was intended to contribute to an understanding of contemporary attitudes to debt as the outcome of processes of normalization.

Participants actively sought to differentiate their own debts from an undefined category of 'real debt', which suggested that debt was not understood as a homogeneous category at a local level, as in a legal or financial sense. The differences between the two age groups depended to some extent on the respective 'age and stage' of the participants and the ways in which their attitudes to debt had been conditioned throughout their lives. For instance, Group Two participants tended to view tuition fees and the imposition of student debt as a loss of free education. However, the necessity of higher education for Group One participants meant they did not view it as a 'real debt', thereby dismissing it as an immediate concern and reducing the moral considerations of significant and long-term indebtedness. While Montgomerie (2011: 4) interpreted the loss of social provisions, including higher education, as part of a wider 'politics of abandonment', the modes of calculation employed by Group One participants suggest they do not feel 'abandoned', but have normalized student debt because, for them, it is necessary. This ultimately has implications for governments who are engaged in programmes of replacing social provision with debt provision.

The typology of debt users (see above) is intended to offer a holistic view of debtors, taking into consideration their respective age and stage, the conditions in which they have encountered debt and the modes of calculation they employ to negotiate it. While the ideal-types developed from this research are far from comprehensive, they do offer a more nuanced perspective compared to the ideal-types previously established from the perspective of governmentalities of debt (Langley 2008a). For example, the governmentality approach to the 'leveraged-investor' subject is homogeneous in terms of owner-occupiers who are engaged in asset speculation and consider the aspiration of homeownership

a ‘moral imperative’ (Langley 2008a: 193). For those who cannot identify with this subject position, if they are not considered the constitutive ‘other’ (e.g. a trapped and dependent renter), then they are an ‘uncertain subject’, whose performance of the subject position is precarious (Langley 2008a: 203). The typology above highlights four distinct ideal-types relating to mortgaged-financed homeownership. It demonstrates how Group Two participants are similar to the governmental ‘leveraged-investor’ in many ways. Likewise, the two ‘leveraged-investor’ types from Group One are comparable to the ‘uncertain subject’. However, the typology postulates another ideal-type from Group One, the ‘mortgage sceptic’, who is far from ‘uncertain’, ‘precarious’ or ‘trapped’. Rather than adhering to the discursive underpinnings of governmental practices, this ideal-type displays significant transformative agency in determining alternative objectives, priorities and aspirations to the ‘leveraged-investor’ subject.

Areas for Further Study

What has been made apparent throughout the course of this research is that the investigation of personal debt in the context of wider political, economic and cultural transformations is an extremely broad area of study. As such, maintaining a consistent research focus presented a challenge within itself. The open-nature and participant-led method of biographical narrative interviewing facilitated insights into a multitude of social experiences and everyday practices at a local level that could not have been anticipated prior to the study. It also highlighted the ways in which people understand ‘debt’ is far from homogeneous. Due to inherent limitations and the focus of the research objectives of this thesis, the findings presented in Chapter Six represent only a selective illustration of the vast array of information participants revealed during their narrative interviews. Likewise, the textual sources that were examined as part of this thesis represented only a small sample of what can be described as some of the ‘key moments’ in establishing discursive constructions of personal debt within a neoliberal paradigm. While personal debt cuts across many disciplinary and policy-related boundaries, its broad appeal and pervasive

nature present plenty of opportunities for further research in this area using a CPE directed study. Examples of potential avenues for further research include:

- A more focused approach to policy-specific discourse, such as student debt, mortgage debt, or 'debtfare' policies (Soederberg 2014);
- A research focus on how discursive constructions at a policy-level have been mediated and disseminated through commercial marketing, the mass media and popular culture (such as money advice experts);
- A genealogy of policy discourses from their emergence as the complex ideas of academics and think tanks through to their selection at a policy-level in abstracted, but widely applicable forms;
- A study of past and present counter-hegemonic discourses that have sought or seek to challenge and promote alternatives to the dominant economic imaginaries of personal debt.

Conclusion

The growth of personal indebtedness in the UK represents the conjuncture of the historical forces of culture and political economy with some of the most basic everyday economic practices and social experiences. Over the past four decades, successive UK governments have actively encouraged and facilitated the growing influence of global financial capitalism within society through the social and economic policies of neoliberalism. Throughout the course of this thesis, it has been highlighted how some of those policies and their contribution to the economic imaginaries that have sought to interpret, legitimize and represent what it means to be in debt. In this way, the official discourse of government policy is intended to effect how we intersubjectively perceive the most fundamental aspects of our lives, past, present and future; whether it is fulfilling ambitions of owning a home, feeling secure as a homeowner, access to higher education, or merely just participating in good old-fashioned consumerism. To such an extent, this investigation into the normalization of debt in the UK contributes to an understanding of the processes of neoliberalization more generally. But beneath the benign neoliberal platitudes of 'democratizing credit' and the 'freedom of the market', people are becoming

increasingly exposed to the risks inherent in the crises of capitalist accumulation, resulting in a greater sense of vulnerability and uncertainty within our everyday lives.

Appendix A: List of Textual Sources

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Appendix B: Participant Profiles

Date	Participant pseudonym	Gender	Age	Education	Occupation	Employm't status	Housing occupancy
Group One ~ 18-35 years old							
10-Apr-12	Matthew	M	30	PG	Safety officer	Unemploy'd	Private rent
04-Nov-12	Jill	F	35	Diploma	Nurse	Full time	Social rent
23-Jan-13	George	M	33	GCSE	Factory worker	Full time	Owner-occ
30-Jan-13	Alice	F	33	HND	Administrator	Full time	Social rent
06-Feb-13	Bob	M	32	GCSE	Factory worker	Full time	Owner-occ
02-Mar-13	Laura	F	31	PG	Accountant	Full time	Owner-occ
13-Mar-13	Emma	F	26	PG	Student	FT educ.	Owner-occ
15-Mar-13	Sophie	F	28	PG	Student	FT educ.	Private rent
14-Apr-13	Dan	M	27	PG	Consultant	Full time	Private rent
26-Apr-13	Christopher	M	20	A Level	Student	FT educ.	Private rent
01-May-13	Rebecca	F	31	Degree	Administrator	Full time	Owner-occ.
08-May-13	Luther	M	27	PG	Teacher	Full time	Private rent
31-May-13	Alfred	M	33	PG	Lecturer	Full time	Private rent
Group Two ~ 50 years old and over							
10-May-12	John	M	60	PG	Welfare adv.	Unemploy'd	Owner-occ.
21-May-12	Fay	F	53	Degree	Teacher	Part time	Owner-occ.
09-Nov-12	Annie	F	62	PG	Researcher	Full time	Owner-occ.
26-Feb-13	Mark	M	72	Degree	Manager	Retired	Owner-occ.
02-Mar-13	Catherine	F	64	Degree	Administrator	Retired	Owner-occ.
06-Mar-13	Elaine	F	50	Degree	Midwife	Full time	Owner-occ.
08-Mar-13	Joanne	F	55	O Level	Welfare adv.	Full time	Owner-occ.
11-Mar-13	Nicola	F	50	Degree	Midwife	Full time	Owner-occ.
11-Mar-13	Angie	F	54	Degree	Midwife	Full time	Owner-occ.
16-Mar-13	Lauren	F	59	O Level	Midwife	PT employed	Owner-occ.
25-Apr-13	Polly	F	51	Degree	Personal Asst.	Full time	Owner-occ.
26-Aug-13	Helen	F	87	O Level	Seamstress	Retired	Owner-occ.

Appendix C: Interview Schedule

Opening Question:

Could you describe in your own words your experiences with debt throughout your life and the circumstances in which you have accessed credit?

- Credit card?
- Bank loan?
- Pay-day loan?
- Student debt?
- Mortgage?
- Overdraft?
- Consumer debt (car finance, hire-purchase, store card, catalogue)?
- What did you use it for?

Follow-up Questions:

What were your parents' attitudes toward money and debt when you were growing up? Did they influence you in any way?

- Saving?
- Pocket money?
- The value of money (i.e. jobs)?
- Other formative influences?
- Their own habits and behaviours?

Who or what would you say influences your attitude and behaviour towards money and debt?

- Family/friends?
- TV/media?
- Formal advice or guidance?
- Past experiences?

What is your attitude towards saving? Do you have any investments?

- Strategies?
- Pensions?
- Future uncertainties?
- ISAs?
- Stocks, shares, or bonds?

Have there been any sudden changes in your financial circumstances over the years that have led you to change your approach to your own finances?

- Change of jobs?
- Unemployment?
- Unforeseen expenses?
- Marriage or children?
- Other financial commitments?

Could you describe any experiences you have had with financial institutions over the years?

- Banks?
- Credit card companies?
- Debt collection agencies?
- Financial advice?
- Advertising?
- Internet banking?

Direct Questions:

- What are your views on homeownership?
- How would you define ‘over-indebtedness’?
- How would you define a ‘manageable debt’?
- How would you describe your ability to manage your finances?
- How do you think your life would be different if you were not able to access credit?
- Have you ever given or taken an informal loan from family, friends or anyone else? Under what circumstances did this take place?
- Have you ever used pay-day loans or any other alternative lenders? If not, do you think there would be any circumstances where you would use such companies?
- In your opinion, do you think attitudes and behaviours to personal debt have changed in general over the years? If so, how?
- In your opinion, how do you think private/personal debt compares to public/government debt?
- Is there anything you would like to add?

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