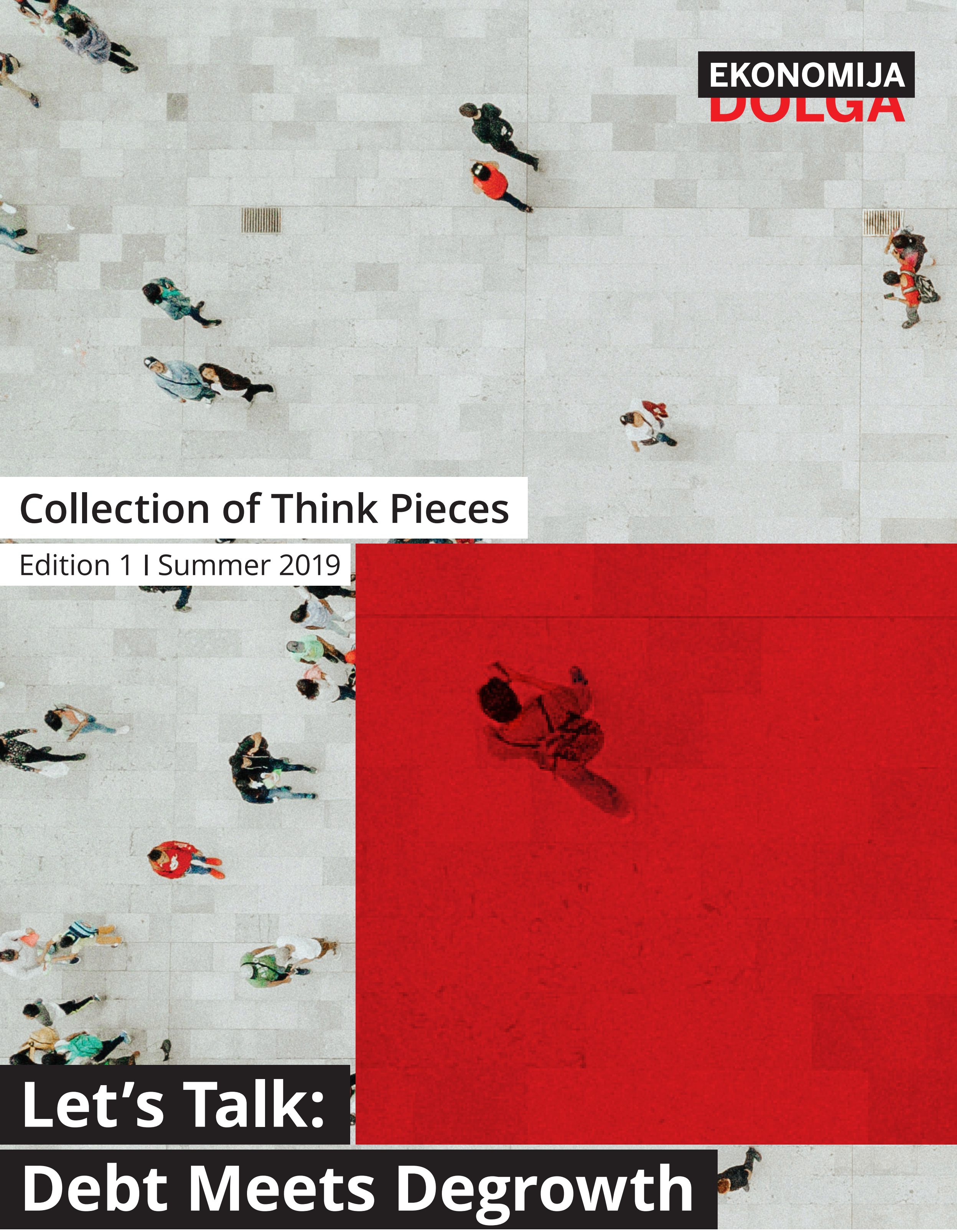

EKONOMIJA DOLGA

Collection of Think Pieces

Edition 1 I Summer 2019

Let's Talk: Debt Meets Degrowth

En Banda

Citizens for Financial Justice

Funded by the European Union

*The collection of Think Pieces was compiled after the international research seminar **Let's Talk: Debt meets Degrowth** organized by EnaBanda this June in Ljubljana. The edition is a selection of writings by guest speakers who addressed one of the three topics – (il)legitimate debt, housing and new politics – in terms of debt and degrowth.*

*The idea of the workshop **Let's Talk: Debt Meets Degrowth** was to bring closer together two interlinked (international) communities, one working on debt and the other on degrowth, that share the same policy agenda, but had not had many opportunities to advance their common strategic debates. Many conferences and debates on debt or degrowth have taken place, but without sufficient communication and collaboration between the two communities. To build on this momentum and bring cooperation to a new, stronger and more creative level, we therefore invited actors from the debt and degrowth movements to come together and talk, share their understanding of ongoing work, exchange their experience in political and social organizing and, most importantly, discuss possibilities for collaboration.*

Collection of Think Pieces
LET'S TALK: DEBT MEETS DEGROWTH
Edition 1, Summer 2019

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The Future Is Now – Think Degrowth

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"A Gramscian treatment of the State as a process, and not as a thing, highlights that the main barrier to adaptation is not the lack of techno-managerial solutions. It is the lack of political struggle around the social reconfiguration of the logic and functions of the State." (D'Alisa and Kallis 2016:230)

Instead of ending poverty and wars, and instead of addressing the multifaceted crises facing humanity at their root causes, the „debt State" is content just to manage them. Not just through surveillance and by policing protests, but also through our indebtedness. The threat of violence — be it in home repossessions, wage decrease or austerity — is needed to maintain the creditor-debtor relation (Roos 2016). Debt keeps the public obedient to those in power and mobilises it to work to pay off debts and taxes. In this environment, practices such as debt cancellation have become a taboo, while non-payment of debts is associated with humiliation and the loss of social rights (Cuttilias and others 2015:185).

The globalisation or deregulation of finance since the 1960s has liberated financial capitalism from democratic oversight and regulation by accountable governments. It has led to the creation of global markets in money, as well as property, trade and labour (Pettifor 2018). Moreover, the design of the current monetary system, in which banks create the majority of new money when they lend, tends to create high levels of private debt (debt of households and businesses) as well as of public debt (Positive Money 2018). However, without the illusion of wealth generated by easy access to credit cards, mortgages, consumer credit and car loans, there would be little left of the middle class these days. A similar false impression of wealth appears at the global scale. The richest economies in the world actually produce very little. Their consumption largely relies on the provisions of international credit and continuous inflow of cheap goods from the Global South (Cuttilias and others 2015).

In order to reverse these unequal power relations at the heart of the debt economy we have to identify what created them in the first place. The debt economy has come into being because governments have come to rely on borrowing from the bondholding class instead of taxing it. In this context, the debt State has to seriously deal with the problem of inequality; progressive tax reform would need to be combined with substantial increases in social spending and other degrowth actions, which would be most effectively enacted through basic and maximum income, free public services, job guarantee and work sharing, shorter working week, public money and similar measures (Hager 2016).

In support of the debt economy, the European Union concerns itself solely with the efficiency of markets and their competitiveness, while its member States blindly trust in the redistribution of wealth through "trickle-down" economics. Their goal remains the same – ultimate economic growth masked as "sustainable", "green" or "inclusive", but growth nonetheless. Even though social and climate-related issues are interlinked, government policies still address them separately, as if they were not born out/of the same system – the free market system whose only end is economic growth accompanied by unrestrained corporate interests and growing power of finance. Such aggressive approach to achieving economic growth at any price has led to social instability and environmental crisis, and ultimately threatens democracy (Conte and others 2018).

Increasing concentration and centralization of the financial system makes all stakeholders in society – countries, businesses and households – increasingly dependent on financial institutions. In the EU, there are around 7000 financial institutions with the EU banking system not only the largest, but also one of the fastest growing in the world. Moreover, USA's top five banks (and all banks are global in their activity) control 47% of all global banking assets, while the top 1% of mutual funds hold 45% of assets (Pettifor 2018). No wonder, then, that these banks are too big to fail.

While the bank size issue has already been pointed out as problematic, the idea for their decentralization and fragmentation has fully lost momentum in political debates, and little has been said about reforms of the banking system. **Massive sums have been used for bank bailouts when in fact they should have been spent to fight ecological collapse, climate change and social inequality. Moreover, very little of this money has reached the productive economy as it was predominantly used to buy up corporate and government bonds** (Steinfort 2019). Consequently, the legacy of the financial crisis is reflected in public rejection and distrust, not only in the financial industry, but, more significantly, in its regulators.

When the majority of new money is pumped into property and financial markets at a greater rate than can be accommodated by increase in supply, house prices rise much faster than incomes (Jackson and Dyson 2013). Moreover, additional bank lending causes the economy to grow and house prices to rise (Positive Money 2018).

Organization of society is currently based on the idea of markets as sole generators of wealth. Therefore, a critical view of GDP challenges the very concept of market economy. That said, replacing the concept of GDP is not a technical, but a political project (D'Alisa, Demaria and Kallis 2015). However, if we are to speak of a new age, the Anthropocene, which requires rethinking of the old practices, this means we should also rethink the political and come up with new political action. The new age may mean the expiry of political polarization between the global and local, left and right (Latour 2018); it may also mean values and principles different from those that we inherited from the French Revolution. It would not be a bad idea to re-examine them. The new era definitely requires new terminology to better understand social relations, as well as a new conceptual framework to advocate for a different society.

One of the mechanisms facilitating civil society participation in the monitoring of public finance is public debt audit. Its political role rests on two basic requirements: transparency and democratic control over the State by the public. Its aim is not only to democratize knowledge and mobilize society in the quest for transparency in relation to the debt process, it is also to strengthen social participation in pursuit of an economic model that is more equitable and respectful of human rights and the environment. For that reason, borrowing should always take into account that people are not to be burdened by debt that does not benefit society (Cutillas and others 2015). It is argued that “from a degrowth perspective, the goal is not how to re-launch growth and pay off debts, but how to distribute fairly the costs of a jubilee adjustment. Citizen-run debt audits are essential for determining which debts are legitimate and which are not (D’Alisa, Demaria and Kallis 2015:14).” The option to pursue a unilateral suspension of payments long featured prominently in the policy toolkit available to heavily indebted countries, especially during times of crisis. The question, then, is why this alternative is no longer being considered in the era of financial capitalism (Roos 2019).

However, to facilitate civic participation in defining the purpose of finance and shaping its rules for its operation and control we should be aware of: the complexity of finance, the absence of transparency and the lack of understanding. **If the public cannot understand the benefits of a reformed financial system and the importance of personal engagement or the engagement of civil society in implementing improvements, it is much less likely to participate in these processes of defining and shaping of finance (Fazi 2016, Pistotnik 2018).**

We need a degrowth transition now. Linking our struggles against ecological collapse and other forms of exploitation to the efforts to rebuild radically fairer financial systems is vital to transform our economies. In this respect, policies should be daring and should shift their philosophy from growth at all costs to encouraging an economy with greater equality, high levels of wellbeing, and decarbonisation (Positive Money 2018). With this new imagery we want to spark trust and nurture alliances, as they provide the foundation for fleshing out radical, but feasible money and finance models that can help us build a just transition into degrowth, the future we want (Steinfort 2019).

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(IL)LEGITIMATE DEBT

Antun Katalenić
Eugénia Pires
Tilman Hartley

Reflections on Debt

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Who is to say which debt is illegitimate? And even then, how do we go about cancelling it? Our workshop group, much like the other two, centred around this question. Seeing how one of the groups focused on the issue of housing, which is in turn tightly intertwined with individual debt, we turned our attention to international debt.

In the modern global economy debt is something every country deals with. In an economic model where growth is the (only) driving force, taking out loans from private or supranational entities is often times the only way to spur growth, increase spending and consumption, stimulate production etc. This debt is not a big deal for countries who dictate the global economy. The US Treasury estimates that federal debt is around $16.17 trillion and along with intergovernmental holdings makes for a total national debt of $22.03 trillion. That's a lot of money. But a global superpower like the US is able to pay of this debt on time and with lower interest than countries with a lower GDP.

In the global banking market the rules are very simple − and unfair. The better your country is doing, the lower the interests on your loans are. Once a country takes a turn for the worse, this vicious cycle can endure for years or even decades. A country is forced to take out bad loans which it will have trouble repaying down the road so it takes out another bad (worse) loan to pay the interest on the one before. It's an endless game of kicking the can down the road where a country is forced to implement all kinds of measures demanded by the lender in order to not default on its debt.

These measures are never directed at the business sector but rather target social and welfare spending deemed unnecessary by the lender.

The effects of austerity are real and can easily be measured even in economic terms with lower life expectancy, loss of jobs, emigration etc. The lender, often a foreign entity with zero political accountability or democratic oversight, can even sell the debt to various financial institutions known as vulture funds which, as their name states, have no moral obligation, but all the financial incentive to force countries into repaying their debt in full whatever the cost may be. What is fascinating about all of this is that no laws are broken in the process. A country is just another piece on the economic chessboard. The human element is factored in only as much as it stands in the way of your ultimate victory. Lenders do not reprogramme debts or, God forbid, write off debts, unless they are forced to do so by the people. **The fear of social uprising which could take down the government and − more importantly in the eyes of the lender − jeopardize their investment, is one of the only effective ways to pressure the lenders into giving in to at least some of the demands.**

But hold on, a country can default on its debts, right? Technically that is true and has happened in the past. The reality of such a move, however, usually means that a country that has defaulted on their debts has to take the same road again, only this time without any semblance of sovereignty. The International Monetary Fund (IMF) then routinely takes it upon itself to put together a programme made to bring the country back into the fold. These programmes can last for decades.

Let's stick with the aforementioned chess metaphor for a little while longer. If the big players like multinational banks, IMF and strong countries are in the back, the pawns can be split into two categories:
a) Countries on the margins of global economy (i .e. the Global South)
b) Countries without own currency.

These were the countries we focused on in the workshop.

When it comes to the first category it's important to point out that many of these countries can also be put in the second category, despite their having their own currencies. The reason is simple: loans are for the most part taken out in currencies that are not their own: the Dollar, Euro or Swiss Franc.

The Global South, which the World Bank specifies as low- and middle-income countries in Asia, Africa, Latin America and the Caribbean (basically anything outside 'the West'), is no stranger to debt crises. Despite what the lenders believe, debt is intrinsically a political issue and is manifested as such in developing countries. The global superpowers have never been hesitant when it came to reminding the developing countries, often times their former colonial territories, to follow the rules of global economics − rules that they themselves wrote down. These interventions range anywhere from pressuring heads of states to outright military interventions.

Debt can weigh heavily on a population and the social impacts can be very significant to the point that it can be felt outside the borders of an indebted nation. Europe learned this lesson in the interwar period and refused to make the same mistake after World War II when in 1953 the Allies agreed on major debt relief for Germany. The cost of war reparations had been too much for a (re)developing post-war economy. These lessons are mostly being ignored when it comes to the Global South.

Jubilee 2000 was one of the rare occasions where an international coalition movement called for and to some extent even achieved cancellation of third world debt. The legacy of that movement remains an important cornerstone for new generations of debt activists. But it would be foolish to rely only on the goodwill of global superpowers, so in our workshop we looked at the judicial aspects and possibilities in relation to debt relief. Here is where the concept of odious debt comes into the equation.

A UN discussion paper from 2007 states that: “The odious debt concept seeks to provide a moral and legal foundation for severing, in whole or in part, the continuity of legal obligations where the debt in question was contracted by a prior “odious” regime and was used in ways that were not beneficial or were harmful to the interests of the population.”

Furthermore, taking a page from Alexander Nahun Sack’s 1927 book The Effects of State Transformations on their Public Debts and Other Financial Obligations, we read: “The debt is not an obligation for the nation; it is a regime’s debt, a personal debt of the power that has incurred it, consequently it falls within this power. The reason these ‘odious’ debts cannot be considered to encumber the territory of the State, is that such debts do not fulfill one of the conditions that determines the legality of the debts of the State, that is: the debts of the State must be incurred and the funds from it employed for the needs and in the interest of the State.”

Which brings us back to the initial question: Who is to say which debt is illegitimate? International courts just might have the answer. International law, however, is just a part of the international order so it takes political courage and support to take the question of debt to the highest echelons of judicial power. Ecuador did just this in the years following Rafael Correa’s election as president of Ecuador. Latin America, long hostage to the Monroe Doctrine that established the continent as nothing more than the US’ backyard, took a leftward turn at the beginning of the new millennium and Ecuador followed suit. President Correa drastically increased social spending and one of his biggest early successes was slashing the country's international debt by 60 percent when he refused to pay 3 billion dollars' worth of loans, calling them illegitimate. Correa did all this via international courts and drew the blueprint for other nations to follow. A decade later this plan seems like a remanence of the past with right-wing parties regaining power in most Latin American states. The Global South should have taken note. Ecuador's example shows that such moves are possible even in this political order. But at the same time it's unrealistic to expect countries to take up the task of debt cancellation by themselves, especially when they are reliant on the West for humanitarian and/or military aid.

A broad Global South coalition should be formed to provide countries with the expertise and political strength to call for debt relief. The West cannot continue with these policies while simultaneously hand-wringing countries who cosy up to the People's Republic of China, which has been very generous with loans in the developing world.

The second category of countries, the ones without their own currency, is a topic that hits much closer to home for most of the workshop participants. Slovenia, of course, fits into this category. But it was Greece that felt the bite the most in the recent economic crisis. Seeing how we were looking for short term solutions, the proposals put out were done so with the conviction that the European Union and the Euro are here to stay. The participants agreed that like the Global South the European South, too, should form a coalition. When Greece, economically and socially ravaged by austerity measures, asked for debt cancelation, the European peripheral countries, and Slovenia in particular, were the ones that protested against the Greek proposal the loudest. The other proposal was more divisive as it calls for further fiscal integration in which all countries in the Eurozone would act as one on the global markets, so that Greece and Germany would be paying the same interests on their loans. Convincing the economic powerhouses of Europe into such a move would require the European periphery to act as one.

International debt, much like individual debt, aims to individualize, making debt a matter of personal/national struggle. Unionizing between individuals or countries is unwelcome because it is the only true antidote to the current system.

Politics of (Il)legitimate Debt

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Degrowth stands for a critique of economic growth and capitalism, even when capitalism is portrayed under the deceptive idea of 'sustainable development'. It also challenges the colonization of public debate by mainstream economics and neoliberal values, while offering alternative grassroots initiatives less dependent on 'waged' labour and market commodification and more focused on the reinforcement of democratic participation and the expansion of the commons. As D'Alisa et al (2015:6) put it: "The foundational theses of degrowth are that growth is uneconomic and unjust, that it is ecologically unsustainable and that it will never be enough."

The degrowth critique is often concerned with its impetus to address a broad range of issues, dismissing the problem of job displacement, the cornerstone status of economic growth, in order to achieve a green new deal, while missing on the opportunity to put forward an effective climate-stabilization project that properly secures a fossil-fuel free energy system (Pollin 2018). Nevertheless, my understanding is that as more than a slogan and an end in itself, degrowth aims at preparing a transition to a more equitable and fair society that gives priority to environmental and ecological justice and greater democratic control over the production system and the social destiny of productive surplus.

Debt is at the core of degrowth as a transition strategy. Debt, and especially cheap credit, fosters the expansion of corporate balance-sheets and profit accumulation strategies underpinning the economic growth agenda, but above all it fosters social inequality and wealth concentration on the top 1% through interest rent-extraction strategies.

Therefore, a degrowth transition process applied to debt and finance should give priority to finding the means to stop commodification of everyday life, to reduce the extent of the market and the reach of finance by i) increasing public provision of health, education, housing and social welfare, ii) offering financial services – credit provision, savings instruments and non-credit financial services – by cooperative and public-owned banks in alternative to the expensive risk-driven exposure currently offered by privately owned banks, iii) finding means to control international capital flows, reducing financial instability and assets' price volatility, and iv) creating accountable, transparent and fair international mechanisms to deal with the problem of over-indebtedness of sovereigns, acknowledging primarily sovereignty, the inalienable right of a state to design its macroeconomic policies, including the right to restructure its public debt and prioritize its citizens' needs. Above all, it should centralize forces to design an integrated policy program that will tackle the intertwined problems of finance and public debt.

Degrowth literature acknowledges the need for a debt jubilee in order to overcome the problem of over-indebtedness. It highlights the pivotal role of citizens debt audits in order to determine legitimate debts and exercise pressure for write-off of illegitimate, illegal, odious and unsustainable debts. While safeguarding, against the traditional market-driven resolution mechanisms that preserve, through legal and accounting means, the rich and powerful, often non-resident private institutional investors' vested interest, a selective debt restructuring process that secures a co-share of responsibility among debtors and private and official creditors, but also progressively protects public interest, for instance in the case of social security funds, and the interest of retail saving accounts, which per se lack the financial awareness and resilience to cope with financial loss and volatility.

Within the capitalist mode of production, debt is one of the most powerful means of accelerating turnover and expanding profit accumulation (privately owned surplus value) and, ultimately, drives economic growth. Out of the sphere of production, it also fosters financial speculation, increasing asset price volatility and uncertainty, as well as the alienation of the state by finance. Capital export, through debt and equity, is the preferential means of financial subjugation of state sovereigns.

Since the 1970's we have witnessed the systemic autonomization of finance in relation to the sphere of production. Neoliberalism has initiated a period of deregulation, privatization, financial liberalization and internationalization, intensified with the free movement of capital flows. This has changed forces and relations of production, as well as the underpinning institutional and legal accumulation framework, resulting in a creation of complex financial relationships.

In this context, debt has the role to extend profit accumulation, maximise rent extraction and foster financial subordination of workers and households[1]. Indeed, financialization in high-income countries "comprises three fundamental elements: first, large non-financial corporations have reduced their reliance on bank loans and have acquired financial capacities; second, banks have expanded their mediating activities in financial markets as well as lending to households; third, households have become increasingly involved in the realm of finance both as debtors and as asset holders" (Lapavitsas 2011:611-2).

There is also a less acknowledged subordinated dimension in financialization, expressed as an increase in the quantity of cross-border financial flows, as well as distinctive qualitative changes reflected in different degrees of integration of periphery countries, be it developing countries or the periphery of the euro, into international capital markets. These qualitative changes can be aggregated in both traditional forms of external volatility, the "original sin" that prevents developing countries to borrow in their domestic currency, and new sources of external vulnerability from more complex financial relations that, in addition to domestic central banks and treasuries involve new actors, the domestic financial and non-financial institutions as well as new non-resident financial institutions that are more driven into more immediate profiting. The overall result is an intensification of short-term international capital flows, capital flights frequency and more volatile asset prices.

In line with this dimension of international finance and subsequent subordination of sovereign states, financialization also represents a second wave of imperialism. Imperialism is frequently associated with a policy extending a country's power through military force and territorial occu-

1 In the capitalist mode of production, financial profit arises in the sphere of circulation but represents a portion of surplus value generated in the sphere of production. However, financial capital never loses its predatory nature whose origin precedes capitalism, going back to usury and merchant's capital. Under these earlier forms of capital, accumulation results from profits extracted 'upon alienation', a means of secondary exploitation of workers and peasants. These forms of capital never completely vanish within the capitalist mode of production and have been revived with the recent expansion of finance, which has gathered profits out of activities less dependent of the productive sphere. For instance, the advance of credit, the handling of monetary services or the intermediation of capital markets activities target workers and sovereigns instead of enterprises. With the accrued independence of finance in circulation the link between financial profit and the sphere of production is not always obvious and tends to be thinner or even vanishes, as implied in the concept of 'financial expropriation', referring to the extraction of profits out of workers income (Lapavitsas 2008).

pation. However, there are other relevant, if subtler, mechanisms at play here, like political and economic relations of domination. Capital export through debt and equity, and financial institutions hold a relevant role in this, which is not always acknowledged because it is less visible. Indeed, they were already relevant in the first wave of imperialism that took place in the last quarter of the 19th century until 1914, but are also relevant nowadays with the ascendancy of the Washington Consensus. The advantages that the dollar's world-currency status afford to the USA are known and reflected in its permanent twin deficits, but even in the case of the eurozone, Germany has benefited from involuntary hegemony.

The asymmetric relations of power between Germany and periphery countries are uncovered through the designated eurozone sovereign debt crisis. Indeed, the management and resolution of the crisis reflected the subordinated and dependent condition of the countries of the periphery. As the ownership of capital is foreign, instead of preserving the interest of the citizens, priority was given to service public debt and protection of private creditors, the German and French banks.
Instead of acknowledging the lack of sustainability of the debt and the need for a debt write-off and a proper debt restructuring led by the sovereign, the resolution imposed by the supranational financial entities prioritised a liquidity injection to an insolvent country. Overall, this has resulted in the piling up of public debt, and in the case of Greece, multiple bailouts and creditor-led restructuring. Moreover, the economic and social cost, expressed through economic depression, unemployment, massive migration, destruction of public provision of health, education, housing, transport and human rights, constitutional violations and a rise in income and wealth inequality, have been and will continue to be borne by the citizens of southern Europe.

The unwillingness of Germany to take the responsibility for the biased institutional architecture of the euro persists. Only in 2014 did the ECB acknowledge the need for Germany to balance its external payments. Nevertheless, nothing has changed and Germany continues to accumulate massive external surpluses. In line with its ordoliberal references, austerity has become permanent, now with the fancy name of balanced public accounts[2]. After public debt doubled and tripled in a very short period of time, peripheral countries are now trying, against the will of their citizens and often passing over their parliamentary budget decisions, to achieve primary budget deficit and surpluses records never achieved before, to an out of proportion reduction of their debt to 20%. In spite of the lack of

2 ILO's publication "The decade of adjustment" reports that 132 out of 183 countries (72%) implemented austerity measures (ILO 2015).

public money for investment and redistribution polices, politicians continue to avoid acknowledging their responsibility for the emergence of populism and radical-right parties.

As regards the Portuguese experience in raising awareness about sovereign over-indebtedness, it is well known that Portugal was subject to the intervention of the Troika between May 2011 and May 2014, at massive economic and social costs. Austerity led to an uneven and forced recession, a sort of forced degrowth in a way, whose costs were not fairly and legitimately shared. However, the damage left behind by the Troika does not vanish once the program is accomplished and the country regains access to the markets.

Indeed, a sort of hysteresis, a long lasting effect, persists in multiple macroeconomic fields: from wage compression and precarious work relationships resulting from the flexibilization of labour markets, the destruction of fixed capital due to the lack of investments and exhaustion of equipment and infrastructures, the brain drain that has taken the most educated generation, the subordination to external powers, public and private, expressed in the privatization of profitable public companies and natural monopolies, to the irrational acceptance of financial conditions unilaterally imposed by the official creditors that waste financial resources and impose a heavy burden upon tax payers (e.g. commitments made under the Stability Pact, IMF surcharge, SMP profits, idle liquidity threshold reserved to meet 40% of next year's borrowing requirements, or the recent episode of early repayment to IMF).

Overall, workers are aware of the dangers of consumption fuelled by credit and over-indebtedness. Indeed, consumer credit is marginal and people get loans mainly to buy long-term assets and address the lack of public provision of housing. However, the concept of public debt is very distant and not well understood. Therefore, the first concerns of the Portuguese Citizens' Debt Audit (IAC) was to make people understand this obscure concept, to decide whether it is possible to implement a citizens' audit and test its limitations, as well as to challenge the technocratic views about debt sustainability in which politicians seek refuge. In addition to organizing multiple mobilizing and awareness-raising events the IAC has managed to gather more than 7,000 signatures and deliver a petition to the parliament calling for a parliamentary appointment of a debt audit commission. This has triggered another manifesto led by former politicians from the centre left with broader reach, which also acknowledged that debt was unpayable and needed restructuring of the maturities and interest payments (but not principal write-offs, which was considered a taboo).

In spite of the lack of approval of legislative proposals for the appointment of the debt commission, the Portuguese parliament organised a one-day conference to debate the problem. Overall, the fight for raising awareness about the problem was won. The common citizens are aware that public debt is still a problem, that the country is vulnerable to the next financial crisis and less resilient to face up to it. However, another major defeat followed. Financial subordination and draconian macroeconomic stabilization programmes have left the country in a sort of collective numbness that makes mass mobilization around sovereign over-indebtedness extremely difficult. People have stopped believing in the unalienable right to unilateral sovereign debt restructuring. Instead, since the end of 2015, the newly appointed socialist party government and the 'contraption' parliamentary program[3] has been given a break. Most people believe that when the problem will come it should be resolved within the European Union's 'solidarity' framework[4].

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3 People refer to the parlamentary agreement that has enabled the election of the socialist party with the support of the two radical left parties Bloco de Esquerda and the Communist Party as geringonça (contraption). The Greens also support this agreement, however, in Portugal they are a satellite of the communist party.

4 Here we just refer to the realm of expectations and beliefs of the Portuguese. Whether solidarity responses to the problems of international finance and direct and indirect effects of the mutualisation of the losses of this public debt restructuring is possible within the political and institutional architecture of the Euro is another complex question. A pool in the pre-election for the European parliament has placed the problem of public debt at the top of concerns of the Portuguese and 90% believe it should be dealt with at the EU level.

Viability and Inequality Debates About (Il)legitimate Debt

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Dr. Tilman Hartley is currently a visiting researcher at the Institute for Environmental Science and Technology (ICTA) at the Autonomous University of Barcelona. A political scientist by training, he researches debt in non-growing economies with the aim of finding out what kind of financial institutions might be compatible with a more environmentally and socially sustainable economy.

There is debate about whether economic growth can continue (Jackson T. 2018, Piketty T. 2014, Gordon RJ. 2012, Summers L. 2013, Krugman P. 2014), and increasing evidence that the pace of growth in industrialised economies is environmentally unsustainable (D'Alisa, G., Demaria, F., & Kallis, G. 2014, Kallis G, Kerschner C, Martinez-Alier J. 2012, Sorman AH and Giampietro M. 2013, Jackson T. 2016, Kallis, G. 2018, Van den Bergh JC, Kallis G. 2012, Asara V, Otero I, Demaria F, Corbera E. 2015, Paech N. 2012). **This has renewed debates about whether the current economic system based on interest-bearing debt can be made viable in a post-growth scenario** (Binswanger HC. 2013, Cahen-Fourot L, Lavoie M. 2016, Douthwaite R. 2011, Farley JC 2013, Jackson T, Victor PA. 2015, Lietaer B, Arnsperger C, Goerner S, Brunnhuber S. 2012, Richters O, Siemoneit A. 2017). In addition, there has been renewed focus on the problem that declining growth tends to lead to increasing inequality, with the implication that socially unsustainable levels of inequality may result from prolonged periods of low or negative growth (Martins N. 2015, Morgan J. 2017, Pressman S, Scott III RH. Thomas Piketty 2017).

Research into both the viability of post-growth economies and the effects of such economies on inequality are nascent. Importantly, however, both set of debates revolve around the effects that the rate of returns to wealth have on economic viability and on inequality. **In the 'viability' debates, long-standing work suggests that there is disjuncture between our current interest-bearing debt-based economy which can grow at the** exponential rate at which interest on debt compounds, and the real economy that is limited by the flow of physical resources (Soddy F. 1926, Martinez-Alier J. 1987, Kallis G, Martinez-Alier J, Norgaard RB. 2009). This argument has recently been formalised by a number of different authors, whose findings have been summarised as the statement that "[t]he process of compound interest or interest on interest imposes exponential growth on the economy. Yet exponential growth is, by definition, unsustainable in a finite world" (Liater et al. ibid). More recently, however, a handful of ecological macro-economic models have been constructed to raise the possibility that positive interest rates might be made compatible with zero growth economies, with a recent review of several such models concluding that "a monetary system based on interest-bearing debt-money with private banks does not lead to an 'inherent' growth imperative" (Richters and Siemoneit). The question of precisely which modelling assumptions are responsible for producing these apparently diametrically opposed conclusions remains in need of clarification.

A related problem for a post-growth economy is that of increasing inequality. Brought to the fore by recent work by Piketty and his colleagues, theory suggests that if the holders of wealth receive a higher rate of return on their wealth (such as through interest, rent, and profits) than is produced by economic growth (which disaggregates into individuals' income), then declining economic growth will result in increasing inequality. If correct, this implies that in zero or negative growth scenarios, any positive returns to wealth will result in increasing inequality. This has prompted a number of policy proposals intended to prevent inexorably increasing inequality in a future slow, zero, or negatively growing economy. Such policies include debt cancellations (Hudson, M, and CAE Goodhart. 2018), measures to enact a global tax on wealth (Piketty ibid) or eliminate returns to wealth altogether (Gerber, J.-D. and J.-F. Gerber. 2017; Van Griethuysen, P. 2012), to decrease the savings rate of the wealthy and to introduce stronger labour protections and more labour intensive industries (Jackson and Victor. 2016 and 2018 ibid.; Jackson. 2016 ibid.), to establish a basic income (Jackson. 2018 ibid.), to set up public employment programs such as a Job Guarantee or a government created Green Jobs Corps (Pressman and Scott ibid.), and to increase worker ownership and to create incentives for workers to increase their holdings of more diversified shareholding portfolios (Pressman ibid.; Pressman and Scott ibid, Milanovic, B. 2016).

No modern economy has yet experienced prolonged periods of zero or negative growth, so the literature on post-growth economics has been dominated by these theoretical debates and formal models. However, in both the 'viability' and 'inequality' debates, the central claims are entirely open to to testing against historical case studies. Another promising avenue for future post-growth research is therefore to use the wealth of recent research into the economic and social history of both ancient (Monson A, Scheidl W 2015, M, Van De Mieroop M. 2002, Jursa M. 2010, Bresson A. 2008, Temin P. 2013, Chatterjee, H. 1971, Peng, X. 1994) and medieval societies, including recently released quantitative data (Bolt J. 2018) and comparative work (Geisst, C. 2013, Graeber D. 2014, Van Bavel B. 2016), to examine the role that returns to wealth and interest-bearing debt have historically had on economic viability and increasing inequality during past periods of slow, zero, or negative growth. Such research would aim to identify which solutions have been attempted in the past – and with what success.

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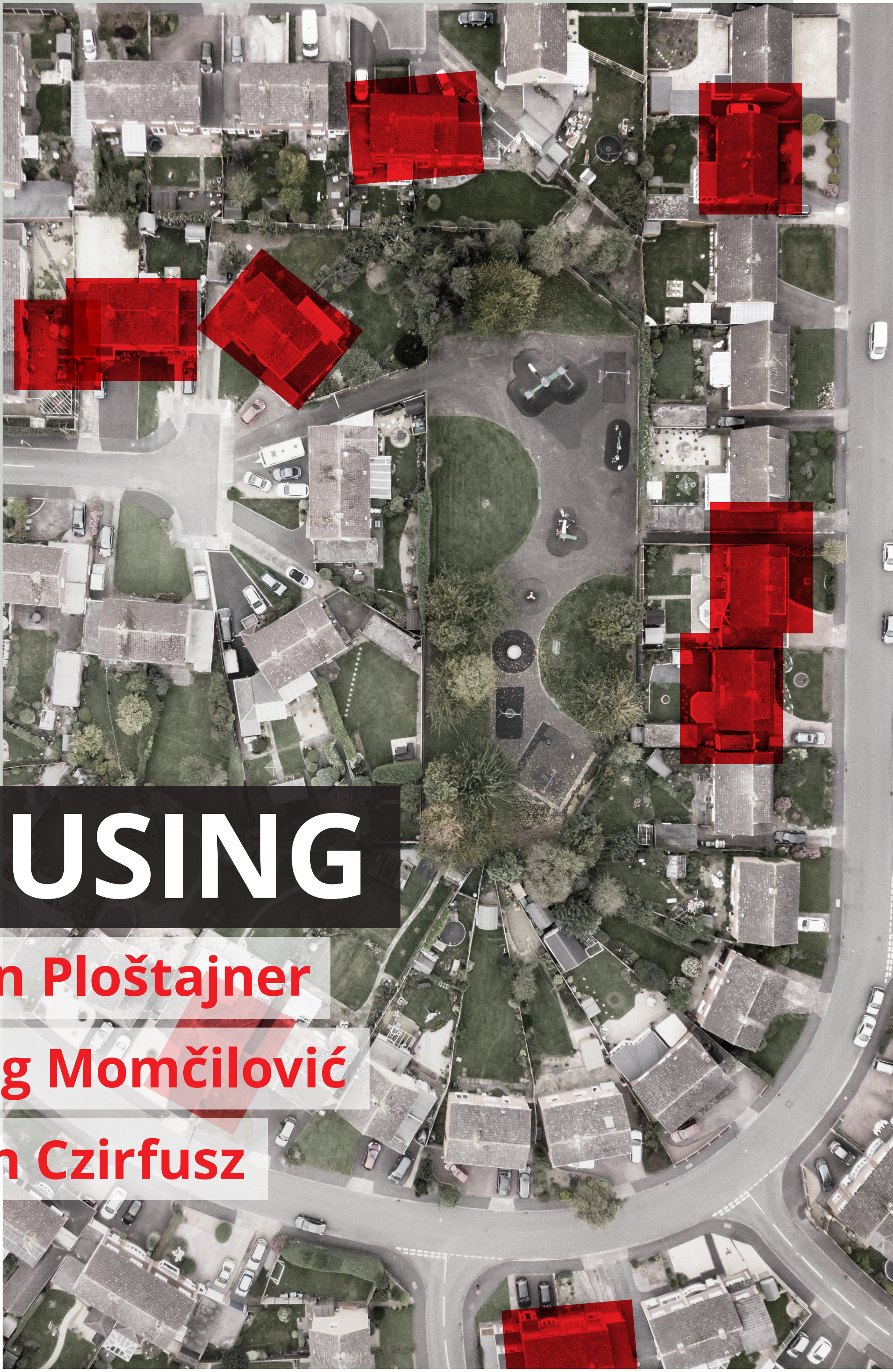

HOUSING

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Thoughts on Housing

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Klemen Ploštajner is a junior researcher at the Department of Sociology at the Ljubljana's Faculty of Social Sciences, where he is researching political economy of cities, neoliberal reorganization of urban spaces and housing politics. He has written articles and has edited a special edition of the Journal for the Critique of Science on housing politics. Klemen is also involved in local urban social movements (founding member of the housing cooperative Zadrugator).

The housing issue may not be the central concern of degrowth efforts, but it is intrinsically connected with social transformation, something degrowth is committed to both in theory and practice. This connection is strong and derives from the fundamental methodology of degrowth, which on the one hand focuses on re-examining growth and on the other hand looks into the transformation of the way our daily lives are organised, such that will allow for a quality, autonomous and independent life. Since having something good and decent in our possession is a fundamental concern of human existence and freedom, and constitutes a prerequisite for proper co-shaping of social relations, the housing issue offers itself as an integral part of any discussions on degrowth. Access to housing as the essential component of the world reorganised based on the principles of degrowth.

Yet the housing issue is just as strongly associated with the growth dynamics, with the supply currently dictated exclusively in terms set by the capitalist economy. The current supply rests on housing as a commodity provided based on market mechanisms. Such a regime is reflected in subordination of the basic human good to the commodity form, meaning that its production, distribution and possession are grounded in the exchange value of housing rather than use. Commodification of housing leads to incessantly rising prices, resulting in inaccessibility of home ownership and in turn inadequate living conditions. Housing supply is thus caught in the ideology of growth, with the quality of real estate markets grounded in continuously rising housing prices and profit-driven construction. Having been turned into an investment, housing becomes subject to the same criteria as growth: prices, volumes, investments…

In terms of everyday life such form of housing supply translates into more and more people seeking home ownership. As things stand today, home ownership is the only form of possession that guarantees at least relative security that offers some stability in our daily lives. This stability, however, consists of people dealing with social problems in private and the breaking of social ties. **Another problem of the ownership model is its embeddedness in borrowing, which makes the housing issue a question of debt. And since debt requires payment of interest rates it also comes with an inherent tendency for growth, something that entraps every single buyer.** In order to pay back the loan one commits to incessant selling of workforce in the market and succumbs to the need for an ever higher income that will help cover all regular financial liabilities. Thus the ideology of growth materializes and becomes practical.

While individual strategies employed by households and private dealing with social problems may seem rational (pursuit of security, solving the housing problem, seeking economic stability and mobility), this in fact has a destructive impact on society. These strategies are by no means a sum of private misconceptions, but households' rational responses made in the context of an irrational social order. One aspect of limited access to affordable housing and of the ownership-based model is urban dispersion that ultimately leads to wasted social resources, destroyed environment, time lost to commuting and disintegration of the social fabric. Another consequence is concentration of developments on commercially attractive sites, leading to unnecessarily concentrated growth in big cities that destroy local habitats and significantly exceed the environmental carrying capacity. Cement-based construction has similar effects as it greatly contributes to global warming. The current housing supply is therefore environmentally unsustainable as well.

These general characteristics of capitalist housing supply are reflected differently across different countries, but they have one key thing in common: commodification of housing. During their transition to capitalism transition countries (Slovenia, Hungary, Serbia) sold out their public housing stock, thus waiving their responsibility to regulate the housing sector at the state level. The housing crisis in Serbia is reflected in limited access to affordable housing, lack of public construction projects and disintegration of the housing stock. A large part of the population suffers energy poverty and can hardly manage to cover even the most basic housing costs. In Hungary the crisis comes through in the high household debt and in turn increasing number of evictions. Just as large a part of the population are facing energy poverty, accumulating debts with their electricity or energy providers. When the state retreated from the housing sector in Slovenia this led to higher prices, inability of families to live on their own and increasingly dispersed construction. Spain has been undergoing similar trends, with a large part of its population in debt, and with a considerable deficit in public housing and other alternative housing options.

The degrowth perspective not only helps us understand and critically analyse the current housing crisis, but is also essential in shaping the alternatives and a different organization of housing that is based not on the exchange value of homes, but on their use values and their status as a basic life necessity. The fundamental principle guiding the transition to the new housing model must be gradual decommodification of housing. Such a model must be grounded in the social dimension of housing and as such it will not only enhance people's autonomy, but will also strengthen solidarity between people and their mutual support. A new, degrowth-based housing model must therefore ensure new forms of possession of homes that will entail both security and participation in ownership as well as solidarity and the community element in the rental sector. This model is already enacted in various forms of community living, usually organised as cooperatives. Such community living models are based on the principles of solidarity, joint ownership and democratic co-decision, and prevent property speculation.

Another key issue from the degrowth perspective is reorganization of the daily routine as facilitated by communal housing practices. Since affordable housing eliminates debt it frees households from under its chains and is as such free from the dictate of capitalist economy. Access to quality housing thus opens up a space of freedom and liberation of time, which is at the core of the degrowth strategy. Another key issue is the building of autonomy through and across communities, for the quality of one's life rests on the strength of the community. Solidarity and autonomy, mutuality and freedom thus all come together in the housing cooperative model. At the same time, such a housing system facilitates the development of other practices that reduce the dependency on capitalism while strengthening the power of communities. Shared ownership also facilitates architectural design of spaces that reduce private possession in favour of sharing (common laundry rooms).

In addition to sharing common facilities housing communities usually develop diverse practices of sharing things, services, knowledge and support. These in turn develop into various forms of solidarity

that improve the quality of life. Such practices thus expand the realm of decommodification while building relationships that are more environmentally and socially sustainable. The development of these models is of vital importance in spreading the ideas of degrowth and demonstrates how they can be realized in practice while also playing a key role in decolonizing the mind.

Diverse practices may be able to show the direction that the transition to the society of degrowth will take, but they still haven't indicated the course and development of transition from capitalism. The degrowth movement should focus first and foremost on the housing stock and its creative transformation. It should go beyond developing new products and start appropriating and reorganizing the existing resources. The first step is redistribution of the existing stock, starting with ensuring that all capacities are used (including homes held empty for speculative purposes), followed by the appropriation of the housing stock that has been distributed unfairly (luxury homes, villas and mansions, corporate and political palaces). The next step is to reorganize the existing housing stock, which entails both the actual renewal (energy performance, refurbishment, renovation) and ownership restructuring (transition from private to shared ownership). The third step is spatial reorganization that will address both the dispersion and concentration problems. We absolutely need to address both the problem of environmental unsustainability of villages and the threat of total destruction that comes with big cities. This offers a lot of food for thought and opens up a wide range of possible creative interventions that will take the term urban renewal out from the neoliberal discourse and embed it firmly in the field of community practices.

Identification With a Housing Loan

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The world population is increasing day after day, with more and more people living in urban areas. Every new day, there are therefore more people who are not able to afford suitable housing. More than 900 million people are currently situated in slums, in degrading living conditions. The dream of "ensuring appropriate, safe and affordable housing and basic services for all" seems to be slipping away.

Most of the housing-related problems originate from the commodification of housing and the free market where the price of real estate is growing due to financial malversations, while housing construction is on the rise, paradoxically leading to the prices that most people cannot afford.

A few weeks ago, a friend of mine told me that he had decided to buy an apartment and, consequently, he had taken a loan from a bank. Seemingly affordable provisions of the loan made him agree to the following terms: a 30-year repayment period with monthly payments of EUR 300. The money he'll receive from the bank will be sufficient for purchasing a 78 m2 apartment in Belgrade. He is a manager in a successful company, which makes him a member of an elite group of people who can afford to even think about getting a bank loan. Most people are not that privileged, with the average monthly salary in Serbia in March 2019 totalling EUR 461 and 80% of employees earning less than the minimum wage. The privileged friend of mine will be 62 years old when his debt is fully repaid, which means he'll be burdened with this loan through all of his remaining working years.

The issue of housing is one of the most pressing issues for the majority of population on the periphery and semi-periphery of Europe. **The only options for most people wishing to own a home are either to inherit one or get a loan from a bank.** With working class sliding into poverty and the first option becoming less and less reliable we won't reflect on it in this text. Instead, the focus will be on bank loans as a solution to the housing challenge and their implications.

Deradicalization

Getting a bank loan significantly decreases the ability of the debtor to act against the system. The debtor is obliged to succumb to the system rules and continue reproducing it in order to be able to repay his loan and gain possession of his apartment. The path towards low-materialism and low-carbon economy of degrowth is endangered by such passivation of a great number of individuals.

Loss of freedom

Long-term loans limit the freedom of debtors. A debtor burdened by a loan is pressured to keep up with the existing job in order to be able to repay his loan. **Due to their limited room for manoeuvre in fighting for fair working conditions debtors are easy targets for exploitation, and self-exploitation, at work.** This is contrary to one of the basic principles of degrowth, stating that only a free individual can act with the aim of achieving socio-economic transformation towards degrowth.

Workload

To pay off their loans and the accompanying interest debtors are forced to take on more and more work. Loan-burdened individuals cannot reduce their working hours or shift to a less paid job as they are obliged to repay their debts on a monthly basis, with debt being structured in a way that forces debtors to work moreIdentification with the loan

With 20 to 30 years of repayment period, the loan becomes a part of a debtor's identity. Being in debt is considered moral humiliation, even though the debt is a result of one's striving towards meeting the basic need for housing. People with a bank loan, such as professors, manual workers, retail shop workers, incorporate their debt into their identity. The difference in this identity only depends on the currency in which the loan was taken.

Market vulnerability

Someone with a long-term loan is more vulnerable to market changes compared to people without debts. People with Swiss franc denominated loans are a good example. Currency changes led to the monthly rate of their loans escalating to new highs, in some cases even double the amount. Market vulnerability results in people getting new loans and doing more jobs simultaneously in order to be able to repay their debts.

Health issues

Fear, anxiety and various types of health problems are very common among debtors. These symptoms are more common and widespread in changed market conditions, when people are alarmed by the risk of changes in monthly interest rates. Anxiety and other health problems often come with higher monthly rates and result from more workload and less free time. Related diseases place a heavy burden on the debtor's quality of life and practically neutralize the improvements gained through purchasing an apartment or a house.

Private executors and evictions

Additional fear resulting from debt comes from private executors that evict people on a daily basis. With the changes to the Law on Housing in 2016, evictions in Serbia have become more common and frequently citizens are evicted even when their debt is relatively small, with their apartment sold at a price much lower than the market price. Evictions as a housing policy measure have led to further deterioration of citizens' economic status and contributed to homelessness, while many apartments stay empty.

Housing in Hungary: Debt and Degrowth

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Márton Czirfusz is a founding member of the Periféria Policy and Research Center based in Budapest and has worked on issues of housing-related debt and socio-spatial inequalities of housing in Hungary. He was co-editor and co-author of the Annual report on housing poverty in Hungary 2018, one of the thematic foci of which is household indebtedness.

Indebtedness and degrowth are useful concepts for understanding the current housing issues in the context of financialized capitalism. However, housing is a unique commodity (and in many cases does not function as a commodity at all) and degrowth claims must therefore be altered to fit its specificities. In terms of indebtedness, housing debt is also a unique form of debt which warrants a different approach of critical scholarship and social movements.

It is unquestionable that degrowth society must be different from our capitalist society (cf. Kallis, Demaria, D'Alisa 2015) also in relation to housing. An important claim is to decommodify housing and establish new civic control of housing as commons. Historical examples show that market relations have never provided affordable housing for all members of society and eradicating private housing property is therefore an important step in securing social reproduction.

During the period of state socialism Eastern European societies saw public property as the solution for the housing crisis. The Hungarian example, however, demonstrates that public property does not necessarily lead to more equal availability: distribution of flats favoured intelligentsia over the working class; private ownership and private construction were on the rise during the 1980s and in rural areas. After 1990, rapid privatisation of the housing stock took place: currently 90% live in owner-occupied housing and only 1% in municipal housing. Other, decommodified housing forms, such as cooperative co-housing initiatives, are rare (Jelinek, Gagyi, Szarvas, Pósfai 2017).

In a move towards decommodified housing we also have to bring back public imagination beyond homeownership via purchase. For example, during the economic crisis of the 1970s decreasing availability of public housing combined with the lack of sufficient household income led to practices of building houses in informal reciprocal relations: in-laws, neighbours, colleagues in workplaces helped each other build homes, mostly in rural and suburban areas. These practices lost momentum after 1989.

Expansion of homeownership in Hungary in the past 30 years goes hand in hand with the household debt. Currently, one-third of the population has debts and the poorest twenty per cent own one third of household debts. Housing-related debts have grown significantly since 2000 in the wake of financialization and EU accession. **Capital sought profitable investments at the European periphery and housing was at the forefront: mortgages denominated in foreign currencies have become the primary form of loans.** Changes in the exchange rates following the 2008 crisis and economic hardship of households led to a severe debt crisis (Bajomi, Pinkasz 2018).

How governments of Viktor Orbán dealt with the debt crisis also shows why a debt cancellation agenda of the Right is insufficient and disrespectful from a critical degrowth perspective. Firstly, debt cancellation measures were class-based. These interventions favoured better-off families who had more financial assets to deal with the situation (170,000 loans were paid back on pre-crisis exchange rates in 2011–2012), whereas those in need were left to their own devices. A decline in debts was partly made possible through further financialization, e.g. by banks selling non-performing loan portfolios to claims management companies (between 2009–2011 this sell-off totalled approximately EUR 600 million). With this move, banks could report better performance, macro-statistics showed a decline in indebtedness. However, the household debt situation has not changed at all, the only difference being that households now owe money to a different entity than before. This demonstrates all too well that debts no longer registered are not debts that have been cancelled. From this perspective, civic audits are important in that they offer a systematic critique of indebtedness, government interventions and practices of financial institutions (cf. Cutillas, Llistar, Tarafa 2015).

In the absence of proper government measures non-performing loans have led to enforcement processes as well as evictions. Currently, 750,000 enforcement processes are under way in Hungary, with a total value of 7% of GDP. In recent years, about 3,000 families were evicted every year as a 'final measure' of the judicial system (almost 1,000 of them from municipal housing). With many families leaving these flats before the process is completed the official statistics underestimates the number of people affected by the loss of housing.

Indebtedness of households is also related to housing affordability, generally in terms of utility costs. In this case, debt is not created to sustain unsustainable growth, as emphasised by some authors discussing financialization and degrowth (Cutillas, Llistar, Tarafa 2015), but to sustain livelihoods, to make social reproduction possible. When the economic crisis hit in 2008, every seventh Hungarian household had arrears with utility costs and the numbers shot to every fourth household in 2013, after which year the share decreased to its pre-crisis values. Nevertheless, utility bill arrears are still significant: for example, electricity bill arrears total approximately EUR 44 million, with every tenth electricity consumer more than three months in arrears (data from 2018). Government policies subsidise household utility costs without social targeting: moderate prices mean more subsidies for those who consume more, which is contrary to degrowth demands that emphasize limited resources.

Population decline has been a relevant concern for all Eastern European countries in recent decades. In Hungary, the country's population has been in constant decline since 1981. Although overcrowdedness has decreased significantly since then, population decline also means that there is less and less need for housing. The degrowth agenda must call for less construction and more reconstruction. Decommodification of housing would lead to eradication of construction for construction's sake and would in turn also eliminate current pressures stemming from the real estate bubble. Nevertheless, two points warrant our attention. **To begin with, the degrowth agenda is not about no housing construction, but rather about use value replacing the exchange value. Use value means building homes which are to enable social reproduction by decreasing housing deprivation.** Secondly, there are significant concerns about the spatial distribution of the existing housing stock. In Hungary there are enough houses for everyone (in country total), but these houses are not in the places where people wish and need to live. 12.5% of the housing stock in Hungary (560,000 dwellings) is uninhabited (data from 2016), two thirds of which have not been used for more than a year. The share goes up to 16–18% in peripheral regions, with almost every fourth home in settlements with less than 1,000 inhabitants empty. Empty houses bring us back to the structural problem which is not only a result of housing policies, but also a consequence of how capitalism works: hundreds of thousands working abroad, many migrating within the country to areas with more workplaces, many flats bought as investments but kept uninhabited. Therefore, the degrowth agenda in the realm of housing is an important building block for the movement, but only as one element in the larger scaffolding of the movement's claims.

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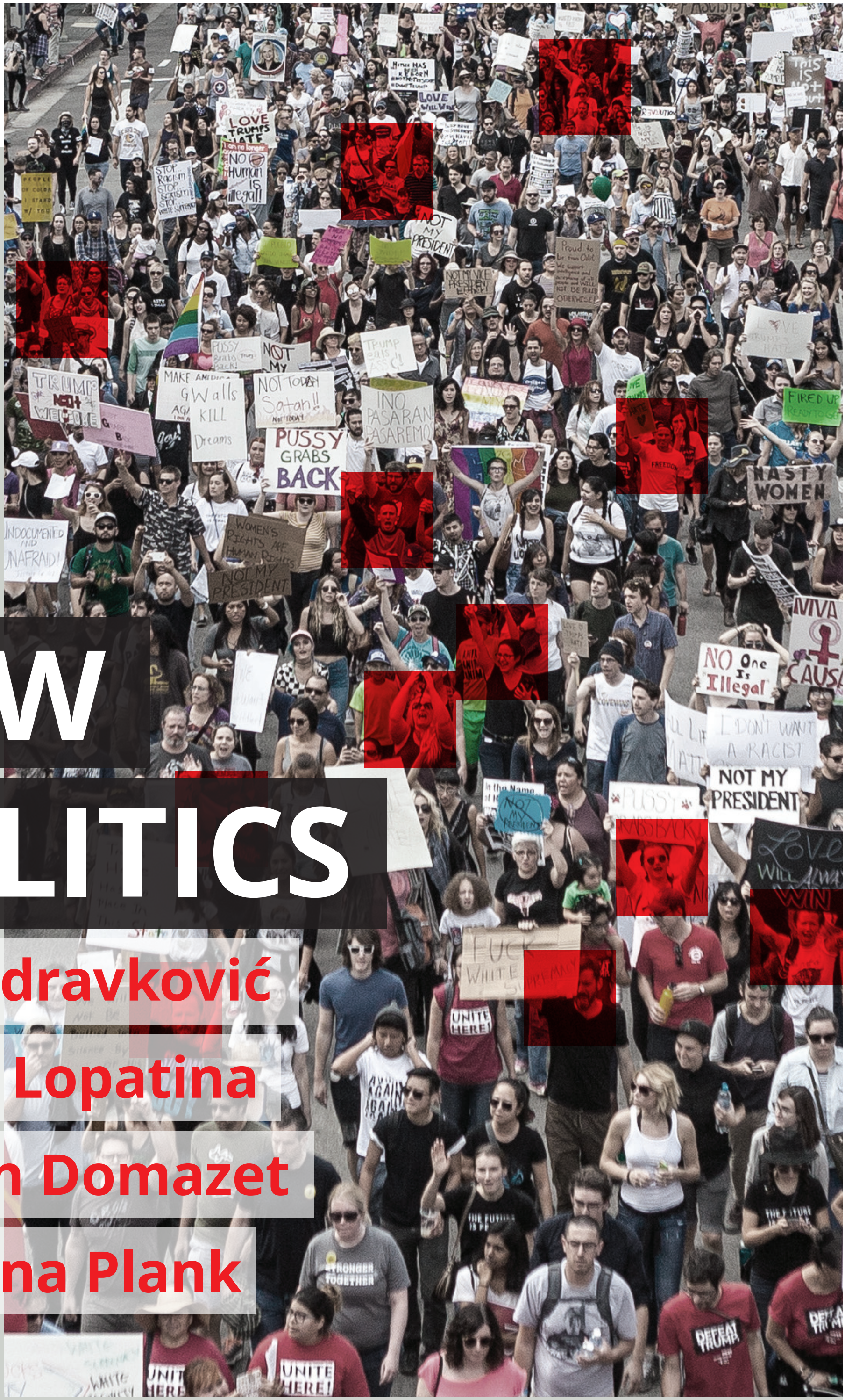

NEW POLITICS

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Two basic ideas were established as starting points for the New Politics Working Group debate. The first was ideological/theoretical and the second political/practical.

Ideological starting points included the whole history of economy as the history of capitalism (or, as Karl Marx would put it, as a history of class struggle) that defines the whole "western world", but also strongly influences the "rest of the world". Being formatted in the dominant global market economy where capital serves as the main goal and is prioritized above all other needs has a huge impact on everyone. In this context, growth and debt can easily be thought of hand in hand as there is no growth (of the West/North i.e. the Global Centre) without deep and structural indebtedness of the East/South, i.e. the Global Periphery. Postcolonial/postimperial situation is understood as a continuum of the permanent exploitation of the so-called undeveloped world, which is actually systematically robbed in the name of "civilisation", "democracy" and/or "culture". In this situation the main question is how it is possible to switch on the state of mind where exploitation becomes an intrinsic part of the economy in a sense that we don't even register it anymore, and even if/when we do, we don't question it, but if/when we do question it we can't do anything/much about it.

The desire for consumption has become so strong (as an intrinsic part of our globalized society) that it is hard to even imagine the world without it. In other words: do we really need bananas / avocados / coconuts or do we simply need healthy food which we can produce in our local communities; do we really all need to travel to Hawaii or can we just rest and have fun at the seaside somewhere in our local environment; do we really need fur coats or can we be satisfied, fashionable and cool wearing clothes that haven't taken lives of others (not to mention diamonds, palm oil, coca cola and other things)?

This basic ideological frame opens up the question of politics, methodology and organisation. Being aware of the situation we live in, the question is what we can do to change it. How can we think degrowth and promote it as less of something, as giving up of certain goods, as modesty, and at the same time promote the idea of good life, luxury and wealth for all? How can we, on the other hand, think growth in non-economic terms as growth of knowledge, understanding, critical thinking? Growth of solidarity, friendship and political love? What arguments and what kind of political action are possible and needed in order to change the dominant global mindset? One of the short-term achievements could definitely be the setting up of local solidarity communities based on the sense of belonging, care and love, with the help of free digital technologies. Local communities are the best frame for direct practicing of politics as the political engagement can be practiced in almost laboratory-like conditions: local communities are relatively small, most people know each other, they have the same or similar problems and needs, and because they can communicate directly it is much easier to set up dialogue and decision platforms (such as assemblies) and reach consensus that everyone will support. Building new politics from the local level up is an important step in changing the dominant paradigm that prioritizes big/inhuman/global industries, capital and networks.

The change towards new politics can only be implemented by us, the people who are aware that we have the power, that we are the only possible political entity and that we have the responsibility for political actions and political changes in the world.

The dominant understanding that parliamentarism is the only possible way of doing politics should, could and can be changed: self-organized, autonomous grassroots groups, collectives and initiatives have proven that through the long history of struggle within the dominant system. New politics has an important goal, namely to face the dominant state of "capitalo-parliamentarism" or the "all-too-objectivist apparatus of the market economy and the electoral ritual with sense" as A. Badiou put it, and to pull people out of passivation, lethargy and depression.
Real politics should be able to find ways for reinvention of the political engagement starting from the local level to all the levels of society.

People are political beings and new political structures, new political methodologies and new political discipline have to be invented in order for people to act politically more than once every four years come election day.

Although we live in a time when “it is easier to imagine the end of the world than the end of capitalism” (S. Žižek), the New Politics Working Group believes that inventing a new way of economy not based on buying/selling, i.e. trading, is possible. This, of course, means changing the capitalist paradigm from its foundations and finding a new basis for community building (i.e. solidarity, freedom, friendship and similar). Societies have progressed thanks to political utopias in the past as well – just think of women’s right to vote, the Civil Rights Movement and 8-hour working day to begin with. A truly political community should strive for good life for all, not as a product (within the capitalist economic ideology), but as a basic political right of each and every individual, something that is not possible without a political community.

Unbelieving Debt For New Politics

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Oxana Lopatina is a researcher in the field of political ecology and ecological economics and a degrowth activist. In 2018, as part of a research fellowship with the Institute for Political Ecology, Croatia, she studied the role of debt accumulation in driving changes in material and energy throughput in the countries of Eastern Europe. Besides the debt-growth nexus, she is also interested in the impact of debt on inequality and autonomy, with a broader interest in the scarcity-abundance dichotomy. She is a member of the degrowth movement and is coordinating the preparation of an introduction to degrowth for policy makers.

Debt relations have always had a place in human societies, but never have they played a role as important and as diverse as in modern capitalism. During the Industrial Revolution credit served as an essential condition for industrialisation as it allowed poolling the capital required for large-scale and capital-intensive projects. Today credit is still paving the way for technological progress and economic expansion. In the last few decades, however, debt relations have become crucial for the very survival of capitalism. Under the conditions of overaccumulation due to shrinking opportunities to create new profitable investment outlets, the financial sector, including the credit market, has presented particularly attractive opportunities for investing, accruing capital and maintaining economic growth.

The supply of credit has been met by a demand multiplied by economic growth. While economic activities have been expanding, an ever-increasing number of entrepreneurs have been resorting to borrowing for the purpose of investing into the expansion and improvement of their business operations. With these pushing and pulling forces at play, providing both supply and demand, the expansion of debt relations and the resulting capital shuffling have been preventing idleness of the capital and, hence, potential crises. At the same time, being directed towards the most 'productive' uses, capital in the form of credit money has been contributing to an increase in economic activities. However, higher levels of production also require higher levels of consumption. In order to stimulate it, corporations have resorted to advertising on a massive scale. Although efficient at creating and enforcing new needs, advertising cannot increase the capacity of consumers to spend – but consumer credit can. This way debt has become a tool for perpetuating an infinite cycle of consumption and economic growth.

The pressure on households to increase credit consumption has been further exacerbated by other processes that, just like the expansion of debt relations, have also been fuelled by the demand for new frontiers for investment and capital accumulation, namely by privatisation and the retreat of the welfare state. Facilitated by the ideology of neoliberalism, privatisation has implied the commodification of an increasing number of human needs through the enclosure of commons and privatisation of public services. Coupled with stagnating real wages, this resulted in a considerable increase in the demand for credit on the side of households. Individuals now have to resort to credit in order to provide not only for the freshly created needs for more and newer positional goods, but also for their basic needs, such as housing, education, healthcare and transportation.

These processes evolving around the credit market have had both social and environmental implications. For society financialisation and staggering levels of indebtedness mean an increasing level of inequality, with many people worldwide being placed into a precarious state of existence under the pressure of debt. At the same time, with interest channelling wealth away from the majority of the population and upwards, the wealthiest strata have been enjoying ever-increasing profits from the credit market. **The expansion of debt relations has grave environmental implications as well, as it has supported economic growth and production of more goods and services, which is always (although to a various degree) associated with material and energy throughput and creates environmental pressures in the form of ecosystem and soil degradation, pollution and waste.**

These negative outcomes of the expansion of debt relations lie at the heart of the degrowth critique of capitalism, and debt in particular. The degrowth movement aims to find and disseminate solutions for overcoming the exploitative and destructive nature of the current economic system driven by an endless pursuit of economic growth. One key barrier to changing the system is the fact that each participant of a capitalist economy is dependent on the system for their very survival and is therefore forced to reproduce it. Following Castoriadis, degrowth suggests that one critical element of breaking out of this deadlock is realising the imaginary grounds of capitalism. The ‘real’ system of capitalism as we experience it in the form of practices and institutions is based on a set of beliefs that justify it. These include the beliefs that economic growth can bring universal well-being, that humans can disconnect from and dominate nature and that there is a technological solution to any problem.

The continuation of debt relations on the present scale is also locked into the belief system of capitalism and is in turn supported by the belief that interest is a fair fee for providing access to money, that debt is an agreement that one enters voluntarily and, hence, that all debt (and interest) must be repaid. The power of this set of beliefs underlying the institution of debt allows it to shape the behaviour of economic actors in line with the interests of capitalism. Debt claims future labour and income of the debtor and thus forces debtors to organise their professional and personal lives, their behaviour, choices and the way of thinking about them in view of debt repayment. Entering debt relations moulds one into a homo economicus via introducing economic thinking into their everyday life and imposing a high degree of individualisation of responsibility for debt. Reinforced by its belief foundation, debt (and capitalism) exercises control over what is possible and what is impossible in the current system, blocking alternatives out of the individual and collective imagination – a.k.a ‘there is no alternative to capitalism’. Debt thus serves as a powerful tool of control under capitalism and expropriates our collective and individual future.

Despite the power of the imaginaries of capitalism and debt, the fictitious nature of their foundations implies that we can re-imagine the system, whereas our (semi-)voluntary contribution to these imaginaries and their reproduction means that we have the power to effectuate the change. Reversing the logic of debt governmentality and re-appropriating what was expropriated through debt relations requires recognising our collective power to do this. It also demands questioning the meanings created by debt in other spheres of life. For example, is housing a human right? Should education be free? Is the private sector really suited for providing social services? Breaking the spell of debt implies collective disobedience against the meanings created by debt and the struggle for new ones. In its turn, **unbelieving debt can be one of the entry points towards unbelieving capitalism and the shaping of new politics based on the principles of autonomy and cooperation instead of the old politics of morbid individualism, economism, anthropocentrism and exploitation,** thus helping the transition towards a fairer and more sustainable system.

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Politics of Cultural Transformation

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Dr. Mladen Domazet is a philosopher-physicist and Research Director at the Institute for Political Ecology in Zagreb, Croatia. He was a member of the Organizing Team of 2016 International Degrowth Conference in Budapest. His research focuses on degrowth-compatible common senses and social attitudes among contemporary populations, with special focus on the European semiperiphery and modernity's cultural instruments that contributed to the hegemony of economic growth.

You and I are not disinterested bystanders in the 6th massive planetary extinction on the only habitable planet we have access to. Modern civilization will not be a self-destructive blip in the history of life on Earth, nor a coldblooded destroyer of the people living it in the tropical frontline of climate crisis so as to try to bring a handful of high-impact lifestyles in the North within the planetary boundaries. We who get to reflect on and speak about this, who get to organise politically, are fed and have food to share. For these reasons we are able to see how degrowth and evasion of global collapse of complex life are intrinsically connected.

By understanding structural, and these are essentially also cultural, connections between the mythos by which we explain our perpetual reproduction, their material manifestation and the politics by which we propose to guide it tomorrow and the day after we can see beyond blinding size of global inequalities and abrupt ecological destabilization. To do this we must reshape the myths through which we connect ourselves to the world.

The myths tell us humanity created the fossil economy for all to thrive and had to end in this global climatic predicament, locked-in now into drastic natural degradation and further destructive struggles over insufficient life supplies (Klar 2012, Welzer 2012). The myths also tell us that 'one has to pay one's debts' (Graeber 2011:4) as the only way to restore the full fundamental equality between humans, which is currently temporarily imbalanced. Because debt requires a relationship between people, and by extension groups of people, who are not fundamentally different sorts of being, but whose actually existing equality is temporarily converted into a hierarchy of debtor and creditor. A hierarchy without reciprocity, and therefore one of prime political interest. But first let's take a step back to the material transformation of our societies in the forthcoming degrowth era.

Beyond the myths lies the century that came about from a global understanding of the role that fossil fuels played in the driving of climate change and the social organization of everyday life's reproduction up to now. In this future people understand that there is excess energy available in the Earth system from the incoming sunshine, even after it is shared with the other living beings and geological processes. Our descendants strive to collectively better understand how that excess energy can be harnessed through technologies that maintain stability and power flourishing of their communities with minimal disruption to the non-human ecosystems already destabilized by global environmental change in 21st century. And they repeatedly renegotiate where to direct the excess energy after their basic needs have been met. Excess energy that they do not treat as a scarce resource, but as a supply of frugal abundance. They know that globalized capitalism and the periodic "catch-up socialist productivism" were not by-products of technological development, but a social organization of production and consumption of things motivated by the cultural imperative to expand the accumulation of profits after sale. And they choose to organize differently.

They identify our inaction, our paralysis before the necessary social change, in the cultural lock-in of the myths of technological progress and private bearers of all "capital" necessary for progress (natural, material, intellectual). We face scarcities despite mass overproduction of commodities of all kinds through hearty attachment to private property at every level of life, from simplest of tools to whole ecosystems. These illusory scarcities, socially created chimera for sorting who is "better" among us, keep us feeling short-served and submissive to persistent wage-slavery to gain more access and diminish the pain of scarcity a little. At the same time, 2 billion of our fellow humans are malnourished whilst enough food is produced to nourish the whole 7 billion and leave some over for the forthcoming 3 billion more in this century (Hickel 2017). Hunger is a material scarcity of the first degree and we fear lest it should befall us (again), committing to more work and more throughput to gain a little more capital (Lewis and Maslin 2018). Yet many are out of job or in insufficiently paid precarious temporary work placements that offer little security and emancipation, but don't trust those in similar positions to be equally concerned about global unsustainability.

Debt relation ties the global population into a necessary interaction in a hierarchical, unequal context. When debt is cancelled both parties can walk away (in their metabolic imaginary, not physically on a single limited size planet) and have nothing further to do with each other. And in that respect the ecological debt is also a relation of inequality that has a direct material manifestation in the destabilized planetary ecosystem. Debt, according to Graeber (ibid:122), is the interaction that parties are in under promise of eventual equality – a real metaphysical promise that the politics of justice rests on. Perpetual exponential growth will not alleviate climate inequality and historic injustices. Historically, only a reduced economic output has produced lasting regional emissions reductions.

Within the current global market and with much of the world's people in need of finances to alleviate scarcities, dematerializing economies is achieved by eventually shifting emissions to the South (Giljum et al. 2014, Schaffartzik et al. 2014). **Without a cultural change of aspirations and emancipation, the growth imperative commits the capital sunk in the technological extraction and processing infrastructure to not only shift, but to overall expand the harmful emissions through a rebound effect** (Giljum et al. 2009). Eventually, some responsibility for contemporary emissions changes hands, but the planetary atmospheric carbon concentration rises just the same – and the 1.5°C warming limit is breached. The cultural transformation is therefore a crucial component of degrowth, driving the material reduction of extraction, throughput and emissions.

Planetary environmental justice and ecological stability, the material fundamentals of the promised notional equality, require a global transformation that abandons the growth fetishizing paradigm and radically redresses the past injustices, so that North and South can face imminent rapid climate change together.

The distribution of the social product required for a good life will have to change under these conditions, from the accumulation of abstract 'private riches' to provision of the basic 'public wealth' (Hickel 2019). The money required to kickstart this change languishes in tax havens and financial instruments securing future returns through the accountancy of economic growth. Whilst the global South is lacking the means within current economic value-system with which to provide healthcare, sanitation education and adaptation to climate change including low-carbon reconstruction, its current economic output is eaten up by debt repayments.

To stay below 1.5 °C within new arrangements of production and distribution, a new economy will require immediate sizeable financial transfers from North to South, raising people from poverty and providing instruments of emancipation and inclusion in the global society through a global clear and present equality relationship, not a promise of future equality through debt repayment (financial or ecological).

A politics of equality that establishes relationships beyond financial and climate debts, but by mutual recognition of reciprocity of co-habitation on a single limited planet is the fundamental cultural reappropriation of equality. **Debt cancelation and abandonment of the debt-based money system (fractional reserve banking) should be the first obvious structural steps of transition to a new kind of economy that does not necessitate all (re) productive work to increase year after year so as to repay the compound interest on the initial capital downpayment.** It is in the interest of the both the current haves and have-nots, the elites and the struggling together to avoid the collapse of natural base of reproduction of all economies, the complex living planet. It is fair and democratic to mitigate it by strategically guiding the degrowth of the global economy.

Current political strategies for mitigating excesses of human economies' impact on climate and biosphere are scientifically assessed as deeply inadequate. They fear explicating that throughput reduction and a socially fair distribution of the costs and benefits of climate action is unobtainable without a degrowth strategy.

Mainstream politics in Europe emphasises shifts to renewable energy, energy efficiency, low-carbon transport and so on, but without reconceptualising the 'private riches' driver of European economies, the imperative of debt-driven growth and the brewing class conflict caused by growing inequalities (Dolenec 2019). A politics of cultural transformation will not rest on future promise of restoration of equality (once the repayments of all sorts are achieved), but the current understanding of the enacted equality of all in one sinking boat. A future for the EU, and for the world, demands a green-left perspective which ties urgent action on climate change with a social justice agenda which acknowledges that current false promise of equality restoration actually means we are not yet in the same boat (through hierarchies of debt-relation), whereas fundamentally we are the same sort of being – members of complex metabolic system on one living planet.

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How Not to Be Lost in Degrowth Plurality?

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Degrowth has become popular over the last years. The degrowth movement aims for a better life by using less energy and fewer resources, respecting nature and all living beings on the planet. It criticizes economic growth and addresses its hegemony in today's society by unravelling its role in the capitalist system in which we live. The imperative of economic growth is inscribed into the capitalist system. One expression of this is the dominance of the GDP, which remains, despite its widespread criticism, the most popular measure of social well-being that defines politics without respecting any planetary, i.e. ecological and social boundaries (Kallis et al. 2015).

Debt also constitutes an essential part of the capitalist system. Even though debt existed in pre-capitalist societies, the debt spiral gained momentum in capitalist societies. Debt is a product of power relations. It relies on them, meaning that it disadvantages the weaker party and makes it dependent on the stronger, which has the power to define the conditions for paying the debt. Financialised capitalism has created new forms of mechanisms of indebtedness by inventing financial products that are no longer related to real economic activities, i.e. activities that might be beneficial for society. The question of debt and its legitimacy has been addressed by social movements that fight against illegitimate debts, among other things (Cutillas et al. 2015).

Both the degrowth movement and movement fighting against illegitimate debts address the unjust capitalist system. Since building alliances in today's political setting where right wing social forces are increasingly gaining power requires, more than ever, creating a counter narrative and a counter movement, this raises the question of what both movements can learn from each other and how they can shape new politics together. Here, I argue that strategies are essential for the degrowth movement to further advance the degrowth project. **Strategies of the movement against illegitimate debt, which is connected to an organizational structure and concrete instruments, might be helpful for the degrowth movement to learn from.**

The degrowth movement has been very strong in promoting and living concrete alternatives at the local scale. Local food production and consumption, exchange platforms, local currencies, cooperatives or eco-communities are just some examples that demonstrate the strength and the diversity of the movement in terms of its local action. However, the movement strives for a deeper discussion on strategies that would advance the agenda for a social-ecological transformation (see Barlow 2019 & the Degrowth Conference Vienna 2020 (n.d.)). What is necessary for a radical transformation of our society, the economic system and established institutions, or in other words, how degrowth relates to politics, is still an open question that needs to be explored.

In a recent interview Giorgos Kallis, one of the researchers of the Research & Degrowth group, described the relation of the degrowth movement to politics as follows:
"No, I never thought that degrowth would be a movement like the workers' movement, with political parties arguing for degrowth and elected on degrowth platforms. A successful political movement is going to be about many different aspects of social justice and economic transformation, not just degrowth. My aspiration is that degrowth ideas are taken up by broader social and political movements and become common sense for many people, possibly even people in power." (Kallis et al. 2018)

Yet, if degrowth shall not become a social movement but common sense for many different political actors, how should this be realized? We still haven't seen people in power follow ideas of degrowth. Instead, if following 'green ideas' at all, they are proponents of a green economy, claiming that sustainable development of our planet would be possible by implementing 'green solutions' that would benefit nature and society and foster the economy, which again translates into economic growth. But these false, triple-win promises have failed in the past and have led to even more environmental and social injustice on our planet.

A broader alliance amongst different movements is therefore necessary in order to establish degrowth as common sense in society.

The project Degrowth in Movement(s) (Burkhart et al. 2016) has linked the idea of degrowth to many different existing social movements. By adding the debt movement to this list, an alliance shall grow not only in terms of numbers but also in terms of strategies to fruitfully advance the degrowth agenda. But what would such an agenda look like? And who should put it forward? To quote Herbert et al. (2018) − is degrowth “lost in plurality”? What might be the pathways for social-ecological transformation?

Because of the plurality of the degrowth movement there is fear that no unifying position on how to organize it exists. In other words, the role that political parties, the state or other existing institutions should play in this context is seen differently in different movements. Instead of focusing on the discussion on the role of the state, for example, Panos Petridis (2019) suggests evaluating strategies according to a typology that could include the following questions:
“Does a certain proposal result from bottom-up social movement demands? Does it have a place, and would it improve life, both in the current socioeconomic system, and also in the desired society? Does it fulfill a universal basic need? Does it get us closer to an emancipatory vision, or put us in a better position to reach it?”

Still, I would argue that there is a need for an organizational structure and instruments that can implement strategies. For this, the movement fighting against illegitimate debt has given two successful examples from which the degrowth community might learn. The first is the use of citizen budgeting and concerns the instruments. How debt is measured and calculated is important for democratizing society (Moreno et al. 2016). In this context there is debt other than financial debt that should be taken into account – the ecological debt. It demonstrates that the Global North is heavily indebted to the countries in the Global South, relying on raw materials imported from the latter, and causing pollution and social inequality in the countries of origin (Martinez Alier 2002). The second example, creating fairer North-South relations and thus a more just society, is the cancelation of debt. The states – more concretely Norway and Ecuador – that decided to cancel their debts are important actors in this context. Debt cancellation is thus another important strategy to contribute to degrowth (Cutillas et al. 2015).

To sum up, the question of what strategies are adequate to advance degrowth and create new politics requires further discussion in the community working on debt regarding the strategies, forms of organizing and political instruments to be used. This might offer new insights into how to define the pathways for social-ecological transformations.

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