



“The Fetishism of Debt”

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HOWARD ZINN MEMORIAL LECTURES
@ OCCUPY BOSTON



Why are you in debt? And, why do you believe you are in debt? I won't ask if you are in debt: you are. According to one estimate based on the Federal Reserve's picture of our total consumer debt, every person owes almost \$8,000, a third in revolving credit card debt and two-thirds in installment debt, mainly student loans and auto loans. And that figure doesn't count mortgage loans. The first two questions are a little more complicated. Why are you in debt? And why do you believe you are in debt?

Despite the rhetoric of financial journalists, your debts are not the same as those of Google, General Motors or Wal-Mart. Ordinary debt-crisis talk conflates two completely different processes: the credit system, and *living in debt*. The credit or financial system "depicts relations *within* the capitalist class," as David Harvey has shown. Here credit is the creation of "fictitious capital" to accelerate the process of the accumulation; and interest is that part of surplus value which is distributed to those capitalists who keep capital's blood circulating.

But your debt, living in debt, is not a capital investment; it is not even like the debt of sharecroppers or debt peons who borrow to acquire the seeds and tools needed to produce their cash crops. Rather, your debt is consumer debt or household debt, borrowed to secure the very means of subsistence, and to smooth the micro-booms and micro-busts between paychecks.

The specific forms of working-class indebtedness have changed, as Eli's talk showed. From the explosion of pawnshops in the nineteenth-century proletarian quarters where working-class women weekly pawned and redeemed coats and pocket watches, to the twenty-first century credit cards and payday loans, the fees and interest rates of pawnbrokers, credit drapers, loan sharks, and sub-prime lenders have always been deducted from those living from wage packet to paycheck. Moreover, in periods of declining real wages, like the last forty years in the US, households fall further and further behind in their attempt to pay for the costs of daily life: household debt doubled, as a percentage of disposable income, between 1975 and 2005, creating what Foster and Magdoff called, in their prescient *Monthly Review* essay two years before the financial crisis, the "household debt bubble."

If this begins to answer the first question – why are we in debt? – the second question might think seem perverse. Why do we believe that we are in debt? Because we are!

Actually, this is quite true, since ethnographers of working-class debt have found that people often don't think of themselves as being in debt unless they are behind in their payments.

But this also misses the peculiar fetishism of debt. I borrow the phrase from Marx's classic analysis of the fetishism of commodities in *Capital*. Too often we forget that the fetishism of commodities is only one form of capitalist fetishism, and that fetishism itself was only one mechanism of a larger process that Marx called, in English, "the religion of everyday life."

The "religion of everyday life" referred not only to our habitual, common sense, everyday consciousness of the world but also the structural inversion by which the capitalist mode of production produced this consciousness. Marx identified two key mechanisms of this "religion of everyday life": on the one hand, fetishism or the "personification of things"; and on the other hand, reification, or the "thingification of social relations." Together, the personification of things and the thingification of social relations create the peculiar inversions and disguises of what he called the "bewitched, distorted, and upside-down world haunted by Monsieur le Capital," adding

that “the actual agents of production...feel completely at home in these estranged and irrational forms.”

The fetish character of commodities was, Marx said, “relatively easy to penetrate” compared to the other fetishized and reified forms in this religion of everyday life. He wrote powerfully of the fetishism of the “wage,” which erases the line between necessary and surplus labor, and of the fetishism of interest-bearing “capital,” where “money breeds money,” just as pear trees produce pears.

Marx didn’t analyze the fetishism of debt, but I would suggest that it is based on a similar process as the other forms of fetishism: it is a bizarre time reversal that creates the illusion, and reality, of working-class indebtedness. In the fetishism of debt, what appears to be a lending of money by capital to wage earners is actually a borrowing in kind by capital. This sounds odd, but there is one moment when the fetishism of debt reveals itself: every time one takes a new job, one is reminded that you must support yourself without pay for the first day, week, or month. For one of the most curious aspects of the fictitious commodity the temp agencies call “manpower” is that it is one of a few commodities that is consumed *before* it is paid for. With most commodities, one pays and then enjoys. There are a handful of quotidian exceptions, like the restaurant meal -- hence the deeply frowned-upon act of skipping out on a check. We do often get to use a commodity before paying for it, but these are always seen as a loan by the retailer or by a third party like a credit card issuer.

Only in the case of wage labor is the commodity used up before it is paid for; “everywhere,” Marx noted in an aside in *Capital*, “the worker allows credit to the capitalist.” Perhaps the most revealing metaphor we have of this time warp is that, in the rare instances where someone *is* paid before working, it is called an “advance,” a usage that goes back to the early eighteenth century.

So, as a protest poster in Madrid put it last May – “Debt? We are the creditors.” Everyday we make an interest-free loan of our labor power to our employers. And, short of cash, we are forced to take out interest-bearing loans to cover the “revolving” costs of eating and dressing and living, as well as the long-term costs of housing, commuting, procreating and schooling. Life, in this upside-down world, is always in hock to labor.

Marx argued that the fetish of the wage was the basis of “all the notions of justice held by both the worker and the capitalist...all capitalism’s illusions about freedom.” In a parallel way, I would like to conclude by suggesting that the fetishism of debt is the basis for all of our notions – held by workers and capitalists alike -- of the morally deficient consumption practices of working-class people: we are told, and we believe, that we have a congenital disposition to live beyond our means. Not only do we forget that we are creditors; we believe that we are in debt, and that we deserve to be in debt. We are unable to save, to plan, to control our desires and our appetites: we are all shopaholics, subprime borrowers. Such is the power of the fetishism of debt.

About The Author



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His publications include *Culture in the Age of Three Worlds* (Verso 2004), *The Cultural Front: The Laboring of American Culture in the Twentieth Century* (Verso 1997), *Mechanic Accents: Dime Novels and Working Class Culture in America* (Verso 1987), and *Cover Stories: Narrative and Ideology in the British Spy Thriller* (Routledge and Kegan Paul 1987).

This pamphlet is based on the lecture Michael Denning gave as part of the Howard Zinn Memorial Lecture Series, a forum of the Free School University at Occupy Boston.

This pamphlet was produced by the Howard Zinn Memorial Lecture Series working group.

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