INTO THE DEBT QUAGMIRE

How Defaulters cope with Severe Debt Problems

By

Christian Poppe

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Department of Sociology and Human Geography

Faculty of Social Sciences

University of Oslo, Norway

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1. INTO THE DEBT QUAGMIRE

1.1. INTRODUCTION

This study deals with the ways in which default-debtors cope with severe debt problems. The point of departure is the simple observation that debt problems raise considerable tension everywhere they come into existence due to the economic, ethical, social and political issues involved. Leaving persons, firms or public institutions unpaid for delivered goods and services is unacceptable for obvious reasons. The obviousness about it suggests that a cardinal convention in society is challenged. We shall refer to the norm in question as the *'repayment norm'*, which says that debts must be repaid in time according to standing agreements. If a larger proportion of debtors — and it probably does not have to be very large — violates the principle, it not only does injustice to everyone who actually complies with the norm, but could also lead to the collapse of society as we know it. Debt and its hazards are of paramount importance to the preservation of any existing social order.

Over the last two or three decades, modern capitalist societies around the world have been haunted by growing numbers of private individuals who do not handle their debt burdens. Instead, they struggle with serious deficits under varying institutional conditions including legal statutes, creditor practises and existing — or non-existing — social security nets. Besides dealing with the creditor side, basic needs must be met on a daily basis — such as food, clothes, transportation and a place to live. Over time, enduring debt problems damage one's personal integrity and reputation, and threaten to inflict substantial economic and social downfalls on the default-debtor and his household. Coping with debt problems is therefore a desperate struggle for no less than one's material, social and moral standing.

Scholars have called upon metaphors like *"the indebted society*", *"credit society"* and *"risk society"* to characterise the spread of debt problems — some have even warned against the *"re-emergence of poverty"*. Such statements express that the scope, distribution and repercussions of over-indebtedness many places have reached unheard-of proportions. As a consequence, much effort has been made to identify the causes and effects of the phenomenon. Curiously enough, however, the ways in which people actually cope with their debt problems have not enjoyed the same attention. This, of course, does not mean that such knowledge is irrelevant or unimportant. Quite on the contrary, if we are to remedy over-indebtedness as a social problem, we have to understand the logic involved in the everyday struggling with debt quagmires.

This study aims at delivering such insights.

1.2. The Analytical Challenge

In the 11th century, the Persian mathematician, philosopher, astronomer and poet Omar Khayyam advised his contemporaries to *"take the cash and let the credit go"*. The principle has had a bearing in economic life well into the 20th century — including in the West. But not anymore; although scepticism and reluctance against credit may still have an impact in pockets of society, it is generally a rather poor guideline for managing economic careers. The rule of the day seems more like the opposite: *"take the credit and let the cash go"*, or, in modern terms: *"buy now, pay later*". However, there is every reason to underline that the change of norms does not affect the repayment norm as such; debts are still to be repaid in time and in accordance with ongoing agreements between the debtor and his creditor(s).

As shall be argued throughout the study, normative constraints are embedded in historic time and space, and appear as more or less appropriate relative to the social environments in which they claim validity. Moreover, a shift of overall doctrines in economic life from *"save first, pay cash"* to *"buy now, pay later*" presupposes a process whereby credit is made readily available to the general public. Most Western capitalist societies underwent this kind of change during the 1970'ies and 1980'ies. As a result, credit became a major device — indeed, *the* device — for allocating scarce resources, goods and services among the population. This even goes for disadvantaged social categories; access to financial services including certain forms of credit has become a prerequisite for including persons of limited means into mainstream economic and social life (Kempson and Anderloni 2007).

The *"buy now, pay later*" principle is commonly associated with consumption — and hence the use of consumer credit. But of course, its validity also extends to the acquisition of capital-intensive items such as cars, homes and education. From an individual's point of view, taking on debts has typically become no less than a necessity because coveted consumer goods as well as opportunities to acquire and secure assets are generally too costly to be obtained by cash alone. From society's point of view, credit is convenient because it plays a key role in economic growth; in modern, capitalist societies jobs and welfare simply depends on people's willingness to use credit to pursue appropriate economic careers. However, as credit is made generally available to the public the result is that more people take on more debt. The unintended side effect is that the number of default-debtors increases as well.

The forthcoming analysis is based on the view that credit is institutionalised practise and as such carefully organised, formally regulated and embedded in economic and legal as well as social contexts. The institutionalisation of credit also defines expectations as to how those who fail to meet their obligations should act, thereby translating the repayment norm into practical prescriptions. For instance, market constraints impose default-debtors to immediately report any problems that occur, and to provide the creditor side with all information needed for them to secure their interests. They are of course also expected to act in accordance with any legal statute that applies to the particular situations they are in. However, evidence from many countries — including the data to be used for this study — shows that they not always comply. Instead, creditors often complain about default-debtors who make poor decisions and behave financially imprudent. This even involves defaulting on renegotiated repayment schedules — i.e. any second chance offered to them — whether established bilaterally or enforced by the courts.

The ambition of this study is to provide a comprehensive theoretical framework and carry out an empirical analysis that not only gives us a better general understanding of how people cope with debt quagmires, but also offers explanations on why default-debtors sometimes act in economically unwise ways. In particular, it is argued that an adequate understanding of the debt problem phenomenon presupposes a social rather than an economic perspective and that any set of remedial steps to solve, ease and prevent serious instances of over-indebtedness must be based on knowledge about how social orientations impact economic decisions in times of hardship.

1.3. A Brief Description of the Formal Institutional Setting

The study is to be based on interviews with Norwegian default-debtors in 2001.[1] Taken together, these are persons whose debt problems cover a time span of more than fifteen years — from the mid 1980'ies to the day of the interviews and beyond. As such, their stories are conditioned by time- and space-specific institutional constraints. In particular, they handle their debt problems within the frameworks of formalised market regulations and legal arrangements. By introduction, a brief description of the most dominating features of these systems is needed to set the stage for the study and put the empirical data on coping behaviour in perspective.

1.3.1 The Market Institution: Debt Crisis and Beyond

As just pointed out, the shift from cash-based to debt-based household economies presupposes that credit is in fact generally available to everyone who is willing and can afford to pay for it. In Norway, the credit market was deregulated in the mid-1980'ies. Until then, the amount of money that banks and finance houses could lend to private borrowers was politically controlled and delimited (Lunde and Poppe 1991: 32-33). As a consequence, only the best customers were granted loans. Under such circumstances, debt problems were practically non-existent. But the regime also had some disadvantages; for instance, homes were increasingly paid "under the table", which indicated that the needs, aspirations and increasing wealth among Norwegian households were sub-optimally utilised as an engine for economic growth (Reve 1990; NOU 1989). Inspired by Thatcherism in the UK, the right-wing political parties saw it as an ideological issue; everyone should have the right to own a home and otherwise be free to choose what to do with their own money. The regulated credit market became a symbol of social-democratic assaults on personal freedom, and was defined as a target area for change.

When the social-democrats lost the election in 1981, a succession of two governments led by the conservative party implemented a series of economic reforms. First, the housing market was deregulated in 1984, and the housing cooperatives were allowed to dissolve into homeownership units. As a result, many became proprietors of assets that could be converted into cash on the market or used as collaterals for loans. Next, the deregulation of the credit market was implemented through a succession of reforms between 1984 and 1986. The two combined into what has been called the *'housing spiral'*; the accumulated demand for homes were now met by more items for

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[1] Cf. chapter 4 for a detailed presentation and discussion of the sample.

sale and extensive access to credit financing. The result was that more people became homeowners, and that many of those who already owned a home took the step into better housing facilities. The process also powered consumption, as parts of the loans were obviously used for such purposes (Poppe 1990: 33-35). But the reverse of the medal was that the housing prices went sky-high and created substantial increases in the households' debt loads. In the initial phases it did not matter much since the real interest rates were negative for large income groups as late as in 1987. But following the tax reform of 1986, credit eventually got a price — a development that many households had not taken into account (Lunde and Poppe 1991: 48-51).

Another important aspect of the process was that the deregulation also powered credit-financed buying and selling of shares, and encouraged the establishment of small firms of all sorts. As it turned out, many of these activities lacked foundation in real values. Moreover, when the social-democrats — who were back in power following the 1987-election — implemented their retrenchment policies and devaluated the Norwegian currency, it coincided with the international recession starting with the New York stock exchange collapse in October 1987. The combined result was devastating. As business bankruptcies started to spread and many industries had to reduce their activities due to the changes in the international competitive conditions, unemployment rose to unheard-of proportions. And so did the interest rates. During 1988, the housing market collapsed. As a result, people who for various reasons could no longer pay the price for their loans lost the ticket out of the difficulties as homes could only be sold at a loss. The same year, debt problems were publicly recognised as a social fact and the *'debt victim'* conception entered the Norwegian discourse (Tufte 2005: 21-22).

The troublesome times that followed — simply known as the *'debt crisis'* — lasted for nearly six years, and was particularly noticeable between 1989 and 1993 during which many people lost their homes. To illustrate, during the peak year of 1990 alone 22.119 forced sales were carried out in addition to an unknown number of families who voluntarily sold their homes to avoid the extra burdens — and losses — associated with court orders.[2] As for the households, Rokhaug (2004: 19) points out that the debt crisis is more appropriately referred to as the *'mortgage crisis'* due to the dominating causal mechanism involved. Still, a wider perspective underlines that the problems were more fundamentally rooted in structural problems in the national economy and challenges in the international environment such as rising oil prices, turbulence in foreign exchange markets and speculations against the Norwegian currency (Steigum

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[2] Source: Brønnøysundregistrene.

2004-29; Gerdrup 2004-154; Moe 2004). The depth of the crisis is underlined by the fact that several of the major commercial and savings banks had to get emergency funding from the banking system's own security net as well as from public funds, and that the three largest commercial banks were in fact taken over by the state between 1991 and 1993 (Wilse 2004; Statistics-Norway 1999). In retrospect, the aggressive competition for borrowers and market shares in most segments of the credit market seems to be a major drive behind the *'debt crisis'* (Knutsen, Lange, and Nordvik 1998; Lie 1998; Wilse 2004:181).

The impact of these years can hardly be underestimated; banks and finance houses as well as individual borrowers and society as a whole got a first-hand lesson about the hazards of credit. It has generally led to improved banking practises including the tailoring of financial products and a more realistic customer counselling based on advanced credit score systems and a better understanding of the risks involved. Also, as shall be highlighted shortly, it has brought about improved legislation and public services. Still, the increased dependency on a number of markets has left the households more exposed than ever to system level forces; a large-scale crisis is a sufficient, but not a necessary pre-condition for developing debt problems.

Between 1994 and 1998 the recession was replaced by an upturn in the Norwegian economy; the unemployment rates started to decline as did the interest rates. By 1996/1997, the housing prices returned to the 1987/1988 level and continued to increase almost exponentially thereafter. Under such conditions, Rokhaug (2004: 24-25) argues that property can hardly cause large-scale financial problems even in case of events such as unemployment, divorce and failing health since it is almost always possible to sell at a profit. However, the positive development in the housing market has increasingly led banks and finance houses to back up purchases of homes with loans that exceed the market value of the mortgage (Kredittilsynet 1998, 2002, 2005, 2006). This, of course, contributes to the rise in prices as well as debt loads, and conserves the housing market as a risk zone. A lesson that was *not* learned by the debt crisis is to turn to fixed interest rates; unlike many other countries, loans on mortgage in Norway are still predominantly given at floating rates.

Besides being characterised by periods of substantial growth, the post-crisis credit market is distinguished by technological innovation and development of new financial products. One of the most important trends is the expansion of consumption debts — in particular powered by the spread of various types of credit cards for which the total volume of outstanding debts increased by factor 3.8 between 1990 and 2001.[3] Another trend is that credit has spread into new social groups — in particular women and younger age cohorts. These are also the categories that have come trooping into the money collectors' files since the end of the 1990'ies (Lindorff 2001, 2003, 2006). The joint output from rising housing prices, new sophisticated financial products, extensive access to unsecured loans and the spread of credit into new groups is a substantial increase in overall debt volumes; whereas 12% of the households had debts exceeding twice their total incomes in 1986, the proportion had increased to 23% by 2004. Also, the percentage of households without credit decreased from 28% to 18% in the same period. The debts loads are highest among units with small children (Statistics-Norway 2006).

Parallel to these developments, another economic upturn took place between 2003 and 2007. The period is marked by a combination of all-time low interest rates, hardly any unemployment and favourable wage settlements, in sum leading to yearly increases in real wages for most groups (Poppe 2006). However, these are trends that do not concern the forthcoming empirical analyses since the interviews were done in 2001. The recent positive developments are therefore not commented in any further detail.

1.3.2 THE STATE INSTITUTION; LEGISLATION

In cases of default, society places its machinery of power at the creditors' service. History knows the full range of penalties for failing to repay debts, including various forms of physical punishment, enslavement and even death penalty (Cohen 1982; Hilton 2004; Calder 1999; Tufte 2005).[4] As for Norway, default-debtors risked im-

[3] Source: Finansieringsselskapenes forening (The Association of Norwegian Finance Houses). Total credit card debts per 31.12.1990: 2.828 billion NOK; per 31.12.2001: 10.735 billion NOK. If also consumer loans are added to the outstanding debts to the organisation's finance house members, the grand total is about 15 billion NOK by December 2002.

[4] The potential hazards associated with debt are recognised throughout history and across multiple cultural settings. This is not the least demonstrated by the fact that the concerns have even found their ways into major religious texts, such as the Book of Deuteronomy where all citizens are imposed to erase all debts older than seven years (provided that the default-debtor is not a foreigner), and the Koran where the use of interest rates is banned. In ancient Greece and Rome, those who failed to pay their dues risked being enslaved, sold and killed. Physical punishment and loss of civic rights continued in most societies well into the nineteenth century. One of the reasons for the hard penalties was a lack of distinction between good-intended and bad-intended default-debtors. When it eventually was introduced, dishonest default-debtors became the targets of tough treatment, such as in medieval Britain where they risked being placed in the pillory, have their ears cut off and even killed (Kilpi 1998: 9-10; Tufte 2005: 69-70; Ryan 1995: 11-13).

prisonment up to 1874. Some types of debts were also linked to specific sanctions, such as in the case of tax arrears where people had to provide the military with lodging until the dues were settled. In modern legislation, certain types of debts still hold a unique position as they are backed up with particularly hard penalties. Hence, failing to pay maintenance was punished with forced labour as late as 1955, and to this day people who do not meet their child maintenance obligations risk imprisonment if the offence is found to be ill-intended rather than related to a lack of economic means (Rokhaug 2004: 146-147).

Since 1983, when default as such was decriminalised, the Norwegian legislation has three general characteristics; firstly, it establishes a system for debt recovery; secondly, it sets the limits for such practises by protecting the default-debtor from unfair treatment and granting him certain rights; and thirdly, it institutes a range of opportunities for partial and comprehensive solutions. As for the debt recovery system, it initially involves a routine of warnings and requests — each step associated with deadlines and charges to be covered by the default-debtor. Unpaid claims eventually end up in the court system where additional charges are added. Whereas public creditors have special authorisation and typically run the process themselves according to a simplified and more direct debt recovery routine, private creditors such as banks and firms increasingly hire debt-collection agencies for the job. Due to the high — and frequent — charges involved, debt recovery has been a lucrative and growing business for years. From the default-debtors' point of view, it is an expensive process — in terms of money as well as compared to other countries such as Sweden and Denmark (Rokhaug 2004: 147-154; Tufte 2007).

When unpaid claims are formally clarified as legally enforceable — e.g. by court decisions, administrative resolutions or simply by debtor consent — the creditors may take the claim to the local enforcement officer who is authorised to distrain property, movables and income, and carry out forced sales and wage deductions. Depending on the type of clarification, there are instituted routines for making complaints about such steps. But often there is not much to be done. Also, default-debtors with complicated problems and multiple claims against them may have to deal not only with the "ordinary" enforcement officer but also four other authorities with the right to make distrainments — viz. the units responsible for recovering public claims such as taxes, fines and child maintenance arrears. This, in turn, may complicate matters considerably, as for instance when several wage deductions combine to leave the default-debtors without sufficient means to meet adequate subsistence levels. In such cases, the authority with the lowest prioritised claim has the duty to give notice and take the necessary initiatives to adjust the deduction. Unfortunately, the notification system is not good enough. As a result, it is often up to the default-debtors to make complaints, and until the corrections are made they risk ending up depending on social security (Rokhaug 2004: 154-178).

However, default-debtors are not left without any form of protection from creditor behaviour. In particular, there are limitations as to what and how much of their possessions and incomes that may be accessed. The rules are complicated and cannot be commented in any detail here. But generally, default-debtors are allowed to keep as much of the incomes that are necessary to meet an adequate subsistence level, and to hold on to possessions that are required to cover basic needs. The problem is that the terms *'adequate subsistence levels'* and *'basic needs'* are disputable. For instance, in debt recovery there are no fixed income thresholds; typically, social security levels, debt settlement rates or some other rule of thumb are taken as points of departure for making decisions in each individual case. In addition, factors such as the default-debtor's housing expenses, the number of people living in the household, and the extent to which he does his best to repay his creditors, are considered (Jacobsen and Steindal 1999: 5-6). As for property, the main rule is that it must be sold to the benefit of the creditors, but sales only takes place after careful economic and judicial considerations and a long process of warnings and opportunities to protest and negotiate (Rokhaug 2004: 158-159). Besides, whenever a home is put on a forced sale default-debtors are sometimes entitled to a replacement arranged by the municipality. Even though all of these examples show that the default-debtors have rights, their leeway is nevertheless strictly confined. Therefore, in severe cases of enduring debt problems more fundamental solutions ought to be found.

Norwegian legislation offers possibilities for bankruptcies as well as debt settlements. A basic difference between the two is that whereas the former is designed to serve creditor interests, the latter aims at restoring the default-debtors' economic situation. Also, even though there are exceptions, bankruptcies are almost exclusively used against companies since such processes are expensive and must be covered by the creditors if there are no real values left in the bankrupt's estate — which often is the case for private persons (Rokhaug 2004: 184-185, 188-189). As far as this study is concerned, bankruptcy is more of a route into severe debt problems rather than a way to settle economic scores because processes against small firms typically involve private property and other assets used to guarantee for the company's funding. As a result, many former owners of such businesses are personally dragged into insurmountable financial problems when they go bankrupt, after which they end up becoming part of the debt recovery processes just described above.

In practise, the only way for over-indebted private persons to get out of the difficulties is through a voluntary or enforced debt settlement. The Debt Settlement Act, which was introduced in 1993 as a direct response to the effects of the debt crisis, offers an opportunity to be set free from hopeless debt loads by committing oneself to a thrifty life for a limited period of time — normally five years. Not everyone can get a debt settlement. But those who qualify according to the requirements of the Act and forward a proposition in accordance with its rules have a right to be granted one, and can therefore — if necessary — force his creditors into an agreement. The main criterion is that the default-debtor is permanently unable to repay his debts. This is basically a matter of calculation where the inputs are the applicant's incomes, expenses and assets, and the output is a conclusive assessment about his capabilities of paying. Such conclusions also take into consideration the future prospects for improvements, involving such factors as age, education, health, and labour market developments (Rokhaug 2004: 296-301). Another criterion is that a debt settlement must not be morally offensive to the general public. This is a matter of a number of circumstances, as for instance the proposed standards of living, the character of the debts, and the default-debtor's behaviour with respect to his willingness to put his cards on the table, negotiate and free incomes and assets to the benefit of the creditor side. However, assessments about blame are by and large invalid; the intention of the Act is precisely to offer a solution even to those who have behaved irresponsibly in the past (Moe 2003: 371-382).

Once granted, a debt settlement implies that the default-debtor can only keep an apportioned part of his incomes to cover basic needs. As the rest is set aside to repay debts, this is where the interests of the creditors lie; they may now receive a dividend from people who perhaps have not paid them anything for years. Even in the many cases where there is nothing to divide between the creditors, an independent, professional review of the economic situation is usually considered helpful and reassuring.[5] As for the default-debtors, they have the right to keep a well-defined portion of their incomes, including means to cover reasonable, special needs such as medicines, medical treatment and visiting rights with their own children. Also, they have the right to a reasonable home and may keep a certain amount of money to cover housing expenses. They may even remain homeowners if a sale is not to the benefit of the

[5] This does not mean that the creditor side is satisfied with all aspects of the Debt Settlement Act. Of course, as holders of partial interests they have views on most issues affecting their dividend such as subsistence levels, special needs and property sales — generally as well as in concrete negotiations. But they are not opposed to debt settlements as such, and see the advantage in bringing long-lasting cases of default to an end through a professional system.

creditors and they are able to pay interest rates on the mortgage during the debt settlement period (Moe 2003: 245). As for other capital-intensive items such as cars, a sale is only avoided if the value is low and special needs are documented. However, it should be noticed that a debt settlement does not provide the default-debtors with any "fresh" money from public budgets. Therefore, many of them are left to live on incomes below the minimum threshold.

A forced debt settlement puts an end to years of economic troubles; at the close of the five years all remaining debts are written off with the exception of mortgages if the agreement includes a homeownership. As far as the forthcoming analysis is concerned, applying for and completing a debt settlement is therefore to be regarded as a weighty coping strategy. But the default-debtors' coping behaviour naturally involves a much wider array of activities. It is important to underline that a debt settlement is the "receiving end" of a wider institutionalised security net; before it comes to this point, many administrative units and statutory services have typically been called upon to provide various types of solutions to the financial problems.

Among these, the social security offices play an important role. By tradition, they provide economic emergency aid to citizens with pressing needs. In most municipalities, this is also where economic counselling can be accessed free of charge. This is a statutory service, but its location is not ideal as people generally feel stigmatised by having to line up with social clients of all kinds.[6] Still, a high number of default cases are handled by economic counsellors each year, including assisting the clients in extrajudicial negotiations with the creditor side to try to establish voluntary repayment schemes. Such talks are also required in order to qualify for a forced debt settlement later. In addition, default-debtors may permanently or temporarily access a wide range of support programmes — more or less irrespective of the presence of a debt settlement. Good examples are unemployment support, sickness benefit, benefit to single parents and free legal assistance. Sometimes, default-debtors may qualify for special lending programmes designed to provide a home to targeted groups that otherwise would be excluded from adequate living standards. Such options activate a number of administrative units among which the Employment Agency, the National Health Service, the National Insurance Service and the State Housing Bank are the most important. The latter also offers comprehensive economic counselling to customers who can no longer afford to pay for their mortgages (Rokhaug 2004: 28-39).

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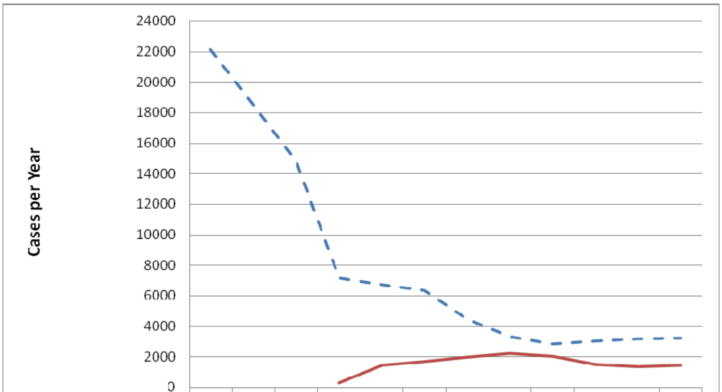
[6] This is about to change as social security, the Employment Agency and the National Insurance Service are currently being merged into a new unit called The Norwegian Labour and Welfare Organisation (NAV). This does not affect the study, though.

1.4. 'SEVERE' DEBT PROBLEMS

As stated in section 1.1, and further substantiated by the institutional description above, the focus in this study is on severe debt problems. But the notion of *'severity'* is not easy to give a precise definition, and has been subjected to considerable controversy in the Norwegian debate on debt problems (Poppe and Borgeraas 1992: 40-48; Tufte 2005: 27-32; Gulbrandsen 1993; NOU 1991). Obviously, *'severity'* has many dimensions. One of them is *time:* financial problems that persist over long periods of time may be considered as more serious than those that do not; Another is *money:* large deficits are normally regarded as more severe than more modest debts; Yet another dimension is *effects:* problem careers with large consequences for those involved are grimmer than instances where the impacts are less dramatic; a fourth aspect is *subjective experience*: individuals who are brought down by debt problems are often seen as being in worse situations than those who are not as affected.

Many more dimensions could probably have been mentioned. However, this study is not dependent on a lengthy conceptual clarification, nor a sharp demarcation line between *'serious'* and *'not so serious'* debt problems. Instead, a pragmatic strategy is chosen whereby persons who have either obtained a debt settlement, or whose economic situation would most likely qualify for one if they decide to apply, are taken as the proper target group for the forthcoming analysis. This brings the empirical basis of the study into a social segment that most people would readily characterise as being marked by *'serious'* debt problems. It also means that many of the just mentioned shades of *'severity'* are taken into the analysis, which is advantageous in a study of coping behaviour.

As a general picture of the phenomenon to be analysed, figure 1-1 on the opposite side shows the scope of severe debt problems along two indicators; viz. the number of debt settlements and forced sales of homes during the 1990'ies and up to 2001 when the interviews for the study were done. As can be seen, during the peak years of the debt crisis the number of forced sales well above 15.000 as compared to the economic upturn in the latter half of the 1990'ies when it came down to around 3.000 a year. The debt settlement curve displays a slightly different trend as it peaks in 1997 and 1998 at around 2000 granted settlements a year — well after the debt crises had come to an end. A number of factors contribute to the pattern; for instance, when the Act was introduced in 1993 many default-debtors were sceptical as to what a debt settlement would imply in practise (Poppe 1994: 209-235). But the most important explanation is time-lag; on the one hand, it takes time to have the cases processed as people start queuing up for help, and on the other it takes time for many over-indebted



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Forced Sales	22119	18489	14843	7146	6733	6342	4490	3317	2836	3049	3172	3221
Debt Settlements				315	1448	1704	1963	2213	2041	1480	1372	1433

Figure 1-1: Forced sales of homes and debt settlements 1990-2001. Absolute numbers. Source: The Brønnøysund Registry Centre. Debt settlements: Total of voluntary and forced settlements.

households to come forward with their problems. The latter is not the least demonstrated by the fact that the most typical debt crisis cases — i.e. financial difficulties following from losses of homes — made up a substantial proportion of the debt settlement applications as late as 1999 (Poppe and Tufte 2005). As a consequence, although the curve is probably a good illustration of the time trend, it underestimates the actual scope of severe financial problems; the vast majority of households in such difficulties are not involved in court procedures.

1.5. Brief Overview of the Thesis

With this, the stage for the study is set. The overall ambition is to offer a better understanding of how people cope with severe debt problems and why default-debtors sometimes act in economically unwise ways.

The study is organised as follows. Chapter 2 looks at debt problems as a field of research and defines the research questions. Chapter 3 deals with the theoretical aspects of the study, and proposes a framework for the forthcoming analysis. Chapter 4 is devoted to methodological issues and presents a design for the empirical analysis. The next three chapters analyse the empirical data by focussing on the following main topics: coping over time (chapter 5), the impact of social division (chapter 6), and moral defences (chapter 7). The eighth and final chapter discusses the empirical findings in a theoretical perspective, and assesses how the produced knowledge may inform decision-making in some important areas.

2. DEBT QUAGMIRES AS A FIELD OF RESEARCH

2.1. INTRODUCTION

Debt problems emerge within distributive systems. In modern societies, it is commonly distinguished between three such systems; viz. markets, governmental redistribution and informal personal networks where gifts, goods and services are reciprocated (Polanyi 1957 [1944]). As a social phenomenon, debt problems are primarily seen as referring to debt items within the two former systems.[7] However, since money is a main medium in all three distributive systems, economic difficulties related to such debts also affect informal relationships. The widespread impact of debt problems in many of society's most important institutional arenas turns the phenomenon into one of the key issues of our time.

This chapter reviews debt problems as a field of research. As shall be shown, it is first of all characterised by rich amounts of empirical studies — especially about causes and effects, but to some extent also about how people cope with the difficulties. In addition, there are noteworthy theoretical contributions. The aim of the review is to develop the research questions for the forthcoming analysis of coping behaviour. In doing so, it is primarily drawn upon literature from the peak years of debt problem

[7] Of course, it is possible to end up in severe debt problems by primarily taking on too much non-market debt; one may for instance borrow considerable amounts from wealthy friends, take up loans in the black market or end up in financial difficulties through criminal acts. These are causal factors that are of marginal interest to this study. However, such debts are relevant in as much as unmanageable formal debt loads lead to non-market borrowing as a way of coping with the situation.

studies — i.e. those accomplished during the 1980'ies and 1990'ies when many Western countries went through periods of recession and faced unprecedented proportions of over-indebted households. Beyond that, classic works from the 1960'ies and 1970'ies are considered, as are certain recent contributions.

Given the importance and complexity of the debt problem phenomenon, it potentially stands out as an obvious research field in many academic disciplines. For instance, psychology and social medicine aim at producing insights about health aspects of being in distressful life situations over time. Unfortunately, there are few such studies about the consequences of debt problems. A more obvious case, perhaps, is political and social economy since consumer over-indebtedness has severe consequences at the micro level as well as for the national economy as a whole. But as pointed out by Green (2004 chapter 1) the contributions from these disciplines are modest — especially when it comes to micro-level studies. As for law, there is a rich body of studies that partly focus on the establishment and interpretation of bankruptcy- and debt settlement acts, and partly explore the relationships between such regimes and adjacent legislation. Also, there is much literature on international comparisons and the possibilities for introducing standardised regulations across country borders.[8] These works are largely discarded here, as they do not have direct relevance to the coping behaviour phenomenon as such. On the other hand, there is a wide range of studies from within the disciplines of sociology, anthropology and related social sciences such as household economics and certain practical applications rooted in law, politics, and social and economic counselling. With an emphasis on sociology, these are the contributions that constitute the main focus in the review.

The chapter sets out by identifying the main theoretical directions in debt problem studies. Next, the literature on empirical research is reviewed to identify the most important causes, effects and coping strategies. The studies explored are not directly comparable as they are based on different methodologies and sampling strategies. Still, they combine to produce a general impression of the status in the field. In the final section of the chapter, the research questions for the forthcoming analysis are defined.

[8] Some of the key perspectives are covered in (Huls 1992; Niemi-Kiesiläinen 1995, 1997; Efrat 2002; Niemi-Kiesiläinen, Ramsay, and Whitford 2003).

2.2. THEORETICAL POSITIONS IN DEBT PROBLEM RESEARCH

Historically, modern research on economic problems among households is rooted in poverty studies. The link is well illustrated by the writings of the pioneer in the field — David Caplovitz — who in the early 1960'ies interviewed 464 poor households in New York about their economic practises and reported the findings in the famous book *'The Poor Pay More'* (Caplovitz 1963). Over the next fifteen years, he expanded the approach by writing two books about the connection between recession and over-indebtedness among blue-collar and white-collar families, thereby identifying the modern debt problem phenomenon (Caplovitz 1974, 1979). In doing so, he drew upon a major feature in poverty research; viz. the focus on budgets. By definition, economic problems became a matter of imbalance between the totality of the households' incomes and expenditures — rather than non-payment of individual claims. As a result, much of the research in the field came to focus on over-indebtedness rather than debt problems; even though mortgages and unsecured credit are major entries in most budgets, they cannot be adequately studied independently of the overall economic situation.

A second important influence has to do with the paradigmatic divide between individualistic and structural explanations. Throughout history, views on poverty reflect both types of causal understandings. As for the former, liberal economic theory of the 19^{th} and early 20^{th} century regarded the poor as largely responsible for their own misery — to the point that the Norwegian Poverty Commission of 1853, influenced by the English and Swedish systems, declared unemployed members of the work force as immoral and unworthy of poverty support (Seip 1984: 67-73). Wherever modern debt problems occur, similar moral discussions typically arise focusing on how default debtors have spent their money in the past and how they make their dispositions in the current situation. Causal explanations where the blame is pinned on the default-debtors are probably quite common — especially on the creditor side where the concept of *'economic man'* as a rational, responsible and well-informed chooser in market contexts is widespread. But such views are seldom expressed as paradigmatic points of departure for research. Still, moralistic undertones are well represented in Norwegian studies on debt problems by the writings of Gulbrandsen (1993; 1999; 2005) whose main point is that debt problems largely emerge from ill intent.

A theoretically more potent position could depart from the kind of ideas advocated in an early work by Cayne and Trebilcock (1973). They acknowledge a number of structural reasons why *'the poor pay more'* — e.g. no access to high-street markets, low education and information flaws. Still, they conclude that less — not more — regulation is the remedy; only humanitarian interests and the need to protect innocent third-parties should lead to restrictions on individual freedom. In theory at least, this would leave all market actors — including those involved in debt disputes — largely responsible for their own acts. However, such liberal views are far-between in debt problem research.

Instead, studies in the field predominantly lean on what may be called the socio-political tradition in poverty research. The approach has two characteristics. Historically, it represents a gradual turn to structural explanations and the need for government-initiated solutions. The ground-breaking works of Rowntree (2001 [1901]; 1942) may serve as illustrations, as they identify low income and unemployment as the major causes of poverty and lay the foundation for political reforms as the best way to combat socio-economic deprivation. Analytically, the tradition is marked by systematic attempts at establishing multi-level explanatory models where structural as well as individual-level factors are included. Again, Rowntree may serve as an illustration as he distinguishes between primary and secondary poverty — the former referring to systematic exclusion from access to a decent income and the latter to *'useful'* and *'wasteful'* individual spending (Rowntree 2001 [1901]).

Debt quagmires are not known as vigorous points of departure for elaborate theory building. But the few there are, are largely based on the above principles. In what follows, contributions from three key authors are briefly highlighted; whereas the American sociologist *David Caplovitz* is the classic in the field, *Janet Ford* and *Udo Refiner* are two of his major collaborators in Europe. Additional contributors could have been reviewed as well. However, the three are chosen for their importance to current European research on over-indebtedness and debt problems, and for their contributions to the forthcoming analysis of coping behaviour.

2.2.1. *David Caplovitz: The Multi-level Approach*

Caplovitz has not become the classic reference in research on over-indebtedness and debt problems because of some well-formulated meta-theory about debt problems; in fact, his contributions may at first sight seem chiefly empirical. Still, it is precisely the strong empirical basis of his analyses that theoretically establishes financial difficulties as a social phenomenon rather than individual flaws — at a time when no such insights has been systematised.

Caplovitz' point of departure is the significant growth in mortgages and consumer credit in post-war USA. He notices, for instance, that the volume of non-farm mortgages increased more than five-fold between 1950 and 1968, and that the amount of non-secured loans nearly quadrupled during the same period (Caplovitz 1969: 641-642). In several writings, Caplovitz (1963; 1969; 1974; 1979) shows that people from most social layers take on credit and hence commit themselves to a *'buy now — pay later'* way of life — including low-income and poor households, although for different reasons and through other sources than the better-offs. An important premise for this to take place is a shift in the occupational structure from one dominated by an entrepreneurial middle class to one marked by a new salaried and suburbanised middle class with a strong urge for consumer goods to symbolise social position. An accompanying premise is a bureaucratisation of the work institution to regulate employment contracts and wages. A third factor is the emergence of a normative acceptance for using credit as way to finance lifestyle needs and homeownerships to bridge the imbalance between income cycles and life cycles. Yet another condition is the development of a corresponding credit institution that is willing to serve these demands (Caplovitz 1969: 643). As pointed out by Ford (1988: 38), Caplovitz' account is *'.. framed in terms of affluence and consensual norms'*.

As system level processes combine to produce growing credit volumes, they also substantially increase the risk for debt problems at the household level. Caplovitz argues that whenever such risks materialise, the causal mechanisms are fundamentally related to budgets; by definition, debt problems are instances of imbalance between a given unit's incomes and expenditures. Already in the first major analysis on low-income and poor consumers, he insists that it is not the volume of credit in itself, but rather the ratio of debt to income — i.e. the relative debt burden — that constitutes the risk element; for high ratio values means that there is less surplus and flexibility to sustain unexpected reductions in incomes or rises in expenditures. As a starting point for a causal model, it follows that any explanation on the spread and distribution of debt problems becomes a quest for mechanisms that may alter the value of the ratio. In order to obtain a valid basis for such analyses it is required that all incomes and all debts — not only mortgages — are included in the ratio. Also, assets such as savings and insurance should be considered (Caplovitz 1963: 105-115).

Based on the debt to income ratio, Caplovitz demonstrates that debt problems emerge in the interplay between socio-economic changes, household-level processes and individual qualities. To illustrate, about half of the informants in the "*Consumers in Trouble"* study are affected by income losses following from events such as unemployment, temporary redundancy and bad health. This, in turn, may lead to what Caplovitz calls *'voluntary over-extension'*, which refers to situations where the debt burden has gotten out of hand precisely because the denominator of the ratio has diminished — thereby rendering previously unproblematic credit unmanageable. A related, second mechanism is called '*involuntary over-extension'*. These are households that have experienced some kind of unexpected expenditure like medical bills, hospitalisation or death of a relative — i.e. a rise in the ratio's numerator due to the acquisition of new debts. Quite frequently, creditor misbehaviour such as fraud, deception and unclear payment schedules, is part of the processes leading to over-extension. But Caplovitz also makes a distinction between inability and unwillingness to pay among borrowers, and finds that irresponsible behaviour on the debtor side contributes to the difficulties in five percent of the cases (Caplovitz 1974: 49-55).

Moreover, Caplovitz argues that the ability to withstand changes in the debt to income ratio varies across social divisions. In *'Making Ends Meet'* — a study based on data from the economic downturn in the 1970'ies — he demonstrates how recession (high unemployment rates) and inflation (escalating expenditures) create financial difficulties particularly among poor and blue-collar households, and to a lesser extent among white-collar families and retired people. This is due to the unequal distribution of resources along traditional class divides: those with higher incomes, better education and wealthier social networks are more likely to fence off economic problems and avoid the more severe consequences of the crisis (Caplovitz 1979: 53-87).[9] The pattern also fits well with previous results based on data from the less turbulent 1960'ies; for instance, the proportion of *'Consumers in Trouble'* varies according to income, occupational educational status and race (Caplovitz 1974: 14-25).

Already in the late 1960'ies, Caplovitz (1969: 641) makes a point of the fact that modern societies largely rest upon the institution of consumer credit as a vehicle for creating employment and economic growth. During the 1980'ies he becomes increasingly aware of a long-term market trend whereby close-ended loans are replaced by open-ended credit as the dominant form of consumer debt. As opposed to negotiating loans for single deliveries of goods and services, people are now able to make multiple purchases by instalment without having to apply for credit each time. This is made possible through a sophisticated system of account overdraft facilities and credit cards. Indeed, modern banks and financial institutions encourage their customers to take advantage of the new opportunities as such debts may be treated as high interest loans at a later point in time. Caplovitz (1992; 1992a) finds that during the 1980'ies credit cards become a major source of default among consumers.

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[9] Based on panel data covering the whole high-inflation period (1973-1982), a study by Aldous et. al (1991) largely supports these results. But compared to Caplovitz, a stronger association is found between retirement and over-indebtedness as well as between disability and over-indebtedness.

2.2.2. JANET FORD: THE INDEBTED SOCIETY

During the 1980'ies, Caplovitz' ideas start inspiring a growing research interest for over-indebtedness in Europe. An outstanding example is Janet Ford whose study of *'The Indebted Society'* (1988) elaborates his theoretical perspectives in a UK context and offers a fresh look at key aspects of the debt problem phenomenon including homeownership and coping behaviour — the latter of which shall be considered in section 2.5.

Much like Caplovitz, Ford's study is embedded in research on poverty and low income groups. In particular, the budget approach is fundamental as a tool in the empirical analyses; based on detailed data about the informants' incomes, expenses and economic decisions financial difficulties are thoroughly linked to system-level processes (Ford 1988: 80-86). Also, credit is established as a social phenomenon by tracing its roots back in time — from being a coping strategy among the poor and lower classes in the 18th and 19th century, to being the most common way of financing homes, life necessities and luxury commodities for all households in the 20th. Ford finds many of the same factors behind the development of a credit society in the UK as Caplovitz did for the US — including shifts in the occupational structure, rising incomes and suburbanisation. But she also mentions additional conditions not mentioned by Caplovitz — in particular state intervention in a number of areas such as legislation, insurance and welfare provision, all serving to stabilise the system and the use of credit as non-problematic for people with income (Ford 1988: 37-40).

The income condition is important, especially since Caplovitz' contention about poor people taking on credit for reasons of compensatory consumption is found to be an insufficient — perhaps erroneous — explanation. Instead, Ford argues that growing unemployment and the emergence of a large, secondary labour market characterised by temporary or part-time work contracts and low wages lead to a dual credit market: one for affluent and one for poor households. To the two streams of borrowers corresponds to two differently motivated economic careers; for as the affluent act upon social constraints linking material goods to status, the unemployed, low-paid and poor rely on credit for subsistence. This corresponds to *'upwardly mobile'* and *'downwardly mobile'* credit careers respectively (Ford 1988: 184-186).[10] So, whereas taking on debt enables most people to adopt affluent lifestyles and even build up assets, the downwardly mobile are subjected to a peculiar mechanism where some credit gives

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[10] In addition, a third, intervening type — *'maintenance'* credit careers — is mentioned according to which new commitments are only taken on when all previous debts are repaid. Such a practise can be associated with affluence as well as poverty (Ford 1988: 185).

access to more credit until it cannot be sustained any more, whereupon they become excluded from a wide range of life chances and exposed to socio-economic deprivation.

As Ford turns to study downwardly mobile credit careers, she bases the analysis on a micro-macro model. The micro level is made up by households and individuals. The macro environment in which they operate is not only financial, but is also marked by influential political and social dimensions. These are both domains for developing and shaping beliefs, attitudes and preferences about goods and services. At the political level, systems are established to encourage desirable practises. At the social level, property and specific items of goods and services are linked to status and social esteem. These processes also influence the way creditors create and market credit offers; not as abstract products but as possibilities to achieve socially coveted goals (Ford 1988: 59).

Unlike Caplovitz (1979: 173-184), who generally finds property to be a buffer against debt problems, Ford argues that downwardly credit careers often is related to unsustainable homeownership. The reason is that also low-income households are encouraged to own their own homes by political and social influences. As for the first, the availability of credit has been a condition for achieving an ideologically coveted goal for the British government during the Thatcher reign; viz. an expansion of homeownerships into all social classes (Ford 1988: 7, 86). In addition, cutbacks in the quantity and quality of local authority rentals, rising rents and long waiting lists have urged people into buying homes instead of renting them (Ford 1988: 87). As for the social influences, the freedom to choose homeownership establishes itself as a widespread value in the 1980'ies, and individual buyers typically come to hold a generalised, positive attitude towards owner-occupation. Hence, Ford's low-income informants all associate their investments with achievement and social success. Many of them also have long-term plans for further movement up the social ladder by buying better homes in the future (Ford 1988: 87). However, homeownership in the lower classes lacks a sufficient financial foundation; as unemployment spreads and labour market reforms create more short-time jobs at the expense of full-time employment, owner-occupation is rendered unsustainable. Also, public support programmes prove insufficient as protection against over-indebtedness. As a result, *'.. more and more people are not paying what they owe'* (Ford 1988: 40).

A major point made from this study is that it is not only the debt to income ratio that is problematic; the income level is just as critical (Ford 1988: 79). Indeed, the higher the income, the higher debt-to-income ratios can be sustained — even though the value of the ratio itself may seem appalling.

2.2.3. UDO REIFNER: PROCEDURAL POVERTY

Being a jurist, much of Udo Reifner's theoretical work falls outside the scope of this presentation. Still, he earns a place here because of his ideas about *'procedural poverty'*. The concept was originally proposed in a juridical essay, and refers to certain key features of the way credit is regulated — and hence: functions — in modern capitalist societies (Reifner 2000b). As a supplement to Ford's *'downwardly mobile credit careers'*, Reifner's emphasis on the regulative aspect of credit leads to the identification of a parallel, fundamental mechanism responsible for the emergence of socio-economic deprivation among default-debtors.

The point of departure is that credit is institutionalised in a market environment as a major instrument for distributing goods and services among the population. But as such, it becomes a double-edged sword. On the one hand, credit is inclusive as it gives access to a wide range of socially coveted items — ranging from life necessities to luxuries, from mere consumption to investment. In modern economies, social participation and identity are largely secured on markets, and the willingness to borrow money for such purposes is a major driving force in the development of national prosperity. On the other hand, as social careers become subjected to market fluctuations, credit can also be excluding. Whenever a debtor is turned into a default-debtor, a series of sanctions come into play, all of which are negative and increasingly punitive up to the point where further access to credit is blocked. As a consequence, the possibility to participate in even ordinary social activities quickly narrows and threatens to jeopardise the social identity.

This is exactly what the concept of '*procedural poverty'* is about: a deprivation spiral rooted in market regulation. Reifner delimits the phenomenon by making a distinction between '*procedural poverty'* and *'status poverty'*; whereas the latter refers to the traditional and largely permanent socio-economic deadlock, the former affects the layers of the population that do not belong to the traditional poor, but nevertheless risk ending up among them because of insufficient means to borrow for investment. Reifner argues that a cheaper life can only be accessed through favourable financing products, and that those who are systematically excluded from such access necessarily suffer deprivation over time. In line with Caplovitz' (1963) argumentation in *'The Poor Pay More'*, he also points out that those who do not qualify for high street credit products pay for those who do by having to make use of the more expensive and otherwise less advantageous sub-prime markets (Reifner 2000b: 25). *'Status poverty'* is, in other words, the end-station, while '*procedural poverty'* is a generative mechanism that, if not counter-acted in appropriate ways, leads to material and social deprivation that increasingly share the hallmarks of the traditional poor and eventually park the default-debtors among them.

A further clarification of the phenomenon is obtained by distinguishing between two types of economic units. The first are the *'investment households'* — i.e. those who are able to take advantage of other kinds of capital than their own labour by saving money and using credit as a means to build up assets like property and education. The second type is called the '*cash-flow households'*, who at any point in time receive inflation-adjusted salary and nothing else. As a consequence, they are largely unable to save and invest, and instead find themselves left to consume most of the credit they take on (Reifner 2000b: 10-11). The distinction between the two household types corresponds to the difference between *'productive'* and *'unproductive'* credit; the former referring to loans used for building up assets and the latter to commitments taken on for consumption (Reifner 2003). On the whole, this primarily associates '*procedural poverty'* with unsecured and unproductive debts in cash-flow households.

It is only when these distinctions are treated as ideal types that a generalised and powerful mechanism shows itself. For among the majority of households, credit market behaviour is a composite phenomenon with elements of both investment and cash-flow strategies. Hence, as consumer credit is attractive across social divisions, unsecured debt may accumulate beyond manageable levels even in affluent families. Equally important, investment households risk having secured loans turned into unsecured commitments. The typical illustration is when the invested, productive credit is rendered unproductive by forced sales of homes at prices lower than the mortgage. Another example is small-firm bankruptcies where the business is secured in private assets. This leaves those affected with unsecured and more expensive debt loads, and hence with nothing but expenditures.

Unsecured credit is not necessarily a catastrophe. But the moment it exceeds the households' economic capacity the danger is definitely there since it exposes them to *'procedural poverty'* mechanisms. From then on the debt load accelerates to unheard-of levels through accumulated interests, money collection fees, penalty fees, court fees and again interests on top of that. As a consequence, access to even ordinary goods and services get more expensive as money becomes scarce and access to further credit is largely denied — up to the point that even necessary needs eventually become inaccessible. As compared to Ford's notion about '*downwardly credit careers'*, Reifner's contribution is that such processes are not only embedded in market forces, but also in a legal system that institutionalise the distributive system in ways that pass the buck in its entirety to the default-debtor side. The end result is socio-economic exclusion with no escapes — unless the very system is changed and the risks are radically re-distributed among the creditors and debtors alike (Reifner 2000b: 33).

2.2.4. *BRIEF SUMMARY*

Based on three illustrative contributions, the excursion into debt problem theorising has shown that the phenomenon is thoroughly embedded in the wider societal system. As its social, financial, political and legal connections have been explored, a new, modern type of socio-economic deprivation has been identified; viz. one caused by the turn to credit as a major distributive mechanism, the subsequent exposure to market forces and the institutionalisation of credit in capitalist societies. The understanding of the phenomenon has evolved from the poverty tradition and onto wider system analyses involving concepts such as consumption, investment, recession, unemployment, homeownership and social class. This does not mean that individual responsibilities are neglected in debt problem theorising; as pointed out, Caplovitz himself was among the first to quantify the extent to which the default-debtors are to be blamed for the debt problems they experience. But it does mean that the role of the individual is predominantly placed within a wider institutional perspective and subordinated contextual influences.

Still, debt problems have not been the point of departure for elaborate theory building. A partial reason is perhaps its roots in poverty research — a discipline marked by a continuous quests for causal explanations and politically acceptable solutions. It could also be due to the swift spread of financial problems as a mass phenomenon across modern capitalist economies. Again, an urgent need for discovering causal mechanisms and practical steps to counteract the effects becomes a driving power and major financial source for systematic analyses. Anyhow, debt problems have first of all been subjected to extensive empirical research.

2.3. EMPIRICAL RESEARCH: CAUSES OF DEBT PROBLEMS

Given the complexity of the phenomenon, the empirical research on causal mechanisms is correspondingly complex, using multiple debt problem indicators of varying precision levels. One reason for that is the composite nature of the budget approach, which correctly defines over-indebtedness as a mismatch between the households' totality of incomes and expenditures. Another contributing factor is the many different views about how serious default situations should be in order to qualify as cases of severe over-indebtedness. Such considerations open up for a variety of indicators — ranging from exclusive measures of credit arrears to wider definitions where also lacking payments of rent, utility and other household bills are included (Kempson, Anderloni, and Finney 2007). It falls beyond the scope of this presentation to review the multitude of measurement instruments in use. Instead, the aim is to broadly identify the typical causes as they are reported in Norwegian and international research. Even though generative mechanisms operate in context-specific environments, the overall impression is that many of the main causes are found in most countries — but with different impacts depending on historical time and place.

Being true to the theoretical roots, the debt-to-income ratio shall serve as the organising principle for the review. The focus is, in other words, primarily on destabilising factors with respect to incomes and expenses. In addition, findings related to political reforms and individual shortcomings are considered.

2.3.1. *The Denominator: Income*

Income as a causal factor is typically studied by applying either one of two approaches; one that looks at economic problems among low-income families and one that focuses on market-related changes in income. As for the first, it is based on the simple understanding that incomes may be too small to in the long run support a family and typically adopts a wide definition of over-indebtedness. The approach is particularly noticeable in countries with large low-income populations, such as the UK, US and Germany. As pointed out in several British studies, these are households typically faced with a daily choice between paying debts and other bills or spend the money on food, clothes and other basic needs (Kempson 1996; Kempson, Bryson, and Rowlingson 1994). Another characteristic documented by German research is that the proportion of income spent on life necessities such as rent is very high (Reifner and Veith 1998: 43-49), and that lone mothers, single person households and families with poorly educated providers are over-represented among the default-debtors from this layer of the population (Korczak 1991, 1997). In spite of scarce means, low-income households are not excluded from borrowing opportunities, but take on credit for other purposes than the better-offs; instead of investing in property and promoting a consumer lifestyle, they typically borrow money to cover life necessities and other fairly basic needs like washing machines and television sets. Also, they have a stronger tendency than others to borrow money to smooth income fluctuations and to pay bills and debts (Herbert and Kempson 1995; Kempson 1996; Kempson, Bryson, and Rowlingson 1994; Morris and Ritchie 1994; Speak et al. 1995).

Low income as an underlying causal factor is related to procedural poverty mechanisms. Low-income and poor households are typically left to make use of expensive credit sources. To illustrate, US trends in the 1990'ies show that interest rates are considerably higher in the so-called high-risk or sub-prime markets, as are additional charges such as credit insurance (Spagnole 1992; Canner, Passmore, and Laderman 1999; Gruenstein and Herbert 2000). Other normally expensive sources include mail order, hire purchases, licensed and unlicensed moneylenders, doorstep sellers and pawnbrokers. Besides, low-income households typically rely on frequent payment schedules since this reduces the chances for ending up in debt problems. As demonstrated by British studies, such arrangements raise the price of credit — and hence the goods and services being accessed by borrowing (Kempson, Bryson, and Rowlingson 1994; Rowlingson 1994).

As opposed to the permanent low-income situation, the focus on *changes* in income deals with a more direct and immediate causal mechanism. On the macro level, it is typically related to market fluctuations — particularly in the demand for labour. As unemployment leads to dramatic reductions in the households' incomes, the links to economic problems is rather obvious — whether based on macro level or individual level data. In an early report, the Building Societies Association in Britain (BSA 1985) finds that both possessions and arrears doubled between 1979 and 1985, as did unemployment. During the early 1990'ies, a macro-level time lag pattern according to which a growth in financial problems takes place in the wake of unemployment peaks are found in several countries including Austria (Mitter 1992), Italy (Landi and Sambuccini 1992) and the Netherlands (Gründler 1992). Still, individual level studies reveal a much more direct relationship between the two phenomena. To illustrate, Norwegian studies from the 1990'ies show that — even when controlling for socio-economic variables like income, family type, debt situation and ominous life events — the risk for over-indebtedness increases by nearly 140% in case of job losses, and escalates even further if it coincides with other events of economic importance such as major jumps in interest rates (Poppe 1999a, 1999b, 2004c). Studies from Germany (Korczak 1991, 1997; Reifner and Veith 1998), UK (Berthoud and Kempson 1992; Kempson 2002; Kempson and Atkinson 2006), France (Auclair 1992) and nine other countries including the USA (Sullivan, Warren, and Westbrook 2000, 1989; Reifner and Ford 1992) arrive at similar conclusions. As for Sweden (Klingander 1995; Björnberg et al. 1997; Dellgran 1996), Finland (Sunila and Järvelä 1994; Iivari and Heinonen 1997; Muttilainen and Tala 1998) and the US (Sullivan, Warren, and Westbrook 2000) analyses show that unemployment is not only one of the major causes of payment problems, but also a common reason for people to turn to seek debt counselling and apply for debt settlements and bankruptcies.

Not only recessions, but also restructuring processes in the labour market may lead to redundancy and reduced incomes for many households. Of particular interest is a major trend in capitalist labour markets since the late 1980'ies generally known as '*flexibilisation'*. The term refers to shifts in the types of jobs offered — from traditional full time and long-term employment to flexible contracts; i.e. part-time jobs, temporary work and self-employment. The problematic aspect lies in the fact that the jobs offered in the flexible segments of the marked are low-paid. They are also unstable positions. In liberal market settings such as the UK, many employees find themselves in a downward spiral, subjected to frequent job losses and re-employment at lower salaries (Gregg and Wadsworth 1995; Ford 1988, 1989; Ford and Wilcox 1998; Ford and Burrows 1999). In the US context, the restructuring processes are referred to as *'job skidding'* and *'job erosion'*; whereas the first is about re-employment in lower paid and less stable jobs, the latter implies removal of key tasks, pay cuts and reduced work-hours. In addition, *'job-polarisation'* may take place whereby wage-earners who were previously occupied in middle-level positions are left to choose between unemployment and re-employment in less attractive jobs (Sullivan, Warren, and Westbrook 2000: 16-18, 82-107). In Norway, such trends are indeed modest.

For some, self-employment may be an alternative. But unfortunately, this does not necessarily stabilise the income situation. A particularly worrying feature of small businesses is that the capital needed often come in the form of private mortgages. In many countries including Norway a major cause of severe debt problems are found to be small firm failures (Poppe and Tufte 2005: 26).

There are of course a number of life events that are not as directly related to labour market developments as unemployment and restructuring processes. Among these is bad health. The effects on the households' income — and in turn: on the likelihood of developing debt problems — depend on many factors such as who in the family falls sick, the extent to which the capacity to work is affected, the permanence of the situation and the presence of an adequate institutionalised safety net. The latter probably accounts for the relatively modest effect that bad health seems to have on over-indebtedness in Norway (Poppe 1999b) — even though long term and severe problems like cancer do have decisive impacts on the family's economy (Borgeraas 2005; Borgeraas, Brøyn, and Gudbergson 1996). But as is shown below, these ramifications may not only stem from loss of income, but also from increased expenditures.

2.3.2. THE NUMERATOR: EXPENSES

During the late 1970'ies and 1980'ies — and somewhat earlier in the US — most capitalist countries of the West have deregulated their credit markets. As a result, credit is offered in the form of easily accessible mass products, fabricated by an increasingly sophisticated and competitive banking industry. This, in turn, has led to substantial increases in consumer debt and mortgages at the household level. To illustrate, the total credit volume among households in Norway increased from NOK 153 billion in 1981 to 450 billion in 1988 when the deregulation process had been brought to a successful close — an overall growth factor of 2.9 (Stortingsmelding 1989-90: 58). Another example is Germany where consumer credit volumes increased tenfold between 1970 and 1991, or alternatively if mortgages are included, doubled from 1987 to 1997 (Huls et al. 1994: 10; Reifner and Eichler-Weiskorn 1992; Reifner and Veith 1998). Similar developments are documented in most Western countries including Scandinavia (Konsumentverket 1991; Muttilainen 1991; Pulkkinen 1988), France (Auclair 1992), Austria (Mitter 1992), Switzerland (Gründler 1992), the US (Luckett and August 1985), Belgium, Ireland, Greece, and even countries where households traditionally are reluctant to take up loans such as Spain and Italy (Huls et al. 1994).

Research from many countries has generally reported positive, macro level correlations between post-deregulation credit volumes and the spread of over-indebtedness (Huls et al. 1994). At least three major types of mechanisms seem to be operative. Firstly, increased market competition and easy access to financial products may simply provide some households with too much credit. Secondly, however reasonable given debt loads may seem at the time of the borrowing, any such commitment exposes the households to market fluctuations and make them less resistant to recessions, increasing prices and powerful life events. Thirdly, the growth in credit volume has not only taken place because financial products have been made generally available to households with spending power; creditors have also marketed tailored products into new and more risky segments of the population. In Norway, this has resulted in growing numbers of defaults among young consumers and women — groups that previously had limited access to credit or no access at all (Lindorff 2003).

Rising credit volumes are primarily related to mortgages. This, of course, presupposes a deregulated housing market. Initially, many countries had systems implying that a certain proportion of homes were kept off the market through political regulation and institutionalised instruments such as building societies, state banks, housing cooperatives and welfare programmes. The deregulation of such systems involves judicial measures of various kinds. In the UK, for instance, the relaxation of controls over the building societies in 1986 was a key step. Another was the '*Right to Buy'* scheme encouraging local authorities to unroll their ownership of rentals by selling them to the tenants (Forrest and A. 1994; Kempson 1996; Ford and Burrows 1999). Similar developments took place in Norway. Here, an important step was the implementation of new legislation in the early 1980'ies permitting independent housing co-operatives to dissolve at the same time as the maximum prices on flats belonging to public building projects were lifted (Barlindhaug and Skogstad 1990). Deregulated housing and credit markets combine to increase debt loads at the household level primarily through a *'homeownership loop'* whereby people sell and buy homes and the proportion of homeowners grows. But there is also a secondary *'consumption loop'* through which property is used as security to finance non-productive purposes such as cars, holidays and other capital-intensive items (Poppe 1990: 33-35; Lunde and Poppe 1991: 41-42; Ford 1988: 20).

Another factor behind growing credit volumes is the development of numerous financial products whereby one may pay for consumption through borrowing. In particular, advanced risk-assessing technologies and market segregation strategies have enabled flexible and tailored credit products (Thrift and Leyshon 1997; Burchardt and Hills 1998; PFRC 2000) — especially in the form of card facilities which in turn is largely responsible for the spread of consumer credit around the world (Ritzer 1995; Reifner and Veith 1998). On the one hand, this is welcomed by business interests and households alike as it simplifies consumption and enhances profit and national prosperity. On the other hand, there is little doubt that it also represents a major route into over-indebtedness. For a start, the fact that loan offers and card facilities flourish lead to increasing debt burdens and more vulnerable risk profiles. Also, credit card debts are about the most expensive form of credit there is. In addition, risk-assessing technologies are widely used to sell capital-intensive goods into social groups that were previously excluded from credit-based purchases (PFRC 2000; Sullivan, Warren, and Westbrook 2000; Goldstein 1999; Gruenstein and Herbert 2000). In fact, at the turn of the century the fastest growing group of credit card customers in the US have incomes below the poverty line (Sullivan, Warren, and Westbrook 2000: 23-24). Not surprisingly, these data show significant increases in card debts among bankrupts between 1981 and 1997 (Sullivan, Warren, and Westbrook 2000: 108-140). A recent Norwegian study indicates a similar growth in consumer debts among applicants of debt settlements between 1999 and 2004 (Poppe and Tufte 2005).

Besides borrowing, there are of course many other factors that increase expenditures and sometimes destabilise — a perhaps already strained — budget. Among these are unexpected bills related to system-level processes such as tax adjustments and sudden jumps in energy prices (Poppe 1997b; Poppe and Borgeraas 2003b), and daily life incidents like unforeseen car repairs and telephone bills (Klingander 1995).

There are, on the whole, a number of powerful events that may turn the lives of those concerned up-side down and redefine the conditions under which economic careers are pursued. Bad health has already been mentioned as affecting the households' incomes, but long-term physical and mental sickness may also severely increase expenditures due to a need for costly medicines, rehabilitation and disability — in particular in countries with poor health insurance (Sullivan, Warren, and Westbrook 1986: 166-175; 2000: 141-163; Grant 1995). As for Norway, the Norwegian Cancer Association reports that the patients' situation is little understood by social workers at the municipality level, and that financial problems may develop following from a lack of tailored public support (Borgeraas 2005; Borgeraas, Brøyn, and Gudbergson 1996).

Another widely documented life event effect in many countries — including the US (Sullivan, Warren, and Westbrook 1986, 2000) and a number of European countries (Huls et al. 1994) such as Finland (Sunila and Järvelä 1994), Sweden (Dellgran 1996), Norway (Poppe 1999b), UK (Ford 1988) and Germany (IFF 1998; Reifner and Veith 1998) — is divorce and relationship breakdowns. In as much as this leads to over-indebtedness and debt problems, it generally follows from the fact that economic resources, before counting as one, now is divided into two and often uneven parts. Just as bad health, relationship breakdowns typically affect both the income situation and the expenditure profile of those concerned. A particularly impacting aspect of this type of event is homeownership; if property has to be sold as part of the process, the outcome obviously depends on the market situation. Another critical aspect is that couples splitting up sometimes take on additional and often costly credit underway to pay for bills (Klingander 1995; Freddy 1997; Goldstein 1999).

2.3.3. *Political Reforms*

The conditions for economic action at the household level largely depend on political decision-making. It follows that any economic or economy-related reform may change these conditions in positive or negative ways. In as much as they contribute to problematic end results at the household level, three general features seem to be particularly important. The first is that reforms have retrospective effects; favourable economic dispositions made under previous conditions may now become disadvantageous. To illustrate, a Norwegian tax reform carried out in the late 1980'ies aimed at curtailing the amount of tax-deductable interests on loans, thereby restricting credit-based private consumption. But the change of rules did not only affect future borrowers; as the real costs of credit generally increased, tax expenses were raised for a majority of Norwegian households (Hansen and Koren 1990; Statistics-Norway 1990; Poppe and Borgeraas 1992: 57-58). Similar retrenchments are observed in other countries as well, such as Sweden (Klingander 1995) and the UK (Kempson 1996).

A second critical feature is complexity; reforms are always implemented in specific contexts and may therefore interact with coincidental changes and other reforms. The Norwegian deregulation process may serve as an example. As it were, the housing market was deregulated first, then the credit institution, and finally came the just mentioned tax reform. The result was accelerating housing prices, a corresponding exponential growth in credit volumes at the household level and the development of a competitive culture within trendsetting financial institutions — eventually leading to a bank crisis where the three largest commercial banks were taken over by the government (NOU 1992; Reve 1990, 1992; Knutsen, Lange, and Nordvik 1998; Vale 2004). In retrospect, many writers have argued that the consecutive order of events should have been the opposite, starting out by the tax system and ending up with the housing market. Done in this way, a more realistic real interest rate would probably have established itself much earlier, which in turn would have delimited the amount of credit taken on by firms and households (Isachsen 1990; Steigum 1990; Lunde 1990a). Instead, the debt problems created in the wake of these reforms are to this day subjected to court proceedings and debt settlements (Poppe and Tufte 2005: 27).

The third feature about reforms is that they are motivated by political goals and interests. The most obvious example is probably the deregulation processes, which are directly related to liberal ideas about the *'freedom to choose'* and the *'right to own'*. But even though the majority of the population may appreciate competitive markets and enjoy becoming homeowners and moneyed consumers, the number of over-indebted households has also risen — particularly in the lower end of the social stratification system. Privatisation is another example; British Telecom, British Gas, the water companies and the electricity companies were for instance sold to private investors during the 1980'ies and early 90'ies, leading to rises in prices on the services offered. Again, even though a majority of the population may profit in the long run from improved services, some parts of the population obviously find the growing prices difficult to handle: in 1994 alone some two million households defaulted on their water bills (Herbert and Kempson 1995). In Norway, a liberalisation of the energy supply was carried out in the latter half of the 1990'ies, linking each household to fluctuating prices in the newly established Scandinavian energy market. The impacts on the number of default-debtors are unknown, but to date probably modest (Poppe and Borgeraas 2003b).

2.3.4. *INDIVIDUAL SHORTCOMINGS*

Even though existing research is rich on documentation of structurally embedded causal mechanisms, individual shortcomings are not overlooked. As already mentioned, Caplovitz (1974: 85-90) estimates the proportion of irresponsible debtors to be about five percent. The category includes personal qualities like bad faith, forgetfulness, refusals to pay for merchandise that is stolen or broken, and economic disorder. Whereas the latter is a rather innocent quality, bad faith — as when the debtor loses interest in paying — and payment refusals are instances of immorality. Still, having empirically identified the existence of such misbehaviour and estimated its scope, Caplovitz finds it paradoxical that such a small minority stands out as the prototype of the creditors' image of the default-debtor.

Much in the same spirit, a UK analysis finds that those who show bad intent and unwillingness to pay either hold back money on principle; or withhold payment of debts to their ex-partners; or deliberately work the system to see if they can avoid payment altogether; or run away from their responsibilities by blaming the creditors for their debt problems. Since the study is based on qualitative interviews, the proportion of *'won't-pays'* is not estimated for the British population as a whole (Dominy and Kempson 2003). A Norwegian study finds that many of the same types of individual flaws lead the courts to set aside debt settlements. Also, criminal acts — or suspicions thereof — are among the grounds for such dramatic court decisions (Poppe 2005a).

Somewhat in contrast to the Caplovitzean approach, certain recent studies based on quantitative survey data argue more crudely. For instance, Goss and Souleles (1999) claim that the risk-composition of the US households has not worsened during the mid-1990'ies and that the upward trend in the number of bankruptcies is likely to be due to a change in attitudes. They go on to argue that it has become less stigmatising to default on bills and financial commitments, and as a consequence socially easier to declare bankruptcy. Quite analogous to this line of reasoning, a Norwegian study finds that immoral attitudes are more widespread among default-debtors than others, and that the increasing numbers of late payers between 1995 and 1997 are due to significant rises in defaults among people who are reasonably well off (Gulbrandsen 1999). In a more recent study, immoral attitudes and unwillingness to pay are again found to be main causes behind the rising numbers of late payments from 1997 to 2004 (Gulbrandsen 2005).

A considerably less moralistic approach departs from the view that over-indebtedness may result from lack of skills (Reifner and Veith 1998: 49-51); as financial products get more numerous and sophisticated, success in economic careers and avoidance of debt problems increasingly depend on personal proficiencies. A recent British study defines *'financial capability'* as concerning skills in four domains; viz. money management, planning, product selection and information — each of which are measured empirically by a number of indicators and combined to form an index (Atkinson et al. 2006). In as much as poor financial capability leads to over-indebtedness and debt problems, steps should be taken to improve knowledge in weak groups. Hence, under the heading *'financial literacy'*, German research argues the need to develop better banking, debt counselling services and tailored training programmes for households in vulnerable city districts (Reifner 2001: 6). A recent American study indicates that such initiatives may work, as recipients of debt advice services are found to have reduced their reliance on credit and to use bank accounts more sensibly (Elliehausen, Lundquist, and Staten 2007). In Norway, a better understanding about private economy is achieved from teaching it in primary — and until recently: upper secondary — school (Borgeraas 1995, 1998; Borch 1997).

2.3.5. Brief Summary and a Note about Dynamics

International and Norwegian research largely document that many of the same causal factors are operative across national settings. This is not surprising as economic problems occur on increasingly globalised markets. Also, the most important causal factors are structural mechanisms capable of changing the households' income situation and expenditure profiles in fundamental ways. As for the former, the most impacting factors relates to persistently low incomes and changes in incomes — including unemployment, restructuring processes in the labour market, risk-exposed self-employment and certain life events such as bad health. As for expenditures, the deregulation of the markets for credit and housing, increasing debt volumes, unsustainable homeownerships, credit cards, unexpected bills, divorce and health problems are among the key mechanisms. In addition, political reforms and certain individual shortcomings are found to be causes of over-indebtedness and debt problems.

As already pointed out, the impacts of these factors typically vary across national contexts and historic time and place. In addition, it is well worth noticing that problem-generating processes tend to accumulate in certain households. To illustrate, a Swedish study based on interviews with recipients of debt advice recipients finds that unemployment combines with divorce in one of five cases, and that a similar proportion scores high on an index where multiple causal factors are included (Dellgran 1996). The complexity of such processes also implies that the causal relationships are equally complex. For instance, a UK study finds divorce and relationship breakdowns to be both a cause and a consequence of economic problems (Ford, Kempson, and

Wilson 1995). Another example of a two-way relationship is unemployment; some may develop debt problems from losing a job, whereas others may lose the job because of debt problems — and find it difficult to get re-employed (Caplovitz 1974: 62-63; Spagnole 1992; Baden-Württemberg 1995). As shall be demonstrated in the forthcoming analysis on coping behaviour such dynamics are operative in Norway as well.

2.4. EMPIRICAL RESEARCH: CONSEQUENCES OF DEBT PROBLEMS

Given the importance of a sound economy and the central part that the various markets play in that respect, it is no surprise that the consequences of developing over-indebtedness and debt problems are very serious. Just as for causes, the general impression is that many of the same major effects are found in most countries, even though the scope and distribution may vary depending on historical time and place. And again, the empirical research in the field is rich and varied. The review is therefore delimited to broadly identify the typical impacts in four areas; viz. *economic consequences, social consequences, personal consequences* and *impacts for society* as a whole.

2.4.1. ECONOMIC CONSEQUENCES

Starting out with the economic consequences, they include financial losses, strained creditor relationships and dramatic changes in market opportunities. As for the former, the impacts may be severe indeed, involving foreclosures and the loss of firms, homes, cars and other assets. If relatives or friends have provided security for the debt, third-parties may lose property as well. The most severe consequences typically occur at the later stages of the debt problem career and may vary according to structural conditions; e.g. foreclosures are more common during recessions than in times of high demand (Björk 1994: 513-514; Webb and Wilcox 1991). Still, money collection routines are always hard to stand up to. Caplovitz (1963: 155-167; 1974:163-165) points out that many default-debtors — particularly those from poor and low-income strata — do not understand the system and therefore are unable to anticipate the steps taken against them. Also, he shows that creditors sometimes use inexpedient methods such as calling the debtor at all hours of the day, telling employers and neighbours about the problems, using illegal contracts to "settle" the controversies, and exercising physical violence. More recent studies from for instance Norway (Vabø 1994) and the UK (Dominy and Kempson 2003) indicate that a variety of methods are in use to maximise success rates in specified default-debtor segments, and that protective legislation is necessary if acceptable collection practises are to be ensured.

During such processes debtor-creditor relationships change as non-payment is a breach of contract and a moral offence. But beyond that, certain aspects of debt recovery may create misunderstandings and even distrust. One of them is the fact that different creditors react differently upon defaults; in particular, whereas unsecured debts tend to be subjected to aggressive money collection routines, loans against collateral — normally the largest claims — often call for more relaxed enforcement practises. Hence, in the UK Ford (1988: 125) finds that large creditors like the building societies typically react late upon default, and that the defaulters therefore tend to pay other, less important debts. In Norway, a similar pattern is detected. In addition, a deep scepticism in debtor-creditor relations is found to emerge from a number of circumstances including lack of common understanding about the causal picture, difficulties in coming into contact with one-another, doubts about the opposite party's intentions such as the willingness to pay and the preparedness to reach out a helping hand, enduring negotiations, temporary solutions and poor knowledge about the implications of re-negotiated contracts (Poppe and Borgeraas 1992: 165-190).

But debt recovery has implications far beyond individual debtor-creditor relationships as it is punitive by nature and linked to mechanisms that over time may lead to financial exclusion. People with bad payment records increasingly find themselves having difficulties in accessing mainstream credit offers. Instead, they either have to do without or explore sub-prime and sub-sub-prime markets, including unlicensed moneylenders and criminal circles. This does not only mean more expensive credit but also less consumer protection and higher risks for additional financial troubles (PFRC 2000; IFF 2000; FSA 2000). Beyond credit, financial exclusion also affects other services of great importance to the households. For instance, banks may close down accounts because they are overdrawn or deny people regular savings accounts or transaction accounts due to bad credit histories. Households on their part may voluntarily choose to give up such facilities following drops in income or growing payment problems, partly because mainstream financial services are unsuitable for modest incomes and partly for reasons of non-payments and fear for having their savings seized (Åbyhammar and Nordenanckar 2000; Bloch et al. 2000; FSA 2000: 29, 68-70). In as much as payment problems lead to financial exclusion, it implies more expensive and tedious bill paying. Also, lacking basic bank facilities makes it harder to get a job, having a home content and health insurance, and to plan for old age through life insurance and (extra) pensions (PFRC 2000; IFF 2000; FSA 2000). In the long run, limited access — or no access at all — to financial services may lead to social exclusion.

2.4.2. SOCIAL CONSEQUENCES

The most important social consequences of developing over-indebtedness and debt problems concern family relationships, social status and exclusion from participation in ordinary activities. Starting out with the former, Caplovitz (1974: 283-285; 1979: 119-137) found that economic problems may in fact both strengthen and destroy family spirit depending on the pre-crisis situation: happy marriages are of course more resistant to hardships than unhappy ones. Still, research leaves little doubt that economic stress may interrupt family stability and increase the tension between spouses. Hence, an Australian analysis of bankrupts in the Melbourne area found that a large majority of the married couples had arguments over their debt problems that often resulted in separation or threats of separation (Ryan 1995: 117-119). Correspondingly, a UK study indicates that in about half of the cases where the default-debtors split up from their partners, the arrears pre-date the separation, which in other words makes relationship breakups just as much an effect as a cause of economic problems (Ford, Kempson, and Wilson 1995).

In any case, the situation for the children is of particular concern. Norwegian research indicates that they are sensitive to the social humiliation that often comes in the wake of economic deprivation, and that their ability to participate in activities on equal terms with friends and classmates is a constant worry among default-debtors (Wærstad 1994: 158-160). But not only are the children subject to their households' lack of money. They are also exposed to the uncertainties following unstable family situations and the general physical and mental state of their parents. Although many parents claim that their relations with the children have improved, psychological research generally supports the conclusion that economic deprivation typically leads to a less nurturing and more punitive and inconsistent child-raising behaviour. This is largely explained in terms of the anxiety, irritability and depression that a lasting lack of means is likely to create in parents (McLoyd 1990: 322-327).

Severe economic problems further lead to changes in social status and reputation. Social stigma, shame and embarrassments are likely to be central elements of many default-debtors' everyday lives. Also, fear for downward mobility is a chief concern among middle class households (Ford 1988: 126-130; Sullivan, Warren, and Westbrook 2000: 25, 31-32; Ryan 1995). Involuntary reductions in status may in fact be quite traumatic to the individual. A Finnish study, for instance, notices that over-indebted consumers are typically compelled to give up status-related goods and services, which is often considered to be among the most stressful aspects of living under strained economic conditions (Jarva 1993). More or less along the same lines, several

Swedish analyses demonstrate that accumulating deprivation involves material losses as well as a weakening of social relationships, which over time results in changed social identities. This, in turn, may imply loss of freedom and control over one's own life. Moreover, once being in a default situation, the new status may interfere with the efforts to find solutions; the more the identity is tied to habits and styles that must be changed in order to overcome over-indebtedness, the more difficult it is to actually implement the necessary steps and avoid further downfalls (Eneroth 1991; Edström 1995; Dellgran 1996).

Enduring over-indebtedness and debt problems are also known to delimit the defaulters' social lives. One of the reasons is of course the persistent lack of money; hence, Caplovitz (1974: 286-287) finds that his informants are compelled to save in on social activities — including entertainment, eating out and vacations (Caplovitz 1979: 94-97). More recent research suggests that such steps may lead to social exclusion following from personal disempowerment as well as structural obstacles to participation in normal social activities (Poggi 2003: 2). Several Norwegian studies link development of social isolation to similar processes. Also, in as much as fencing off rather than solving problems is the main order of the day, fear for creditors may be a contributing factor, as may efforts to hide the difficulties from friends, colleagues and even close family members (Poppe and Borgeraas 1992; Vabø 1994, 1996; Wærstad 1994, 1995; Enger 1998). Processes of growing social isolation, apathy and traumas are also reported from a number of other countries like the UK (Ford 1988: 123-130) and Sweden (Starrin et al. 1995; Dellgran 1996; Björnberg et al. 1997).

2.4.3. *Personal Consequences: Health*

Given the constant worries about bills, incomes and social responsibilities, research on personal consequences have particularly focused on physical and psychological health impacts. In his pioneering studies, Caplovitz (1974: 280-283) reports that many default-debtors suffer from tensions, headaches, insomnia, upset stomachs and loss of appetite. He also finds that especially non-whites, families from the lower classes and those who are hardest hit by the economic downfall experience a shortage of positive feelings and go through high degrees of mental strain (Caplovitz 1979: 137-157). Correspondingly, two Swedish studies focusing on recipients of debt counselling report that most clients have impaired health and suffer from multiple problems such as headaches, stomach-aches, depressions, nervousness and insomnia. Also, after developing financial difficulties they have increased the use of tranquillisers (Starrin et al. 1995; Björnberg et al. 1997). Bad diets — even hunger — due to a lack of money may add to the complications (Nykänen et al. 2004).

As for physical aspects of impaired health, particularly worrying results are given by a Swedish analysis as it indicates a causal relationship between debt problems and severe health threats like heart attacks, gastritis, gastric ulcers, headaches and psychological disturbances. Default-debtors run a risk of falling sick that are up to six times higher than average scores in the general Swedish population. The study also looks at symptoms frequently used as effective predictors of myocardial infarction, including *vital exhaustion* (long-term running out of power), *cynical distrust* (bitterness, suspiciousness, distrust) and *anger-in* (not letting out one's feelings). Over-indebted persons score approximately 20% higher on these indicators than do others. Moreover, in overall health screening default-debtors score extremely low — in fact close to the results typical for disabled persons, people over 75 and chronically sick individuals (Ahlström 1998). Similar indications of severe health problems are reported from the UK (Nettleton and Burrows 2000).

The psychological impacts are also documented in a number of studies. For instance, Ford (1988: 119-123) finds that defaulters typically are haunted by embarrassments, constant worries, shock, panic and apathy — at the core of which are feelings of shame and fears for being stigmatised. A Finnish study about debt advice clients reports that they often suffer from depressions, lack of concentration, insomnia and overstrains. Also, difficulties in interpersonal relationships, increased abuse of intoxicants, suicidal thoughts and other mental disturbances are recorded among them. (Sunila and Järvelä 1994). Similar problems are found among Australian bankrupts, whose daily lives are marked by widespread anxiety and frequent crying, stomach troubles, loss of appetite, increased intake of alcohol, and in many cases depressions, frustrations and aggressive behaviour (Ryan 1995: 114-116). In the light of these results, it is hardly surprising that, according to a German study, debt problems tend to have negative effects on work motivation (Baden-Württemberg 1995).

Whether taken to the point of failing health or not, enduring economic problems are traumatic. One of the reasons is a feeling of personal insecurity. To illustrate, data from both Sweden and the UK suggest that the traumas following from repossession of homes are not so much related to the material loss as it is to the change in personal identities and belonging (Almquist 1989; Saunders 1990; Björk 1994; Nettleton and Burrows 2000). Another reason is self-blame. A Swedish study notices that this is a particularly striking feature in cases where consumer credit dominates the debt portfolio. Those being in trouble because of mortgages, on the other hand, are less inclined to blame themselves (Klingander 1995). A similar pattern is suggested by a comparison of German and Norwegian default situations. German defaulters struggle more with individual blame and moral denunciation than Norwegians do — the difference being that debt problems in Germany typically involve large proportions of consumption debts whereas mortgage arrears dominate in Norway (Backe 1997). Still, self-blame seldom take over completely as most people feel that they have been subjected to events beyond their own control. Defaulters may even deny that they have made any mistakes at all, but that is rare (Klingander 1995).

2.4.4. *Impacts for Society*

Over-indebtedness and debt problems generate a whole range of effects that aggregate to total costs for society as a whole. To arrive at an overall assessment of direct and indirect costs for society as a whole is probably impossible. But a quick look at selected indicators suggests that the impact is massive. For instance, as many default-debtors are found to be at risk for developing myocardial infarction, it is estimated that the total cost per patient in Sweden is about £55.000 over a five-year period, measured in 1997-currency. In Germany and USA the price tag could very well be twice or three times as high (Ahlström 1998). Another indicator is business results for banks. A calculation based on 1996-statistics finds that the total losses for Finnish banks that year at least amounts to some FIM 700 million plus an additional 38 million in case processing costs (Muttilainen 1997). In the UK, it is estimated that mortgagors took on losses amounting to a total of nearly £4 billion between 1990 and 1997 (Ford and Burrows 1999; Ford, Kempson, and Wilson 1995). As the defaults continue to grow, scholars such as Ford (1988) and Green (2004) generally see the amount of outstanding, unsecured credit as representing a major risk for the British economy.

Yet another type of costs is associated with the potentials for changes in individual attitudes. In his study about the effects of inflation and recession, Caplovitz (1979: 187-241) reports that those who are hardest hit blame politicians and big business for the situation, and therefore lose confidence in federal government as well as commitment to key American values such as free enterprise. Sometimes the frustration translates into conspiracy theories, as when some informants claim that inflation and recession are deliberately created in order to discipline the work force. Correspondingly, UK studies mention the political costs of over-indebtedness involving ideology breakdowns, reduced trust in the government and changing voting patterns. Other findings indicate that debt recovery practises are related to changes in the default-debtors' attitudes: in general, people become more in favour of delayed payments the less understanding creditors are (Berthoud and Kempson 1992; Pattie, Dorling, and Johnston 1995; Whyley, Kempson, and Herbert 1997; Ford and Burrows 1999). In cases of harassment, Australian (Ryan 1995: 145-164, 218-225) and US (Jacob 1969; Stanley and Girth 1971) studies suggest that improper pressure from individual creditors may trigger default-debtors to petition for bankruptcy, thereby escaping the claims made against them.

2.4.5. BRIEF SUMMARY AND A NOTE ABOUT DYNAMICS

International and Norwegian research document a wide variety of severe consequences of over-indebtedness and debt problems. Starting out with economic impacts, these include material losses, exacerbated creditor relations and financial exclusion. As for the social consequences, family life is severely affected, both in terms of strained partnerships and worsened conditions for the children. Also downward social mobility, deteriorating networks and exclusion from ordinary everyday activities are prominent. On the individual level, impaired physical and psychological health is common, as are feelings of insecurity and self-blame. As for society as a whole, over-indebtedness and debt problems lead to considerable economic losses and waste of resources. There are also political costs involved as the default-debtors' attitudes towards society may change towards distrust and new voting patterns.

Just as in the case of causal processes, many of the main effects take place across national contexts — but in varying degrees depending on historic time and place. Also, there is almost certain to be multiple consequences as debt quagmires typically imply a succession of accumulating unfortunate events. To illustrate, the aforementioned study on Australian bankrupts notices that two thirds of those having their health affected by debt problems suffered from three or more of the impacts listed (Ryan 1995: 117-118). Similar accumulations of economic, social and personal effects are also found in for instance Swedish and Finnish analyses of debt advice clients (Dellgran 1996: 79-88; Muttilainen and Tala 1998). Moreover, as the consequences materialise, they also combine to impact future courses of events and hence become causes of future complications. Such dynamics shall be addressed in the forthcoming analysis on coping behaviour.

2.5. COPING WITH OVER-INDEBTEDNESS AND DEBT PROBLEMS

Compared to causes and effects, coping behaviour clearly is the least studied aspect of over-indebtedness and debt problems. Still, it has been on the agenda since Caplovitz' pioneering studies, and is largely seen as a type of consequence — more or less on the same level as economic, social and personal effects. The position has theoretical as well as empirical implications.

2.5.1. EMPIRICAL RESEARCH ON COPING BEHAVIOUR

As long as coping with debt problems is understood as a consequence of the processes that have caused the economic problems, the empirical challenge simply becomes a matter of identifying the steps taken to minimise and solve the economic, social and personal impacts that have occurred. As a result, a number of coping strategies have been recorded — chiefly as add-ons in causal analyses or wider accounts of the effects of over-indebtedness. In addition, extra information has been obtained by studying specific problem-solving initiatives such as economic counselling and bankruptcy petitions.

The perhaps most widespread set of strategies documented by research concerns the steps taken to increase incomes — temporarily or permanently. Hence, the unemployed may try to find employment whereas the employed may work overtime or look for better paid positions or extra jobs. Education and job-training are other options. As for couples, these are strategies open for both partners to explore. However, structural constraints such as the availability of jobs, childcare and tailored welfare programmes may periodically render some of these options inefficient or inaccessible (Kempson, Bryson, and Rowlingson 1994). Still, when the recession peaked in 1992 more than a third of the Norwegian defaulter-households reported in a survey that the main provider or the partner or both engaged in working overtime or taking on a second job (Poppe and Ramm 1993: 80). Also, even though the statistical relationship between unemployment and undeclared work is contested (Tufte 1994: 80; Isachsen and Strøm 1989; Arbeidsmiljø 1992; Økonomisk_Rapport 1993: 74), defaulters may of course seek out opportunities outside the formal labour market. In extreme cases, some may even turn to regular crime (Kempson, Bryson, and Rowlingson 1994). In addition, receiving support from family and friends are important, including food supplies, clothes for the children, dinner invitations, permission to use somebody's car and favours like goods exchange, reciprocal cash loans and cash gifts (Klingander 1995; Kempson, Bryson, and Rowlingson 1994).

Defaulters may also curtail expenditures in a number of ways. Saving in on variable costs such as clothes, shoes, individual spending and food are obviously among the most common strategies. Especially food budgets are known to be curtailed to the extremes, perhaps because it is one of the few budget items that are fully controlled by the household. In fact, renouncing on food may be the only strategy left for low-income families and households that have been under pressure for a long time (Kempson, Bryson, and Rowlingson 1994). For the more wealthy defaulters, selling property and using savings are well-known strategies. At the peak of the debt crisis in

1992, about one fifth of Norwegian defaulter-households reported to have done this (Poppe and Ramm 1993: 80). Additional options include trying to reduce fixed expenditures by negotiating with the creditors or simply terminate contracts if possible — including important commitments such as insurances (FSA 2000: 37).

It is a well-known fact that unpaid bills and arrears are sometimes paid with borrowed money. To illustrate, in 1991 some 95.000 over-indebted Finnish families with mortgages took on additional credit to pay down debts (Timonen 1993). The strategy depends on a number of factors, among which the structural availability of risk capital is crucial. By tradition, the US sub-prime market is particularly large, serving those who for various reasons cannot access high-street offers (Canner, Passmore, and Laderman 1999: 715-716; Goldstein 1999: 9-10). There is also an alternative lending market in the UK (FSA 2000: 42-45). Additional sources of credit may include pawnbrokers (Caskey 1991; Caskey and Zikmund 1990; FSA 2000: 43) and illegal moneylenders (FSA 2000: 43). In the Nordic countries, default-debtors have traditionally had limited access to additional credit, but this has gradually changed in recent years.

Yet another widespread set of strategies is seeking advice. As pointed out by Ryan (1995: 122-125), Australian families in financial trouble often consult informal networks; i.e. relatives, neighbours, friends and work colleagues. Defaulters also typically talk to professional money advisors in financial institutions, public services and independent organisations. In Norway, a free-of-charge debt counselling service is available at the social security offices. In most countries, professional help is obviously in great demand; whereas about 130.000 German households sought money advise due to financial difficulties in the mid-1990'ies (Reifner and Veith 1998; IFF 1998), some 2.000-10.000 debt counselling cases were processed each year in Norway between 1991 and 1995 — i.e. during some of the most turbulent years of the Norwegian debt crisis (Pedersen 1994; Tufte 1995: 89-91). Since then, the service has become more professionalised and widespread, and is in high demand even in periods of economic growth: in 2006, for instance, economic counsellors at the social security offices processed about 18.000 new cases (Poppe and Tufte 2007).

Finally, bankruptcy and debt settlement petitions are possible strategies for defaulters in most countries. The US bankruptcy institution dates back to 1938, and offers consumer repayment plans as well as partial and full discharge of most non-secured private debts. Following the growth in over-indebtedness and debt problems, the same types of options have been introduced in Denmark (1984), the UK (1986), France (1989), Norway and Finland (1993), Sweden (1994) and Germany (1999). The actual content and principles advocated by these laws vary across national settings, which make bankruptcies and debt settlements more or less attractive ways out of the debt quagmire (Niemi-Kiesiläinen 1995: 69-91; Tufte 2005).

2.5.2. THEORETICAL IMPLICATIONS: THE ADD-ON PERSPECTIVE

As long as coping behaviour is treated as a consequence of predominantly system-level causal processes, there is hardly any need to develop specific theories about such conduct. Instead, dealing with debt problems appears as empirical manifestations of the said processes — implicitly consistent with or explicitly explained by them. As a result, coping strategies tend to be added to the list of consequences rather than treated as a social phenomenon in its own right — hence the *'add-on perspective'*.

Both Caplovitz and Ford may serve as examples. Starting out with the former, part II of *'Making Ends Meet'* has three chapters on the *'Consequences of inflation and recession'* at the household level, one of which is titled *'Coping Patterns'*. The chapter identifies five major strategies in use; viz. curtailment of expenditure, self-reliance and bargain hunting, income raising, sharing, and reliance on credit. Caplovitz shows how these strategies combine to form different patterns across social divisions; in broad outline, whereas poor households predominantly engage in curtailing expenditures, self-reliance practises and bargain hunting, blue-collar — and to a lesser extent: white-collar — defaulters concentrate on trying to increase the incomes and reduce their expenses. Also, the harder the families are hit by inflation and recession, the higher the number of strategies in use. However, given the unequal distribution of chances on markets and access to resourceful networks, the output from these strategies are less successful for poor households (Caplovitz 1979: 91-117).

As for Ford's book about *'The Indebted Society'*, there is a chapter on *'Experiencing and managing arrears'* that, quite similarly, mentions eight coping strategies: viz. doing nothing, telling no-one, cutting basic consumption, cutting protection (e.g. insurances), cashing in savings and insurance, getting help from relatives, borrowing money, and seeking work. The study was designed to capture the dynamics of the debt problem situation, as the informants were visited three times by the interviewer over a nine month period. Still, the analysis does not develop a time perspective to see how the defaulters' conduct develops as the debt problems aggravate. Instead, the implementation of strategies are largely seen as reactions to a single, but fundamental change in the informants' economic situation; viz. from no problems to debt problems primarily due to major system level processes (Ford 1988: 118-146, 69-73).

On the other hand, theories about coping behaviour are found in related fields of research such as unemployment where a conception about sequential coping processes was introduced as early as in the 1930'ies (Jahoda and Lazarsfeld 2002 [1933]). Another noteworthy example is Newman's (1989) cultural study of downward mobility. In *'Falling from Grace'*, she explores how US middle class informants from two different job cultures struggle with economic problems and identity crises after having lost their jobs. As coping behaviour is treated as strategic action rather than merely a consequence of being made redundant, it now appears as systematic attempts at resisting downward social mobility and exclusion. As a result, the implementation of strategies jointly reflects a comprehensive orientation, involving family relationships, social networks, communities, structural conditions, normative constraints and cultural values. Newman shows how social exclusion leads to insecurity and chaos that can only be solved by re-integration. However, as people slide down the social ladder it becomes increasingly difficult to find milieus that satisfy one's expectations and values. A critical factor is how downward mobility processes are triggered: by a publicly recognised injustice done to many or some individual tragedy. In the latter case, the person is typically left to solve the problems alone, which in turn delimits the scope of action and progressively lead to shame, stigmatisation and isolation.

2.6. Summary; Questions for Additional Research

To sum up, research on over-indebtedness and debt problems has emerged from the poverty tradition. Among the most important influences is the budget approach whereby economic deprivation is understood as a persistent imbalance between the households' totality of incomes and expenditures. Based on this view, research in the field has aimed at bringing forth information about especially three aspects; viz. causes, effects and coping. As for causes, the most important mechanisms capable of destabilising the balance between incomes and expenses have been located at the system level. The consequences of being exposed to such processes are severe, ranging from economic losses and financial exclusion to social deprivation, personal insecurity and impaired health. Also, distrust in economic and political institutions is common. As for coping behaviour, this is the least studied aspect. It is symptomatic that no theory about such conduct has been developed. However, a number of strategies have been identified empirically.

In most analyses, coping behaviour is seen as a consequence of having developed economic problems, and hence as empirical manifestations of predominantly macro-level causal mechanisms. The problematic aspect of the position is that coping is put on the same footing as singular events and end results — such as a forced sale, a broken marriage or a nervous breakdown. But coping is more than that; it refers to how people who experience such events respond to them, learn from them and recognise them as premises for future action. Coping is, in other words, the action aspect of debt quagmires where causes and effects combine to form vicious circles. As such, it must be analysed within the frameworks of a theory of action.

In the chapters to follow, knowledge about how people cope with severe debt problems is developed along these lines. Four key issues seem important. Firstly, there is a call for a dynamic perspective. At the household level, causes and effects jointly form processes where specific events produce specific consequences, which in turn become premises for future action as new conditions are established with the potentials to cause additional complications — or relief for that matter. The first research question for the forthcoming analysis is therefore,

> *(i)* *How do default-debtors cope with debt problems over time?*

Secondly, a theory of action approach to coping behaviour implies that the defaulters' conduct must be placed in a contextual perspective. The way people deal with financial problems is hardly decided by the sequences of causes and effects alone; obviously, much wider elements of the defaulters' life situations influence their actions. This is primarily a matter of the presence — and absence — of resources in a wide sense. Hence, the second research question to be addressed is,

> *(ii)* *What — if any — is the impact of social division on coping behaviour?*

Thirdly, the handling of debt problems raises the issue of normative constraints. In general, any action must be justified in order to be socially acclaimed. But since enduring debt problems by definition represent breaches of contract and violations against the repayment norm, it becomes increasingly difficult to defend the situation to oneself and others. The third research question to be addressed is therefore,

> *(iii)* *How is the continued lack of repayment justified?*

Finally, it should be demanded from a new theoretical approach that it improves existing knowledge about coping behaviour. Hence, the fourth and last question is,

> *(iv)* *To what extent do these aspects inform a generalised understanding about how people cope with debt problems?*

With this it is time to turn to the analysis. The place to begin is to develop a suitable analytical model.

3. THE SOCIAL ORIENTATION IN ECONOMIC LIFE

3.1. Introduction

This chapter proceeds to develop the analytical framework that is needed to address the research questions in section 2.6. The argument rests upon the proposition that credit-related practises are institutionally conditioned. The ambition is to account for a particular type of social interaction — viz. coping with over-indebtedness — by identifying the mechanisms that are likely to generate the ways in which defaulters handle their financial difficulties. The proposition implies that many of these mechanisms emerge from the institutional constraints that condition such conduct.

By introduction, it is further assumed that default-debtors — just like people in general — are rational in the sense that they try to respond adequately to current norms, values and opportunities in their surroundings. However, the fact that the repayment norm is violated suggests that that the logic behind credit-related practises could be quite different under two qualitatively very unlike conditions: viz. when there are and when there are not enough means to handle the financial obligations. In what follows, the point is developed by arguing that that debt management in general, and coping with insolvency in particular, not necessarily rests on market-based constraints alone, but may also be influenced by entirely different sets of premises.

The chapter sets out by specifying the theoretical challenge in more detail. Next, the attention is drawn to some key aspects of the rationality concept in mainstream microeconomics and sociology. The intention is to explore the implications of applying the notion of utility maximisation in the analysis of coping behaviour. As the approach fails to deliver a comprehensive understanding, the chapter turns to Durkheimian-inspired as well as phenomenological and institutional theories to explore supplementary angles. Based on Habermas' distinction between '*system world'* and *'life world',* it is argued that coping with debt problems basically follows a social orientation. In the final sections of the chapter, such an orientation is spelled out in more detail using a concept of *'standard packages'*.

3.2. THE THEORETICAL CHALLENGE

Credit-related practises are embedded in institutional settings. For a start, credit is typically accessed through professional organisations offering a multitude of products through sophisticated and formalised systems. These systems, in turn, are supported by a legal framework and society's machinery of power. As each component adds up to form a national credit system, they also become parts of the global economy and international law. But the institutionalisation of credit goes well beyond the core economic and legal systems; in particular, credit is a tool in social welfare and a means by which property, goods and services are distributed among the population — both of which are subjected to considerable political interest. Besides — or even better: above all — credit is embedded in cultural codes for when and how borrowed money should be used. As a consequence, coping with unpaid debts necessarily becomes affected by multi-level institutionalised constraints.

The default-situation evolves in market settings, and is therefore initially defined as a breech of contract between a debtor and his creditors. This provides the starting point for directing a number of expectations towards the defaulters. One of them is to immediately report any difficulties in keeping the payment deadlines. Another is to always be available to the creditors and supply them with all necessary information so that they can maximise their chances to get the money back. The default-debtor is also obliged to negotiate solutions, change his lifestyle and sell assets in order to free means to the benefit of the creditors. And of course, in as much as new agreements are reached, he is expected to keep the re-negotiated repayment schedules.

Expectations also follow from the surrounding legal arrangements. On the one hand, there is a large body of laws and regulations that are punitive by intent and actual effects. As shown in chapter 1, the default debtor is now legally exposed to money collection routines, wage deductions and court proceedings — all designed to back up the creditors' claims. But on the other hand, there is also legislation that defines certain benchmarks by which the parties may solve the problems — voluntarily or involuntarily. These include debt settlement schemes and norms for minimum subsistence levels and maximum wage deductions. In addition, a free economic counselling service is established in each municipality to offer assistance in negotiations and, if permitted, to propose tailored solutions based on social welfare programmes.

Default-debtors are of course generally expected to respond to all of these constraints and opportunities. But equally important, in doing so the intent of honesty should be explicitly demonstrated — for instance by keeping a job according to one's abilities and qualifications, taking on a second job if possible, and living frugally without hiding incomes and assets such as property and inheritance. The moral component in these expectations cannot be underestimated; just as the unemployed, who are demanded to submit to the norm of work by formally taking on the duties as unemployed, defaulters are expected to show a similar compliance with the repayment norm through a number of less formalised, but still more or less clearly defined sets of actions.

But ever since over-indebtedness became an issue in Norway during the debt crisis in the late 1980s and early 1990s, default-debtor behaviour has emerged as a composite phenomenon. Apparently, over-indebted persons only act in accordance with the expectations to a certain extent. A communication breakdown between creditors and debtors was among the first effects to be observed; an early study reports that the parties tend to define the default situation differently, adequate information often lacks on either side of the table, and negotiations are tardy and difficult to accomplish as the defaulters tend to be temporarily unavailable (Poppe and Borgeraas 1992). Also, creditors see that over-indebted persons behave economically unwise — even in immoral ways, reluctant as they seem to act swiftly upon their problems, instead trying to hide and find ways to avoid paying back what they owe (Vabø 1994). Moreover, default-debtors are found to hesitate — and sometimes refuse — to renegotiate, seek professional advice and apply for debt settlements (Poppe 1994; 1995: 233-237). Even in cases where such agreements are in fact formally established, many of them continue to lead a chaotic life, failing to meet payment deadlines, hiding incomes, frittering away inheritance and surpluses that should have gone to the creditors (Poppe 1997b, 2005a). The overall impression is, in other words, that many defaulters dig their own grave.

In as much as that is the case, it is as disturbing as it is challenging; pushed to extremes, if the difference between those who avoid severe financial problems and those who end up in over-indebtedness is that the latter group of people partly act in ways that systematically worsen rather than improve their economic situation, how can such behaviour be explained? A possible answer that immediately comes to one's mind is that it results from stupidity, irrationality or even calculated, ill intent. But before such conclusions are drawn, the premises must at least be clarified. Also, the number of possible explanations should not initially be narrowed down to only a few — and perhaps biased — alternatives. Instead, the challenge must be approached from a broader perspective.

3.3. Modelling Economic Action

As compared to the normal situation, which is without financial difficulties, coping with debt problems is about economic action under very different conditions. Therefore, a theoretical approach is needed that accounts for the transition from one set of premises to the other as well as the continued struggle over time. In what follows, a simple conception of economic action is proposed that is based on two principal dimensions; viz. *'intentions'* and *'orientation'*. Subsequent sections of the chapter further sustain and develop the approach.

As for the first dimension, it is asserted that human action is intentional. However, intent can be more or less explicit at the time the actor acts. As argued by Østerberg (1980: 9-59), this turns the twin concepts of *'pre-reflective* and *'reflective'* action into a major theoretical distinction in sociology.[11] In the former type of action, intent is not pronounced in advance. There is, in other words, no explicit plan; rather it takes form underway. In this way, the conduct appear as intentional in retrospect (Østerberg 1980: 15). As opposed to this, '*reflective'* action is characterised by aiming at achieving explicitly specified goals. Here, a plan is made in advance upon which the actor, so to speak, carries out a performance he has already enacted in his mind. This is how modern people like to present themselves; as logic actors who distinguish between intent and action, where the former conditions the implementation of the latter. Nevertheless, such performances can only strive for, but never be completely freed from, pre-reflective elements; a plan is never that explicit or original (Østerberg 1980: 20-21). Indeed, as shall be further sustained throughout the chapter, reflective actions presuppose pre-reflectivity. Durkheim was among the first who made this point as he

[11] The Norwegian labels used by Østerberg are, directly translated, *'spontaneous'* and '*circumstantial'* action, respectively ('*umiddelbar'* og '*middelbar').* However, the core attribute of the division — which is also emphasised here — is the extent to which a given action is triggered by explicit intent.

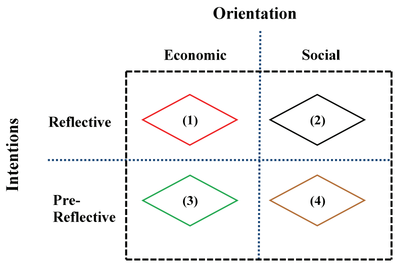

Figure 3-1: Types of economic action.

argued that contracts alone do not enable utility-oriented market exchange. Instead, any such agreement stands on the shoulders of the habits, routines and customs of everyday life; i.e. the institutional contexts that give the contracts validity but without having any utility attributes in themselves (Østerberg 1980: 63-64).

This immediately leads to the second dimension: '*orientation*'. Economic action is — more or less by definition — thought of as generally oriented towards economic parameters; i.e. market opportunities and economic conditions. But as just indicated by the *'pre-reflective - reflective'* dichotomy, there is also a strong social component involved. Not only in that economic action presupposes the existence of workable everyday habits, routines and customs, but also in the sense that the very aims of such actions may more or less explicitly be defined and justified by social norms and values. For instance, homes are obviously not bought for economic reasons alone; factors such as type of dwelling, neighbourhood and distance to urban centres clearly have lifestyle-related aspects as well. In as much as that is the case, any given actor may be expected to be motivated by economic as well as social orientations.

The two dimensions of economic action combine to form the model in figure 3-1 above. Beginning with square (1), these are actions that are motivated by rational economic considerations and carried out according to some kind of pronounced, predefined plan. The second square also refers to planned action, only this time to those implemented to achieve socially defined goals. As opposed to this, the third square is reserved for routinised and diffuse conduct that does not follow any explicit plan but still in retrospect appears to be responses to economic values and conditions. Finally, square (4) represents the corresponding type of action with respect to social considerations; i.e. the multitude of more or less automated conduct that emerges from within frameworks of social norms and values to impact the way money is spent.

Moreover, economic actions are not atomistic; they are always carried out in socio-economic contexts. This is indicated by the thick dotted frame surrounding the four types of action identified by the model. Contextual determinants influence conduct through what may be regarded as *'cemented actions'* — including taken-for-granted rules, legislation and material structures. As far as the analysis of coping behaviour is concerned, the basic distinguishing difference between the normal and the debt problem contexts is the lack of economic means, which introduces entirely new sets of institutional conditions for economic action. Some of these are briefly described in chapter 1.3. As shall be demonstrated empirically in subsequent chapters, the shift also affects the defaulters' social relationships and hence changes the conditions for acting in a wide range of situations — including non-market contexts.

As a tool in empirical analysis, this relatively simple model of economic action implies a focus on the connection between individual action and the contexts in which it unfolds; indeed, this is where the explanatory power of the approach lies. In what follows, the model is further elaborated by exploring that connection.

3.4. Reflective Coping Behaviour as Rational Planning

Theories of economic action largely concern reflective conduct. This is not the least due to the dominant position of rational choice theory, where intentional acts are associated with an instrumentalist conception of rationality according to which economic actors seek to maximise utility by pursuing self-interests (Smelser and Swedberg 2005: 4). As pointed out by Hedström (2005: 60), the growing impact of the approach in sociology during the latter half of the 20th century is inspired by advances in the neighbouring disciplines of economy and political science. Rational choice theory can be traced back to a psychological conception of *'interests'*, as it was advocated by seventeenth and eighteenth century philosophers such as La Rochefoucauld and David Hume, and classic economists like Adam Smith (Swedberg 2003: 2-3). As for microeconomics, this has led to a conception of rational goal-attainment that is based on individualistic views about the market actor (Smelser and Swedberg 2005: 4). The emphasis on subjective rather than objective interests eventually produced one of the most influential analytical tools ever created, viz. the notion of *'economic man'*. Put boldly, this is typically an actor who pursues his self-interests in exchange situations by making rational choices more or less independently of other individuals.

Throughout the centuries, *'economic man'* has undergone several revisions. Starting out in Humean-inspired utility theory as an actor whose preferences were subdued to passions, the concept eventually came to denote a character who, freed from the unpredictability of emotions, is inclined to make pure, rational choices by maximising so-called utility functions. This implies that acts of choosing are seen as individual decisions based on perceived arrays of possible outcomes. It is further typically assumed that each actor holds a more or less stable set of preferences that enables him to evaluate and consistently rank-order the alternative options from highest to lowest utility. Often, two additional assertions about the notion of preferences are made. One is that they are individual properties, enabling the chooser to act upon his self-interests more or less without being constrained — or "disturbed" — by the likes and dislikes of others. Secondly, preferences are defined as objective qualities that lend themselves to measurement simply by observing the choices made.

Choosing rationally, then, generally means to maximise utility by opting for the outcome that, among any given set of obtainable alternatives, is the most beneficial (Hindess 1988; Elster 1989; Archer 2000a). In sociological extensions such as in Blau (1964) and Coleman (1990), rational actors appear as something like a mathematician who calculates utility in terms of payoffs — i.e. value minus costs — for each outcome relative to the respective probabilities for attaining them (Hindess 1988; Collins 1994). Also, the principle of utility maximisation is taken beyond the market and into many other parts of social life, such as marriage (Becker 1973, 1974, 1996), voting behaviour (Downs 1957) and trust (Coleman 1990). Additional applications include education and strategic behaviour by corporate actors (Collins 1994; Moe 1994).

So to what extent is the rational choice approach helpful in explaining coping with severe debt problems? For a start, market actors are generally regarded as reflexive choosers who are responsible for their own economic dispositions. This may fit well into the picture of mainstream or highly successful economic careers, but once faced with less fortunate and deviant processes it becomes more problematic — especially when the deviance in question refers to clearly unwanted outcomes for the acting individual. According to what may seem a rhetoric argument — but still one that goes straight to the heart of the matter — nobody, or at least very few of us, deliberately seek misery and pain. Rational persons should therefore not be expected to make choices intended to bring debt problems upon themselves. In as much as that is the case, a means-goal model of economic action generally seems unfit to account for the causes of the phenomenon.

Still, there may be exceptions. For instance, the development of debt problems may be rooted in hidden agendas; i.e. that the utility value for the acting individual is not related to ordinary economic careers, but to something else. The most obvious case is immoral intent including all shades of dishonesty and criminal behaviour. According to the model, a person is likely to act upon such motives if the expected utility from doing it exceeds the utility of not doing it (Becker 1968) — depending on their perceptions of risk for failure (Matsueda, Kreager, and Huizinga 2006). Whenever the risks materialise, severe debt problems may develop. Also, whenever the incentives to change attitudes under economic pressure are lacking, such persons may continue to act upon hidden agendas. If so, the emergence of debt problems as well as aggravating coping behaviour appears to evolve from rational sequences of choice.

The argument readily extends beyond con-men and swindlers. According to some versions of the theory, *'economic man'* is not a one-sided character, but an economic actor who interchangeably tends to focus on multiple goals and even seek obtaining several of them simultaneously (Blau 1964; Moe 1994: 116 - 118). Hence, rather than a clear-cut division between honest and dishonest actors there may be a mix of good and bad intent inherent in any sequence of rational choice. It follows that even predominantly candid persons may sometimes commit dubious acts and for that reason end up in financial difficulties. Whether a major explanation or not, it is nevertheless a possible one, and enough to justify a strong moral component in debt settlement legislation (cf. Moe 2003: 85-116) and public discourses on over-indebtedness and immorality (Poppe 2004a; 1999a; Tufte 2005; Gulbrandsen 1993, 1999, 2005; Monland 2003).

Moreover, once severe debt problems have occurred the applicability of the rational choice approach may extend beyond cases of immoral conduct. Indeed, as default-debtors necessarily have to deal with creditors and legal authorities as part of their coping behaviour, it cannot be precluded that a number of choices may follow a principle of utility maximisation. Obvious candidates include rational prioritising between claims, strategic negotiations with the creditor side and steps to avoid stigmatising situations. The logic may also extend beyond economic considerations to include normative constraints — as for instance when default-debtors have to equilibrate conflicting social norms such as the duty to pay debts and the obligation to ensure the material and social welfare of one's children. Following Elster (1989), another example would be the need to secure a favourable social reputation by maximising codes of honour to compensate for the failure to comply with the repayment norm. Even though rational choice theory typically rests on the premise that market actors are egoistic and even atomistic, a sociological extension where social norms and even altruistic motives enter the equation do not necessarily violate the goal-means theorem as such; even altruists may strive to find the best possible action (Skog 2006: 95; Melberg 1993: 2).

However, there are certain premises that, if violated, would undermine or render impossible any explanation based on the rational choice approach. In particular, these include the assumptions about the ability to consistently rank preferences and the need to be well informed in order to do so. As for the first, acting individuals are often found to have inconsistent preferences or to change their plans even though no new information is obtained. (Skog 2006: 88-89). As for the second, it is not easy to decide the amount of information needed to be able to adequately rank-order preferences and choose rationally between available options. Therefore, claims on information levels tend to vary across flavours of rational choice theory — from fully informed in the classical variants to satisfactorily informed in Simon's (1982) theory on *'satsificing'* which implies that the search for information stops once a good enough alternative is found according to the acting individual's aspirations (see also Kahneman and Tverski 1979; Tverski and Kahneman 1981). The challenges involved are illustrated by the fact that preferences and outcomes typically depend on interaction with others (Hedstrøm 2005: 61), and by realising that these parameters are intrinsically related to information; whereas preferences and perceived outcomes are likely to influence the kind of data to be collected, acquiring new knowledge may change previous views and attitudes. Such complexities render the rational choice approach empirically cumbersome and perhaps even theoretically unrealistic (Hedstrøm 2005: 60-66).

Equally important to the forthcoming analysis, rational choice theory implies that a wide range of commonly performed actions fall outside the categorisation scheme. For instance, people may act by reference to other principles than those associated with *'economic man'*, such as communal loyalties, traditions and religious values (Weber [1922] 1978: 24-26, 63-68; Haralambos 1985: 280) — all of which may have economic implications. People may also act upon emotions and affects. This is not the least the case for defaulters as economic problems typically lead to provocative situations and considerable psychological pressure over time. In addition, people sometimes go beyond such — by definition: non-rational — conduct to behave irrationally, either by explicitly acting counter to their preferences or by pursuing unrealistic options. The latter typically follows from misinterpreting the contextual conditions — a type of conduct that seems important to the analysis of coping behaviour since defaulters at some point in time cross over from acting under normal conditions to standing up to contexts marked by severe lack of economic means. These objections suggest that reflective action may be more than just rational planning and implementation as defined by rational choice theory. Also, as shall be further elaborated below, they indicate that spontaneous, pre-reflective behaviour may be important elements in coping behaviour. Even though goal attainment is obviously part of the defaulters' conduct, there is no need to base the analysis on assumptions about rationality that only serve to restrict the study to a far too limited set of actions.

A final point to be made is that in as much as reflective behaviour is motivated by a means-goal orientation a confined focus on rational choice may fall short of offering explanations on key aspects of such actions. In particular, the actors' preferences are regarded as given; why they emerge and how they may change over time must therefore be explained by the use of other theories. In addition, certain parameters are treated as external factors. These include the goals themselves and any social meaning attached to the chosen sequences of action. Again, there is a need for other theories to explain why people act upon specified goals in specific ways (Melberg 1993: 1). As shall be argued below, many of these shortcomings are avoided by taking the context rather than individual action as the theoretical point of departure. It also allows for considering figure 3-1 model in full, and to examine the relationship between reflective and pre-reflective behaviour.

3.5. Pre-Reflective Action; Institutionalisation

Not only reflective, but also pre-reflective conduct is traceable in theories about economic action. Durkheimian-inspired and phenomenological institutional theory both imply the exercise of habitualised conduct in economic life due to integrative, institutionalised constraints and internalised norms and values. Yet another — and indeed related — approach is Habermas' theory on communicative action, which suggests that economic dispositions may be routinely founded upon social considerations and consensus orientation in primary groups (Habermas 2004b [1981]). A more specific theory of economic action is based on the concept of *'standard packages'*, which suggests that reflective market performances are intrinsically embedded in non-market socialisation processes and hence on a large array of routines and customs in people's economic practise (Riesman and Roseborough 1966 [1955]; Parsons and Smelser [1956] 1984: 221-232). All of these approaches are highlighted throughout the chapter.

Starting out with Durkheim, he is among the first sociologists to oppose individualism of the kind advocated by rational choice and utility theories. He claims that societies cannot be reduced to the individual, and that individual actors cannot be understood as entities in themselves. Instead, he argues the existence — and precedence — of a separate social level of collective perceptions and moral values that both enable and constrain individual choice, actions and beliefs. According to Durkheim, social phenomena — or *'facts'* — are characterised by possessing inviting as well as enforcing powers that no individual can escape. *'Social facts'* are also distinguished by being external and prior to any given person. They serve as providers of value systems and normative guidelines upon which acting individuals can base their actions (Durkheim 1982; Østerberg 1983: 24-31).

By definition, social institutions share every feature of *'social facts'* (Beckert 2002; Gronow 2005). Hence, religious systems, legal orders, professional ethics, markets, credit devices and family and kinship structures are all examples of institutionalised domains whose typical function is to ensure societal integration and avoid moral decay and anomie. As argued by Durkheim — and later elaborated by Parsons — social institutions work by norms and values that are internalised during socialisation and formalised learning processes. It follows that, as opposed to rational choice and utility theories, there is no need to presuppose a calculating rationality in social life; norms and values motivate certain actions to take place and explain the origin of individual preferences (Gronow 2005: 4; Parsons 1949).

Whereas the Durheimian-inspired *'normative'* position in sociological institutional theory emphasises regulation and commitment to internalised norms and values, the *'cognitive-cultural'* approach adopts a constructionist perspective (Scott 2001: 51-58). The paradigmatic assertion is that man produces his own social environment. The point of departure is that any repeated human action is liable to become habitualised; establishing routines for recurrent tasks allows for repeating them with a minimum efforts and learning. A social institution is established whenever such habits are reciprocally typified by types of actors. In order for this to happen there must be a continuing social situation in which the routinised actions in question are repeatedly important to the actors involved. Once set up, institutions control human conduct by establishing specific patterns that signify how things are to be done. They represent a particular social knowledge that is transmitted over time through socialisation and learning. As a consequence, social institutions appear as a historically legitimate objective reality that enable human conduct and channel it in certain directions rather than others. As all important areas of social life become institutionalised, individual members of society experience the totality of social institutions as a more or less integrated whole — a reality that is prior to their own existence, yet constantly engaging them in processes of social construction (Berger and Luckman 1984: 65-85).

The *'normative'* and the *'cognitive-cultural'* approaches are often seen as complementary, involving a continuum from explicit rules to tacit cultural scripts (Gronow 2005: 1; Scott 2001). Still, an important difference should be noticed: whereas the Durkheimian variant tends to leave the individual almost victimised by institutional constraints, the constructivist position implies a dialectic relationship between individual actors and social institutions. But as Bhaskar (1998: 32-34) points out, both positions are unfortunate. As for the latter, it turns persons and societies into moments of the same process and, as a consequence, abolishes the distinction between the two. For even though individual action presupposes adequate knowledge, skills, habits and moral codes, the constraining forces involved do not determine the exact performance. This is not the least apparent in deviant behaviour. On the other hand, individual persons cannot be thought of as creators of their own contextual environment; since the conditions for human action always exist prior to individual action, people are instead reproducing — and sometimes deliberately transforming — the institutional reality (Bhaskar 1998: 27-37). It follows that system level developments — say the tailoring of credit products — cannot be reduced to individual choice just as little as changes in human conduct — say economic action — can solely be due to modifications in market arrangements.

The idea that social institutions constrain human conduct is dynamically conceptualised by the notion of *'practises'*. Following Schatzki (1996: 89), these are nexuses of doings and sayings that emerge from specific understandings about the instituted phenomenon in question — such as procedures, rules, instructions, beliefs and engagements. In this sense, any institution is made up by a number of *'practises'* — i.e. established patterns of expected conduct that in the case of the credit institution are closely connected with the workings of some of the most important organisations in society including legal bodies, banks, credit systems and a series of interrelated national and international markets for capital, property and commerce. But the reproduction of such nexuses also requires regular enactment by individuals during which a given pattern is *".. filled out by a multitude of single and often unique actions .."* and where the acting individual demonstrates to possess *".. certain routinised ways of understanding, knowing how and desiring"* (Reckwitz 2002: 249-250).

This element of performance in the notion of *'practises'* suggests that normative constraints in everyday life not only come from large organisations but may also be linked to more informal features of social life. As far as credit-related actions are concerned, factors such as family traditions, class- and status-specific codes, peer group ethos and principles from related institutions may impact standing patterns of appropriate conduct. It follows that underlying any set of typified patterns there could be considerable variation in the choice of *"single and unique"* reproductive actions. But even more importantly, it implies that there are always potentials for developing divergent institutional patterns. As shall be argued theoretically — and later demonstrate empirically — this is a key point in understanding coping with debt problems as an intentional activity; under certain conditions, alternative practises may emerge alongside established, expected patterns of conduct. In as much as defaulters are concerned, it implies that they act upon alternative bodies of shared social knowledge.

As far as the model in figure 3-1 is concerned, institutionalisation places pre-reflective action in the front seat for especially two reasons. Firstly, routinisation is established as a common — and perhaps the dominating — type of conduct. Entering repeating choice processes is not necessarily rational — neither from the individual's or society's point of view; quite the contrary, following the constructivist argument, it makes sense to reduce the number of choice situations through routinisiation. Also, from a normative point of view, integration, stability and predictability in social life are basically secured by delimiting human conduct through prescribed ways of conduct. Although the marketplace is a context in which calculating behaviour is legitimate, most economic actions are probably habitualised and as such neither instances of explicit, individual decision-making nor unconscious and non-reflective acts (Warde 2005: 140; Gronow and Warde 2001). Furthermore, in as much as that is the case the implication is that market actors base much of their reflective conduct upon tacit social knowledge and internalised perceptions about appropriate economic careers. Given the fundamental nature of such knowledge, it should be expected to have considerable impact also in coping behaviour.

Secondly, habitualised behaviour in everyday life presupposes the existence of already established institutional systems. In modern societies, these are often well beyond individual control; indeed, some of the most vital ones are globalised structures such as the production and supply of food and financial services. This introduces trust as a key element in economic action. To illustrate, it is far too cumbersome — if possible at all — to gather all the information necessary to be certain that all steps in the fabrication of a given food product meet high-quality safety standards (Kjærnes, Poppe, and Lavik 2005: 32-33; Seligman 1997). Similarly, it is impossible to know if the market will provide the stability needed to sustain a given set of financial obligations in near and distant future. The only solution to these problems is to do like everyone else and — more or less tacitly — trust the future performances of such systems. This kind of confidence is efficient for a number of reasons. Clearly, it reduces complexity and the need to make choices (Luhmann 1999). Also, it gives access to credit products and a wide range of socially acclaimed life chances that otherwise would be out of reach. The importance of trust becomes even clearer once it is realised that a shift to distrusting conditions would render existing routines useless and meaningless. As shall be empirically demonstrated later on, this is a key aspect of coping with debt problems.

The institutional perspective generally suggests that reflective as well as pre-reflective actions necessarily are embedded in the social settings in which they are executed. The point to be made is that if the reasons why defaulters behave the ways they do are to be properly understood, the coping strategies must be traced back to the social environments in which they unfold. For, as pointed out by Warde (2005: 139), the many *"single and unique actions"* that combine to form a given practise *"... will always be conditional upon the institutional arrangements characteristic of the time, space and social context .."* in which the actors find themselves. Indeed, as shall be argued below, coping with debt problems takes place at the intersection point between socially warranted expectations on the one hand, and market and state constraints on the other.

3.6. General Institutional Contexts for Economic Action

In sociology, dichotomies about society's institutional order and its underlying generative processes date back to the 19^{th} century. For instance, in the late 1880'ies Tönnies ([1887] 1957) introduced the distinction between 'g*emeinschaft'* and *'gesellschaft'*, designating the former concept to ties of the blood, primary group relationships and small-scale social formations such as village communities, and the latter to business-like relationships and environments based on markets and money as a medium of exchange and power. To each of these formations corresponds a certain orientation in social interaction; viz. *'natural will'* and *'rational will'* respectively. The latter refers to planned, calculated behaviour in order to obtain specified goals. As opposed to this, *'natural will'* refers to an inner human force based on the *'.. principle of unity of life'* (Tonnies [1887] 1957: 103). The two types of social formations and their corresponding orientations typically co-exist and dominate different parts of the institutional order, as illustrated by the *'gemeinschaft'*-based family institution and the *'gesellschaft'*-permeated markets for employment, goods and services. Also, the two realms of society are related to one another in that *'gesellchaft'*-formations presuppose — and hence cannot exist without — *'gemeinshaft'* institutions.

Nearly a century later, Habermas ([1981] 2004a; [1981] 2004b) proposes a similar but more advanced type of dichotomy. Initially, modern societies are seen as made up by

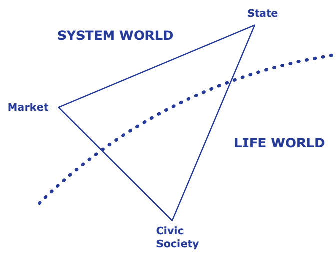

Figure 3-2: The institutional domains of society

three broad institutionalised domains; *'markets'*, *'state'* and *'civic society'*. But at the end of the day the corners of the triangle in figure 3-2 above submit to a dual underlying structure referred to as the *'system world'* and the *'life world'*. With these concepts, Habermas aims at making a synthesis of especially two major perspectives in sociology, viz. Mead's ideas on socialisation (Mead 1934) and Durkheim's theory of the division of labour (Durkheim [1893] 1984; Østerberg 1983: 37-58). As for Mead, Habermas argues that although internalisation of the *'generalised other'* is necessary to become a skilled social actor, the theory cannot explain how the act of taking the role of the other develops from symbolic interaction into what Mead calls a "social organism" that exist prior to the individual (Mead 1934: 233; Habermas [1981] 2004b: 43-45). Durkheim, on the other hand, has the opposite problem; his evolutionary theory on social differentiation and transition from mechanical to organic solidarity cannot explain the origins of the moral attitude that is necessary to enhance cooperation, solidarity and integration — apart from presupposing that it is an intrinsic part of any diffusion process (Habermas [1981] 2004b: 116-117).

Habermas' answer to these challenges is language; this is the medium by which individual actors establish norms and get to understand semantic as well as social structures. But modern societies are also characterised by the crystallisation of a system level where integrative processes are quite different from those taking place at the micro level. Therefore, Habermas makes a distinction between *'social'* and *'systemic'* integration taking place in the *'life world'* and the *'system world'* respectively. These processes are also interrelated, the nature of which is indicated by the fact that the triangle in figure 3-2 is tilted: the development and continuation of a *'system world'* presuppose the existence of *'life world'* relationships (Habermas [1981] 2004b: 113-197).

Habermas' ideas about society's institutional domains are helpful in identifying key influences in socio-economic contexts. An important implication is that economic action now appears as a matter of integration. This is quite appropriate; on the one hand, social participation in modern societies presupposes access to major economic arenas such as the markets for labour, housing and consumption, and hence a certain level of purchase power. On the other hand, chapter two clearly demonstrates that there is a huge potential for financial and social exclusion whenever severe debt problems occur. As shall be seen in subsequent chapters, much of the defaulters' coping behaviour is in fact about resisting the prospects of being excluded from ordinary life.

But beyond general statements about integration and exclusion, each of the three institutional domains provides specific opportunities and constraints for economic action — whether under normal conditions or in case of debt problem. Starting out with the *'life world'*, this is the domain for primary group relationships. *'Civic society'* may loosely be regarded as incorporating all non-state and non-market interaction networks made up by family members, neighbours, friends and work colleagues. As pointed out by Cooley ([1909] 1980: 165) nearly a century ego, primary groups are *".. fundamental in the forming of the social nature and ideals of the individual.."*. Much in the same spirit, Habermas defines the *'life world'* as an arena for social belonging and learning in which the acquisition of language — and through it: culture — is the key mechanism whereby the individual gradually increases his social competence and eventually becomes a full member of society (Wuthnow et al. 1984: 201). Moreover — akin to constructs such as Tönnis' *'natural will'* and Cooley's ([1909] 1980: 165) *'common spirit'* — Habermas argues that the aim of primary group communication is to exchange ideas and views in order to establish a common understanding among the participants. Again, language appears important as it is the vehicle of a particular type of orientation — viz. the *'communicative rationality'* — whereby mutual understanding is sought within a consensus frame of reference. This is not to say that primary groups are free from tension and conflicts. But the *'communicative rationality'* is a type of orientation that is not found in any of the other institutional domains. Also, according to Habermas it is the very foundation upon which personal identities, group solidarity and integration are developed and sustained ([1981] 2004b: 119-152; Habermas 1999: 70). Consensus-oriented communication is therefore the basic form of social life (Moe 1994: 236-237).

The overall concern of *'civic society'* is to secure the welfare of any given primary group. As for the households, a vital part of it is to ensure favourable economic careers. On the one hand, this turns economic action into a social project that is based on the concerns, norms and values inherent in primary relationships. In as much as that is the case, even moments of calculative behaviour may, at the end of the day, appear as part of a socially coveted vision to enhance the welfare of the household. On the other hand, securing the welfare of a given primary group — say the family — means to protect the members from possible threats from the outside world. It follows that whenever a potential danger is recognised, the actions taken are likely to be based on the interests of the primary group. As shall be demonstrated empirically in subsequent chapters, this is an important feature of coping with enduring debt problems.

Now turning to the *'system world'*, it emerges to solve deficiencies in the *'life world'* domain. As Habermas ([1981] 2004b:168) points out, it is here *".. that we find those system problems that can be resolved only through evolutionary innovations, that is, only when a higher level of system differentiation is institutionalized"*. Good examples include the need to improve production, stabilise supplies and ensure peace with neighbouring communities. In modern capitalist societies, this is solved by instituting the market and state domains as distributive arenas; markets for goods and services, and state bodies for public services, power and governance. From a *'life world'* perspective, the market and state domains appear as locations where primary groups may secure their needs. From society's point of view, the development of a wider institutional order is a rationalisation of the integration processes since it aims at establishing more refined and effective systems for interaction and problem solving (Moe 1994: 238).

However, as the *'system world'* expands the *'life world'* is stripped of certain qualities and functions. To illustrate, the emergence of markets establishes an arena where not only primary group members but also strangers are admitted. This, of course, expands the exchange networks and generally improves system sustainability. It also encourages peace between potentially hostile groups. But at the same time, exchange practises slip out of the immediate control and is gradually exempted from the realm of consensus-oriented interaction. Instead, a quite different steering medium is introduced: viz. the medium of exchange — i.e. money in modern societies. Another important illustration is the emergence of the state, which in a historical perspective can be seen as a response to the call for extended control systems as markets grow and exchange relations become more complex. But again, as power is detached from the primary groups it becomes disconnected from control by consensus-orientated interaction. Instead, it is allocated to formal organisations and eventually subjected to generalised rules and bureaucratic routines.

These polarities pose a risk to individual actors. As economic projects take form and get socially validated in a *'life world'* context, people are expected to accomplish them by acting strategically in *'system world'* settings. But in complex systems the *'life world'* becomes provincial (Habermas 2004b [1981] : 173). Beyond representing a certain range of possibilities, system agents are instead committed to act rationally upon a limited set of professional values, rules and regulations. As a consequence, the *'life world'* of individual customers necessarily ends up in the periphery of their focus and largely appears as irrelevant to professional organisations. This is a systemic feature with known potentials for creating disastrous effects; a much studied example is of course the historical development of the market institution itself, which at times has had devastating impacts on people's living conditions and led to disintegration and social upheaval rather than stability and integration (see for instance Marx 1983: 181-238; Polanyi [1944] 1957). The answer to such crises has been a redistribution of power and institutionalisation of sophisticated control systems in the state domain. But this does not change the nature of the *'system world'* as such. Besides, also state bodies develop professional loyalties and a certain distance to *'life world'* conditions. As a result, even in societies with a well-functioning institutional order and high levels of integration, interaction on *'system world'* arenas may create critical situations at the household level. Over-indebtedness is an example of this.

In as much as this means that primary group needs are set aside, large and remote systems eventually turn against the individual actor to become veritable threats. From an integration point of view this is indeed unfortunate as the legitimacy and popular support of the market and state institutions depends on the extent to which the two domains actually contribute to the realisation of socially warranted projects. As for the market institution, modern economists like Sen and sociologists like Etzioni see no other solution than that the principle of utility maximisation must sometimes step aside for solidarity if markets are to preserve their legitimacy (Sejersted 1993: 21-24, 41). In as much as such a principle is implemented, jeopardised groups such as defaulters may expect a certain amount of understanding, patience and generosity from the creditor side to take them through the crisis and preserve their *'life world'* situations. Indeed, based on the description of the Norwegian institutional conditions in chapter 1.3 it can be argued that certain modifications have in fact been formalised in areas such as ethical business, banking, money collection practises and debt settlements. But even though such arrangements provide economic actors with protection, the rights of the creditors remain unarguable. Hence, coping with debt problems still takes place within an institutional framework where, at the end of the day, *'system world'* values are given supremacy over *'life world'* needs.

As for the state domain, the roles of public institutions are multifaceted. At the time when the market system expanded in the West, the state apparatus was weak and needed to reorganise in order to control the market forces and counteract their negative impacts on social integration. The institutionalisation of political power therefore partly aims at explicitly offering protection to the *'life world'*. As shown by Esping-Andersen (1990: 26-29), the cultural basis for the emergence of welfare states leads to different approaches in protective steps. Countries like Norway are characterised by an extensive welfare policy to promote far-reaching equality and social programs to help families should they run into difficult life situations. It follows that the defaulters may not only expect legal protection, but also financial support and broad sympathy for the need to preserve their social situation. However, public institutions operate in a wide range of arenas including markets, taxation and public transfers, and may therefore end up as a creditor in any default-debtor's portfolio of arrears. Due to the multiple roles of modern states and the varying approaches in welfare policy, households with severe debt problems may find themselves in a multiple squeeze between organisations in the state domain with different goals.

Whenever the *'system world'* threatens *'life world'* achievements and fails to protect primary group relations, market organisations and state bodies appear as hostile, untrustworthy and even illegitimate by those affected. As shall be demonstrated empirically in subsequent chapters, this is a major shift in the contextual framework that fundamentally changes the nature of coping behaviour.

3.7. Social Orientation in Economic Careers

In as much as that is the case, the theoretical implication is that coping with debt problems is institutionalised as a conflict between *'system world'* demands and *'life world'* commitments. This means that once severe debt problems become a fact of life, the conditions for economic action change; as for orientation, there is still an economic and a social dimension to it, but the direction changes; as for intent, it remains intentional but draws upon the knowledge and experience acquired under normal economic conditions. It follows that pre-reflective action continues to play an important role; coping behaviour is not only about planned steps to deal with financial difficulties, but also about routines and practises rooted in norms, values and skills acquired throughout life.

These characteristics have bearings upon the forthcoming analysis. In particular, it seems important to get a grip on the social foundation of the phenomenon. Also, it seems central to consider the connections between the normal and the debt problem situations. In doing that, a heuristic from classical sociology is introduced as a tool for understanding economic action; viz. the notion of *'standard packages'*.

3.7.1. Economic Action Under Normal Conditions; The Standard Package Heuristic

The idea of *'standard packages'* was originally developed during the mid-1950'ies (Parsons and Smelser [1956] 1984; Riesman and Roseborough [1955] 1966). In its most tangible form, the concept simply refers to a list of items that covers the households' needs in a broad sense. As such, they go beyond physical subsistence, although they do include basic needs in terms of food, clothes, shelter and transport for all household members. Still, it is not as mere list of basics, but as a cultural media that *'standard packages'* retain significance. What distinguishes them from food baskets and related approaches is that they are based on a conception of the family as a culturally embedded social unit. This means that the needs just mentioned must be of a certain standard that is in accordance with the current cultural value systems. Also, it implies that the list of items must allow for symbolic differentiation with respect to gender, age and generation roles. Since the standard packages are rooted in overall value systems, they may be regarded as cultural codes that are internalised during socialisation processes and adjusted throughout life. This makes them quite stable over time, and *".. relatively invariant in the face of moderate income changes"* (Parsons and Smelser [1956] 1984: 222).

Due to the asserted link between values and economic resources, the *'standard package'* conception was from the very beginning related to social classes. In the original proposition, Riesman and Roseborough ([1955] 1966: 2) notice that the *".. set of goods and services including such household items as furniture, radios, television, refrigerator, and standard brands in food and clothing, shows a considerable uniformity throughout American society"*. Based on this observation they argue the existence of a middle class package that a majority of the population orientates towards. As such, the standard becomes a mechanism for a more egalitarian society — materialistically as well as value-wise. In a number of countries, these ideas have more or less explicitly found their way into so-called standard budgets — i.e. concrete lists of items representing a national, ordinary standard for acceptable levels of living.[12]

Even though such budgets may gain popular support due to their typicality, there is obviously considerable variation around such national standards. This calls for a more differentiated class perspective. As Parsons and Smelser ([1956] 1984: 223) points out, class and status — or prestige — symbolisation is a major orientation in the economic activity of any consumption unit. The composition of items needed to participate in social life may therefore differ systematically across social divisions. It follows that the variation around national packages could be seen as made up by class-specific standards. The view is well in line with Habermas' ([1981] 2004b: 169) argument that *".. classes develop their own milieus, lifeworlds, and value orientations specific to the various strata"*. Furthermore, status variations within the classes may be thought of as systematically represented by a finer web of items and symbols necessary to flag particular sub-cultural affiliations. As opposed to standard budgets, which are concrete lists of items, standard packages appear as as class-specific *'life world'* constraints. As such, the *'package'* expression is a heuristic for a certain cultural skill or orientation in economic interaction. Nobody can "see" their package. Still, it manifests itself in the social world by the fact that few people are indifferent to such things as the way they dress, the area they live in, the food they eat and the free time activities they engage in. As a consequence, they routinely spend their money accordingly.

According to a standard package perspective, economic action is intrinsically embedded in a social frame of reference. Socially coveted economic careers begins in fact at birth when the individual is involuntarily assigned to a position in the social structure (Archer 2000a: 262). He thereby becomes part of a given household's resource situation and subjected to socialisation processes whereby he internalises current package codes and eventually learn how they differ from alternative standards (Riesman and Roseborough [1955] 1966). He also gets familiar with how such codes are expressions of wider value systems and how they translate into appropriate economic action. In this way, standard packages provide the basis for developing habitualised liabilities to use one's economic resources in specific — and socially acceptable — ways. This turns package orientations into important mechanisms for social integration; besides

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[12] Standard budgets exist in many countries including Norway, Denmark, Sweden, Australia, Canada and a number of the US federal states. Such budgets cover a number of consumption areas such as food, clothes, leisure, transport, etc. They should therefore not be mixed up with food baskets and related approaches.

implying compliance with ongoing norms and values in one's immediate social surroundings, any manifestation of *".. the symbolic location of family units relative to each other .."* inevitably contribute to establish a social identity as well as affiliations with certain groups and networks (Parsons and Smelser [1956] 1984: 223). The opposite is also worth noticing: those who do not comply with any known standard basically remain strangers in their social environments.

If the one-person case is disregarded for the moment, it can be argued that it is only through the household that the construction of individual lifestyles and social identities are possible. This is partly due to the fact that some of the key objects needed to flag them are capital-intensive and therefore shared — even co-financed — with other family members. Good examples are homes and cars. Also, some items are collective by nature, such as energy and water supplies and a number of consumption goods like furniture, kitchen utensils and television. But above all, multi-person households are made up by individuals of different ages, gender and roles. Since not every member has income, the unit's total resources must be divided between common purposes and individual needs. Although — as pointed out by Pahl (1995) — such processes may be a source of inequality and tension within the family, package orientations are nevertheless based on a core of some kind of common understanding about each member's needs in order to sustain appropriate social identities. As for the one-person household, it does not alter the principal argument. But while they avoid internal disputes over scarce resources, they may be more exposed on the supply side since the construction of lifestyles and social identities must be based on a single money- and time budget.

As a normative *'life world'* constraint, standard packages have strong impacts on the way people manage assets and spend and invest money. They are conservative by nature in that they generally promote "business as usual" and facilitate the development of routinised economic practises. Such patterns may simplify everyday living and reduce the need to go through complex processes of choosing. But they also reduce flexibility because they typically imply that major parts of any household's budget become tied up in long-term contractual commitments to finance capital-intensive, socially coveted items. The home is a good illustration; not only is it costly to buy or rent, but it must also be kept in good repair to sustain its market and social value. It follows that maintaining a social status is a constant challenge. As emphasised by Bertaux and Bertaux-Wiame (1997: 64), *".. there is nothing mechanical about reproduction: it is a dynamic process"*. This makes any lifestyle and social identity an achievement — something people have invested much time, energy and economic resources into.

But standard packages are also conservative in a more fundamental way. Since they are intrinsically linked to the resource situation of the household unit, and hence to specific class- and status positions, complying with a given standard is to use the resources in ways that safeguard appropriate social reputations. Of course, modest changes in status may be expected over the life span since one's needs typically change with age and follow the overall economic and technological development. Still, package orientations generally hamper social mobility — in particular those implying a crossing over from one class situation to another. This is not the least demonstrated in a number of studies showing how difficult it is for adolescents from the lower classes to invest in higher education since it implies a break-up with cultural values and social belonging (Boudon 1991; Hansen 1995). Also, the risks involved are significant, as lower-class families typically find it difficult to support those who fail in upward mobility — economically as well as through professional networks (Keller and Zavalloni 1964). The quintessence of standard packages is therefore to preserve of status quo.

3.7.2. Social Rationality under Severe Debt Problems

Needless to say, since most of the items needed to enable lifestyles and signify social statuses have to be accessed on markets, any package orientation has a price tag that must be met. In that perspective, severe debt problems do not simply mean that bills cannot be paid; rather, it is a situation where lifestyles can no longer be sustained. As a consequence, one's social identity is at risk. This sets the scene for how defaulters actually cope with the difficulties.

As long as there is money enough to finance the households' social projects, markets appear as attractive distributive arenas and suitable for obtaining adequate socio-economic careers. But markets follow a different logic than do *'life world'* institutions. In particular, whereas relations in the former domain typically involve sellers, buyers and regulators, any person finds himself in a *'life world'* situation with a range of additional — and indeed: basic — responsibilities. These include commitments to children, marriage partners, friends, work colleagues and the wider network of kin and social relationships. From the point of view of market agents, these responsibilities are largely irrelevant. But for *'life world'* actors the emergence of a debt problem does not change the presence of a totality of obligations. It does, however, change the ability to fulfil them all. Therefore, in any context where economy is a topic there is likely to be a struggle with respect to where to put one's priorities and loyalty.

Faced with a severe lack of means, it is important to underline that the repayment norm still is valid across all institutional domains. This fact challenges the defaulters with a principal dilemma: should they submit themselves to the constraints from the *'system world'* or should they rather be loyal to their *'life world'* commitments? Obviously, even though coping behaviour may in principle be based on either one of the two loyalties they yield different sets of coping strategies. According to the former, the difficulties should predominantly be approached by playing the game by the rules of the market. However, in so far as standard packages are concerned, market participation is no longer affordable — by definition, so to speak. Of course, there may be certain advantageous market options available that may give the default-debtor some breathing space — especially in the early phases of the problem developments. But as the difficulties grow into impossible proportions, complying with market-based constraints will almost certainly lead to a loss of status and social affiliation; indeed, present lifestyles would actively have to be given up to reorient towards cheaper standard packages. The *'life world'* situation as the defaulter knows it would, in other words, change dramatically.

Alternatively, coping behaviour can be based on *'life world'* loyalties. As just pointed out, package constraints promote *'status quo'*. It follows that whenever the household's economic situation is destabilised, primary group relationships call for resisting the threat and securing the life styles and social identities in the *'life world'*. This is not necessarily the same as turning away from the problems; quite the contrary, any severe lack of money must be coped with one way or the other. But as the market institution now basically appears a threat to one's material and social welfare, the equivalence to the *'status quo'* ambition is to resist downward mobility; i.e. implementing strategies to combat enforced adaptations to cheaper and more affordable packages.

As shall be demonstrated empirically, defaulters seem to adopt a combination of the two approaches, but with a clear precedence for *'life world'* commitments. Indeed, given the severity of the threats they should be expected to implement a wide range of strategies to handle the situation; resisting downward mobility is a challenge that must be met in a great number of different contexts and institutionalised settings. It is important to keep in mind that the primacy of *'life world'* commitments does not turn economic orientations and rationalisations into useless parts of the repertoire of coping strategies. A comprehensive analysis of coping behaviour must therefore take both *'system world'* and *'life world'* loyalties into consideration.

3.8. SUMMARY

The research questions for the forthcoming analysis concern the way severe debt problems are coped with. This chapter set out by insisting that such explanations should also elucidate why default-debtors not always comply with the expectations directed towards them by market agents and legal authorities. In order to be able to address such challenges, a comprehensive theoretical apparatus has been developed to study coping behaviour in a broad perspective. It consists of three main elements. Firstly, economic action is defined as being intentional, oriented towards economic as well as a social objectives, and to include planned initiatives as well as institutionalised routines and habits upon which any explicit idea about goal-attainment is based. Secondly, economic action is thought of as embedded in social contexts. Drawing upon Habermas and a large sociological tradition, it is argued that decisive contextual conditions generally reflect *'life world'* and *'system world'* constraints and opportunities. Thirdly, economic action is seen as tied to a class- and status-specific codex referred to as *'standard packages'*. As such, it is rooted in overall value systems and may be regarded as based on skills that are acquired during socialisation processes and adjusted throughout life. Complying with a given standard is important because it provides the individual actor with social status, identity and belonging.

Debt problems imply — by definition — that the current standard package is unaffordable. This puts the defaulters in a squeeze between *'system world'* demands from creditors and legal authorities on the one hand, and the rather basic *'life world'* responsibilities towards family, friends and the wider social network on the other. The way such situations are handled can be based on loyalties to parties in either one of the institutional domains. However, the two orientations is likely to result in different sets of coping strategies. Complying with market-based constraints will almost certainly lead to a loss of status, identity and social belonging as the economic standard has to be given up. Alternatively, acting upon *'life world'* loyalties would mean to lean on package constraints which promote *'status quo'*. The implication is to resist downward mobility and counteract enforced adaptations to cheaper and more affordable packages. At any one point in time, the two loyalties may lead to a mix of strategies that the default-debtors find suitable. Nevertheless, the theoretical discussion suggests that coping behaviour is largely founded upon *'life world'* commitments.

In conclusion, the proposed analytical apparatus defines coping behaviour as embedded in a conflict between *'system world'* commitments and *'life world'* demands. The general implication is that any such conduct must be explained by relating the defaulters' actions and intentions to the conflicting responsibilities. In particular, the inclusion of *'life world'* demands offer insights into orientations in coping behaviour that may throw light on why people act counter to what creditors and authorities expect them to do.

4. METHODOLOGICAL ISSUES

4.1. INTRODUCTION

Chapter 3 outlined the theoretical positions and concepts needed to address the research questions developed in chapter 2. Now turn has come to the methodological implications that they raise. The point of departure is an underlying model where coping behaviour is seen as conditioned by the institutional environment in which it unfolds. However, as the forthcoming study is based on twenty qualitative interviews with persons who are stuck in the debt quagmire, it is recognised that the number of possible analytical strategies supporting such a model is legion. The aim of this chapter is to provide a bridge between the model and the methodological choices that have been made, and to argue the rationale between the chosen research design and the forthcoming data analysis.

The chapter starts out by assessing alternative methodological approaches to the research questions. Next, the sampling procedure and the main characteristics of the final sample are documented. The chapter then proceeds to account for the data collection methods and the ideas behind the interview guide. In the final sections of the chapter, some critical features of the research design are examined, including validity, reliability and the possibilities for taking the empirical findings beyond the group of informants.

4.2. CHOOSING A DESIGN

As pointed out before, debt problems develop over time into complex life situations. Methodologically, two important implications follow; firstly, the problem situation changes qualitatively as it builds up, and secondly, the way it is actually dealt with in terms of perceived and adopted coping strategies changes correspondingly. This means that in order to appropriately account for the phenomenon, a research design is needed that covers the process from its initial stages and well into the debt quagmire.

Figure 4-1 on the opposite page pinpoints the challenge. The rows represent two different strategies to secure information along the time dimension. One is to systematically include respondents across the whole range of economic difficulties. The other implies to only gather information from hard-core default-debtors who actually find themselves caught in the debt quagmire. The columns make a distinction between two broad approaches to empirical research; viz. quantitative and qualitative methodologies respectively. Taken together, this defines four alternative sampling options (a), (b), (c) and (d), each with a set of different analytical implications.

Starting out in the quantitative column, square (a) typically refers to surveys that are representative for some population. Although attractive for many purposes, the approach is encumbered with major shortcomings when applied to the research questions at hand. For a start, representativeness is a problem; it is difficult to define a population of default-debtors at any required level of precision that could form the basis for a randomised sampling routine. An alternative is simply to base the analysis on a general sample that is representative for Norwegian households or population of persons over eighteen years. Considering the option, in 2000 and 2001 when the study was designed an estimated 30% of all grown-up individuals did not pay their bills on time (Gulbrandsen 1999a) whereas some 8-10% of the households continually lacked money for bill paying at the last reminder (Poppe 2001). A representative sample would therefore give enough informants with lighter and even medium levels of economic difficulties. But the hard core default-debtors would be in demand; by January 2001 only 12.536 persons had obtained a debt settlement since the Act was introduced in 1993.[13] Even though this indicator is likely to underestimate the number of debt quagmire casualties, it would still be a stroke of luck to get even one of them in a national-representative sample of, say, 1000 or 2000 observations. The problem would also persist at a slightly modified level if the study was instead based on some sort of a stratified sample where the proportion of default-debtors was overrepre-

[13] Cf. figure 1-1 and (Tufte 2005: 59).

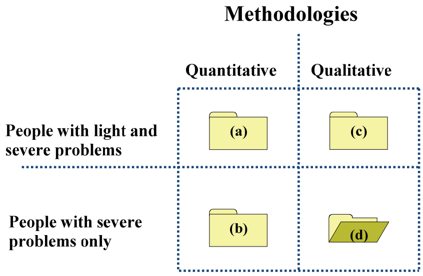

Figure 4-1: Alternative Designs.

sented. The square (a) approach would in other words create an inappropriate empirical basis as information on coping among those whose economic problems are most severe would not be available.

The (b) square suggests that, rather than sampling default-debtors across the whole range of economic difficulties, the focus could instead be put exclusively on heavily over-indebted informants. Such a population could for instance be defined in terms of debt settlement applicants. This would solve the problem under (a) where this type of respondents would be in want. On the other hand, there would be a lack of informants with lighter and medium level economic difficulties. This is not necessarily a critical feature; since hard-core default-debtors have seen most shades of the debt problem phenomenon they can also tell about how they coped with their economy before it got totally out of hand. But it is an obstacle that the quality and content of the court databases are limited and a challenge to anyone who needs representativeness as a sampling feature. Another problem is that turning the empirical interest into a question of debt settlements may turn out to be too narrow. Indeed, ending up in these files may be regarded as a coping strategy in itself. As a consequence, there would be no data about the situations and motives of those who decide against that option.

Furthermore, the squares (a) and (b) have in common that they imply some quantitative methodology. However, quantitative measurement instruments such as a questionnaire may turn out to fall short of serving the analytical purposes. In particular, as already documented in chapter two there is limited pre-knowledge about default-debtors' coping behaviour. This makes it difficult to create a set of questions that meets the actual need for information. Besides, rather than interrelationships between operationalised variables the research interest basically concerns insights into processes as they unfold in social contexts over time — a challenge that is normally better handled by a qualitative approach (Silverman 2005). Along with the above mentioned sampling problems, it was decided against the (a) and (b) options altogether.

This brings the attention to the second column in figure 4-1. As far as sampling strategies are concerned, the difference between (c) and (d) corresponds to that between (a) and (b); whereas (c) implies to include respondents across the whole range of economic difficulties the (d) option narrows down the sample to hard-core default-debtors only. In as much as qualitative approaches are not focussed on representativeness in the quantitative sense of the term, both types of samples are possible. Still, the (c) option is more challenging as it typically implies a higher number of informants. Besides, the early phases of processes leading up to severe over-indebtedness may be hard to identify. As the forthcoming empirical analysis will show, default-debtors-to-be read the danger signals rather poorly. Indeed, most economic problems are temporary and hence parts of contexts that are not necessarily relevant for the study. The (d) option avoids these obstacles as a sample of hard-core default-debtors provides information from persons who clearly have been through the whole process from the very beginning and well into the debt quagmire.

As the aim is to generate insights about a type of process which is only partially accounted for by previous research, a qualitative methodology seems to fit the research questions better than do quantitative approaches (Vabø 1994: 55). Moreover, in order to obtain such knowledge, it follows from the discussion in chapter 3 that the contextual features constraining the default-debtors' coping behaviour must be spelled out. Such information is probably best secured through a holistic approach where the contextual logic, arrangements and rules are revealed through the perceptions of "insiders" (Miles and Huberman 1994: 6). This is also a study that, in the wording of Miles and Huberman (1994: 7), aims at explicating how default-debtors *".. understand, account for, take action and otherwise manage their day-to-day situations"*. In as much as that kind of data is obtained, it is also possible to achieve systematic knowledge about coping behaviour as a social phenomenon.

At the end of the day, any analytical design is established by pragmatic choices according to the research questions and the underlying theoretical model (Silverman 2005: 5-15). Based on the above considerations, the (d) alternative in figure 4-1 is chosen. As shall be demonstrated throughout the remaining parts of the chapter the decision is far from trivial; quite on the contrary, the option has several critical features. But before its advantages and disadvantages are examined more in detail, the sampling procedure, the methods used and the actual sample that came out of these decisions are accounted for.

4.3. THE SAMPLING PROCEDURE

The ambition to cover the process from its initial stages and into the debt quagmire by adopting the (d) alternative must now find its practical solutions. What is established so far is a commitment to sample hard-core default debtors who have been through the whole process and therefore can inform about how they coped with the situation as it aggravated. But to actually obtain the sample two kinds of decisions have to be made; firstly, what sampling principle to implement, and secondly, what routines to follow in order to compose a group of informants that satisfies the requirements implied by that principle.

A place to begin is to draw a basic distinction between '*representational*' and '*convenience*' samples (Weiss 1995: 21-33). The latter implies that just about any person may serve as an informant. Such a principle can be useful in many situations, especially as part of explorative designs where the phenomenon under investigation is little known or the population affected by it is difficult to delimit. As already noticed, there is limited pre-knowledge about default-debtors' coping behaviour. But this does not mean that the debt problem phenomenon as such is unknown; quite the contrary, chapter 2 accounted for a wealth of systematic insights obtained by widespread research in the field. This means that convenience sampling and some of the major problems associated with it can be avoided — in particular those related to taking the findings beyond the sample itself.

Representational samples are *".. made up of people who .. adequately represent the experiences of a larger group"* (Weiss 1995: 21). A number of approaches may lead to such samples, including procedures based on mathematical probabilities. As already noticed, this is not an option. The challenge is nevertheless related to the assertion that different types of financial problems and life situations may lead to differences in coping behaviour. In as much as that is the case, the research questions cannot be properly addressed unless attainable ways are found to recruit informants that as a group cover a reasonable variety of the different routes into severe over-indebtedness. For this purpose, the *'maximising for range'* principle is implemented. As for the current study, it generally implies to include representatives of the main known causes of debt problems in the sample. But as the phenomenon develops over time and any outcome of intertwined incidents is conditional for future events, this is more about making sure that known, characteristic types of processes are covered by the sample, rather than defining the sampling range in terms of a strict conception of the *'cause of origin'*.

Moreover, *'maximising for range'* is a principle that is advantageous in order to ensure the inclusion of theoretically important processes and infrequent, a-typical cases. As such, it is also a useful approach to support conclusions by deliberately contrasting the '*typical'* and the '*confirming'* with the '*deviant*' and the '*disconfirming'* (Miles and Huberman 1994: 28). A quasi-experimental design is far from being considered. Still, the study shall draw on both of these properties; in particular, to address the research questions high-status default-debtors shall be over-sampled. Also, an effort shall be made to include cases that may support the individualistic view that debt problems are caused by immoral behaviour and a lack of rational thought.

In order to secure the necessary range of choice of informants, a routine was developed to samples cases from four sources. The most obvious of these is the Enforcement Officer's Register where all applicants of debt settlements are found. But as indicated above, this can be regarded as a coping strategy in itself that needs to be complemented by informants who are not living under such regimes even though they are qualified to do so. Hence, three additional data sources were addressed to widen the recruitment basis; viz. the Debt Victim Alliance's membership archive,[14] Kredinor (a money collection company),[15] and a private network. In all cases, the sampling routine was geographically restricted to Oslo and the surrounding counties.[16]

Based on many of the studies reported in chapter 2, the means of recruitment was a questionnaire asking about some of the major causes, effects and anticipated coping strategies. It also invited the respondent to write about his or her toughest experience as a default-debtor. The informants were then asked if they could be called by phone to make appointments for in-depth interviews.[17] In February 2001, the recruitment questionnaire was distributed by post to 300 applicants of debt settlements in Oslo, 100 members of the Debt Victim Alliance and 300 default-debtors enrolled in the money collecting company's files. In this way, a total of 700 questionnaires were distributed. As it turned out, 102 forms were completed and returned. Among these,

[14] Gjeldsofferaksjonen (GOA).

[15] At the time of the data collection, Kredinor was named Kreditorforeningen.

[16] We started out with the Enforcement Officer's list for Oslo County. Next, we sampled informants from Akershus County using the Debt Victim Alliance's membership archive. Finally, we approached default-debtors' in two additional counties around the Oslo Fjord (Østfold and Vestfold) through the money collection company. The idea behind the procedure was to avoid contacting the same persons more than once.

[17] The questionnaire is included in appendix A.

Table 4.1 The Initial Enquète. General Response. Absolute Numbers and Percentages.

	I: Enforcement Officers' Register II: Debt Victim Alliance's Membership Archive III: Kredinor' List of Default-Debtors IV: Private Network				
	I	II	III	IV	Total
Questionnaires:					
Distributed	300	100	300	-	700
Returned	66	23	13	-	102
Response Rate	22%	23%	4%	-	15%
Interview Participation:					
No, do not call me	29	2	9	-	40
Yes, you may call me	37	21	4	-	62
Participation Willingness Rate [a)]	56%	91%	31%	-	61%
Further Interviewing:					
Selected	11	7	1	1	20

[a)] Percentage of returned questionnaires where permission to call for further interviewing was given.

19 default-debtors were carefully picked for further interviewing. In addition — and prior to the distribution of the questionnaire — a pilot interview was carried out in December 2000 with an informant belonging to a personal network. It was later decided to include it in the final sample as it shred light over some relevant aspects of the debt problem situation that were not covered by the 102 returned questionnaires. Hence, the total number of informants to form the empirical basis for the study adds up to twenty.

The procedure is summed up in table 4.1 above. As can be seen, the response rate varies across the recruitment sources. So does the participation willingness rate — i.e. the proportion of returned questionnaires that gave permission to call back for further interviewing. The lowest scores on both of these statistics are found among the Kredinor default-debtors; whereas a modest 4% of the 300 default-debtors from this list returned the questionnaire, only four of these nine respondents volunteered for in-depth interviews. Moreover, as they were contacted by phone, one was unavailable and two changed their minds and turned down the offer to participate. Hence, only one default-debtor from the Kredinor database made it through to the final sample. There are at least two complementary explanations for this. One is rooted in the nature of the database; even though the routine selectively addressed people who had defaulted on their electricity bills, most of them are probably not as severely hit by economic problems as those targeted by the two other sources. In as much as that is the case, many of the recipients may have found the questionnaire irrelevant to their situation. Also, those who are actually on their way to more aggravated financial situations, but not quite there yet, are typically those who are most reluctant to step forward. The second explanation is methodological; to save in on sampling costs, the questionnaire was distributed together with a claim to pay the electricity bill. Such claims are sometimes taken as a provocation — in particular in those cases where one feels there are good reasons for the default situation. This may have affected the attitude towards the recruitment questionnaire.[18]

As for the two other recruitment sources — the Enforcement Officer's register and the Debt Victim Alliance's membership files — they both yield next-to identical response rates, but differ with respect to participation willingness rates; whereas about every second of the contacted debt settlement applicants agree to in-depth interviews, nine out of ten Debt Victim Alliance members do the same. The difference may refer to the fact that the latter source is made up of people who actively seek support from a special interest organisation and hence tend to see their situation in a politicised perspective. As opposed to this, debt settlement applicants include resourceful as well as run-down individuals with little or no energy to talk to researchers. The point to be made is that the decision to step forward is not random, but due to specific self-selection mechanisms. This is further discussed in section 4.5 below.

The 62 returned forms that gave permission to call back for further interviewing were carefully scanned to compose a theoretically sustainable sample for the study. Although a simple construct, the questionnaire makes it possible to selectively include a wide range of problem situations. Table 4.2 on the opposite page sums up the key characteristics of the sample. As emphasised above, the primary recruitment ambition is to include as many of the major problem-generating mechanisms as possible. The result is reported in the lower part of the table. Hence, large system level processes such as unemployment, small business bankruptcies and tax arrears are covered by the sample. The same goes for certain household- and individual-level developments including marital problems and physical and psychological health — all of which are known for their devastating economic capabilities. Also, the sample contains in-

[18] The sampling procedure leaves traces of both mechanisms. Firstly, the nine returned questionnaires generally reflect severe rather than temporary financial difficulties; one respondent was even in prison for having turned to violence at the social security office. Secondly, some recipients were obviously provoked, as three of them put the unpaid claim into the included, franked envelope and sent it off to us — without the questionnaire!

Table 4.2: Maximising for Range: The Data Set. General Attributes as Stated by the Informants in the Initial Enquète. Absolute Numbers. N = 20.

Attribute	In Sample	Attribute	In Sample
Occupation when the Trouble Started:		**Structural Environment:**	
Lower Status Occupations	6	Problems Originated Before 1993	12
Higher Status Occupations	4	Problems originated After 1993	8
Small Firm Managers	10		
Debt Settlement Position:		**Background Variables:**	
Not Applied	2	Women	6
Applied, not yet decided	3	Men	14
Granted	10	Youngest	25 yrs
Refused	5	Oldest	64 yrs
Types of processes:			
Unemployment, Small Business Bankruptcy, Loss of Homes, Tax Arrears, Marital Problems, Health Problems, Over-Consumption, Gambling, Economic Deprivation, Social Degradation, Creditor Harassment, Humiliating experiences			

stances of gambling and various shades of over-consumption — mechanisms that typically appear as moral issues in public debates over the emergence of debt problems as a social phenomenon and responsibility. Finally, the twenty cases cover processes marked by various types of substantial economic and social deprivation, and by problem-accelerating events such as creditor harassment and humiliating experiences at the social security office, in banks and in interpersonal relationships.

Given the complexity of such processes, there is not one case for each attribute; rather, every case has elements of several of them. Hence, the sample was composed by looking at combinations of relevant characteristics and selected informants that, taken as a group, covered the widest possible range of aspects. This secures data about most of the attributes as they unfold under different contextual conditions. At the same time, there is every reason to underline that the sample does not cover every aspect — not to say: every combination of aspects — of the debt problem phenomenon; after all, much depends on the sampling procedure itself and the self-selection processes it triggers. To illustrate, none of the returned questionnaires was instances of a much debated causal mechanism; viz. when parents stand surety for their children's loans. Still, the research presented in chapter two leaves little doubt that the sample covers major aspects of the debt problem situation.

In addition, several secondary selection criterions were implemented to ensure necessary variation in the sample. For a start, the fact that the increased impact of market dependence may drag even well-off households into the quagmire, steps were taken to make sure that higher-status occupations such as lawyers, teachers and medium-level functionaries were represented in the sample. Also, it was especially desirable to include managers of small firms because business failures are important routes into debt problems. Since none of these aspects have been given much attention in Norwegian research, it was decided to deliberately "over-sample" these categories. Hence, as table 4.2 shows, there are six cases of lower-status occupations, four cases of higher-status professions and ten small-firm managers in the sample. The occupational status was assessed on the basis of labour market positions at the time when the financial difficulties started.

Next, it was considered important to cover causal processes under different structural conditions. It was therefore sampled cases where the problems originated under the economic crisis in the late 1980'ies and early 1990'ies as well as during the subsequent economic upturn. As shown in table 4.2, there is a next-to equal representation of the two: twelve vs. eight cases respectively. Yet another selection criterion was to ensure the presence of default-debtors who do not cope with the situation through a debt settlement. As the table shows, ten of the informants live under debt settlements, three more have applied but not yet pulled through, additional five have had their applications turned down while the remaining two have not applied. Finally, variation along traditional background variables was desirable; hence, there are six women and fourteen men in the sample, varying between 25 and 64 years of age.

In as much as debt settlement applicants from Oslo in 1999 may serve as a point of reference, a recent study reports that their average age is 44 years and that 29% of them are women. The proportion of higher-status occupations is 23%. This is lower than in the sample if small firm managers are included in the category. On the other hand, according to the study business bankruptcy was among the main causal factors in 43% of the applications that year. It should also be noted that the financial difficulties originated before 1993 in 42% of the cases (Poppe and Tufte 2005: 21-27).

4.4. THE DATA COLLECTION METHOD

As already explained in the previous section, the twenty selected informants were further exposed to qualitative interviewing, which is the primary method by which data for the analysis are secured. Of course, no research technique is flawless, and some of the most the critical aspects are highlighted in the next section. For the present, the focus is on the attractive features that make the personal research interview a useful tool for with respect to the research questions of the study.

As accounted for in the previous chapter, the institutional approach to studying debt problems rests on, firstly, a distinction between three institutionalised domains — viz. the '*market'*, '*state'* and *'life world'* — and secondly, the primacy of the latter. Indeed, it has been argued that the way such difficulties are coped with basically refers to *'life world'* constraints and orientations. As a consequence, the empirical ambition becomes a matter of obtaining descriptions of the default-debtors' everyday lives and coping behaviour in order to interpret the social meanings, motives and orientations behind the ways debt problems are dealt with over time. Potentially, a number of qualitative methods are viable — including various shades of observation, personal interviews, group interviews, and naturally occurring data such as debt settlement applications, health records and social security files. In addition, any combination of methods could potentially meet the analytical needs. Hence, in planning for the study several options had to be considered.

As for the choice of personal interviews as the primary data collection method, certain concerns for the subject-matter at hand have been decisive. For a start, even though several techniques may produce relevant insights into the informant's daily lives, some of them are obviously less suitable than others. For instance, naturally occurring data may contain information of high precision, but the personal accounts and across-the-table assessments are largely missing as such sources consist of written material only. The same kind of argument can be made for group interviews, but with the signs reversed; here, the stories and the opinions are obtained, but as they are powered by group dynamics they give few facts about the individual participants' life worlds. Also, group interviews may be problematic to stage for a different reason as well; viz. the social stigma and personal traumas that characterise most over-indebtedness situations. This turns any technique where the default-debtors are exposed to wider social contexts difficult to use — including many observational designs. Taken together, the need for discretion and sensitivity in encounters with this kind of informants makes the personal interview more likely to succeed than most other methods.

This does not preclude that a combination of two or more techniques would provide a better analytical foundation than relying solely on personal interviews. But as in most research projects, time and other scarce resources imposed limitations upon the planning of the study. However, beyond pragmatism there is every reason to point out that any combination of methods must stand up to the requirements of the research questions. To illustrate, default-debtor interviews could be combined with naturally occurring data from the courts and social security offices, or be backed up by additional interviews with creditors and executive officers who are directly involved in the cases. In this way, more precise and validated information would probably be obtained, which could also be closer to some notion of the "objective truth". Still, it would hardly add direct value to the analyses as the insights into coping behaviour basically is a question of how the default-debtors understand their own situation and evaluate the options available to them. A similar argument can be made about the idea of re-interviewing them after, say, six months. Such a design would probably lead to certain corrections and reinterpretations of the data, but the price is high as any such adjustment would necessarily be influenced by the default-debtors' qualified anticipations about the researcher's intentions, perspectives and attitudes at the second encounter. In as much as that is the case, a new set of complications is introduced to the analyses.

As opposed to this, the one-time, stand-alone interview has some attractive advantages. For a start, it allows to initiate a routine where the informants may simply convey their version of what happened without too many constraining ideas about what kind of information is wanted. Also, it is a method that yields first-hand descriptions of complicated social processes including the web of interrelationships between specific events, life situations and *'significant others'*. In addition, the method allows for switching between topics as well as coming back to issues according to the internal logic of the conversation. The informant may even change his descriptions and attitudes should the interaction provide him with new insights about the situation he is in. These are all features that suit the research questions well.

However, Kvale (2006 [1997]: 74-78) underlines that in order to obtain such flexibility several aspects of the interview must be balanced against one another. One is description vs. interpretation. Although the informants are encouraged to explain their intentions, motives and reasons for coping the way they do, the research questions are descriptive by nature; they demand nuanced accounts on the debt problem phenomenon rather than elaborated interpretations and reinterpretations of statements and positions. Also, a too strong emphasis on interpretations may easily derail the conversation by triggering high levels of accusation, anger and frustration over the creditor side. It was therefore decided to primarily encourage description — which in practise means to ask neutral questions about what happened and how it happened, and largely leave the whys for the respondent to bring up. Another — and related — aspect is the balance between affect and affect-neutrality. This is undoubtedly a delicate issue as the interview should be frank and personal without triggering traumas that the interviewer is not trained to handle. Good examples are suicide attempts and sexual abuse — issues that the interviewer in fact were confronted with during the twenty conversations. The solution is to avoid digging actively into personal issues that are not directly relevant to the coping behaviour as such, and instead leave them as they are —as contextual pieces of information that may serve as starting points for mapping out the consequences they might have had for the development of debt problems.

Yet another aspect concerns the structure of the interview. In principle, it can vary from following a strict plan of successive topics and pre-formulated questions to open-ended schemes with just a few themes, no line of succession and no pre-defined questions. A high degree of structuring may be necessary if a large number of respondents are to be addressed by multiple interviewers. But as Johannessen et. al (Johannessen, Kristoffersen, and Tufte 2004: 142) point out, in such cases a quantitative approach may sometimes serve the analytical purposes just as well. As for the unstructured interview, it is especially useful in explorative projects where there is limited pre-knowledge about the phenomenon under scrutiny. But as shown in chapter two, this is not the case for our study. Quite the contrary, the extensive knowledge about the causes and effects of debt problems allows to introduce at least some structure into the interview situation as coping activities basically reflect reactions to specific causal events or efforts to correct the consequences or avoid possible calamities in the future.

Kvale (2006 [1997]: 72) defines the semi-structured interview as a plan that covers a number of themes including a pre-defined list of tentative questions and check points that ensures that the analytical needs are covered. At the same time, such schemes enhance flexibility by permitting ad-hoc changes and a reshuffling of the order of the topics and questions. In this way, it is possible to tailor the interaction to meet the communicative needs of each individual respondent. Also, these features contribute to create an atmosphere of confidence, empathy and mutual understanding — a necessity in order to get information about sensitive phenomena. Besides, flexibility is definitely required to cover complex processes; very few informants are able to give chronological accounts that contain all relevant aspects as they develop over time.

Table 4.3: Condensed Interview Guide. [a)]

Topics	**Points**
Growing-up Conditions	Parents' work and aspiration, housing, education
Pre-Problem Conditions	Achievements, work, marital status, aspirations, conceptions of the '*good life'*,
The Debt Problem Situation	What happened, how did it happen, causes, effects, reactions, solutions, creditor relationships, significant others, everyday life
Stigmatisation	Family, friends. colleagues
The Future	Possible solutions, current ambitions

[a)] The full guide is reported in Appendix B.

Table 4.3 above contains a condensed version of the interview guide, where the succession of topics indicates what is believed to be the ideal line of conversation. The ambition is to record relevant aspects of the respondents' *'life worlds'* as it has developed from the childhood years up to the current over-indebtedness situation. In line with the theory outlined in chapter three, the idea behind it is to empirically account for the assertion that the debt problems and the way they are coped with are best explained in terms of the *'life world'* contexts from which they evolve. In as much as economic careers are constrained by status-specific goals, norms and values, a comprehensive understanding of any route into the debt quagmire must include information about the default-debtor's family background and life situation prior to the development of financial difficulties. Hence, the first topic is simply the respondent's growing-up conditions; his parents' socio-economic status and life projects, the family situation, his educational career and the moulding of ambitions and perceived life chances. The next topic continues the story, as it focuses on the life situation prior to the start of the debt problems — including the economic achievements, work career, social situation and ambitions for the future. Together, the two topics set the *'life world'* stage for the upcoming problematic times.

The next two themes specifically concern the debt problem situation as it develops and become established as a true quagmire. The idea is to get the informants to tell about it as freely as possible without too much interference from the interviewer. In particular, comprehensive descriptions are wanted rather than detached accounts on the usage of specific coping strategies since the latter would require a predefined, exhaustive list of strategies to ask about. Such a list does not exist. Indeed, even if there was it would probably lead to a-contextual descriptions. From a more principal point of view it can be argued that a focus on individual strategies rather than the full story should be avoided because it presupposes that the default-debtors are choosing rationally between alternative options — or at least are highly conscious about the way they handle the problems. Even if it holds true for major parts of the coping behaviour, there is still a risk of losing important aspects of it since human action is largely routinised and hence unfolds as automated responses to social constraints.

It was therefore decided to identify the obvious as well as more subtle ways of coping as they appear in broad descriptions of the courses of events. As a consequence, the role of the interviewer is primarily to ask open-ended questions about what happened and how it happened, and to follow up the links between specific causes, effects and coping strategies as they appear during the conversation. Also, the interviewer must constantly pay attention to the ways in which everyday life changes along with shifting economic conditions. For that reason stigmatisation is launched as a separate topic; here the point of departure is a general question about who among *'significant others'* should and should not know about the debt problems, and to whom — if any — they have turned for help during the crisis.

The final topic in the interview is the future. Again, a general approach is applied by simply raising the question: what next? The underlying theme is the fact that the debt problem situation has changed the respondent's socio-economic position — including the availability of resources to eventually get out of the quagmire. Also, there is likely to be an informative contrast to explore between the conceptions about *'the good life'* before the troubles set in and the ambitions and dreams pursued in the current situation. This should provide additional information about the social constraints that guide economic action under different financial conditions. Also, there are lessons to be learned from the conclusions that are drawn from the debt quagmire experiences and the bearings that such conditions have on the individual as well as society as a whole.

At the start of the interview the respondents were told about the project and how the data was going to be used. An interest for the full story was flagged and coping behaviour was mentioned as an intrinsic part of any account on debt problem careers. Of course, full anonymity was promised. The interviews were taped; although it probably came as a small surprise to some of them, all of the respondents gave permission to turn on the tape recorder. About half of the conversations took place in the interviewer's office, whereas the other half was carried out in the informants' homes. One interview was taped at a coffee shop and another was done over the telephone.

With a few exceptions, the interviews more or less followed the guide. The two introductory themes — the childhood and pre-problem situation — had an unexpected bonus function as they not only came as a pleasant surprise to the respondents, but also turned out to have a calming effect; all of a sudden they found themselves talking about the best parts of their lives and could present themselves as ordinary people with applicable skills, resources, dreams, ambitions and socially as well as economically acclaimed achievements. So instead of sitting down at the table as failures and financial disasters, they now appeared as whole persons with an interesting life story to tell. It also created an atmosphere of confidence and even introduced elements of humour into the interaction. As the interviewer quickly became aware of the effect, it was consciously used it as a reassuring technique if the respondent started out on his own by describing an urgent problem or major frustration. In such cases, the interviewer listened to the account and recognised the importance of the information, then launched the introductory topics and later returned to the issues raised by the respondent at the start of the conversation.

The next two topics — debt problems and stigmatisation — are of course the key themes of the interview and those taking up the better part of the about one and a half hours the conversation lasted. At the same time, the issues of concern are indeed sensitive and from the respondent's side marked by considerable levels of frustration, guilt, lost dreams and chaos. In rare cases, a more or less chronological account was given. But typically, the story swayed back and forth across time as well as aspects. As already stated, the interviewer recognised the value of letting the informant tell what happened without too much interference from the interviewer. Still, as the detailed interview guide in appendix B shows, a number of important issues were anticipated and listed to ensure they were all covered throughout the session.

As for the final topic — the future — it was probably the easiest of them all, even though most informants no doubt had difficult times ahead. Still, at this stage of the conversation they typically volunteered to speak freely about their dreams and future aspirations. They also seemed confident in drawing general conclusions about the way they currently handle the situation, as they already had provided a nuanced picture of the courses of events that put the coping behaviour in perspective. Talking about the future simply made their stories complete. Many of the informants even provided confidential information when the tape recorder was switched off.

4.5. CRITICAL FEATURES OF THE RESEARCH DESIGN

As Weiss (1995: 168) points out, case studies about individuals make us *".. aware of the respondents' experience within the context of their lives: this is what it is like to be this person in this situation*." Having said that, there is every reason to underline that the interviews are not just accounts of what happened but subjective descriptions of rather dramatic courses of events. This is probably how it must be if the research questions are to be at all addressed empirically. But this does not mean that the collected data are unproblematic or reflecting the "truth". The remainder of the chapter looks at some critical, interpretational issues that the methodology of the study raises, including biased data, validity, generalisability and reliability.

4.5.1. WHAT DO WE HAVE DATA ABOUT?

Although the twenty interviews undoubtedly contain detailed information about the respondents' routes into the debt quagmire and how they have coped with the situation over time, the accounts are biased in especially two ways; firstly because they are retrospective narratives, and secondly because they are one-sided presentations of the self and one's personal interests. Both biases follow directly from the way the study is designed, and as such they have an inherent impact on any analyses performed on the data.

Starting out with retrospection, the implication is that the respondents have presented selective interpretations of historic courses of events rather than objective descriptions. In as much as that is the case, the accounts are more or less flavoured by a human desire to make sense of one's existence in terms of comprehensive, consistent and positive presentations of the self. As part of the process, particularly compromising elements are typically repressed and eventually displaced or simply forgotten as time goes by. Retrospection may, just as intended by the design, give insights into lengthy processes. But the picture drawn by the informants is skewed.

Adding to this, the data are also likely to be biased due to the element of self-selection in the sampling procedure. As shown in table 4-1, a little less than two thirds of those who returned the recruitment questionnaire gave permission to be approached for an interview. As opposed to those who did not authorise further contact, they share the attribute of willingness to talk about the situation. For some reason, they have all seized the opportunity to be heard — perhaps because they have lost the argument with the creditors and other parties in the case, or because they feel that very few lend them an ear since they got lost in the debt quagmire. Beyond a general readiness to talk to a researcher, twelve of the twenty informants explicitly volunteered to promote or pursue specific interests. For instance, whereas some simply needed to talk through their cases for therapeutic reasons, others wanted to share their experiences in order to help people in similar situations. One of the informants was rather desperate for help, whereas two others needed information and simple pieces of advice. Still others defined their appearance as a political mission as they either wanted to express their views on governmental regulations or speak for particular professions such as entrepreneurs or small firm managers.

Taken together, retrospection and one-sided presentations of the self and one's personal interests delimit what can be done with the data. But to put it in the right perspective, it must be acknowledged that the research interview is based on everyday conversations and hence shares important features with it. In particular, information is communicated retrospectively in most social encounters. Also, people are typically trying to keep up a positive social image and present their life projects in a favourable light. Besides, in living out these ends multiple meanings is attached to what is being said. Biases of these kinds are, in other words, normal features of everyday life. The fact that they also impact the character of the interviews should therefore not be a source of great worry; after all, the information is recognisable and interpretable precisely because it resembles what is given in other social contexts.

On the other hand, the research interview distinguishes itself from everyday encounters by being an asymmetric conversation that goes beyond mere exchange of information by aiming at generating systematic knowledge (Kvale 2006 [1997]: 21). At the highest level of precision, this involves establishing possible links between causes and effects — in our case between coping strategies and the social factors that may trigger them. Given the biases in the data, this is difficult; as Silverman (2005: 8) points out, in as much as the informants document their past by highlighting some features and downplaying others, the identification of causal mechanisms becomes blurred and incomplete. Within some analytical positions such as hermeneutics and discourse analysis the very process of constructing narratives is made the target issue for data interpretation. But the ambition — and hence the character of the interview guide — is primarily phenomenological. Therefore, Silverman's (2005: 48) advice is taken to regard the interviews as descriptive responses to being exposed to a specific social problem rather than data on processes of social construction.

Still, causality can be approached. As argued by Weiss (1995: 179-181), descriptions of given processes — in our case: the development of debt problems — necessarily gives some insights into how the informants' situation came to be; after all, most people identify at least parts of the dynamics that have produced the events. Such knowledge can be pursued and expanded from one interview to another, and add up to qualified assertions about what mechanisms are likely to have had an impact on the way the informants cope with the difficulties. This is also due to the information obtained across interviews; for whereas the individual respondent may be partly or largely unaware of given operative causal factors, influential contextual parameters may attract the attention of the analyst who works on not just one but a number of cases. Besides, while some informants may fall short of comprehending the situation, others are likely to be more thoughtful or sensible to triggering factors that may apply to similar cases as well. Having said that, the limitations involved should also be explicitly acknowledged; as it is not known to what extent the actual courses of events have been smartened up by the interviewee, any assertion about causation cannot be exhaustive. Indeed, the very existence of over-emphasised, downplayed, forgotten and unrecognised generative forces turns any statement about causal mechanisms into propositions rather than conclusive facts.

4.5.2. *VALIDITY ISSUES*

The credibility of such proposition, like any other type of data interpretation, hinges on the validity of the findings. An important aspect of it is of course whether or not the informants tell the truth. Needless to say, there is no reason to sit down at interviews expecting the informants to be potential liars; quite the contrary, it should be generally expected that they tell the truth. But as Weiss (1995: 147-150) points out, this does not mean that they tell *'the whole truth'*, nor '*the precise truth'*. There are many reasons for that — much due to the biases discussed above. In addition, most people develop memory gaps as time goes by — a fact that especially has an impact in studies like ours that aims at covering large time spans. Also, the answers depend on the questions asked and the way the interviewer understand and respond to what he is told. Indeed, just as people seldom make up stories during an interview, they are typically not likely to add unasked-for information on their own initiative. Besides, most questions can be answered from different perspectives and vary by the type of relationship established during the interview — each of which may rightfully claim to express truth content.

A way to come around at least some of these problems could be to use multiple data sources or re-interview the informants at a later point in time. But as already argued, such steps have not been taken. Another possibility would be to actively check out concrete pieces of information from the interviews to evaluate the truth content and assess the general credibility of the respondents. But no detective work of any kind has been done, either. Some of the interviewees have on their own initiative, however, supported their accounts by providing official documents and debt settlement applications.

In a study like this one, a critical issue is uncomfortable truths. As noted in a study on money collection in Norway, being unable to pay bills is unpleasant to the extent that default-debtors may suppress many relevant experiences, events, feelings and reactions (Vabø 1994: 62). Just as important, no informant can be expected to endanger themselves by confessing criminal acts or jeopardise their social or professional positions by revealing information that can be used against them at a later point in time (Weiss 1995: 149). Here, the design of the study is believed to modify such threats on validity. In particular, the sample is made up by people who have volunteered to provide information about a rather compromising life situation. Even though none of them have been part of a research project before, it is not the first time that they talk about their problems; indeed, all of them have long experience in arguing their cases with creditors, money collectors, family members, friends, social workers and representatives of the court system — all high tension instances of interaction. The threat on validity is further modified by the possibility that the research questions concern aspects of the debt problem situation that there may be fewer reasons for holding back information about. Put boldly, any need to be thrifty about data on illegal economic dispositions does not necessarily generate a similar thriftiness with respect to coping behaviour — which can be rather trivial in comparison. In addition, these are all persons who have already suffered considerable material and social losses; in fact, in most of the cases there is little left to lose — including integrity and honour.

The impact of uncomfortable truths can also be modified by creating a trusting and accommodating climate during the interview. To a large extent, this is a matter of making the informant feel comfortable and giving him the understanding of being a valued and respected conversation partner. The fact that sensitive information is obtained both on tape and off record is a good sign in that respect. Another useful strategy is to focus on concrete events rather than on general attitudes, views and feelings. This makes it easier for the informant to provide the adequate information as it helps remembering and reduces the tendency to make modifications. Event-oriented data are also easier to interpret (Weiss 1995: 150). Besides, difficult issues have been systematically approached from different angles and perspectives throughout the interview in order to get as nuanced opinions on the matter as possible; a good example is the extent to which one tries to run away from the problems — a multi-faceted way of coping that can be difficult to admit for some.

Finally, two additional strategies have been implemented to strengthen the validity of the study. One is to use deviant cases to support the main findings. Following Silverman (2005: 215-219), in qualitative analyses all cases in the sample should be accounted for. As a consequence, any deviances must be inspected for explanations on why they do not fit the mainstream patterns. Such knowledge supports the main results by delimiting the extent to which they are valid. As shall be demonstrated, the strategy has proved valuable in establishing an overall stage-by-stage description of the default-debtors' coping behaviour. The second strategy is external validation. In our case, this has been about giving lectures on coping to a number of different specialist audiences, including enforcement officers, money collectors, creditors, lawyers, bureaucrats, social workers and students. As the activity has been going on for some years and parallel to the analysis of the data, the feedback from these audiences has been a corrective and inspired additional investigations and sometimes even a change of perspectives. The analysis to be presented in the coming chapters hopefully meets the criterion that different professions recognise the descriptions and see the results as a supplement to their own treatment of debt problems.

4.5.3. ANALYTICAL GENERALISATION; WHAT CONCLUSIONS CAN BE MADE?

Just as there are biases with respect to the subject matter as well as the truth content of the data, there are also limitations on what conclusions that can be drawn from the material. The obvious point of departure is the sample itself, composed as it is through a fussy recruitment procedure with obvious elements of self-selection. Although all studies based on such samples are initially confined to the limited number of cases at hand, it is normally unsatisfactory to draw conclusions only about them. The question is therefore if — and in what sense — the sample permits to take the results beyond the group of twenty informants.

Following Kvale (2006 [1997]: 160-162), there are three basic types of generalisations. Firstly, the naturalistic; this is the everyday kind of generalising activity that, based on experience with specific persons and situations, puts people in a position to routinely predict new events or form opinions about what may happen in similar situations or interactions with the same kind of people. Research, of course, aims at going beyond the typically tacit and informal knowledge that is called upon here. Secondly, there is statistical generalisation. This is a highly formalised activity based on randomisation and probability theory; whereas the former refers to sampling procedures where the likelihood of being selected is random or at least known, the latter concerns a set of techniques and tests that makes it possible to assess the probability that the observed results are produced by chance rather than systematically. Random samples are representative for some population according to a set of specified criteria, and the findings may therefore be generalised to the population as a whole. It is tempting to regard the twenty informants as representative for default-debtors in the Oslo region. But clearly, they are not. The sampling procedure does not even lead to a representative sample of those who responded to the recruitment questionnaire. Hence, the results from the study cannot be generalised to any population in the statistical sense of the word.

There is one more type of generalisation left: the analytical. According to Kvale (2006 [1997]: 161-162), this is a justified assertion about the extent to which the findings from a study may serve as guidance about related situations or contexts. Such generalisations are based on an analysis of the differences between the contexts in question, and is as such a formalised — rather than a naturalistic — prediction. The data shall not be analysed for predictive purposes. Rather, the relevance of this type of generalisation lies in the applied logic, where specified evidence and explicit arguments allow researchers as well readers to assess the validity of the conclusions drawn. The same path is followed here, based on the main characteristic of the sample; viz. that it has been composed in order to account for a theoretically defined range of debt problem situations. For this enables analytical generalisation of a specific kind; in the wording of Bryman (2000 [1988]: 90), *".. to theoretical propositions rather than to populations or universes".*

Any such generalisation is a statement about the typicality of observed coping behaviour: how likely is it that the experiences of one or more of the informants are typical for the broad class of phenomena to which the theory refers? For a start, such statements can be based on the informants' own claim of being typical of anybody in a similar situation. Although people may in fact have a justified claim based on knowledge, experience and structural position, this is perhaps the weakest support for theoretical propositions; as Weiss (1995: 27) argues, the informants' claim for typicality must at least be explicitly assessed as to whether or not they are likely to possess the necessary overview.

Much in line with Bryman's (2000 [1988]) position, a better foundation for generalisation is obtained by taking contextual constraints as the point of departure. Again, the design of the study provides the corner-stone as maximising for range systematically leads to the inclusion of many of the theoretically important shades of debt problems into the sample. The potential for making generalisations is the following: in as much as it can be substantiated that specific dynamics and constraints from theoretically relevant social processes may account for the informants' coping behaviour, similar patterns can be expected from any other person subjected to the same dynamics and constraints (Weiss 1995: 27). A particular characteristic of the sample is that it does not necessarily contain multiple informants for each type of debt problem or problem-generating process. But as long as generalisability is a question of theoretical propositions, a low number of observations — even down to the single case study — is not an obstacle in itself; generalisations are still justified insofar as the experiences, actions and motives of individual informants can be theoretically sustained as typical for people living under given conditions (Weiss 1995: 32). Moreover, as Bryman (2000 [1988]: 91) observes, such assertions are valuable for science as a cumulative endeavour; subsequent research may re-examine them in similar or even radically different milieus, thereby assessing their validity.

A third way of supporting analytical generalisations is of course by reference to corroborating studies (Weiss 1995: 28-29). This shall be done by drawing on findings and propositions from a number of empirical and theoretical works in as diversified fields as unemployment studies, class- and status analyses, institutional research and sociological investigations on deviance and trust.

4.5.4. Reliability Issues

Reliability has to do with how accurate and trustworthy the data are — including the collection the material and the subsequent treatment of it (Johannessen, Kristoffersen, and Tufte 2004: 227). As Miles and Huberman (1994: 38) underline, this largely hinges on the skills of the individual researcher, as it is *".. essentially a person — more or less fallibly — [who] is observing, interviewing and recording .."*. The same goes for coding, interpretation and reporting. The discussion has already touched upon many issues of importance to the reliability of the study such as the choice of data type, the interview guide and the interviewing process. Reliability is here primarily a question of good routines and transparency.

It should be added that most tasks have been done by one person. Even though additional personnel may help improving the reliability of the data collection process, the one-man job has some advantages as well. One of them is related to the fact that the semi-structured interview is characterised by a certain degree of flexibility thereby allowing for the dynamics of the interaction to impact the direction and content of the conversation. The use of one interviewer secures some uniformity across interviews with respect to such aspects as the phrasing of questions, probing, reactions to sensitive information and possible elements of leading questions.

As for the more technical aspects of the data collection and processing procedures, all interviews were taped and then transcribed by an experienced, professional secretary who was known by the research milieu from a number of similar assignments. Again, all interviews were transcribed by only one person, following strict routines whereby all pauses, overlaps, sighs, repetitions, etc. were included. Comparisons between taped and transcribed information hardly show any deviations. Also, instances of poor sound quality were notified in the transcripts, encouraging a check of the tapes. The subsequent coding of the material has also been done by only one person, and was based on the transcripts as well as the original tapes. No computer program was used for the task. Along with the development of the analysis, the data has been coded and recoded several times following theoretical advances, discussions and advice from many sources including supervisors and colleagues working on similar topics.

Like most studies based on qualitative interviews, the forthcoming analysis is supported by extensive use of quotations. Since this way of documenting results and conclusions implies to select and highlight small pieces of information from a vast amount of text, it is fair and proper to make explicit the criteria for making such selections. In general, the excerpt that strongest emphasises the point to be documented should be chosen. But following Weiss (1995: 191-192), the principle must be supplemented by additional guidelines. For a start, the selected text should be representative in the sense that it *".. forcefully presents what is widely shared..*" among the informants. Also, whenever there are different or conflicting opinions among them, these views should be cited as well. Thirdly, any excerpt should forward an argument. One quotation per argument is sufficient; to demonstrate that several respondents express the same opinions is tedious and does not bring the line of reasoning forward. However, breadth shall be indicated throughout the analysis by alternating between informants whenever there is a real choice of illustrative quotations.

In line with many other writers, Vabø (1994:63-64) practises similar guidelines by quoting informants who most accurately express meaning contents that are held by more than one respondent. In doing that, she also notices the weakness of the approach; viz. that since it is hard to tell how widespread the cited opinions are, it is easy to give too much attention to marginal points of view. This is a problem in the current study as well, in particular because a wide range of debt problem situations have been sampled for which there is sometimes only one representative in the sample. It follows that even the most general rule — that quotations should cover views held by multiple informants — is hard to live up to. In such cases, once again the design of the study has to be relied on; i.e. the theoretical relevance of the points being made. That means that it shall not only be quoted views held by multiple informants, but also given precedence to those arguments that seems particularly relevant from a theoretical point of view — even though they are expressed by only one person.

Kvale (2006 [1997]: 188) mentions two additional rules that should be followed in order to secure high levels of reliability. One is that any quotation should be interpreted; the reader should not be left with multiple meanings of a given excerpt without knowing which of them are assigned weight by the researcher. The other is the principle of contextualisation, which means that the reader should know what part of the conversation the excerpts are taken from and also the questions that triggered the responses. In practise, this is a matter of balance between being explicit about the data and avoiding being over-particular every time a quotation is launched.

Beyond contextualisation, the ways in which quotations are reported have two more aspects of great importance to the study; viz. reproduction and translation. As for the former, two basic strategies exist. On the one hand, there is the *'low-inference'* or '*preservationist'* approach according to which the informant is quoted as accurately as possible *'in verbatim'*, including hesitancies, repetitions and the often circuitous ways of telling the story (Silverman 2005; Weiss 1995-193). The main argument for such a quotation style is to pass across as much of the original meaning content as possible, and be true to the informants' presentation of the self. On the other hand, there is the *'standardised'* strategy where the quotation remains true to the words and meanings of the informant, but where editing is accepted to make the message more accessible to the reader. A major argument in favour of the approach is that a too faithful reproduction distracts and annoys the reader (Weiss 1995-193; Kvale 2006 [1997]: 189). But standardisation is always a matter of degrees. The two strategies may therefore be regarded as poles on a continuum where the typical reproduction of quotations lies somewhere in-between.

As for the current analysis, a standardised quotation style is adopted. It means that the informants' views are passed across as compact statements, largely stripped of disturbing figures of speech. It implies a licence to eliminate words, sentences and paragraphs in order to bring together views on the same subject-matter that is spread across the interview (Weiss 1995-193; Kvale 2006 [1997]: 189). The strategy is accompanied by a formalised notation structure that informs the reader whenever the excerpts are taken from different sections of the transcript. Of course, the quotations shall remain true to the words and meanings of the original statements. Still, the argument against standardisation is that styles of speech and dialect-specific expressions are important sources of information. But in a predominantly descriptive analysis like the one to be carried out here, the loss is acceptable compared to what is gained in efficiency, readability and clarity.

Besides, the study is reported in English whereas the interviews are recorded in Norwegian. This, of course, not only involves a reproduction of what is being said, but also a translation of it. As a consequence, some degree of standardisation appears unavoidable since translating necessarily implies a step away from the original wording. It could be argued that the fact that the excerpts have to be translated into a different language represents a source of reduced reliability. However, on the positive side it contributes to hiding the identity of the respondents — even to the interviewees themselves; it is sometimes hard for an informant to face how his actions, opinions and attitudes contribute to the dynamics of unfortunate social processes.

Finally, a professional translator could have been used to minimise the risk for passing across different meaning contents. However, it was decided not to do so as the challenge was found to be satisfactorily handled without. In appendix C the result is documented; it offers a side-by-side comparison of a quotation composed by elements from different parts of an interview in the original, '*preservationist'* form and in the translated English standardised version respectively — the latter as it appears in one of the empirical chapters.

4.5.5. A Short Note on the Formalised Notation Structure

As indicated above, all quotations are given according to a formalised notation structure. For a start, all excerpts are given in italics and in separate paragraphs. As already explained, the recruitment questionnaire was returned by 102 default-debtors, each of which was numbered from 1 to 102 as they arrived through the mail. When the twenty informants were selected for the sample, they retained their number. Whenever an informant is cited, an identification label is given in a bracket; for instance, a quotation from informant number 28 is denoted by [28]. Also, when a given quotation contains excerpts from several sections of the transcript, it is denoted by [..].

4.6. Summary

This chapter has clarified the methodological implications and argues that a qualitative methodology fits the research questions well. A major reason is that coping behaviour is largely unploughed ground. As the ambition is to know how default-debtors understand, account for and act upon their difficulties, and how institutional conditions influence such behaviour, such knowledge is probably best secured by approaching the "insiders". The study is therefore designed to be based on semi-structured qualitative interviews with twenty informants from the debt quagmire. The interview guide contains five major topics: growing-up conditions, pre-problem conditions, the debt problem situation, stigmatisation and the future. As it turned out, the two first topics had a calming effect and contributed to a trusting atmosphere during the interviews as they allowed the informants to present themselves as ordinary and resourceful persons — and not as failures.

The sampling procedure was carried out in two steps. In the first, 700 default-debtors in the Oslo region were approached through the mail by a recruitment questionnaire whereby key information about their debt history and life situation was collected. In the second, 19 of the 102 persons who returned the questionnaire were selected for the final sample. In addition, a pilot interview was included, bringing the total number of informants to twenty. The procedure was based on the principle of *'sampling for range'* according to which a wide variety of debt problem situations were systematically selected.

The result is a theoretically planned, representational sample that secures variation with respect to causal processes, social status, and structural conditions under which financial problems evolve. Although representational, the sample is not a probability sample. Hence, statistical generalisations are impossible. But the *'sampling for range'* procedure enables instead analytical generalisations aiming at forwarding theoretical propositions rather than statements about populations or universes. The principle involved is that, in as much as it can be substantiated that specific dynamics and constraints from theoretically relevant social processes may account for the informants' coping behaviour, similar actions can be expected from any other person subjected to the same dynamics and constraints.

There are many influences that may jeopardise analytical generalisations and conclusions. A number of issues have therefore been considered, such as the nature of the data, retrospection, one-sidedness and the tendency to present the self in a favourable light. Several precautionary steps have been taken to minimise the impact of these threats. Above all, efforts were made to establish a relaxed and trusting atmosphere during the interviews, approach difficult issues from different angles and adopt an event-oriented interviewing style rather than focussing on attitudes and feelings. Still, theoretical propositions and conclusions shall be made with great care.

With this, the empirical analysis may begin.

5. COPING BEHAVIOUR OVER TIME

5.1. Introduction

Even though it is possible to incur insurmountable debt problems more or less overnight, severe financial difficulties typically build up over time. Moreover, once acquired, it normally takes years to get out of the quagmire unless by a stroke of exceptional luck. As for coping behaviour, it not only evolves over time but is also likely to change its characteristics in the course of events. As pointed out in chapter 1.3.2, money collection routines increasingly put the default-debtors in difficult situations. This alone forces them to react and consider new ways of coping with the difficulties. In addition, *'life world'* demands become progressively problematic to comply with as the economic foundation for achieved lifestyles withers. Sooner or later, coping behaviour necessarily includes involuntary changes in standard package orientations.

In the first of three empirical chapters, the first of the research questions developed in chapter 2.6 is addressed:

> *How do default debtors cope with debt problems over time?*

The chapter sets out by assessing the main pattern by which the informants cope with their debt problems. In particular, the data indicate that there are three major stages in such processes. Next, the characteristics of each phase are considered in more detail. Here, the data suggest that at each stage coping behaviour follows an economic rationality as well as being constrained by a social orientation. Finally, the cases that violate the three-stage pattern are highlighted.

5.2. THE OVERALL PATTERN IN COPING BEHAVIOUR

The contextual conditions necessarily change as the debt problems aggravate. Coping behaviour should therefore be expected to change over time. A key activity like creditor negotiations illustrates the point; even though such talks are recurrent events throughout the whole of the debt problem career, the stakes at risk, the range of possible outcomes and the prospects of obtaining acceptable results all change as the deficits accumulate. Indeed, as shall be demonstrated throughout the chapter, the severity of the debt situation largely influences the default-debtors' choice of strategies as well as the social meanings attached to them.

A critical factor is that the relationships between the parties involved shift as the debt problems escalate. Throughout the process, they experience each others' actions and reactions, and evaluate one-another's involvement. As a result, untried strategies may appear as both pressing and reasonable whereas others may loose their value altogether. A formal illustration is of course the way one's creditor relationships change as the system of stepwise execution of increasingly punitive sanctions is implemented. But also typical *'life world'* connections may undergo marked changes, as for instance when friends and relatives initially reach out a helping hand in a number of ways, but later become more reserved and selective in their support. There may be many reasons for that to happen. From the contributors' point of view, the need for economic support quickly grows beyond anybody's capacity. For that reason alone, friends and relatives may have to delimit and target their contributions to special purposes such as food or outfit for the children. From the default-debtors' perspective, gifts passed through *'life world'* channels are typically felt as something that should be reciprocated — which of course becomes increasingly difficult as time goes by. Many default-debtors may therefore suffer from continuously being at the receiving end of relief efforts from significant others, and gradually self-exclude themselves from participation in a growing number of networks and social arenas.

Another major aspect of such processes is social learning; all parties act upon knowledge acquired in previous encounters. As for the default-debtors, they learn the implications of a new role as they become exposed to legal procedures and new social constrains. They also progressively learn the extent to which society's security net may — or may not — protect them from unwanted scenarios of many kinds. These experiences constitute a body of social learning that continuously enhance new frames of reference for adapting to the current situation. However, such knowledge is not picked up in predictable sequences like learning a curriculum at school. Instead, it is acquired through sudden blasts against one's social situation. This partly follows from the fact that debt recovery procedures escalate stepwise and that different claims may trigger different punitive routines and have different consequences. Also, default-debtors have to actually realise the full extent of their situation before they can act. As the data will show, this takes place in terms of irregular, shocking eye-openers. As a result, coping behaviour is likely to develop in leaps rather than steadily over time.

The interviews give rise to the identification of three distinct stages in the default-debtors' coping behaviour. With two exceptions, all informants refer to a particular event or time-limited series of incidents that made them fully aware of the fact that they were in serious economic trouble. Correspondingly, they also associate certain episodes or circumstances with a sudden understanding of being in a situation where they permanently are unable to handle their debts. The period in-between the two points in time is defined as *'stage two'*. This is a turbulent chapter in the default-debtors' lives where a wide range of financial, social, physical and psychological hardships occur; yet it is basically a period where they actively defend their lifestyles. Previous to these troublesome times is an initial *'stage one'* where the main focus is not on defending, but preserving *'status quo'* in spite of the charges against one's economic stability. Finally, there is a *'stage three'* where not only a new social identity as a default-debtor is taken onboard, but where dignity and self-respect is re-established through adaptations to new lifestyles and alternative moral standards.

The idea of stages in the development of problematic life situations is not new. The classic study of unemployment in the Austrian village of Marienthal during the early 1930'ies is an outstanding example. It found that the process of adaptation to long-term unemployment sets off by an immediate shock reaction, and is followed by a slight recovery and optimism, only to be replaced by frustration, resignation and apathy as the life conditions aggravate and the prospects of getting a job withers away (Jahoda and Lazarsfeld 2002 [1933] ; Jahoda 1982: 22-23). A similar pattern was found among Italian unemployed, and a more fine-meshed sequence was identified among 57 Polish jobless, involving fear and distress, numbness and apathy, adaptation and job seeking, loss of hope and apathy again (Jahoda 1982: 22-23; Zadawski and Lazarsfeld 1935). In the wake of these classic works, post-war unemployment research largely supports the notion of phases (Lunde and Borgeraas 1986). Based on a number of studies, Borgeraas (1984: 45-46) proposes a three-stage adaptation process. First, there is an *'initial stage'* that is marked by shock as well as modest optimism. Next comes a *'middle stage'* characterised by extended job seeking, but also by certain hardships such as depressions, marital problems and a loss of time structure in everyday life. The *'final stage'*, however, is less troublesome as one learns to accept the situation and take on the role as unemployed.

In as much as debt problems coincide with labour market marginalisation processes, coping behaviour should be expected to display similar patterns. The same is the case in as much as dealing with over-indebtedness shares common features with adaptations to aggravating life situations in general. But severe debt problems also constitute a phenomenon in its own right with characteristics. In particular, debt recovery procedures and non-compliance with the repayment norm are among the distinguishing features that are likely to impact any sequential patterns in coping behaviour. It follows that the way debt problems are dealt with over time may be similar to, but not identical with, the patterns suggested by unemployment research.

Each of the three stages is investigated below. As shall be demonstrated throughout the analysis, the many ways in which debt problems are coped with can be traced back to rational economic considerations as well as social orientations. A few cases do not comply with the pattern. They are inspected towards the end of the chapter.

5.3. Stage One: Preserving Status Quo

Unlike unemployment, which strikes unmistakeably by a single event, debt problems typically evolve over time through complex processes of ambiguous incidents. It is like a tsunami; the real danger is often not realised until it is all over the place — upon which the default-debtor enters into what was just called *'stage two'*. But retrospectively, the informants interpret *'stage one'* events as real hazards that should have been handled differently than they did at the time. As one of them puts it:

> *"Had I known what I know today I had of course done something about it much earlier." [63]*

Another informant, who had bought herself into a building project that turned out to be far more expensive than estimated in the prospectus, says:

> *"Some sold their flats before I did, while there still was a chance. But I held on to it because I really believed everything would be sorted out in the end." [73]*

This does not mean that people stay passive. Of course, the dark clouds on the horizon are noticed by those involved and in turn somehow acted upon — only insufficiently as it seem in retrospect:

> *"My wife and I talked about it from time to time. Our economy was strained. But we talked too little about it .. And then I took on some more work .. And we just continued to live like we always had done." [45]*

The statement is typical for *'stage one'*. The situation normally prevails years on end. It is on the whole often difficult to tell how the mess actually began. According to one of the informants:

> *"The problems started towards the end of the 1980'ies, and we struggled for quite some time .. I think we may have barely scraped through for almost a decade or so .. We just hoped to survive the storm" [41]*

Obviously, there are good reasons for this to be the typical. For a start, one should not overreact; put to extremes, people rarely sell their homes only because there are a few unpaid bills in the drawer. Also, as indicated by the informant, most people actually manage to keep the head above the water for a while as some bills are paid and others pile up. This is largely a learned skill that is partly acquired through interacting with the creditors over time, partly gained by experiencing the social and legal implications of the process, and partly mastered by exercising flexibility and discipline with respect to one's own needs and ambitions. Also, during *'stage one'* the possibilities continue to overshadow the limitations. But above all, the consequences of reacting disproportionately are indeed discouraging; while the self-employed risk loosing their businesses and hence the very source of income, others may find themselves without a home.

5.3.1. STAGE ONE RATIONAL ECONOMIC ACTION

A restrained way to act is by sticking to the options rooted in economic rationality. But the informants do not seem to have implemented a wide range of such steps. This does not necessarily imply that they do not act rationally throughout *'stage one'* of the process. Rather, it means that they behave according to well-established practices and routines — ways of managing one's economy that have worked in the past and therefore are believed to work in the future as well. Like most of us, default-debtors simply continue to holding on to habits and ambitions, keeping on trusting the wider economic, legal and social systems of which they are a part, and interpreting current events in familiar frames of reference. Taking into account that there are many more people who manage to get out of minor economic problems than there are people who end up in severe difficulties, "business as usual" is generally not a bad strategy from a rational economic point of view — even at *'stage one'*.

Still, about half of the interviews contain information about rationally rooted steps specifically taken to counteract perceived economic threats. One of the most obvious things to do is of course to try to increase one's income. Eight of the informants report to have done that; two found better paid jobs whereas the others started to work overtime or took on additional jobs — sometimes as undeclared work. As arrears build up, one may even be tempted to take a calculated risk. For instance, a convenience store manager suffered from shoplifting for which he was held personally responsible. His debts to the mother organisation increased each month. He was then offered to take over another shop:

> *"I was concerned about the shoplifting problem in the new shop. But the shrinkage was no bigger than I already faced. I had a good reputation in the organisation, and the corporate management told me that the new shop had great potentials for increased sales and hence substantially higher monthly salaries. I was talked into it." [65]*

As it turned out, the move was a mistake. But even the more common strategies of working overtime or taking on extra jobs may be short-lived; increased work loads usually proves too hard over time as it tends to affect one's health as well as the social life including family relationships. Says a lone mother who, on top of her ordinary job, worked at the local post office every Saturday:

> *"As long as I worked at the post office I managed somehow. But I gradually got worn out because I did not get the rest I needed. And I had to catch up with everything during Sundays. You know, I had a young daughter who was left to herself every Saturday morning. I simply couldn't go on like that." [73]*

The experience is shared by a self-employed accountant who took on extra assignments to keep pace with the growing debt expenditures:

> *"I nearly killed myself to get enough money to pay mortgages.. I fell ill from time to time, and then I had to catch up with everything when I recovered. It was such a vicious circle .. I even came behind with my own accounts, and finally I was made bankrupt by the tax authorities." [45]*

Self-employed managers often face specific challenges that demands special coping strategies. For instance, the just mentioned convenience store manager engaged in improving the surveillance systems in his own shop as well as developing a broad security policy at the corporate management level. Another was in a trade that was particularly vulnerable to the economic crisis at the end of the 1980'ies, and — as the only one in or sample — managed to liquidated his firm over a six month period, just in time to avoid a bankruptcy and most likely a substantial financial loss beyond the company's equity. In spite of this he still ended up in debt problems due to disagreements with the authorities over taxation.

In addition to try and increase the incomes, steps can be taken to reduce consumption expenditures and debt loads. Both of these approaches, however, seem to be more prominent in later stages of the process. As for the former, most of the informants have probably saved on their food budgets but not to the extent that they found it worthwhile mentioning it as a strategy as such. As for the latter, reducing debt loads typically calls for resource-demanding actions such as using savings or asking parents or parents-in-law for gifts or advancement of inheritance. These are quite dramatic steps that are incompatible with a "business as usual" philosophy. Refinancing is a less pretentious alternative, but none of our informants report to have done that — perhaps because they found it unnecessary, impossible or unattractive due to high interest rates at the time when their difficulties began to unfold. Still, one of the informants did sell off possessions to the benefit of his creditors, hoping to avoid having his financial situation coming out of control.

5.3.2. STAGE ONE SOCIAL ORIENTATION

While the traces of economic, rational coping strategies are modest, the imprints of measures embedded in social orientations are quite distinct. These are actions that are implemented to preserve social positions and identities. The strategies may be conceptualised by the help of two adjacent, yet different analogies. One is what can be called the *'ostrich approach'*; it is a well known fact that when ostriches are scared, they stick the head in the sand and hope that the danger is gone by the time they look back up again. The other analogy is the *'card is played logic'*; whenever a card is played there is no point of return, and each player must stand up to the consequences and make their next moves accordingly. During *'stage one'* much the socially motivated coping behaviour seems to be tailored along these lines.

Starting out with the *'ostrich approach'*, the following is a good illustration:

> *"My wife comes from a poor country. I always took a pleasure in buying her things like expensive clothes. We also spent money on travelling. We had some extravagance in our lives .. Her family is poor, so over the years we have tried to help them out economically .. When our economy got strained we behaved as if we had enough money. There was less shopping and a little less support to my wife's family. But I knew we spent too much .. Our friends were surprised when I went bankrupt." [45]*

The '*ostrich approach'* is about continuing ones social lives as always, implicitly hoping that the consequences will be manageable until the economic problems eventually vanish. In practise it implies to reduce the invisible parts of one's consumption, at the same time as maintaining the social profile with respect to friends and relatives. As expressed by the informant, there was less "extravagance" in terms of clothes and travels, but they continued the lifestyle at a somewhat reduced level. They also carried on with entertaining their friends at home with food and drinks as before. Although they on several occasions tried to tell them that their economy was strained, the bankruptcy came as a surprise to everyone. Social relationships imply commitments that persist through times of economic scarcity. This is not the least illustrated by the fact that the informant continues to send money abroad to the wife's family; concerns for — in this case — mothers-in-law and brothers-in-law take precedence over obligations to the creditors. The point to be made is general: as shall be seen throughout the chapter, and further explored in chapter 7, social relationships tend to weigh more than commitments to financial institutions. Whenever that is translated into action in a *'stage one'* context, the result is always increased pressure on the economy; one starts to dig one's own grave, so to speak.

Other examples of the mechanism include taking on additional credit for consumption or bill paying in order to hold the fort. Value items is also an issue; one informant makes a point about how he advised some friends who were about to develop debt problems to sell off assets to avoid being dragged into the downward spiral he found himself in; a strategy he himself had — regretfully — not implemented. But selling off valuables normally is far too drastic at *'stage one'*. In fact, the *'ostrich approach'* prescribes precisely the opposite: stay calm, and the problems will be sorted out. This is more than underlined by a self-employed who takes the strategy to the extremes:

> *"Well, I just hoped I would eventually come across something smart to do and get away with it .. I thought some of my debt eventually would be out-dated and eradicated." [28]*

The *'card is played logic'* is much about the same — i.e. preserving social positions and identities. Still, it distinguishes itself by particularly applying to capital-intensive items and projects rather than consumption and daily expenditures. As a consequence, the strategies falling into the category are more fateful and more felt like an active choice rather than a continuation of an established pattern. At *'stage one'* the *'card is played logic'* is first of all implemented by the self-employed to secure their businesses, but it may also apply to protect private property. It could be argued that these strategies have elements of economic rationality since they involve protection of capital. But the point is that they are *not* defendable from an economic point of view and that the actors implicitly are aware that the steps taken are likely to worsen rather than improving the financial situation.

A typical example is to borrow more money to defend one's investments. One of the informants tells that the joint expenses of the apartment block she lived in started to accelerate. In spite of seeing her neighbours selling their flats she followed a *'card is played logic'*:

> *"What happened was that the rent started to really increase, and I had to take on an extra loan. Which of course I had to pay back along with the rent that continued to rise. In the end my wages couldn't sustain the expenditures." [73]*

Small-firm managers may take on more credit to keep their businesses going:

> *"I soon realised I didn't actually have enough capital to run my business. So I took on additional credit in 1986, at the time when the banks queued up to lend money to everyone .. I was bowled over from the very start. I lacked experience with this capital stuff. And then came this desperation for more credit at all costs." [28]*

It is interesting to notice the strong social motivation involved in choosing this way of coping. The informant just quoted had established the business against his father's wishes. Also, the father was a workaholic who took great pride in being a successful breadwinner. Therefore, there were strong family constraints against admitting failure in time to avoid the debt problems to develop.

Another informant expanded the business at a time when the market was declining:

> *"It was a fateful investment. The company had halting finances, but we expanded into a new geographical area .. We hesitated to lay off our employees. Their wages represented enormous expenditures for us. But we felt it was too bad to impose suffering onto people who trusted us and the business we ran." [41]*

Again, the strong social motivation is evident. Together with her husband the informant had established a production facility in small, countryside community. Throughout the interview she displays a philanthropic, almost paternalistic commitment to the employees. The factory was based on a flat organising structure, and the couple took pride in providing the workers with a more urban and wider cultural perspective on life; they even took them on paid trips abroad. The fact that they stand by their social commitments in times of financial adversity and expand the business rather than down-scaling it takes them into severe debt problems in a matter of years.

5.3.3. *STAGE ONE: BRIEF SUMMARY*

At *'stage one',* the main focus is on preserving *'status quo'* in spite of the charges made against the household's economic stability. The typical approach to coping with growing debt problems is not to overreact, but to stay calm as some bills are paid and others pile up. This does not necessarily imply that the default-debtors fail to act sensible in economic terms. Rather, it means that they behave according to well-established practices and routines — ways of managing the economy that have worked in the past and therefore are believed to work in the future as well. In addition, many of the informants try to increase their incomes by getting a new job, working overtime or finding an extra job. Besides, some of the steps taken are distinctively embedded in social orientations. These include a continuation of consumption patterns that they know they cannot afford (the *'ostrich approach'*) and to back up investments by taking on more debts (the *'card is played approach'*). As a result, the debt problems continue to build up rather than being adequately attended to.

5.4. STAGE TWO: DEFENDING LIFESTYLES

'Stage two' of the debt problem process is perhaps the one that comes closest to any of the stages described in unemployment research. This is a period of great turbulence when chaos, despair, resignation and depressions occur, and when families fall apart. This is also the time when people fall ill to the point that they are unable to work and when creditors are temporarily unable to get in touch with their default-debtors. But first of all, this is the time for combat, when almost any possible solution is checked out in order to fence off the threats to the financial and social situation. It follows that these are the months when the range of events and variety in coping strategies peak.

A major difference between *'stage one'* and *'stage two'* is that the severe economic problems are explicitly acknowledged by the default-debtors. When it happens the difficulties have already been a part of their lives for some time. But as shown above the expectant *'stage one'* attitude has effectively filtered the potential hazards through well-known frames of reference. Also, it takes time for the money collection procedures to develop into a full force assault. Besides, the prospects of loosing everything are so fearsome that one simply refuses to stand up to it unless there is really no escape. Therefore, it typically takes a breathtaking single event or series of incidents to open the eyes to the hard facts of life. To illustrate, a high-educated and well-connected woman who ran into difficulties in a complicated house building process, was advised by her lawyer friends to take the entrepreneur to court. Surrounded by friendly experts she did not realise it was already a lost case:

> *"The real estate agent who sold me the house told me when he quit his job in the agency: "You know, I really have to tell you that you're about to lose everything." I didn't understand what he meant, not even my husband saw it coming. Nobody did until I lost the trial." [1]*

Another informant, who had struggled with the economy since the divorce, was surprised by finding out that she was no longer creditworthy:

> *"I went to the bank and asked for an overdraft agreement. I needed some flexibility. But they told me no, and I didn't understand why. Not long before I had bought a television set on tick, and that was no problem. But the bank said I was blacklisted because I had defaulted on a loan." [75]*

Nearly all of the interviews contain descriptions of eye-opening events; several of the self-employed receive an out-of-the-blue deathblow from the tax authorities, others are bowled over by a mess of financial obligations and fatal family events, still others come to facing the realities as they gradually become marginalised on the labour market and eventually get a claim they cannot pay. Common to them all is that these moments of truth trigger a crusade to save what they have accomplished so far in life.

5.4.1. STAGE TWO RATIONAL ECONOMIC ACTION

Rational economic action at *'stage two'* is typically directed towards increasing the incomes, reducing debt expenses, lowering daily costs and negotiating with the creditor side. As for the former, increasing the incomes continues to be important; during *'stage two'* more than half of the informants report to have taken specific steps down this road. For instance, a woman who got psychological problems in the wake of her divorce eventually managed to complete her education and get a job. Three of the bankrupt self-employed have attractive qualifications and therefore found work as consultants in their old trade. Additional two former small firm managers became subordinate wage-earners. As one of them explains:

> *"My special qualification is processed fish products. There aren't many who can do that nowadays. Not in shops, anyway. I had my own company for years, and I learned the trade from bottom-up .. After the bankruptcy I took a job in a supermarket." [8]*

Other strategies naturally include taking on extra jobs and working overtime. Undeclared assignments are common. One informant also made some extra money by letting out his apartment while he shared a flat with three other people. Two others combated marginalisation by taking supplementary education. Those who do not implement steps to increase their incomes are typically suffering from physical sickness or psychological disorder.

Another strategy — and now: more urgent than ever — is to reduce the debt load. As already pointed out, these types of strategies are not widespread during *'stage one'* because they imply a dramatic reorientation in the use of family resources. But now, thorough-going measures seem unavoidable. Naturally, not all have access to means whereby a given debt load can be reduced. Still, at *'stage two'* seven informants report to have taken steps of this type. The weightiest strategy is of course to sell the home; five interviewees voluntarily did so in time to avoid a forced sale. But the approach may also involve selling other types of property. Says one:

> *"We had a Mercedes and a nice boat and a flat in Oslo and everything, so I chose to sell everything I had as we already lived in a rented apartment in another town. We settled our debts to the best of or financial capability. The remaining claims are what constitute the core of my debt problems today." [80]*

Refinancing the debt portfolio is another possibility. Clearly, this does not reduce the amount of debt in itself, but it temporarily or permanently brings down the costs of having it. None of the wage-earners report to have pursued the strategy; perhaps their situation had already aggravated beyond the point of interest from a creditors' perspective, or maybe the interest rates were too high at the time to provide a significant relief. But to the self-employed refinancing may be more of an option up to a certain point as two of them report to have seized the possibility during *'stage two'*. They also had savings and paid off some debts s part of the operation. One of them even cut down his debt expenditures by selling his house and then buying a cheaper one, hoping it would be enough to avoid a total financial collapse.

Sometimes rather dramatic decisions are made to try to come to grips with the situation. This is not the least illustrated by the manager of the convenience store who at the end of *'stage two'* simply quitted his job. Since his success in combating shoplifting was limited, he could no longer face the accumulating losses for which he was made personally responsible. As a result, he would be without a manager's incomes, but at least put an end to the accelerating debts. The decision probably came too late, but as shall be shown, he had his reasons.

As the debt problems aggravate, saving in on running expenses becomes increasingly important. During *'stage two'* this is the aim of a number of coping strategies, involving half of our informants. Besides actually drawing up a budget — perhaps for the first time in life — restricting consumption habits is probably among the easiest things to do since this is the part of the budget of which one has complete control. But still, it is a challenging option. For a start, there is a substantial element of necessity inhabited in personal consumption. But beyond that, restrictions on consumption affect their lifestyles directly. This is a paradox since the whole point in behaving economically rational is to return to *'status quo'*, not to introduce a permanent transformation. Nevertheless, six informants report to have restricted their consumption in several ways. If possible, the steps taken are restricted to the — for outsiders — "invisible" parts of life. For some this is easy, as for a cook:

> *"I try to keep the food budget very low. I eat at work before I start in the morning, and I eat before I go home. I pay very little for that. And I work all the time so I don't have leisure time expenditures any more". [32]*

Another informant tells he profited from the fact that he lived in the countryside during *'stage two'*:

> *"Well, we had access to cheap meat through my wife's family. Berries were right outside our doorstep. Cheap fish was no problem, either. Our diet was quite good." [28]*

For others, however, saving in on daily expenditures may be more problematic. Says a woman in her late 30'ies:

> *"It is difficult to make ends meet. Whenever something happens, I have to save in on food and clothes and cinemas. And the car. People say I don't use the car. I do restrict the usage because it costs a lot. Every inch costs money. I always have to choose between basic needs, and it is hard to never have some leeway." [91]*

As for reducing debt expenditures, direct talks and negotiations with the creditors are among the most used strategies. About half of the informants report to have engaged in such activities during *'stage two'*. The discussions are often complicated and may involve all kinds of creditors, including financial houses, banks, state institutions and private lenders. The talks may also raise the need for lawyers and other mediators. But as the debt problems aggravate and the parties get to knowing each other, the relationships typically become strained. A self-employed involved in a very complex debt situation provides a good illustration of a frantic climate:

> *"I tried to turn up in person .. and I tried to call the tax authorities. I called and I called and I was there in person and I told them they have got it all wrong. And I called my lawyer, but he wanted money so I told him I was broke. What can you do? At the same time, the bank and the social security office collaborated and we had a meeting and I lost my house and I had to move out." [32]*

Previous research indicate that encounters between creditors and default-debtors with serious debt problems tend to be marked by misunderstandings, unrealistic expectations and lack of flexibility (Poppe and Borgeraas 1992). Such features are also traceable in the interviews made for this study. As a defaulter reports:

> *"I tried for a long time to get the bank to accept a deal that I could handle, but it was out of the question. Out of the question. I wrote to them, I called them to discuss my case; instead, they came at my door step saying I owed them money. Pure terror, you know." [8]*

Still, some have obviously had a more relaxed relationship with their creditors. A former self-employed illustrates that personal qualities, connections and transparency are decisive. Being a much organised person and on friendly terms with many of his creditors, he explains:

> *"I think my creditors felt they had direct access to me and all the information they need. So I had no negative experiences with them. I kept them informed in detail, and they were content with that. [80]*

Those who do not report to have been in contact with the creditors during *'stage two'* are either psychologically worn out or do not find themselves in a position to obtain any relief by talking with their counterparts. Whereas the former case implies that they are periodically out of reach of their creditors, the latter means that negotiations are not seen as a relevant coping strategy. Rather, the types of communication that take place are likely to be letters and more or less unpleasant telephone calls.

5.4.2. *Stage Two Social Orientation*

If the social orientation in coping behaviour is evident during *'stage one'*, it is even stronger at *'stage two'*. For a start, well-known strategies such as the *'ostrich'* and *'card is played'* approaches are continued. This means that even though the severity of the financial situation is recognised, it is still not acted upon in all situations; in fact, some aspects of the social identity may still be unthinkable to change. A good illustration is provided by a woman who, when the house was lost, did the following:

> *"I rented a very nice flat in the same area that was equally exclusive .. It was convenient since my daughter's school was nearby. But it was expensive." [1]*

The convenience motive is obviously ulterior since her daughter had just started upper secondary school and therefore had no real need or formal reasons to belong to a certain geographical area; in fact, students often come from different parts of town. The social motivation for renting an expensive flat was rather a matter of continuing a social image; she simply did not want to move into other and cheaper parts of town. The desire was so strong that she asked her ex-husband to pay the deposit for the flat as she could not afford it herself. Also, since the rent was high she asked her daughter to take up a student loan — which is unusual at this educational level:

> *"Even though her father helped us financially it was not enough to continue the standard we were used to. So I asked her to take up a student loan .. It was my intention that she put the money in the bank so that she would have some capital in the future to buy her own home. But we frequently ended up lacking money, and we had to use some of it." [1]*

Although this is the only case where student loans appear as a coping strategy, the informant is far from being the only one who takes on additional credit during *'stage two'*; whereas probably all of them are dependant on borrowing smaller amounts of money from friends and relatives, four cases report to have accessed new credit in financial institutions. Much of it is obviously used to cover day-to-day expenses. But at least three of them continue to invest in the firm and private property. Also, it is important to remember that the self-employed have backed up their businesses with private mortgages. Under such conditions, it is easy to become frantic. Says one:

> *"It's like, you know, you end up using your private credit card to cover the tax bill. It's kind of desperate; you take on debts and accept 25-50% interest rates." [28]*

During *'stage two'*, socially embedded coping patterns are taken beyond the *'ostrich'* and *'card is played'* approaches into new directions as the default-debtors have to face really disturbing events that put their lives upside-down. Even though all of them are mentally and emotionally affected, the consequences are particularly hard in cases of psychological instability. Two informants simply run away from the difficulties. After months of struggling with accelerating debt expenditures one of them realises that she can no longer sustain her home ownership. And without a home she feels she cannot take care of her daughter. This becomes a turning point:

> *"I had to send my daughter away. I made a deal with my ex-husband .. You see, I was mentally ill. Instead of going to the doctor to get a medical certificate I was stupid enough to simply quit my job. I planned to commit suicide. So I gave the keys to the flat to the real estate agent, took the little money I had and ran away on a one-way trip to France .. Luckily, I didn't succeed in taking my own life, and eventually I came back to my sister's place." [73]*

A more common reaction to the pressure is to stay clear of social stigmatisation. During *'stage two'*, about half of the informants take explicit steps to avoid being confronted with their financial problems and conceal the truth to others. These are the types of strategies that are among the most frequently commented in the public discourse. The perhaps most common thing to do is to stop reading mail. But this kind of protection has consequences. Says one informant:

> *"It took a while until I could read my mail again. I threw the letters from lawyers and money collection companies in the waste basket. But it turned out to be quite expensive. The claims increased to unbelievable levels, and there were a number of incidents with the court of conciliation." [8]*

At this point in the process nearly any consequence — severe or not — is subordinated to the fear for being stigmatised. Public appearances are of course even more frightening than letters — which after all can be read in solitude. This is the major reason why many of the informants do not turn up in court to face the problems.

Another implication of avoiding written information is that the claims typically end up at the employers' desk who must execute wage deductions as ordered by the enforcement officer. This is far from optimal to people who want to steer clear of stigmatising situations:

> *"Whenever that happens you are of course confronted with your financial problems at work. They have to tell you that they have imposed deductions on your salary even though I've had that information in writing through the mail. But I don't open my mail anyway. No, it's not pleasant. I don't like to talk about it." [63]*

Some creditors are not confined to just demand wage deductions through formal channels; they also actively try to contact the default-debtors while they are at work. In such cases, the stigmatising scene threatens to expand and involve more people. This may in turn lead to a series of far-reaching reactions. Tells a former self-employed who became a wage-earner after the bankruptcy:

> *"The creditors called me at work. I told them sorry, I don't take such calls during working hours. At the time I was placed in landscaped office, and I couldn't talk about financial problems there. So I decided to change jobs. I did, and they couldn't get hold of me for a while. But in the end I couldn't concentrate on my work no longer, and the employer gave me the choice between quitting the job or get sacked. I quit. I became unemployed at the worst possible time."[94]*

Such courses of events and reactions illustrate how money collection routines may lead to unpredictable and severe consequences, and take coping behaviour beyond any imagined debt recovery scheme based on economic rationality. The interviews are in fact full of such stories. Says another self-employed who was made personally responsible for his partner's actions:

> *"I was recommended by a lawyer to report my partner to the police for embezzlement, but I couldn't stand up to it. I was psychologically run-down. I just wanted to get away from it all .. Burn all bridges and run away" [8]*

In a matter of weeks he had sold the house and left the town for good. Yet another informant grabbed a few belongings from his home a Sunday afternoon and set off for one and a half years of bohemian life, leading a poor man's life at changing addresses out of reach of creditors and family members. A fourth small-firm manager acknowledged his bankruptcy by selling whatever was left in his shop, putting a fair share of the money in his own pocket and leaving the area for good to start a new life in Oslo as unemployed. A fifth default-debtor travels even further:

> *"I ran away from everything. I took off to India for two years and had a good time. My marriage and business were gone. So I needed to get away for some time." [63]*

The repertoire of strategies intended to avoid being stigmatised also includes steering clear of the social security office where emergency aid as well as free of charge economic counselling is generally available. Most of the informants are persons who are employed at the time they enter *'stage two'*, and some of them may still have property. Therefore, walking into such offices represents a true barrier; it is simply humiliating. But sometimes it is the only way out. The following is a typical statement:

> *"I applied for assistance once and got it once. It was the worst of experiences, and I shall never do it again .. I felt so small. I'm a proud person; I used to stand on my own feet." [5]*

Although the strategies to avoid stigmatisation are widely used at *'stage two'*, about a quarter of the sample does not seem to take such steps. This is not the same as flagging the financial problems to everyone. But some of them do not find stigmatisation to be their biggest concern; they may have friends that are equally bad off, or operate in social environments where financial difficulties is not stigmatic, or may simply have stopped worrying about other people's opinions. As one of them puts it:

> *"The bankruptcy was in the newspaper for everyone to see. My father knew it long before that because I asked him for money every now and then .. I have never done much to hide my problems. On the contrary, I have often called up my customers and asked them for advance payments." [45]*

As shall be shown in the next chapter, letting *'life world'* relationships in on one's financial difficulties is often hard and in fact something that not everybody do — neither at *'stage two'* nor later. Still, asking family and friends for help is often a necessary coping strategy at *'stage two'*. Sometimes, the support is substantial, as in one case where the informant was able to reduce his debts after he got the advancement of inheritance he asked for. But as a rule, the economic assistance from friends and relatives is modest. It probably has to do with the fact that those who actually have affluent and supportive networks tend to fence off serious debt problems at a much earlier stage in the process. As for the informants who reached *'stage two'*, the typical helping hand from members of *'life world'* networks seems to be small amounts of money, private loans of modest magnitude and gifts like clothes and food to keep the default-debtor going from one day to the next. As one of them tells:

> *"My parents have helped me a lot. They have borrowed me money and paid vacations. They even gave me one of their cars as a gift. I have a doctor's certificate confirming that I must have a car." [75]*

Equally important, in close relationships money also go in the opposite direction; i.e. from the default-debtors to friends and relatives. This is a point that shall be further contextualised in chapter 7. For now, let it suffice to say that these are coping strategies that are motivated by strong moral commitments. In rare cases, the receiving end may in fact be the local bank. But more typically, this is about personal loans from friends and relatives. Such debit items may be small or large sums of money, depending on the network. Says a former self-employed who is reluctant to talk about it because the repayment was done behind everybody's back shortly before the business went bankrupt:

> *"We borrowed one million from a friend to solve a huge problem. To put out the fire if you know what I mean? He knew about our problems and we prioritised to pay him back. He was the only one who was repaid in full." [41]*

The moral commitment is at least as strong when family members are involved. The convenience store manager, for instance, hung on to his job for too long. Each month the deficit increased and accumulated way beyond his capacity to pay back. He hesitated to quit because he would then most likely get a less paid job — which of course would make his situation even worse. But there was another reason as well:

> *"As a commissioner I operated on a bank guarantee, which again was guaranteed by my mother. So I thought: I have to pay the debt, or else it will be covered by the bank guarantee. And then the bank will turn to my mother who may have to sell her flat. It was a nightmare." [65]*

As *‘stage two’* comes to a close and the default-debtors are taken into *‘stage three’*, moral commitments become an even more pronounced motive in coping behaviour.

5.4.3. *STAGE TWO: BRIEF SUMMARY*

At *‘stage two’,* the severity of the situation is explicitly acknowledged after a series of breathtaking events. From then on the default-debtors put up a defence that is partly embedded in economic rationality and partly founded in social orientations. As for the first, the steps taken range from increasing the incomes by finding new jobs, extra jobs or working overtime, to reducing the debt loads through savings, refinancing and sales of homes, cars, etc. There are also talks and negotiations with the creditor side. Besides, all informants actively try to reduce consumption and other expenditures. As for the social orientation, there is a continuation of the *‘ostrich’* and ‘*card is played’* approaches. Furthermore, there is extended use of support from family and friends, and efforts to protect family funding and repay debts to ‘*life world’* relations. In addition, *‘stage two’* is strongly marked by behaviour aiming at avoiding stigmatisation by not opening the mail, not turning up in court, quitting jobs, running away from the problems and avoiding social security services like emergency aid and economic counselling. As a result, the financial difficulties continue to aggravate.

5.5. STAGE THREE: REORIENTING TOWARDS NEW IDENTITIES

Even though *‘stage two’* is a period where a wide array of coping strategies are implemented, all of these efforts end in financial disaster; in fact, the problems aggravate instead of being solved. Just like the passage from *‘stage one’* to *‘stage two’*, the transition into *‘stage three’* is typically acknowledged by the default-debtors after an eye-opening event or series of incidents. If possible, these *‘rites de passages’* are even more dramatic and traumatic than the ones that took place earlier in the process; this is when it is realised that the battle is lost, and with it the social project and everything that has been accomplished so far in their socio-economic careers. The *‘life world’,* as the default-debtors used to know it, is reduced to rubble.

A few illustrations should account for the stakes involved. The convenience store manager just cited, for instance, finally found himself in a complete calamity:

> *“I had debts everywhere. I was lagging behind with the mortgages as well as my professional debts. I tried my best to avoid it, but in the end the bank took the flat and carried out a forced sale. It was so humiliating, especially since I was the leader of the owners’ committee. Everybody had access to all details .. Then the tax authorities began bankruptcy proceedings because I couldn’t manage my professional debts.*

> *Although I still had some time left in my job as a commissioner, I had to leave my job the very same day .. About the time it happened I had an accident and was hospitalised and had to go through a number of operations. As you can see, I'm currently one hundred percent unfit for employment." [65]*

The only strike of luck he had is that the deficit in the shop eventually turned out to be modest enough to avoid having his mother's flat on the market. But a restaurant owner was not anywhere near this kind of luck:

> *"My father and aunt had both guaranteed for my business debts, as I had done myself with my private property. When I was made bankrupt my father had to sell the house and move to a retirement home. It was tragic. He didn't speak to me for years. My aunt had to sell her house and move to a retirement home, too. My own house went on a forced sale. Everything was lost. My marriage broke, and my wife and child moved to another town." [32]*

As for himself, he spent the coming years as a wage-earner in several restaurants and catering companies. For one year he lived in a caravan. A third informant nearly ended up the same way:

> *"We had a small house, a kind of a small farm. It was subjected to a forced sale. I moved into an empty house nearby, but my wife took the children and moved out of town. She couldn't stand the thought of going on living in the same neighbourhood, it was too humiliating .. As for myself, I tried to come and go unnoticed. Living in the empty house was a kind of an undercover situation .. In the mornings and evenings I returned to our farm house to feed the cat and my daughter's horse. I sat down with the animals and cried". [94]*

In the darkest of moments, the informant finally had some luck. As it turned out, his neighbour managed to buy the house. As a consequence, the family could move back in again, but this time as tenants.

Not all of the informants have equally dramatic transitions into *'stage three'*. For instance, in one case psychological treatment becomes the starting point. Four others put and end to *'stage two'* by getting a job. Yet another becomes a student. But common to all of them is that these events become markers of a new era; from this point onwards they all realise that they have lost the lives they had and that they now must reorient to build a new social identity.

5.5.1. THE PRINCIPAL ROUTES OF STAGE THREE

As the informants transcend into *'stage three'*, three general features of the situation seem important. Firstly, they have struggled with financial problems for years on end, and been more or less "washed" through the system to become experts of their own cases. Secondly, the unmanageable debt is still there, and it does not go away. Thirdly, there is a certain sense of permanency about the new position; for unlike the status as unemployed, which is by definition temporary, *'stage three'* is an open-ended situation that has the potential to last for the rest of the life.

Being forced to cope under such prospects, the institutional setting offers three principal routes to go by. The first is to redefine the situation and take on a different, more dignified social status. This is a typical solution for many of the marginalised unemployed, who eventually leave the work force on grounds of failed health to receive disability benefits rather than social welfare. None of the informants in the sample have gone down this road. But if they had, it would perhaps have made it easier to explain the economic situation to others, but it would not be a complete transition since nobody can leave unpaid debts like an unemployed may leave the work force. The default-debtor label would simply not go away.

The second route is to acknowledge the situation, park the debt load and leave it as it is. This is in fact the initial starting point for everyone who reaches *'stage three'*; the economic situation is hopeless but life must go on. The following view is typical:

> *"I simply parked the debt. It's a question of survival. I can't pay it anyway, even if I tried." [5]*

The route implies that the default-debtors do not service the loan agreements any more, although some of them may give in to pressure and pay some to the creditors at irregular intervals. Instead, they seek protection under the legislative system described in chapter 1.3.2. From a default-debtor point of view, the advantage is that the rules of the game are known to them and that that they are entitled to keep a certain amount of their incomes. On the negative side are the constant charges that are routinely made against their economy and the risk to have too much money withdrawn from their bank accounts. A much more serious implication of parking large debt loads is that their volumes accelerate; wage deductions are in any case too low to prevent that from happening. During *'stage three'*, and for as long as the debt is parked, the financial situation continues to aggravate to hitherto unseen proportions. It becomes unreal:

> *"I don't panic no more. It's nothing but numbers. Out of this world. I can't pay any more than they take off my wages, so I give a shit .. It's hopeless, anyway." [45]*

Yet another implication is that under such circumstances it is practically impossible to own property or any other assets of substantial value. As shall be demonstrated in the next chapter, non-ownership may be real or fictional in the sense that values may be accumulated in somebody else's name. The situation is experienced as more or less painful. Some simply accepts it as a part of their new lives. As a wage-earner puts it:

> *"I knew that the creditors couldn't harm me much, but I also realised I couldn't own anything. Seen that way, as long as I didn't own anything I felt safe." [90]*

Others obviously find it harder. A former self-employed, now a high-income wage-earner, does not dare to accumulate assets even in the name of his new partner:

> *"I don't dare to own anything. That's the real disadvantage by being a default-debtor: you've got a record, you know, and you can't own a car or a home. I could of course have taken a chance, but I don't because it would break my self-reliance if I built up assets only to loose it — again. So my partner owns the car and we rent a flat." [5]*

The third route to follow during *'stage three'* is a debt settlement. As pointed out in chapter 1.3.2, this is in fact the only way in which accelerating debts, persistent creditors and exclusion from building up assets can be put an end to once and for all. However, there is every reason to underline that it takes time to reach the point where the Debt Settlement Act actually becomes an option. As drawn attention to in chapter 1.3.2, debt settlements are intended as a way out of extreme over-indebtedness. Also, it takes a *'stage three'* transition to realise the severity of the situation, accept the identity as a default-debtor and decide to contact the authorities for help. Hence, none of our informants have coped with debt problems for less than five years, and at the time of the interview only half of them had obtained a debt settlement. Still, as shall be documented in this as well as subsequent chapters, the solution is not embraced by all default-debtors as it is subjected to strategic and moral considerations.

The three principal routes of *'stage three'* — redefinition, parking of debts and debt settlement — make up the institutional framework into which the default-debtors have to fit their coping behaviour. Again, rational economic action as well as social orientations can be identified. But beyond that, *'stage three'* appears to be a quite different world compared to the two former phases.

5.5.2. THE SOCIAL EMBEDDEDNESS OF RATIONAL ECONOMIC ACTION

The new *'stage three'* situation is marked by a distinct change in coping patterns; some strategies loose their relevance and disappear while new ones are added to the repertoire. In particular, with one exception none of the informants have belongings to sell to the benefit of the creditors, only one is able to refinance the debt portfolio, and nobody but one still has savings to be used for debt reductions. And needless to say, none of the self-employed have any longer a firm to wind up. On the other hand, labour market related activities continue to be important, as indicated by the fact that as many as half of the informants report to have changed jobs or worked extensively overtime since they passed into *'stage three'* — some of which is undeclared work.

However, the fundamental change in coping behaviour follows from the realisation that there is no longer any point in serving the interests of the creditors as everything is already lost and the default-debtors are left with debt loads that can never be repaid. As a consequence, their market appearances are directed towards building up *new* identities; the motive for acting on markets simply changes, and the social embeddedness of rational economic action becomes more distinct than ever. Also, the coping patterns slide further away from what is expected from the creditor side.

Outwardly, many of the things the default-debtors seem to be by the book. For instance, those who have not already cut their budgets to the bone one must do it now. Obviously, some of them even go through periods with too little money for food. In many cases, the reliance on day-to-day support from family members and friends becomes increasingly important. Moreover, the default-debtors systematically try to save in on daily expenses in a number of ways, varying from making a budget, to minimising one's social activities, to sharing a flat and hence the housing expenses with a friend. But these are all efforts that are no longer intended to free money for the creditors. Instead, the default-debtors try to protect their new social projects by drawing directly on their *'stage two'* experiences. To illustrate, some of them have painfully learnt that it may be risky to have money in the bank. Says a woman:

> *"The bank had done a mistake and allowed a money collection company to take too much off my account. I hardly had enough left for food. I went to the bank and cried. At first they were just rude and refused to correct the mistake. I made them contact the enforcement officer. I finally got some of the money back." [64]*

As pointed out in chapter 1.3.2, the mechanism behind such mistakes may be the lack of coordination between the various enforcement officers. Overdrafts may therefore take place from time to time, and it is often up to the default-debtor to correct it:

> *"It is a full time job to manage those claims, you know. It is not simple .. You start getting these letters in your mailbox, and then the wage deductions are implemented. Then you have to document your expenses and argue to be left with enough to survive. I have kept on doing this for fifteen years." [63]*

Several of the informants have similar experiences. The result is a slide towards cash economy. A former self-employed has embarked on an envelope system:

> *"Based on my net monthly salary I prioritise the house rent and the telephone and energy bills. After having paid this, I take out what we need for food in cash. I divide the cash in envelopes and mark them week one, week two, three and four. Then I'm sure there's money for food whatever happens. I don't want to have this kind of money in the bank because I run the risk of having somebody taking them. I have already seen that happen, you know." [94]*

The same kind of logic operates in relation to wages. As already pointed out, many of the informants try to find better paid jobs or to work overtime. If they cannot have the extra money undeclared, it is of course registered as regular, increased income, some of which is likely to end up with the creditors. This is the point of departure for the implementation of various smokescreen strategies. One of the informants takes it to the extremes as he works as a consultant through his own company, but canalises most of the firm's incomes to an account that formally belongs to a relative who has emigrated and is no longer liable to pay tax. Needless to say, such trickery presupposes detailed knowledge about laws, regulations and bureaucratic routines — and the nerve to actually go through with it. A more common way is to participate in networks where services are exchanged or paid for under the table. One of the informants explains:

> *"Veteran cars? Oh, yes, I have a few of those. I fix them, drive a bit around, swap some, sell some, and buy some. I know the trade, so I make a profit .. I don't have much money, but I can do things, trade services .. I got a motorbike and a car through exchange .. There was a lawyer who needed a new motor in his car so I provided him with one. And in return, he did some paperwork for me, sorted out my debts and helped me on to a debt settlement. We are both happy." [63]*

Also the regular incomes are protected whenever possible. The informant goes on:

> *"My former employer offered me a pay rise. What the hell, I don't want it!! Then I have to calculate everything again, subsistence levels and then the tax authorities and a whole lot of shit. Buy me something in-*

> *stead, like a travel or something, under the table. But leave my wages alone." [63]*

Two other informants speculate in the fact that each time they change jobs it takes some months until the money collection routines catch up with them and wage deductions are once again in place. Meanwhile they get some breathing space.

As for all the debts that are still there, seven of the informants report that they have tried to negotiate it once and for all — three of them through a lawyer. Two have in fact obtained positive results and one of them have even managed to avoid accumulating interests. But the typical outcome is negative:

> *"I really feel I have offered a compromise to the benefit of all parties, but they refused. Then I tried a debt settlement, but again they refused. So, well, I don't want to make any more fuss about it. I've done what's in my power .. No more waste of time." [23]*

More significant than the result is the attitude that he expresses; if the creditors refuse to cooperate it is their own problem. He intends to go on with his new life either way. The view is shared by many of the informants. A manager in a large company does not want a debt settlement because he finds it humiliating to a man in his position. Instead, he wants a negotiated solution. He plans revenge if it fails:

> *"I have offered a deal. All but the largest of my creditors have accepted .. The alternative is a forced debt settlement .. I don't want it, but I will consider it if future negotiations break down. But in that case I'll change jobs. No point in having such a stressful job and not getting anything back. I'm serious.. They'll get much less that way." [5]*

In case of severe debt problems it is of course economically rational to apply for a debt settlement. During *'stage three'* seventeen of the twenty informants have tried to negotiate one. When the interviews took place, only ten of them actually lived under such a regime. The remaining ten either had an application in progress, or had had their propositions turned down, or was against the idea of a debt settlement altogether.

5.5.3. STAGE THREE SOCIAL ORIENTATION

At *'stage three'* some socially embedded strategies obviously loose their significance. Among these are of course the *'ostrich'* and *'card is played'* approaches; it makes no longer sense to hide away from the problems or to frantically hang on to social identities that are unsustainable and in fact given up. Also, efforts to avoid stigmatisation diminish in strength; the damage is already done. But as shall be shown in the next chapter, there are still some areas where many of the default-debtors want to conceal their debt problems. In as much as that is the case, there is a continuation of some familiar *'stage two'* strategies. The following quotation is illustrative:

> *"When I find bills in my mailbox I couldn't care less, you know. I sort out the important bills and pay them with a smile. As for the rest of them, I must confess, I recognise the envelopes and leave them unopened. I throw them in the dustbin. I know that I loose information that way, but I simply can't take it. Such letters just take me down." [94]*

Another way of handling it is to make a distinction between open and closed arenas. The strategy is illustrated by a woman who often finds herself short of money:

> *"I borrow from friends. It's hell — so humiliating. But it's the only way. I don't go to relatives, only friends. You know, people start gossiping. And I've got my pride, and my close friends know about my financial problems so it's easier to ask them." [1]*

A related strategy is to avoid opening up new arenas where one necessarily become exposed to the default-debtor label. This is enacted by two informants who spent much of *'stage three'* without applying for a debt settlement. As one of them puts it:

> *"It took many years until I applied. In the beginning, my creditors were not coordinated. I got work and after a year one of them established a modest wage deduction. I could live with that. But then the tax authorities wanted twenty percent of my wages and money disappeared from my bank account. So I finally had to face it." [28]*

At *'stage three'* social orientations are also marked by a pronounced need to observe certain moral commitments towards oneself and one's close family. Indeed, surviving as a default-debtor presupposes to take care of one's own well-being. One of the informants does this by trying to uphold a certain dignity and affiliation with bygone days by eating out:

> *"Yes, I do allow myself to have dinner at a restaurant and spend some money in that way. It's something to look forward to, you know. Each month when I get my salary I do it." [1]*

Another goes abroad once a year, thereby killing two birds with one stone:

> *"My daughter studies abroad, so once a year I prioritise to go visiting her. I put aside a certain amount of money each month. Like that I get exactly what I need for the travel and stay." [63]*

Concern for the children is a recurrent issue in the interviews. At *'stage three'* the default-debtors must accept fundamental changes in their life situations including the loss of property, new neighbourhoods, scarcity of money and perhaps broken marriages. Such events clearly affect the children and causes pain:

> *"I get such a guilty conscience when I think of the children because they always ask: why do we have it this way when everybody else has it that way .. It's tough, really." [32]*

It becomes urgent to try and protect the children from the consequences as much as possible. Says one informant:

> *"There are children around, and that's where the problems start as far as I'm concerned. That's the only thing I really care about. I've tried my best to prioritise the use of money to minimise the effects my debt problems have on the family." [80]*

This can be done in several ways. One is of course to pay for the children's need for clothes, outfit and leisure time activities with money that should have been used to the benefit of the creditors. Another is to utilise one's personal network to ensure that they have more or less the same facilities and life chances as other children in their social environment. The same informant goes on:

> *"My children suffer with me. They see I come nowhere. But materialistically they have not suffered much, really .. We have had access to certain facilities such as a family cottage, so they have not had the feeling of total deprivation. Children are not so interested in who owns what, the important thing is access." [80]*

A related issue is the children's economic future; *'stage three'* default-debtors have not only lost everything, but they are still heavily over-indebted. Hence, they have few possibilities to save up for their children's future to support such needs as a driver's licence, higher education or first home purchases. Moreover, some of them have prospects to inherit money or property — values that easily can fall into the hands of their creditors. In such cases there is a compelling need to do something:

> *"I've had a lawyer to look into it. Eventually, I will inherit my father and I'll try to prevent those values from being confiscated. Since I have an heir, a son, I think it is important to make sure he gets it." [45]*

Another informant has apparently already found a working solution:

> *"My family is a little worried. But if you have a good lawyer everything is possible. I simply decided I don't need that money. So no problem. My children get it." [63]*

5.5.4. STAGE THREE: BRIEF SUMMARY

The principal *'stage three'* route is to park the debt — i.e. simply leaving it as it is. The result is devastating in as much as the debt situation is concerned; the credit volumes accelerate and the creditors continue to make charges against the default-debtors' economy. Coping behaviour is generally based on the fact that everything is lost. The recognition is triggered by rather dramatic and traumatic events, after which the focus shifts from defending a previous lifestyle to building up a new identity. Although the informants continue to act according to an economic rationality, it now becomes very clear that it serves a distinct social purpose. Indeed, coping strategies are no longer performed to the benefit of the creditors. Instead, the informants are occupied with fighting for their right to keep enough means for subsistence, implementing a cash economy to make sure the creditors cannot get to their money, and putting up various smokescreen activities like changing jobs to avoid money collection for a while, establishing ways of having undeclared incomes, and participating in informal supply networks to enrich the material standard as well as their social lives. Also, they engage in extrajudicial negotiations with the creditors as well as taking steps to obtain a debt settlement. As for the non-market behaviour, avoiding stigmatisation by not opening mail and avoiding uncomfortable social arenas is still prominent. Besides, the informants make a point of taking care of themselves and the children by spending money on their social lives rather than on creditor claims.

5.6. EXCEPTIONS FROM THE MAINSTREAM INTERPRETATIONS

The three-stage debt problem process described in this chapter is a general pattern from which there could be important exceptions. The twenty informants considered in the analysis are of course too few to account for the full range of coping behaviour. Still, the data suggest the existence of two types of deviances from the general pattern: a two-stage process and a *'stage three only'* situation.

As for the first of these, it does of course not refer to cases that have not yet reached *'stage three'*; all of the informants in the sample have developed advanced debt problems. Rather, the two-stage type refers to processes marked by an absence of *'stage one'*. These are instances where the debt problems strike out of the blue and create a severe crisis more or less overnight. Such shocking experiences take the default-debtor directly to *'stage two'*. One of the cases is caused by a sudden collapse in specific trades. To illustrate, in the late 1980'ies one of the informants had established himself in the boat building industry:

> *"The market just cracked. I sold the first three boats faster than I could build them, but then it was full stop. It all happened very quickly. First the famous stock market crash in New York followed by the Norwegian downfall a week or so later, then no sales .. That was it. I spent the next two years trying to delimit the damage, and then I just threw in the towel." [80]*

Obviously, there is no *'stage one'* in which the problems accumulate; instead, there is a blast and the informant knows right away that he is in serious trouble. A similar experience is shared by another of the interviewees, only that it is triggered by a different type of event: alleged fraud. A year before he had bought himself into a firm that he eventually took over when his partner became a pensioner. Even though he had gone through the accounts, some months later he got a surprise-letter from the tax authorities:

> *"I was cheated. It turned out that my partner had not paid VAT for quite some time. Instead, he had spent the money. When the bill came I tried to find a way out of it, but it soon became clear that it was impossible." [8]*

Needless to say, the bad news took him straight to *'stage two'* and the struggle to try to save the firm and defend his lifestyle.

The second type of deviance from the mainstream pattern involves processes with no detectable stages. It does not necessarily mean that there was no initial phase where the debt load accumulated. But it implies that any such accumulation is not very significant as the informants do not make a point of it. Indeed, there is no identification of events that mark neither a realisation of being in real trouble nor a recognition of having lost everything to become somebody who do not pay bills. Instead, these are accounts marked by distinguished default-debtor identities right from the start.

The two interviews falling into this category represent, however, quite different social types. One of them is a young family man with periodically unstable income due to low education and a marginalised position on the labour market. He seems to have been somewhat short of money ever since he left school and started to work at a youth club. Still, it seems like the household has had a reasonable amount of capital to defend advances in the housing market. But he is not a clever planner; for instance, when his wife started a business it came as a surprise that they lost the cash benefit for parents who stay at home with children under three years of age. Adding to this, there are no economic buffers. Instead, he has been liable to over-consumption by the help of credit cards, ending up using them even for mortgages and instalments on a car loan:

> *"Yes, the credit cards. Yes. I used them to pull through some problems because things had gone a little wrong. I had control, you know. But then I got some unexpected bills. The hot water tank collapsed, there was a roof leakage .. And I used the cards when I was broke. It's easy. You have money even when you're broke .. I didn't party the money away, and I didn't spend them on vacations. But we needed things for the house. A sofa, some paint .. And a lot of small purchases, buying things we wanted but couldn't really afford ,. Sometimes I feel like a non-paying passenger." [86]*

A characteristic feature of his economic dispositions is that they are thoroughly embedded in a youthful and perhaps immature attitude that everything will be all right in the end; hence, in spite of the non-paying passenger feeling he does not seem to worry too much about the situation. From time to time he pulls himself together to regain control over the economy, but soon he is at it again taking up more consumption debts and falling behind with bills. It is simply a way of life — a routinised way of running the family's economy that could be rooted in his upbringing:

> *"Actually, I have always been against credit cards. I was raised to avoid them .. My mother had several cards when I was little, and she says she regrets it so much. Not that she had payment problems. But she ended up paying instalments on credit card debts instead of saving up some money to establish a more affluent economic situation." [86]*

The other informant whose story lacks the notion of stages is more extreme. Growing up with an aunt he never finished school but earned a living taking on odd jobs from an early age onwards. Unlike the previous case, he never owned a flat or kept a steady job over longer periods. Instead, his life was marked by partying, gambling and light drug abuse for nearly twenty years. Although he insists on always having intended to keep loan agreements, he soon developed a talent for accumulating huge amounts of consumer debts from a number of banks and financial organisations. The following story is typical:

> *"It was surprisingly easy during the mid-eighties. I remember once I went to a bank to borrow a larger sum of money. I had an appointment with the manager. While I was sitting there, a father whose son had borrowed money in the bank called. The son couldn't pay the instalments. The bank manager told the father to talk to his son to make him pay. Afterwards, he turned to me, saying: can you understand people who borrow money without being able to pay them back? I remember I thought it was terrible. I got the loan and used it for gambling." [99]*

Besides financing his excessive lifestyle with gambling and consumer credit, he also specialised in getting money from cash dispensers. He distinguished between "kind" and "unkind" machines:

> *"Some ten years ago the cash dispenser technology was not so developed, and the machines were not always updated. There were some that I called "the kind ones". At particular times during the day you could get money out of them even though your bank account was overdrafted. One night I took a friend to one of them to show him how easy it was. I cashed a considerable sum of money. The next morning I went to the bank and put it back into the account. To avoid being charged with fraud." [99]*

Although he carefully observed certain borderlines, he developed a lifestyle that eventually demanded a secret telephone number. And just as he made a distinction between "kind" and "unkind" cash dispensers, he also learned to distinguish between "good" and "bad" creditors. As he explains:

> *"Once I worked off record for a small company. The manager was supposed to pay me by giving me a free weekend car. So he hired a car in my name, but never paid the bill. The rental company sent three torpedoes to get me. But in my neighbourhood there are two other persons with the same name as mine. The torpedoes picked the wrong guy, probably because I had a secret telephone number and the one they picked didn't. They threatened to kill him and the police got involved .. I learned to carefully choose my creditors. Avoid borrowing money from smaller firms. I stick to banks." [99]*

Basing his lifestyle for so many years on gambling and unwarranted consumer debts the identity as a default-debtor was more or less there from the very beginning. As such, he carefully managed his social reputation; very few persons were told the full truth about his economy. Also, he did not want his neighbours to know:

> *"Where I live the kids sometimes go through the garbage in the courtyard. And then they find letters. Creditor claims. I soon realised I couldn't just throw my letters in the dustbin. So I gambled on some horses, won some money and bought myself a shredder. I ran my letters through it for two years." [99]*

This is a type of default-debtor who balances between legal and criminal behaviour — and even beyond. The informant knows it very well:

> *"I'm not sitting here pretending I'm victimised by debts imposed on me by some external cause. I'm not the kind of default-debtor who lost the home because the interest rates went sky-high. There are many default-*

> *debtors who deserve a lot more sympathy than I do, to put it that way. I have behaved irresponsibly." [99]*

At the time of the interview he had nonetheless just started on a five year debt settlement. This is just the way it should be; as pointed out in chapter 1.3.2, the intention of the Act is to offer a solution even to those who have behaved irresponsibly in the past.

5.7. SUMMARY

This chapter has shown that coping with severe debt problems evolve through three distinct stages where the default-debtors act according to an economic rationality as well as a social orientation. During *'stage one'*, when the difficulties start to accumulate, the ethos is to stay calm and carry on life as usual — perhaps with some minor adjustments. At *'stage two'*, however, this is no longer possible as the problems have grown out of hand. Now, the ethos changes into one of defending the socio-economic achievements in order to return to *'status quo'*. The coping activity is high, as is the suffering and the tendency to hide and avoid stigmatising situations. However, in the end the loss has to be faced; behind them is a life in ruins and before them lies a life marked by uncertainty and insurmountable debts. This marks the transition into *'stage three'* where the identity as a default-debtor is taken on and a new orientation in economic life is taken onboard; a cheaper lifestyle must now be built up and defended.

While the difference between *'stage one'* and *'stage two'* is that the economic situation becomes explicitly recognised as a threat, the transition into *'stage three'* is in fact even more dramatic as it marks a fundamental change in attitudes and goals. From now on, the informants no longer see a point in serving the interests of the creditors. As they have lost everything and need to start all over again, the old debt commitments stand in their way. People who were once considered creditworthy and trustworthy now develop coping patterns that run counter to common interpretations of the repayment norm.

The data also give rise to identifying two types of deviations from the three-stage pattern. One is an absence of *'stage one'*. But as this only means that the informants have been thrown into the debt quagmire overnight, a two-stage process should be considered a variation rather than a violation of the main pattern. The second exception, however, is fundamentally different as *'stage two'* is lacking as well. This should be seen as a special type of coping behaviour, since such informants — implicitly or explicitly — seem to disregard the creditors from the very beginning.

6. THE IMPACT OF SOCIAL DIVISION

6.1. Introduction

In the previous chapter, three distinct stages in coping behaviour were identified. But even though such patterns are shared by most of the informants, the ways they handle the debt situation vary considerably. From an individualistic point of view, it could be argued that it is because individuals have different personalities. But in sociological terms, personal biographies and identities evolve in institutionalised settings (Bertaux and Delcroix 2000; Archer 2000a). This, of course, also includes economic careers.

The point of departure is the following observation from one of the informants:

> *"I know people living under debt settlements, with nice jobs, being best friends with the boss and everything. They surf through the five years, you know, they don't even notice that they have a debt settlement. They have a car through the company, and instead of ordinary wage increases they'll probably get a solid bonus when the five years are over and done with .. The welfare obviously depends on the state of affairs at the time of the establishment of the debt settlement." [80]*

The underlying assumption here is, of course, that differences in access to socio-economic resources systematically generate variations in living conditions among defaulters. If the informant is right, there is hardly any need to delimit the statement only to people who live under debt settlements as it would also apply to everyone else who struggle with escalating debt loads. As for the dynamics underlying such patterns, it generally makes sense to interpret access to socio-economic resources as representing specific opportunities enabling defaulters to cope in ways that people without such access cannot. Moreover, since serious debt problems arise in different layers of society, it follows that different status situations are at stake and that different resources would be called upon to defend them. As a consequence, debt problem careers may vary substantially depending on the defaulters' access to resources in a wide sense.

By focussing on the informants' routes into social downfalls, this chapter addresses the second of the research questions forwarded in section 2.6:

What — if any — is the impact of social division on coping behaviour?

The analysis is organised as follows. Firstly, a resource-oriented classification scheme is introduced. Next, based on this scheme the transition from *'stage one'* to *'stage three'* is described along three status dimensions; viz. the *'job situation'*, the *'housing situation'* and the wider *'social situation'*. Finally, based on these descriptions the final section of the chapter discusses the relationship between resources and coping behaviour.

6.2. CLASSIFYING SOCIAL DOWNFALLS

By introduction, sociological perspectives on social division cover a variety of stratification systems whereby certain assets, resources and valued goods are allocated among the population according to certain norms and rules. The distributed items in question are typically economic, political, cultural, social or honorific in kind. They also include access to civil rights and individual qualification such as knowledge, skills and formal education (Grusky 1994: 3-4). The importance of such processes lies not the least in the tendency for these *'capitals'* to accumulate in unequal combinations and quantities among the population, thereby instituting a range of social divisions that, in turn, impact overall living conditions, life chances and hence everyday interaction practises.

As for economic action, the basic sociological concepts are of course social *'class'* and *'status'*. Whether taking the Marxist stand — that classes are embedded in the system of production and reflect a fundamental opposition between owners and non-owners of production means (Østerberg 1995: 16-17) — or follow the Weberian approach — that classes emerge from inequalities of chances on markets (Weber [1922] 1978: 927) — the concept of *'class'* generally refers to systematic differences in the accessibility of a wide range of resources. These inequalities primarily follow from the fact that some positions in the work hierarchy are associated with higher rewards than others, and that individuals who are marginalised in the occupational system typically get much less than others. As a mechanism for resource allocation, class affiliation is therefore the very entrance ticket into standard package pursuits. In as much as that is the case, it is reasonable to tentatively speak of several ideal-typical standards for categories of people sharing the same life chances on markets — such as a middle class package (Riesman and Roseborough 1966 [1955]), a labour class variant and even a code for groups exposed to permanent economic deprivation.[19]

However, if class distinctions were solely about differences in economic well-being, variations across class divisions in areas such as educational preferences and consumption patterns would largely be explainable in terms of rational economic considerations (Bihagen 2001). It is important to realise that classes themselves are not communities. Instead, they typically provide the basis for *'status group'* formation. These are social entities whose members have in common distinguishing qualities like values, norms, tastes and consumption habits, and share ideas about such aspects of life as decency, honour, aspirations, and lifestyles (Hansen 1995: 15; Weber [1922] 1978). Indeed, as pointed out in chapter three, this is where package orientations are communicated and transferred as a learned skill. Following Elstad (1992), it should therefore be emphasised that any given income situation designate people to different socio-economic contexts that not only represent sets of material living conditions, but also inevitably engage people in wider social processes. As a consequence, class situations emerge as also incorporating arrays of cultural, social and symbolic capitals — referred to as within-class status differences (Weber [1922] 1978) or the socio-cultural dimension of class (Bourdieu 1994, 1985; Bihagen 2001; Hansen 1995).

Hence, in order to analyse the impact of social division on the way economic problems are coped with, there is a need for a classification scheme that takes into consideration a wide range of resources — i.e. economic as well as the socio-cultural implications of occupying different positions in the stratification system. It falls well beyond the frames for the study to design a conceptual apparatus specifically for this analysis. Instead, a classification scheme is used that was developed particularly for Norway by Hansen (1995). Put simply, it is largely based on Weber ([1922] 1978) and modern extensions of his theories on *'class'* and *'status groups'*— especially Parkin's (1979) notion of class-specific *'closure'* of access to coveted resources, Bourdieu's (1994; 1985) conception of economic, cultural, social and symbolic *'capitals',* and both writers' emphasis on individual level action as crucial to sustain and improve class positions over time. An important element in constructing the classifi-

[19] The approach has been applied in developing a budget-equivalent for households exposed to people at risk for poverty in Norway. Cf. (Borgeraas and Øybø 2003).

Table 6.1: A Typology of Occupational Classes in Norway.[a)]

Level	Occupational Class	Professions in the Data Set
Higher Classes	Managers, Executives Professionals, Higher Level Teachers, etc. Engineers, Administrators	Lawyers, High Level Teachers, Directors, Entrepreneurs
Middle Class	Medium Level Employers in the Private Sector Medium Level Employers in the Public Sector Small Firm Managers, Shop Keepers	Small Shop Owners, Restaurant Owners, Firm Owners, Economic Counsellors
Working Class	Lower Level Employees, Service Farmers etc. Skilled Workers Unskilled Workers	Lower Bank Employees, Factory Workers, Accountants, Taxi Drivers, Office Clerks, Hospital Workers, Fishermen, Sailors

[a)] From Hansen (1995: 96, 90-97).

cation scheme is that the resource situation is a variable as any set of *'capitals'* may vary in volume and composition across class divisions. For instance, whereas managers and executives typically score high on economic capital and lower on cultural capitals, it is normally the other way around for high-level teachers, artists and academics in many professions. The resulting scheme is shown in table 6.1 above where *'occupational class'* is not only a matter of job titles but also incorporates important socio-cultural aspects of the whole range of professions. When applied to statistical material it has proved useful in identifying class-specific patterns with respect to choice of education, choice of marriage partners and the relationship between class of origin and earnings later in life (Hansen 1995).

As for our data set, the twenty respondents give detailed information about the person's own as well as the parents' occupational careers. In addition, they offer descriptions about educational background, social networks and the nature of the jobs that other key family members hold or have held — all of which is helpful in a case-by-case assessment of positions in the stratification system. Based on this, a classification of cases can be done in two steps. In the first, each profession recorded in the interviews is allocated to the appropriate occupational class. The outcome is reported in the third column of table 6.1. In the second step each informant is classified according to his or her class of origin and the initial occupational class at *'stage one'* — i.e. as the debt problems start to accumulate. When these pieces of information are combined, the respondents may be grouped as shown in table 6.2 on the next page.

Since the position in the occupational system are fundamental to package pursuits, the grouping of the material in table 6.2 shall be used throughout the chapter to assess any changes brought about by enduring debt problems. The upper part of the table is made up by the six informants who, just like their parents, occupy working class positions at *'stage one'*. The five cases allocated to the lowest section of the table, on the other hand, are people whose initial background is working class, but who have obtained middle class positions at the time when their financial problems start. They are, in other words, the climbers in our data set. As opposed to both of these situations, the informants found in the middle sections of the table are characterised by an absence of working class affiliations; instead, they are middle or upper class people with middle or upper class backgrounds. Even though there are differences in package orientations and hence lifestyles, these nine cases are for simplicity discussed under the same heading as the most resourceful among the twenty informants.

Using the labels from table 6.1, the next three columns in table 6.2 give the more fine-grained occupational positions for each of the informants during their debt problem careers. There are, however some exceptions, the reason being that the transitions taking place in the default-debtors' lives not only are dramatic, but also sometimes exclude them from the work force. One of them is case 75 who is a housewife at *'stage one'*. Following common procedures in traditional class analysis, she is assigned to the working class based on her husband's position in the occupational system. This is not necessarily a good solution. But given the rich information about other aspects of her social and cultural identity, it is safe to do so here. Other exceptions include the unemployed and the sick. In principle, any permanent marginalisation or exclusion from the occupational system should be considered as cases of downward mobility. However, since practically none of the informants have been marginalised or excluded to the extent of absolute permanency at the time of the interview, they are in the following considered to be marginalised, but still holding the same occupational class as they did before they became unemployed, recipients of disability benefits or subjected to rehabilitation programmes. There is one exception, though, where the combination of receiving disability benefit and developing a lifestyle as a professional long-term social client seems to be a permanent. Case 64 is therefore treated as a shift of class positions into what is loosely labelled the underclass.

Table 6.2: Mobility in the Occupational System.

CASE	Initial Class[1] Parents	IP[2]	Position in the Occupational System at Various Stages: Stage 1	Stage 2	Stage 3	Mobility[3] Stage 1-3
90	W	W	Unskilled worker	Low Lev. employee	Low Lev. employee	
99	W	W	Odd Jobs	Odd Jobs	Unskilled worker	
86	W	W	Unskilled worker	Unskilled worker	Unskilled worker	
73	W	W	Low Lev. employee	Low Lev. employee	Rehabilitation	
75	W	W	Housewife/ Student	Low Lev. employee	Rehabilitation	
64	W	W	Unskilled worker	Disability Benefit	Disability benefit	C-
5	M	M	Small firm manager	Low Lev. employee	Manager	C+
80	M	M	Small firm manager	Small firm manager	Reduced work load	
65	M	M	Small firm manager	Small firm manager	Disability benefit	
1	H	H	Professional	Professional/ student	Professional	
48	H	H	Professional	Unemployed	Professional	
23	H	M	Small firm manager	Small firm manager	Small firm manager	
41	H	M	Small firm manager	Student	Med. Lev employee	
63	H	M	Small firm manager	Skilled worker	Skilled worker	C-
91	H	M	Med. Lev employee	Disability benefit	Rehabilitation	
94	W	M	Small firm manager	Professional	Manager	C+
45	W	M	Small firm manager	Unemployed	Low Lev. employee	C-
32	W	M	Small firm manager	Small firm manager	Skilled worker	C-
28	W	M	Small firm manager	Unemployed	Unskilled worker	C-
8	W	M	Small firm manager	Low Lev. employee	Rehabilitation	C-

[1] Class codes: W = working class; M = middle class; H = higher classes. Based on Nordli Hansen (1995).
[2] Interviewed person's position at stage 1.
[3] Interviewed person's mobility from stage 1 to 3: C = change of classes, up (+), down (-). Blanks indicate that no permanent crossing of class boundaries has taken place.

The last column of table 6.2 assesses the degree of social mobility from *'stage one'* to *'stage three'* of the debt problem career. In all twenty cases, the differences between the two points in time indicate that substantial changes in status have taken place. However, not all transitions are cases of downward mobility; some of the informants manage to hang on to the initial status or even improve it. Also, the changes taking place are not equally large although they all significantly impact the social status of the default-debtor. But in eight of the cases the transition is indeed striking as they involve trespassing class boundaries. In the table, these instances are marked by a *'C'*. Also, most of them are found in the bottom section of the table — i.e. among the climbers who not only have advanced in the occupational system before they ran into debt problems, but also have gone through a second shift in class positions by the time they reach *'stage three'*. This is symptomatic; without anticipating the course of events the most turbulent changes in social status along a wide range of dimensions take place among the climbers.

Even though the three positional strata in table 6.2 are embedded in class theory, the analysis to be undertaken is not a class analysis as such. Rather, the notion of *'class'* is used to signify broad, common denominators in package orientation and a context for economic action. In this sense, trespassing class boundaries represents large and fundamental changes in social reputation and lifestyles. But as indicated by table 6.2, enduring debt problems do not necessarily — not even typically— have that impact. The following sections of the chapter are therefore devoted to offering more fine-meshed descriptions of shifts in social status along three dimensions; viz. the *'job situation'*, the *'housing situation'* and the wider *'social situation'*. At the end of the chapter, the descriptions are brought together in a comprehensive discussion.

6.3. First Dimension: The Job Situation

Needless to say, having an income is crucial for any package pursuit — whether there are debt problems or not. Equally obvious, the most common source of income is work; being or becoming marginalised in the occupational system typically means less money, dependence on public support and higher exposition to deprivation processes because one's buffers to fence off a crisis are weaker. Hence, as has already been shown in the previous chapter, finding a new job or a better job is perhaps the single most important strategy when trying to bring debt problems under control. But work contracts are not only significant income-wise; having a job also gives access to a number of other resources such as social networks and *'in-kind'* fringe benefits. In addition, work positions are associated with honour and reputation, and therefore function as important elements in anybody's social identity and personal image.

The overall impression from the interviews is that nine of the informants succeed in holding on to their work positions — or even improving it. The remaining eleven find themselves in less attractive jobs at *'stage three'* as compared to *'stage one'*, or in rather marginalised situations. The following sections look at the impact of such processes in each of the occupational strata introduced in table 6.2.

6.3.1. Working Class Default-Debtors

Starting out with the six informants in the upper section of table 6.2, they share the attribute that they — just like their parents — hold working class positions in the occupational system at *'stage one'*. Also, all six have low or no education at all. In fact, two of them never completed the nine years' of compulsory schooling.[20] Only two of them have intermediary level education — which they accomplished through special arrangements for adults and by support from social security programs. Since none of them have marketable skills in high demand and in most cases are easy for employers to replace, they end up in segments of the labour market that are typically insecure and characterised by low salaries (Goldthorpe 2000: 213-217).

This is also reflected in their work careers in which instability and frequent job changes are characteristic. For instance, whereas one of them spent nearly twenty years doing miscellaneous manual work in all three Scandinavian countries, another did in fact not have a steady job until he finally realised he had to do something serious about his debt problems. Yet another spent many years in low-paid and unstable occupations such as assistant teacher for maladapted teenagers, seasonal worker on a relative's farm, vacuum cleaner salesman and warehouse worker. A fourth informant, who got pregnant as a teenager, hardly had any work until she got divorced, upon which she found herself unable to keep a job longer than just a few months. The remaining two have similar stories, but have run into additional problems due to bad health.

As a result, all six informants are left with limited resources to combat any crisis that may occur in their lives. Given their class background, this also includes few back-up possibilities from parents and other close relatives. In fact, during *'stage three'* only two of them seem to have received support of any substantial importance including smaller amounts of money and, in one case, a car to ease certain disadvantages fol-

[20] Ungdomsskolen: comprehensive school up to fifth form.

lowing from physical and psychological health problems. Moreover, none of these informants report to have drawn upon their parents' or relatives' networks when trying to get a job or establishing a workable plan for the future.

On the positive side, the changes taking place from *'stage one'* to *'stage three'* show that half of these informants have in fact managed to maintain or upgrade their positions in the occupational system. Whereas one of them went from a part time to a full time contract and also from manual industrial worker to shop assistant in a reputed firm, the two others went from successive temporary jobs to full time contracts as unskilled labour. In these cases, the income situation as well as their social images clearly improved during the debt problem period. This does not mean that their budgets went from minus to plus; their financial situation were far too serious for that. It did, however, make it easier to uphold their social identities. To illustrate, one of them presents himself throughout the interview as a trustworthy and competent worker. As he puts it:

> *"Having a job is very important to me as a person. If somebody give me a job, I take pride in doing it well; if my employers are satisfied, I am satisfied .. Being without a job has always made me depressed." [90]*

The remaining three cases are not that successful with respect to the job situation. They all have physical and psychological problems. As for one of them, she has received disability benefit and social security for many years already, and in fact crossed into the underclass as a social client during *'stage two'* — a situation that at the time of the interview had become permanent and a lever to obtain a disability benefit and eventually an old age pension. The two others participate in rehabilitation programs. But both of them are critical cases and could be candidates for additional slides down the stratification system in the future; whereas the likelihood for one of them to return to working life is undoubtedly slim, the other makes the following assessment:

> *"I have no current need for psychotherapy. I make progress, and I hope to be able to handle a part time job sometimes in the future." [73]*

Although work is undoubtedly important, the overall assessment is still that the changes taking place during the debt problem period are relatively modest in the sense that the improvements or marginalisation with respect to the work situation do not take them very far from their initial social statuses. The three marginalised persons have in fact been ridden by health problems most of their grown-up lives. This even goes for the one who actually crossed class boundaries; at the time she was working she occupied the lowest positions in the work organisation and was continuously supervised and supported by the social security apparatus in a number of ways. As for the three who improved their positions, the new jobs did not represent large shifts in social status; from random jobs to taxi driver, from warehouse worker to unskilled car mechanic, and probably the most significant improvement: from blue-collar worker in the industries to shop assistant. Still, they all end up in life situations marked by a constant shortage of money.

6.3.2. WORKING CLASS CLIMBERS

The five informants allocated to the lowest section of table 6.2 have all succeeded in obtaining middle class positions from a working class point of departure; indeed, they are all small firm managers at the time when the financial problems start building up. Another common feature is that all of them cross class boundaries once again as they reach *'stage three'* in the debt problem career. But beyond these similarities, there are significant differences with respect to key features such as education, job experiences and the nature of their businesses.

As opposed to the working class defaulters, all of these climbers have at least intermediary level education. Hence, they all have marketable skills to offer employers; whereas four of them have taken vocationally oriented exams qualifying them to work as cooks, accountants and technicians, the fifth has a university level education. Formal education is of course an important resource in building up professional careers; this is what enabled them to cross class boundaries in the first place, and is what they draw upon to combat debt problems and the prospects of being once more driven into working class positions in the occupational system.

None of these informants have a class background that encourages careers as self-employed managers of small firms, and in fact they all start out as wage-earners in working-class occupations. When they eventually establish their own businesses, the motive varies. Two of them simply find themselves out of work and see self-employment as the only alternative to unemployment. In two other cases, creating a business of their own appears to be more of a natural step as they quit their jobs in a planed manner to start a company in more or less the same profession. The fifth informant follows a commitment from his childhood:

> *"I grew up in an industrial area, and I've always had a strong desire not to become an industrial worker .. Working shifts, dust and heat in front of a melting furnace, not exactly a dream of a lifetime .. My father was a worker and an alcoholic and didn't care much about what I did. My mother died when I was sixteen. But her sister had put some money*

> *aside and said to everybody in the family that she would pay the first year of studies for anyone who went to the university. So I did." [94]*

These rough experiences are clearly the power engine behind a remarkable upward mobility; from good exams to work opportunities that eventually turned him into an expert in his field and a manager of his own reputed business. Later, when he had to give up his firm due to the recession in the late 1980'ies, he became a product manager in a high-tech company. During *'stage two'* of his debt problems, however, he had to quit this job because he was unable to concentrate on his responsibilities. Now facing the threat of loosing everything, he once again is motivated by his experiences as a child and young man, and finds himself a job as a project manager in an international firm — thereby consolidating his upward mobility into the higher classes. But it was not enough to solve his debt problems.

An important feature of this story is that the crossing of class boundaries is based on high education and professional skills. This is not true for the other cases. Put boldly, working as a cook in the merchant shipping fleet or being a technician does not necessarily mean one is fit to run a restaurant or a TV shop. As the latter puts it:

> *"I made a common, but fatal mistake. I started the shop with too little capital and too little experience .. I did a lot of stupid things and became more and more desperate." [28]*

The overall impression from these cases is that the changes in social status are substantial; with the exception of the one who continues his climb into the upper classes, the four other stories are instances of emphatic downfalls. Just as improvements in job positions is typically based on educational resources and acquired skills, so is stepping down; the restaurant owner becomes a wage earner cook again, the fish food expert finds employment in a supermarket department for fish products, the technician becomes a factory worker, and the accountant starts to work in a friend's accountancy firm. Still, they all enter marginalised positions in the labour market; short-lived work contracts, part-time jobs, prospects of unemployment and need for rehabilitation are cues that characterise their new job situation. As shall be demonstrated throughout the chapter, the result is devastating along a number of status dimensions. There are two main reasons for that. One is that small firm bankruptcies are substantial in terms of money. Secondly, such businesses are typically based on private assets, the implication being that whenever such a firm goes bankrupt the very existence of the household is jeopardised. As a consequence, a fundamental reorientation in package pursuits is extorted.

6.3.3. DEFAULT-DEBTORS FROM THE MIDDLE AND HIGHER CLASSES

Now turning to the nine informants who are middle or upper class people with middle or upper class backgrounds, yet another picture appears. In particular, seven of them sustain their class positions although the potential height of fall is obviously large. Even one of the two who cross class boundaries at *'stage three'* is an incidence of upward — not downward — mobility. But let us make no mistake; these are still cases of substantial losses of social status.

As for education all nine informants have formal qualifications at the intermediary level or higher; whereas two have vocational educations, four others hold university degrees. The remaining three have studied business economics and commerce at various levels. Moreover, as a strategy to come to grips with the debt problems, five of the nine have taken supplementary courses to strengthen their positions and increase their incomes. Since their family backgrounds include professions such as bank directors, managers, administrators, factory owners, teachers and lawyers, the drive towards education should not surprise us; as pointed out by Keller and Zavelloni (1964), education is a class-specific virtue and one of the most important vehicles by which middle and upper class families sustain their class positions across generations.

The interviews indicate that the greater presence of higher formal qualifications is a major reason why class positions are largely sustained in this group of defaulters; their education is generally in line with family traditions and expectations, and seems more relevant for the jobs they have chosen. Hence, as opposed to the working class climbers where all but one firm manager ended up in lower working class positions it is the other way around here: only one of the six self-employed suffered the same destiny. As for the three informants who are not small firm managers at *'stage one'* the relationship between education and the sustainability of class positions is even more evident; whereas two of them hold university degrees and have taken additional courses to stay competitive in pronounced intellectual professions, the third is a business school graduate that in spite of health problems may offer attractive qualifications on the labour market in the future.

A related resource of great potential impact is professional networks. Being well connected is for instance often helpful when it comes to getting a job. As for one of the informants, who had been drifting around for more than a year out of reach of his friends, colleagues and family, profits from this when he finally decides to do something about the situation:

> *"I saw six vacancies in the newspaper. I called a well-connected friend of mine. I said hi it's me. He said oh, it's you, I thought you were dead*

> *— let's meet. And we had a pint in a miserable pub, and I asked him if I could apply for one of those jobs. Of course you can! I did, and a former colleague of mine turned out to work there too. Good old days were back again! Then another friend of mine called and said they had an urgent need for somebody to do a job I used to do before — can you still do it? I had to borrow a tie, you know, I couldn't find my own."[48]*

The overall impression is that the middle- and upper class informants manage to defend their positions in the occupational system, thereby securing the means needed to at least reduce the potential gap between initial and new lifestyles. But as indicated by table 6.2 there are important variations to notice. Firstly, there is one case of upward mobility. Although he is undoubtedly well-connected, his achievements are first of all due to personal capacities; in spite of an incomplete business degree he manages to work himself up from a bankruptcy, via an ordinary wage-earner job, to become a manager in an international company. Secondly, there is one case of downward mobility. This informant initially belonged to the upper class, but unlike his brothers he took an interest in machines and technical practicalities. He decided to follow his heart and got himself a vocational education. When his firm went bankrupt he became a wage-earner in the same trade as his company, thereby finding himself at the end stop of a downward slide from the upper via the middle into the working class. In terms of actual work and lifestyles, however, the transition has in fact been more modest than the table suggests.

Finally, there are three informants who at *'stage three'* find themselves in a rather marginalised position. This is due to bad health; one collapsed after years of struggling with debts and marital problems, the other developed psychosomatic illness after interminable controversies with her parents since childhood, and the third was permanently injured in an accident. In spite of considerable difficulties at the time of the interview, the chances are reasonably high for all three of them to return to working life in the future.

6.4. SECOND DIMENSION: THE HOUSING SITUATION

Obviously, everybody needs a place to live — whether they have debt problems or not. But at the same time, homes and neighbourhoods are among the most visible and prestigious signs of social status. Indeed, among Norwegians homeownership has a particular standing as a coveted good and a goal in life; as an exceptionally high proportion of the population own their own homes, property is by far the most preferred object of saving, investment and self-realisation. However, financial difficulties typically mean that homes are lost and households relocated. This is also visible in our sample; whereas nineteen of the twenty informants were homeowners at *'stage one'* there are only six left at *'stage three'*. The following sections look at the degree to which default-debtors from different social classes have their housing situation turned upside down as part of financial problems, and how such processes affect their new lifestyles.

6.4.1. *Working Class Default-Debtors*

The high proportion of homeowners in Norway necessarily implies that homeownership is common among working class households. Although most of the six informants grew up in rented flats, five of them owned their own homes at *'stage one'* — including three villas, one terrace house and one flat. The sixth informant alternately lived in his mother's flat or in a rented place all through his debt problem career. Moreover, at *'stage one'* all six informants live in typical working class areas. In fact, none of them distinguish themselves with respect to type of property, choice of neighbourhood or extravagancy; these are simply "ordinary" housing situations.

This is not to say that their homeownerships — or lack thereof — are irrelevant to their debt problems; in one way or the other property is always a part of the economic equation, whether as a cause of the difficulties or as a means in coping strategies to reduce or even cross out severe deficits. For a start, two of the cases are classic examples of the impact of unfortunate market fluctuations. In the aftermath of the 1988—1994 downturn in the Norwegian economy, the first ended up having to sell the family's house at a loss as part of a divorce settlement. It affected her life fundamentally; the next six years she alternately stayed in her parents' home and a succession of rented flats. The second was also caught by the bad times, and got seriously overindebted when the flat was put on a forced sale. Like the former informant, she became a nomad often ending up in small lodgings. But when she some years later negotiated a debt settlement, the main creditor caught her by surprise:

> *"I went to the bank. At the time I had got myself a bed-sit where I didn't have to share the bathroom and kitchen with somebody else. I was happy with that. But the bank said I had to get a flat that was more expensive. I think they had sympathy for my difficult situation." [73]*

The advice could in fact also follow from experience; going successfully through a five years' debt settlement presupposes a reasonable place to live. In addition, the fact that she used to work in the very same bank nearly ten years ago may have had something to do with it — even though it now had merged into a larger consortium. Anyhow, at the time of the interview she was living on a tight budget but at least well situated in a small rented flat where she could lead a quiet life and even have guests if she wanted.

The third homeowner is an example of the opposite as he acts in times of rising prices and falling interest rates. He bought his first house at a relatively low price, and could a few years later sell it with a profit. He then went on to buy a new home and in the same operation refinanced his growing consumption debts. At the time of the interview, the family was comfortably settled in their new home but suffering from unstable incomes and — once again — continuously rising consumption debts.

The households' dependency on markets means that even defaulters may have their life situation changed fundamentally under economic upturns. The point is well illustrated by the fourth homeowner who in the early 1990'ies had had a substantial debt load inflicted upon him due to an unfortunate house sale. When he — well into *'stage three'* — married, his wife was in a position to own property and hence able to bring them into homeownership. Through connections they were given the opportunity to buy the flat they rented at a very favourable price. But after a while the marriage stranded. He explains:

> *"When we divorced, it was decided that I should keep the flat and buy her out .. The market value was now more than three times higher than the price we bought it for. So I contacted a lawyer and explained my case. While he negotiated with my old bank and made them an offer, I talked my new bank into refinancing the flat in my name and give me a loan that was below the market value but high enough to pay both my wife and the old bank. The lawyer made the transaction." [90]*

This way, the informant could kill three birds with one stone; he paid off his ex-wife, repaid the old debts and continued to live in the flat — only now as a homeowner for the second time in his life. This is the only defaulter in the sample who has managed to get out of the debt quagmire without a public debt settlement.

The fifth homeowner represents yet another type of process as she lost her flat as part of a substantial downfall into the underclass. Initially, she was made a homeowner through a combination of welfare programmes designed to help low-income people into stable living conditions including a reasonable place to live. As it turned out, she spent her scarce income on consumption and fell behind with the mortgages. In the end, the authorities refused any further support and demanded a forced sale. She came out of the process with a profit, but wasted it all during a few months. At the time of the interview, she had spent many years renting miscellaneous — and sometimes rather miserable — flats, during which she had also accumulated a considerable amount of consumption debts.

In spite of important variations across the six cases, a general pattern emerges as well. On the one hand, four of the five homeowners have suffered substantial losses at a certain point in time, and three of them are undoubtedly worse off at *'stage three'* than they were at *'stage one'*. On the other hand, these differences are toned down by the fact that they manage to hold on to accommodations in more or less the same geographical areas and types of neighbourhoods as before. Moreover, visiting their homes do not give the impression of utterly deprivation — perhaps with the exception of the one who ended up in the underclass and who insisted to be interviewed elsewhere than in her rented flat. As a consequence, they largely manage to preserve their social images and self-esteem in spite of their lost homeownerships and new status as tenants. The point is also underlined by the two informants who operate under rising market conditions; they clearly act to consolidate their housing situation rather than getting carried away with ambitions to move into more fashionable areas.

6.4.2. Working Class Climbers

As opposed to the previous category of defaulters, the five working class climbers are self-employed at *'stage one'*. As such, their homes play a different role in the development of debt problems as small firm managers typically use them as assets to support their businesses. In all but one case the climbers own villas at the time their businesses collapse. The fifth was once a homeowner, but when he divorced the house was taken over by his former wife. Hence, when he had to give up his firm more than a year later, he was a tenant. But even tenants may suffer downfalls with respect to the housing situation. As the shop — situated in a small town — goes bankrupt his life is in pieces. He decides to leave it all behind and escape the stigma by moving to Oslo where he arrives empty-handed. As he explains:

> *"Actually, I looked for my immigrant girlfriend .. But immigrants don't let white people into their families just like that. At the time when I arrived her younger brother had been thrown out of the household due to bad nerves and a drinking problem. So I could stay with him .. At that point in life I felt totally excluded — at the bottom of society .. But at least it felt good to have escaped my own problems ... They were refugees and had experienced war and death. It really wasn't easy. But after a year I got a job." [28]*

As for the four homeowners, two of the cases are particularly severe. One of them reacted more or less the same way as the informant just quoted and escaped to Oslo, but had the advantage that the house was in the name of his wife and therefore not part of the bankruptcy. She could therefore buy a flat and provide them with a fresh start — with the exception that the debts had to be left unattended. When they divorced some months later, the informant somehow managed to talk a bank into financing a house for him in spite of his bankruptcy debts. But he could not handle the mortgage, and the property was soon put on a forced sale. At the time he had a new partner and moved in with her. Eventually, they bought a house in her name. At this point, it almost looks as if the informant had regained major elements of his previous social status; besides living in a house with a wife and a new-born child, he worked in the same trade as he always had done — only now as a wage-earner. Unfortunately, it did not last for long; his new wife left him with the parenting rights to their strongly allergic son. After more than fifteen years of debt problems, he now suffers a heart attack. In this situation the son becomes something close to an asset:

> *"I have had long discussions with the State Housing Bank. Six months ago I was given a loan to refinance the house in my name. In spite of my old debts. The Norwegian State Housing Bank has a special role in society, you know .. There is a social aspect to it. My son is only six years old and periodically needs treatment for his allergy several times a day. His mother left him. And I am sixty." [8]*

The second severe case involves a bankruptcy that triggers forced sales of no less than three houses: his own, his father's and his aunt's. Also, the family broke up, and in the years to come he took on simple accommodation in the immediate vicinity of the countryside restaurants where he found work. He even spent one year in a caravan:

> *"It cost nearly as much as renting a small flat, but I didn't have money for the deposit .. So I stayed in that caravan for over a year among gypsies and other foreigners .. It was hard to explain to the children." [32]*

Later, in order to take on responsibility and provide some stability for his son who had run into trouble in school, he borrowed money for the deposit in the black market to get a proper place to stay. By doing that he inflicted upon himself not only a high, but also a dangerous type of monthly commitment. At the time of the interview he had changed addresses several times the last twelve months, and found his debt settlement application turned down because of his disorganised housing situation.

The two remaining cases in the *'climbers'* category are not quite as chaotic but still instances of severe downfalls in status. One of them managed to avoid a forced sale and sold the house himself, but saw nothing of the money as it went into the bankruptcy chasm. He then rented a small flat for his wife and himself. With only a few years left of his working life, he feels disillusioned as he has lost everything he has built up during a long career. The other lives as a tenant in the house he once bought because his neighbour — financially backed up by the informant's mother-in-law — took over the property when it was subjected to a forced sale, and then rented it back to him. Still, having successfully climbed into the upper classes, he feels uncomfortable about the situation:

> *"The two or three weeks we were without a home — between the bankruptcy and the day my neighbour bought the house — were the worst period in my life .. Now we are wondering if we may buy the place back somehow, maybe in the names of our children or something. We have already repaid my mother-in-law .. This is currently an unsettled and light-sensitive issue." [94]*

On the whole, the developments with respect to the housing situation are indeed turbulent among the climber informants. As they are thrown back into their class of origin at *'stage three'*, two of them hardly have a place to stay whereas the three others find themselves in rather vulnerable positions. The interviews clearly leave traces of critical and disgraceful housing situations. A major factor is of course that the debt loads in company bankruptcies are considerable. Also, the changes have taken place rapidly. A final characteristic to be noticed is that all but one of these informants not only have climbed in the occupational system, but also seem to have actively avoided returning to their social environments of origin. As shall be demonstrated below, shame may be a major explanation.

6.4.3. *DEFAULT-DEBTORS FROM THE MIDDLE AND HIGHER CLASSES*

As already noted, homeownership is a goal and a virtue among Norwegians. This is, of course, not the least true for members of the middle and upper classes. Hence, all nine informants with such backgrounds grew up in spacious, owned homes. As they themselves became economic actors and heads of households they continued to orientate towards the same kind of package; hence, all nine are homeowners at *'stage one'*, mostly villa owners but also holders of flats and terrace houses. At *'stage three'*, however, only two of them have managed to hold on to their properties. Additional two have kept their statuses through new partners.

One of the informants is very explicit about the importance of a home to her social identity. Her upper class background shows through when she tells about the home that she and her husband once owned:

> *"Well, it was my first home as a grown-up, so we invested a lot in it — we built it, we decorated it, all that. I in particular spent much time and*

> *money doing that .. It hurt a lot to loose it. I mean, loosing what is important in the Norwegian tradition: to create a home and a garden." [41]*

Loosing one's homeownership is no doubt traumatic to middle class people. Particularly two of the interviews are accounts of frantic fights for their homes; one in the courtrooms, the other by investing in an additional flat where he could live at cheaper costs while letting out the more expensive residence. Both strategies failed. Faced with unsustainable debt loads, complex creditor relations and, in one case, failing incomes, the properties were lost long before the defaulters came around to applying for a debt settlement. When they eventually did, both were compelled to adjust their housing expenditures to the level prescribed by the law. As a consequence, they have had to accept a substantial downfall in housing status. For instance, instead of owning two flats, one of them now shares a small rented place with a friend — which means that he at least has freed some money to pay for the medicines he now depends on. The other has mostly ended up renting a succession of bed-sits. Part of her problem is that she used to live in spacious places:

> *"I have lived everywhere. In a students' home, in bed-sits, in a microscopic place that was cheap because it was way out of town and nobody wanted to live there — not even me in the end. Twenty square metres .. You see, I have some pieces of furniture from the old days and have to pay for the storage. So I can only afford bed-sits. I feel like the woman in the film who had stored away her furniture because she could not afford a place to live. And then they wanted to take that too. And she pointed to her items behind the bars and said: But that's my home! It's my home in there!" [1]*

Still, loosing the home is not necessarily the outcome of severe debt problems. For instance, two of the defaulters have managed to keep their homeownerships through a debt settlement. In addition, social circumstances can have an impact. Hence, one of the informants kept his house partly because of the children whose divorced mother was sick and unable to take care of them. Similarly, the second had an extra argument because of her psychological problems. As a result, they continue to live in their own houses and have avoided suffering downfalls in that respect.

The remaining four respondents find themselves in even better positions. A major reason for that is that all of them have found new partners. This is a prerogative that has economic significance in a number of ways. Obviously, new partnerships mean to have someone to share the daily expenses with — including house rents. As a consequence, finding somebody to live with adds quality and facilities that otherwise would be out of reach. This is a major aspect of two of the cases. As one of them says:

> *"I rent sixty-five square metres. But I can live now! My new partner makes some money and together we make a good team. I have painted the flat. It's expensive, but I like doing things with my hands. The result is awesome." [48]*

The two others share the additional advantage of having substantial incomes at their disposal. For that reason, they do not seem to be deprived at all with respect to the housing situation. One of them rents a flat — not because he has to but because he does not dare to own property, not even in his partner's name. The other have chosen differently and enjoys homeownership through his new wife — a large villa with a pretty view. He is also an inventive person who manages to keep a substantial part of his income hidden from tax inspectors and creditors:

> *"We live in luxury. We have fixed the house, added on to it several times. Whitewashed money, invested, sold things with a profit .. We plan to sell the house and move to another country." [23]*

Obviously, the overall cue for these nine informants is diversity; on the one hand, they generally seem better off than their working class counterparts, and on the other hand some of them are clearly more comfortable with the housing situation than are the others. Still, it is important to emphasise that all nine suffer from being unable to live up to the expectations of their previous social standing. Indeed, even in the few instances where the current housing situation comes close to what they might have accomplished under normal conditions, the presence of unmanageable debt loads is detrimental.

6.5. Third Dimension: The Social Situation

Given the substantial changes in two of the most basic elements of any package pursuit — job careers and housing — the turn has come to take a closer look at the defaulters' social situation. The point of departure is that they are all forced out of their ordinary package pursuits at *'stage three'* and challenged with establishing new and cheaper lifestyles as defaulters. This means that even though they are not likely to be in equally bad situations, they have all suffered painful losses. But it also means that life goes on, and that they actually have to deal with the new everyday conditions. The question is in what ways their lifestyles are affected, and what the typical effects are in the three occupational strata.

6.5.1. WORKING CLASS DEFAULT-DEBTORS

As already pointed out, three of the working class respondents have been marginalised in the occupational system whereas the three others have defended their positions or even improved the situation some. As for the housing situation, the changes are again largest among the marginalised. Hence, it should be expected that the reshaping of everyday life is more far-reaching in these cases.

Starting out with the respondent who has crossed class boundaries and ended up in the underclass, the changes are substantial. From having a job and an income she is now receiving disability benefit — which is not enough to take her through the month because of her considerable consumption debts. Her solution has been to develop skills as a professional social client; a specialist of rules and rights, a collector of useful telephone numbers to municipality departments and lawyers, an expert of theatrical performances. Temporarily co-habiting with her daughter, who has also become a social client, she leads a hand-to-mouth existence and spends money apparently without quite knowing where they go — sometimes to the extent that there is a lack of food. But even a specialist can go too far:

> *"What a beautiful social security office!! And nice people working there, too. We got a lot of help from them .. As they [recently] found me a new flat in a different part of town, I was very sorry to move .. The new social security office refused to help me. Instead, my case was sent back and forth between the two offices for months. In the end, I was accused of fraud and told there would be a monthly deduction in my disability benefit." [64]*

As for the two other marginalised informants, they both live a quiet life with little money to spend. They also share the fact that they struggle with psychological problems. But a major difference in their life conditions is the fact that one of them has a debt settlement while the other has not. Coming out of a situation marked by loss of a home, attempts to commit suicide, years of psychotherapy and a succession of more or less dreary places to live, a debt settlement and a rented flat appear as major steps forward. She is not shameful of her debt problems any more as she regards them as caused by market conditions rather than her own mistaken acts. Embedded in a limited social network she has decided to lead a secluded life with only one main focus:

> *"Honestly speaking, I have no wish to change my situation until the debt settlement is completed. I have one thing on my mind, and that is to have my debts deleted after five years. Then I can start afresh." [73]*

The one without a debt settlement finds herself in a more unstable situation. She can currently not apply for a debt settlement because her last credit card purchase took place less than a year ago. She has lost her home, she is harassed by her former husband, and she has no job due to psychological setbacks. Her budget is very tight, and she can afford little else than fixed expenses. But thanks to her parents she has a car and occasional opportunities to go on vacations with the children. She also has a hobby that connects her to a wider network of people and enables her to travel to exhibitions and shows, but the activity must pay for itself through breeding and selling animals. An important feature of the situation is that her social radius of action is delimited by a constant worry about social reputation:

> *"During the months where my expenditures are low I try to save up for a rainy day. I also save in on food. It's always at the back of my mind that something in the house might break — something that I must have, the washing machine, for instance, the refrigerator, the stove, such things. Imagine that I'm in a shop buying a new stove and somebody handling my case saw me doing that! .. Or buying flowers — can she really afford that?.. I don't tell my neighbours about my situation, they don't know I'm victimised by debts. But I tell my close friends and family. This is psychologically tough and I need someone to talk to." [73]*

Such worries indicate that she is not at all comfortable with her identity as a default debtor. They also illustrate how quite ordinary acts become forbidden fruits in case of debt problems. The extent to which shame is part of economic life, a need for impression management arises. In this case, the informant solves the challenge by living a quiet life, perhaps avoiding a few situations for fear of being observed, and by carefully choosing who to let in on her financial difficulties.

But the three remaining working class informants are less cautious about managing streams of information. In that sense, they seem to have a more balanced social identity which makes it easier for them to cope with the financial difficulties. Besides, in a materialistic perspective they have avoided negative changes with respect to both the job and the housing situation and are as such in a stronger position to adopt strategies that minimise the effects of economic problems in everyday life. As a result, the way they cope with the debt problems — even at *'stage three'* — may be characterised as a continuation of previous lifestyles. As one of them explains:

> *"The debt was at the back of my mind all the time. It affected my well-being: I had a problem I couldn't solve .. But it didn't affect my lifestyle .. I had a job and I could […] live the way I've always done .. I continued to go to the pub. Perhaps I was a bit more depressed than before*

> *and needed somebody to talk to .. I told everyone about my debt problems if they asked — my wife, friends, colleagues, neighbours." [90]*

In this case, the main impact on everyday life is a constant torment from being unable to get out of his financial problems. Even though he continues to live as before, the psychological aspect of being a default-debtor is a real set-back that deteriorates his life quality. As a consequence, he is uncomfortable in his own company and needs more than ever to go to the pub. The second informant reacts much the same way. But in this case, obtaining a debt settlement has led to certain modifications of the lifestyle:

> *"I can't afford to play horses the way I used to. I have discovered that it is just as fun with smaller amounts of money .. I tell everyone who asks about my debt problems. I'm not ashamed. Of course, I have wasted a lot of money and partied away a lot of money and gambled away a lot of money. But that's no big deal. I mean, I didn't rape anyone; I just borrowed some money, so why not talk about it? [99]*

The same features generally apply to the third informant as well. To avoid further aggravation, he has got rid of his credit cards. As a consequence, it has become easier to resist temptation, but at the same time more difficult to finance unexpected needs, such as roof repairs and a hot water tank replacement. Also, there are certain things that they cannot afford, including child minding, holidays, bicycles for the whole family and visits to the amusement park with the children. Since they have just moved into a new area, their local network is modest. But the informant sometimes takes his wife for a Saturday afternoon pint and visits old friends once in a while. As for the identity as a default debtor he seems relatively unaffected by the debt load as it has been part of most of his grown-up life. However, he is a bit more cautious about talking about his financial problems to everyone. For instance, only one of his friends knows because:

> *"I don't like to tell people I have not known for a long time. I must trust them .. As for myself, I usually don't worry too much about things. But of course, sometimes I think about it .. If there's somebody who absolutely shouldn't know? My mother-in-law!" [86]*

As a general impression, these interviews leave little doubt that the budgets are tight and that it is difficult to live up to many of the social demands. Also, the psychological strain is a prominent feature of their new lives; whereas some of them cope with this by leading a secluded life, others actively use the public room to ease the anguish. Still, they seem to have adopted to the default-debtor situation by implementing necessary — but nevertheless — often undramatic adjustments to previous lifestyles;

indeed, most of them seem to be able to maintain their social networks from before the troubles started. The exception is the one who has stepped down into the underclass as a long-term social client; her lifestyle has of course changed fundamentally.

6.5.2. *Working Class Climbers*

It is among the climbers that the largest shifts in status are found so far. They are all former small-firm managers who have lost everything including their businesses and — with one exception — at least one house. Four of the five informants are back into the working class after having lost their middle class positions in the occupational system. During the downward slide all but one deliberately avoided the social environments they once came from. The fifth has managed to continue his upward mobility into the upper class, but under considerable strain. Such rises and falls in social status are likely to strongly affect the everyday lives of those involved.

In many ways, the changes in lifestyle seem the least for the informant who has more or less stayed put in his social environment. When he midway through his working life decided to leave the company he once worked in and start his own business, he stayed in the same trade and kept much of his social network. And when he in his late fifties went bankrupt, he sold his house and rented a small flat in the same geographical area. The bankruptcy came as a surprise to his friends. At the beginning, they started inviting for dinners and get-togethers, but as the default-debtor went into a depression it came to a halt. As a consequence, the network has become somewhat reduced, but is still there. At the time of the interview, the informant lives a secluded life, where TV-watching and a feeling of approaching retirement without future prospects dominate. His previous satisfaction of making money is gone, and along with it activities such as shopping and travelling and many of his hobbies. However, he has lately allowed himself a few CDs and a jazz club membership. Also, since bankruptcies are publicly announced he sees no point in hiding his new identity as a default debtor, even though reconciliation is never easy:

> *"It is psychologically hard. It doesn't show much on the outside, but on the inside I struggle .. In some people's eyes I know I have lost status. I'm quite sure about that. But in my own eyes I'm just the one I am .. I don't feel different or inferior in front of my friends." [45]*

The four other informants are not as relaxed about their new *'stage three'* identities. One of them, who is about the same age, lives an even more secluded life as he is currently out of work and has only a few friends to turn to for company. His six year old son's allergy takes up much of his time and all his money; in fact, the need for natural products to periodically replace ordinary medicines is one of the reasons why he does not have a debt settlement as some of his creditors refused to allow him to set aside money for that purpose. Everyday life centres on the son's demand for treatment, which involves a continuous development of skills and knowledge as well as hard work since the skin must be treated with special oils, herbs and baths up to several times a day. The evenings are typically spent alone in front of the PC:

> *"I surf on the internet. Sometimes a neighbour comes by for an evening coffee. But I mostly talk to people on the phone .. The year I was depressed I used to call the church relief service. I got nice and useful answers and you don't have to tell them your name. I was comfortable with that." [8]*

A core element in his everyday life is shame. When he went bankrupt he escaped stigmatisation by moving to Oslo. And when he some years later could not sustain his new homeownership he simply gave the keys to the creditors and left the scene. He cannot explain why he reacts like that. But he knows the feeling:

> *"I have learnt to take a beating .. I often compare my situation with the farmer who is out in the wood with his horse and loads one log after the other onto the sleigh, saying: if you can take this one you can take another one, too. In the end the horse is nearly dead. That's how I feel." [8]*

Shame is the common denominator in several of the other stories as well. In one of them, three homes and a marriage were lost. The informant tells how he during *'stage two'* started to loose his temper and self-respect and went mad at home, smashing window panes and other physical objects. At *'stage three'* he is a broken man:

> *"I am so angry with myself because I have ruined the lives for so many, you know, and it's a shame .. I feel very bad, especially in front of the children. And my wife — when we got divorced she tried to kill herself and everything .. Luckily, the stress at work is so intense that I have little time to indulge in it. And that is maybe why I work so hard." [32]*

One of the reasons for not having obtained a debt settlement is his difficulties in talking about personal — including financial — problems. He has been to a number of public services and always asked for his rights without being able to pass across a comprehensive account of his troubles; the interview was in fact one of the rare exceptions. Having tried for years to solve his debt problems, he now tries to get his family back on tracks; he has currently rented a flat large enough to house them all. A major motive is to give the son some stability as he is not doing well at school and keeps on running into trouble there. However, the informant does not see his wife so often since they both work shift and try to arrange the everyday routine in such a way that while the one works the other is at home for the son. In addition, the bad economy leads them both into accepting extensive overtime work. The result is no spare time, little time for the son and no time for each other.

As a social phenomenon, shame impacts social relationships in settings where the ashamed person falls short of complying with the ongoing standards. It follows that a way to avoid shame is simply to keep away from these settings. In that respect, moving to a different town may be a — drastic, but still: quite typical — solution. The point is particularly well illustrated by another informant who takes the strategy even a bit further as he does not only move to Oslo but also settles down in social surroundings where the standards of his pre *'stage one'* life are invalid:

> *"Arriving in Oslo I found myself among equals, among people who all were in a difficult situation. So — well — when you hide among the low status people you don't feel your own problems so pressing." [28]*

This informant ended up in poverty-like conditions for more than a year. In this way, he also escaped his hard-working father who flogged him for the bankruptcy. Later, when he got himself a job the situation somewhat improved, especially after he obtained a debt settlement. But as he now faces the prospects of unemployment there are once again dark clouds on the horizon. At the time of the interview he lives alone and dreams of a partner and a place to live with a spare room for his hobbies.

The fifth of the climbers distinguishes himself by the fact that he has consolidated his position in the upper classes. But his high income does not necessarily mean that he has correspondingly more leeway in everyday life; the wage deductions to cover his considerable tax debt is substantial, and as he has experienced that some of the other creditors have managed to get at his bank account, he takes out whatever is left of the monthly salary and stores the cash in envelopes at home. When the fixed expenses are paid there is very little left for food and everyday needs. In this situation, two features characterises the informant's dispositions. Firstly, taking care of family relationships and protecting the children from the consequences of the debt problem situation is important:

> *"We have had a strong focus on providing the children with as normal conditions as possible. My wife has taken on odd jobs to get money to send them on school trips so that they should not be outsiders. And our daughter get fashion clothes for the same reason .. We have had to save in on food and clothes for us parents." [94]*

Secondly, in order to sustain a position in the upper class the streams of information must be carefully controlled; whereas the identity as default-debtor is openly communicated within the household, it is concealed in most other social settings:

> *"We have gradually told the children the truth as they have grown older. But in the beginning we protected them as much as we could .. Up to date nobody but the family knows what we have gone though. Except from a couple who now lives abroad, none of our friends knows .. They may suspect it, but they are polite and they don't bring it up .. It's like a theatre play — schizophrenia — the game is: everything is fine, we're ok. But deep inside you know it's not true." [94]*

The informant is very uncomfortable with his identity as a default-debtor. As he lacks the means to live up to the standards of his upper class position, he points to himself as a grey-haired and ordinary-dressed middle-aged man. Also, he knows by experience that he may loose everything if his employer gets to know the truth since a debt problem often is considered incompatible with concentration, leadership and budget responsibilities. As he explains:

> *"My employer knows about my tax debts. Nothing else! In my former job I played with open cards and told them everything. As a result I was given the choice between quitting the job and getting sacked. Never again." [94]*

On the whole, the working class climbers leave us with the impression that they have had to adapt to rough everyday conditions that are way below the standards they oriented towards as small firm managers. Consequently, they struggle with the new identity as defaulters. In particular, they typically experience their current positions as shameful setbacks that exclude them from many of the social arenas of which they used to be a part. In fact, most of these informants live secluded — and sometimes lonely — lives. Those who still try to hang on to elements of their previous social lives are likely to be challenged with the costs and the need to exercise extensive impression management. Such behaviour is probably more pressing the higher up in the occupational system one gets.

6.5.3. Default-Debtors from the Higher Classes

In spite of considerable variation, middle- and upper class informants have so far appeared to be in somewhat better situations than the rest of the sample. On the other hand, the standard packages in these segments are generally harder to translate into action since they are more expensive to finance. Keeping that in mind, seven of the nine middle- and upper class informants have debt settlements, and hence are left with apportioned means at their disposal. Also, the potential downfalls are large. It follows that the discrepancies between former package orientations and actual lifestyles could be substantial. High levels of discomfort with the *'stage three'* default-debtor identity should therefore be expected.

Still, four of the nine informants seem to have come more or less at ease with their new *'stage three'* identities as defaulters. In two of these cases, mental breakdowns appear to be a major cause. Such events tend to render nearly any other problem — even debt quagmires — into minor difficulties. This, in turn, can be used as a therapeutic device; if a sick person gets inspired to try and solve less complicated muddles, any success may supply the confidence needed to handle the more complex psychological disturbances. Debt problems are in fact well suited for the purpose as they confront the default-debtor with oppressive — but after all: very concrete — actions such as going through a pile of bills, getting an overview, creating a budget, making a plan and presenting it to the creditors. As one of the informants explains:

> *"The debt problems became my lifeline. The only lifeline I had. If I had not had a debt problem to solve I would not have managed to sort out my life .. I went to the social security office and documented my economic situation in such a way that I was convinced they would see me as the worthless fool I believed I were. Instead, they asked me how I had survived, and gave me recognition .. " [91]*

Both of these informants have been tossed into poverty-like *'stage two'* situations, loosing themselves on the way as persons. At *'stage three'* however, they clearly achieved major steps forward by standing up to well-defined challenges including making honest assessments about their personal capacities. Under such conditions, the default-debtor identity is turned into a positive element in life; accepting it becomes the cure and the ticket to the Promised Land. But let us make no mistake: the means by which they orient towards new packages are scarce:

> *"I have a resource others don't have: time. So my nephew loves to visit his aunt. We go to the library .. Sometimes I offer to buy him a chocolate. I don't tell him I can't afford buying one for me. But he looks at me and says: ok, but only if we share." [91]*

The two others at ease with their identity as defaulters are both former small firm managers. Their downfalls have been substantial. In one of the cases, a large social network and a marriage was lost along with two firms, a business license, a spare flat and a nice car. Since he managed to keep the home through a debt settlement, he still lives in a wealthy area. This is an everyday challenge since he is stripped of most of his incomes and all the materialistic luxuries he once enjoyed, at the same time as his children are still part of economically demanding social environments. In the interview he tells about how they together have developed the skills necessary to operate in wealthy as well as less wealthy settings, and how they have managed to keep access to facilities such as cottages and holiday opportunities through family relations. From the very beginning of his debt problem career he has kept no secrets about his situation. Part of the reason is that he not only went through a publicly announced bankruptcy, but also that the case was taken to court involving several of his former friends and associates. Besides, as he knows several of his creditors personally, he saw no reason to hide his problems; everyone knew the circumstances that triggered the bankruptcy — to the extent that his main creditor even named him their most unfortunate customer ever. But openness has its disadvantages:

> *"If I try to pursue a business idea, it doesn't work because everybody seems to think I'm Al Capone's cousin or something." [80]*

The obvious loss of trust is accompanied by a lowering of ambitions; he no longer aims at becoming rich and successful but simply wants a decent job. This, of course, makes it easier to accept the identity as a default-debtor.

The same kind of adaptation is shared by the other former firm manager who has even crossed class boundaries twice and ended up in the working class. He seems quite comfortable with that as he embarked on the route more or less voluntarily. He gives the impression of having adopted not only a working class style, but also a typical working class attitude towards debt problems: to tell everyone who asks. He admits he does not like to involve employers, but sees no real threat in doing so since he has already changed jobs several times and knows that his skills are in demand. After nearly twenty years of economic scarcity he has developed a rather modest lifestyle spending very little money on consumption; he never visits pubs or eats expensive food, and he always invites friends to his home instead of participating in costly social events. On the other hand, he has obviously kept certain elements of his previous middle class lifestyle through his new partner:

> *"She owns everything — I have nothing but my clothes. I don't like it because there's always a chance that we'll break up some day .. I have a car and a cottage in her name .. I go there on vacations. I can live just as inexpensively there as I do at home." [63]*

The remaining five informants are clearly more uncomfortable with the default debtor identity. Three of them share a distinct feeling of shame about their situation. In two of these cases, many years of economic scarcity have not only led to housing situations way below previous standards, but also to an off-centre existence in diminishing social networks. One of them has in fact very few friends left. As he explains:

> *"Friends are to be used whenever you need them. But you can't continuously bother them with all of your problems without giving anything back .. In the end, I didn't even have money to go to the cinema, I couldn't afford anything social, you know. So when they phoned me up and invited me I made up excuses: I don't have time, I already have an appointment, etc. In the end, I lost contact with most of my friends." [65]*

He went through many dramatic events including forced sales, a bankruptcy and a severe accident. On top of it came shame. He started to make up stories for his family. For instance, he told them he had sold his two flats at a loss, but not that the sales were ordered by the court; and since his family lives in a different part of the country there was little risk involved in telling them that he had quit his position as a manager without mentioning the bankruptcy:

> *"It's prestige, you know. I couldn't admit the truth to my family because they are so successful. I couldn't stand the thought of having them looking down at me as a bankrupt looser." [65]*

The other informant shares many of these experiences. She is not at all comfortable with the fact that she can no longer afford the lifestyle she used to enjoy. For a start, neither her housing situation nor what is left of her income under the debt settlement regime permit her to entertain and socialise as she used to. As she puts it:

> *"I'm a very social person. I have always filled my home with people. But nowadays I can't even be a member of the bridge club or the literature circle because everybody has to take turns hosting the meetings .. I can't invite people. The telephone is silent and this Christmas I really felt there was nobody .. Three of my fiends told me I'm not nice to be with any more. I'm quarrelsome. I get irritable from the constant pressure." [1]*

For many years she has made up stories and half truths to conceal her debt situation from family members, colleagues and most of her friends. She tries to give the impression of pursuing a next-to bohemian lifestyle, inspired by the critics of society, the nonconformists and the artists. In that way, her frequent change of homes and apparent preference for bed-sits fit in. The same goes for the fact that she no longer has a car or shows up on costly social events such as seminars abroad. But the truth is that she can only occasionally afford to socialise — let alone go travelling. She hides because:

> *"I don't like the image. Defaulters are people who just borrow and borrow and give a shit about paying back .. It's so humiliating. I sometimes borrow money from one or two of my friends, but never family members — they easily start gossiping, you know .. And my colleagues know nothing, except from my superior .. You know, people with little money may at least have some fun, some experiences. But I can't even have that. My life is in a deadlock." [1]*

As for the third informant, her social life used to centre on the activities of the firm. Since a crucial part of her social identity was embedded in an idealistic vision about how to organise and develop a company, she found herself in the middle of a large network hosting major social events for business associates and friends as well as her employees. The bankruptcy destroyed a cohesive, integrated life project:

> *"My husband and I did not involve our friends at all. In the beginning it was so shameful that we couldn't possibly bring it up in conversations — shame associated with a failure so large that everything was lost .. It took many years until I could tell anyone about the bankruptcy. I simply said we moved to Oslo, made up a story if necessary .. I eventually told my family about the bankruptcy, but not the full story, how bad it was." [41]*

Her parents are rich, and as she finally got a debt settlement she has accepted the new conditions of life as a temporary situation to be replaced by better times in the future. Socially, however, she has divided her lifeworld into two distinct spheres:

> *"I have told a few about the debt settlement .. Exactly what makes me tell some of my friends and not the others I don't know. But perhaps it is simply because it is convenient to operate in two separate channels; one where it is ok to talk about it, and one where debt problems are practically non-existent, where I can be on equal footing with everybody else." [41]*

However, as illustrated by the remaining two informants, shame is not necessarily a part of the resistance against the default-debtor identity; rather, it follows from actually being in the position to ignore the debt and continue to pursue a lifestyle of one's own choice. This, of course, presupposes incomes that are high enough to render debt settlements uninteresting. Also, it probably involves access to additional resources such as a partner who can own property. Both of these informants make a lot of money and they have new spouses. In addition, they share the attitude that the problematic debt can be left as it is; they do not regard it their fault in the first place, and they claim to have made every effort to try and solve the difficulties. As a consequence, however, they have a need for specialising in impression management.

One of them occupies a leadership position in a large company and is responsible for a considerable budget. As such, he pursues a social image that is inconsistent with the default debtor identity. It is handled in several ways. For a start, he is well connected, so he gets credit to finance his package orientations. The new financial obligations are carefully observed. Secondly, he acts in social environments where the cardinal norm is be on equal footing with anyone in corresponding positions. This also includes problematic debt. The most honourable solution is therefore a negotiated compromise between equals — and definitely not a debt settlement. At the time of the interview, he has had a lawyer working on the case for some months already. The third approach is to observe a principle of honesty. As his creditors have demanded wage deductions, he knows that his trustworthiness may be questioned by his employers. So he has to do his job well. In particular, he is focussed on economic honesty:

> *"My responsibilities are considerable .. In my job I employ people and I sack them — mostly because of embezzlement and misguided use of money, and I check my employees in the registries .. I sometimes employ people with debt problems. But there is a difference between being honest and broke, and being dishonest and broke .. I get extremely sceptical whenever I feel somebody is not playing with open cards." [5]*

As for himself, he monitors his reputation carefully:

> *"You know, nobody gets to know about my problems by just looking at me .. And I know how they look at defaulters, they patronise them .. So only very few people knows my history .. I have informed my superior that I have some old debts that I'd like to get rid of. But he doesn't know the story." [5]*

The last informant is self-employed, taking on assignments from a number of different companies. He makes a lot of money and manages to conceal most of it from the tax authorities, although he takes great care keeping enough of it white as a cover-up. Since major parts of his economic life is light-sensitive, he is an expert of information management. Except from a few friends who were close at the time of the bankruptcy, nobody knows the full story. Slightly paranoid, he explains:

> *"Nobody knows. That would be impossible. I have to stick to the cover-up stories. My wife knows a great deal. She does. But not every detail. No. I got divorced once, and, well, I don't tell things that could nail me in court in the future .. I sometimes wish I had a confessor. But that wouldn't be right; much of what I do is illegal. And one gets dirty from shaking hands with the chimney sweeper.. The last seven-eight years I've had a strong inclination towards — you know, when I need to relax I find myself reading spy literature. It's like, you're deep inside enemy*

> *territory, and you must not leave any traces, you must not let them get at you. Apparently, it's at the back of my mind all the time." [23]*

On the whole, the middle- and upper class defaulters once again leave us with a composite impression. The everyday life conditions vary considerably, from quite ordinary and even luxurious situations to economic and social deprivation in combination with bad health. Most of them do not easily come to terms with the default-debtor identity — but for various reasons. At the core of their everyday life situation is a fundamental imbalance between current economic capacities and previous package orientations. As a consequence, many of these stories carry the imprint of shame. In fact, five of the nine informants exercise extended impression management based on half-truths and cover-up stories.

6.6. THE IMPACT OF SOCIAL DIVISION

The empirical descriptions have documented major shifts — mostly downfalls — in all three status areas in all three occupational strata. The overall picture is that the working class informants have suffered modest changes as compared to where they were before the troubles started, that the climbers have gone through substantial losses, and that the middle class defaulters seem face considerable deprivation as well but in most cases seem to have steered clear of the emphatic downfalls that they potentially risk. However, such assessments are ambiguous, especially since all informants define themselves as being in difficult and unwanted life situations. Also, the changes taking place are often similar in kind; for instance, jeopardised job careers, losses of homes and instances of disgrace are found among informants from all layers. So what exactly are the impacts of social division?

Following Keller and Zavelloni (1964), the clue is to regard class situations as an intermediary variable whereby social events are filtered and interpreted relative to the resources at one's disposal — or in our terminology, as a weighty contextual parameter in economic life. In such a perspective, the significance of a given event — say, losing a homeownership — appears as conditional upon the social stratum in which it occurs. Correspondingly, the extent to which any specified resource — say, education — is an asset in coping behaviour largely depends on the social setting on which the default-debtor is part.

6.6.1. *THE JOB SITUATION REVISITED*

As some of the interviews show, jobs can be lost because of debt problems. The most direct relationship identified in our data is small firm bankruptcies. But it is also a threat among wage-earners as reduced concentration, less trustworthiness and cumbersome administration of wage deductions may contribute to becoming marginalised and eventually dismissed from the company. On the other hand, strengthening one's position on the labour market and getting better jobs are obvious coping strategies to minimise the effects of financial problems. Both types of processes have been identified in all three occupational strata.

The informants predominantly sustain or improve their positions in the labour market by activating one of two resources; social networks and education. As for the former, the core of most networks tends to cover people of more or less equal standing. In as much as that is the case, their capacities naturally vary across social divisions. Hence, when an industrial worker in the sample needs a better job a friend helps him to a position as a shop assistant, whereas a former lawyer finds a job that fits his qualifications and ambitions through quite a different web of connections. The climbers represent yet a variant, as they have trespassed class boundaries and may have a more composite networks to draw upon. As it turns out, most of the informants in this category do not have extensive middle class connections. Hence, when the restaurant owner goes bankrupt he is able to stay in the business — not in fashionable establishments but as a wage-earner cook in countryside pubs and cafeterias. The exception is the one who managed to make further advancements in the occupational structure, where personal connections were partly responsible for the continued climb.

But networks are of limited value unless one has the qualifications necessary to fill the requirements of the new job. Hence, formal education typically enters the equation as a key resource. But the attractiveness of taking on years of schooling varies across social division. As Keller and Zavelloni (1964) point out, working class persons prioritise secure jobs over prestige. People from the middle classes, on the other hand, opt for both; indeed, higher education is a necessity to hold on to their positions in the social stratification system, and therefore an inherent part of their socialisation into society. These differences are traceable in coping behaviour as well. As already noticed, the working class informants are the lowest educated in the sample. If they add on to their qualifications, it is through short-term training to fill the immediate requirements of a specific job within reach — such as taking the necessary courses to become a taxi driver. As for more than half of the middle class informants, however, it is different; they readily call on the educational system to build on to already high-level formal skills — e.g. university courses or full degrees.

The pattern is further supported by the climbers whose social backgrounds are in the working class; as they go bankrupt all but one take on subordinate wage-work, whereas three of six former middle class small firm managers return to higher level education. This is undoubtedly an important strategy whereby they successfully avoid the substantial social downfalls of their climber counterparts.

6.6.2. *THE HOUSING SITUATION REVISITED*

Serious and enduring debt problems activate money collection routines and court proceedings that inevitably lead to loss of property unless some kind of solution is found. Hence, the nineteen homeowners at *'stage one'* are reduced to six at *'stage three'*. As the interviews show, homes are lost due to a number of circumstances, such as firm bankruptcies, falling incomes, rising interest rates, divorce and health problems. Also, as mentioned in chapter two there is always a risk for creating unsustainable homeownerships by spreading it to layers of the population where the income situation is too insecure and the culture for maintaining such responsibilities over time is lacking (Ford 1988). The working class informant who was given homeownership through a welfare programme and later ended up in the underclass as a long-term social client may be such a case.

However, given the severity the debt situations in the sample, the few who manage to sustain their homeownerships are more of a surprise than the thirteen who lost it. There are basically three ways in which the informants manage to hold on to their property. One is by acting under favourable market conditions and sell, refinance and buy homes. The second is through a new partner. And thirdly, one may take advantage of certain institutionalised schemes such as welfare programmes and debt settlements.[21] As for the latter option, two informants have kept their homes this way.

Since keeping as well as loosing homeownerships are found among informants from all three occupational strata, it is not easy to see a clear-cut pattern with respect to the impact of social division. Still, the data leave us with important cues. One is knowledge; all three middle class informants who sustained a homeownership are well informed about credit markets and legal institutions. Whereas one of them specialised in tax evasion and cunningly started to accumulate wealth in his new partner's name, the two others focussed on debt settlements. As one of them says:

> *"I paid close attention to the preparation of the debt settlement act — the legislative history. I knew I was going to apply [once it passed through Parliament]. So I was speculative .. I simply let it slide." [80]*

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[21] Cf. chapter 1.3.2.

These types of resources are not preset in the stories offered by informants from the other occupational strata. Instead, the three sustained homeownerships in these segments seem to be secured by a fair portion of chance — including favourable markets, a remarkable divorce and contact with vigilant administrators of welfare programs.

Finally, it should be noticed that the meaning of a home varies across social divisions. This is not the least apparent among those who have lost their homeownerships. For a start, middle class informants are used to spacious homes and typically talk about the lack of a garden or opportunity to invite people and participate in networks where this is a key element. As opposed to this, such wants are not present in the accounts from working class informants; rather, they seem to have ended up in rented places much like the ones they lost. The climbers offer a divided picture. On the one hand, the four who ended up back in working class positions share the more modest ambitions of this segment. One of them describes his hopes for the future like this:

> *"I hope to find a partner. And to have a little more space. I would like a hobby room for myself .. where I could have some fun .. A big house and a car is not my thing." [28]*

On the other hand, such simple dreams are contrasted by the fifth climber who continued his upward mobility at *'stage three'*. But loosing his home on a forced sale leaves him in a position where he cannot meet the standards of his social environment; he simply lacks an important package device. Therefore, he sincerely considers getting back into homeownership through shady procedures — as for instance by buying his lost property back in the name of his children.

6.6.3. *The Social Situation Revisited*

The default-debtors' everyday situations are multi-faceted social realities. However, a good summary indicator of the developments from *'stage one'* to *'stage three'* is shame. As has been shown, this is a feeling that is found among informants from all three occupational strata. It basically reflects failure to live up to social expectations, often associated with guilt for being more or less responsible for some event that has imposed irreversible negative consequences upon oneself and others. In as much as social division has an impact, it is because expectations as well as assessments about what and to what extent something is shameful vary across socio-cultural segments of the population. This is communicated to the default-debtors by people in their social environments, and is immediately recognised as they themselves used to be part of ordinary life.

A Norwegian focus-group analysis from 2001 that is based on participants without debt problems offers information on such constraints. The study generally finds working class groups more — and middle-class groups less — accommodating with respect to debt problems. A major reason is social distance; whereas debt problems is recognised as a real threat by the working class groups, including personal knowledge of people with such difficulties, middle class informants treat the issue with more distance; this is not something that is likely to happen to them. The causal explanations differ as well; whereas middle class informants tend to blame individual, working class participants typically hold institutions and systems responsible. They also verbally refer to default-debtors as less of an out-group than do middle-class informants (Tufte 2005: 235-265).

As a consequence, shame should be expected to be more prominent among defaulters from the middle- and higher occupational strata. The data seem to support the anticipation. As has been demonstrated, these informants feel humiliated by not being able to live up to the standards of family, friends, colleagues and business associates. They exercise extensive information control to hide among equals, conceal their downfalls and avoid condemnation. Moreover, those who choose transparency as an approach tell about being recurrently exposed to stigmatising episodes. Says one who tried openness just once:

> *"I recently told somebody wealthy about it [the bankruptcy], but it made me feel such a failure." [41]*

As opposed to this, working class informants generally seem to be in more accepting social environments. Although some of them obviously live socially deprived lives, many of these interviews show less concern for information control and issues such as shame and humiliation. One of them even says:

> *"I don't think people look down on anyone who's got a payment problem. If they do, it's pure ignorance." [90]*

As for the climbers, the upward slider is still subjected to middle- and higher class constraints and submits to the patterns displayed by informants from this occupational stratum. The remaining four find themselves in a kind of a vacuum. On the one hand, they are no longer directly exposed to the influences of the segment they have left. On the other hand, the substantial downfalls they have been through have forced them into living secluded lives. Obviously, the feeling of shame dominates their social situation. Also, a thorough portion of self-blame probably adds considerably to a poor self-image.

6.6.4. *OTHER IMPACTS*

Needless to say, there are many other influences impacting the defaulters' routes into *'stage three'* than those mentioned here. Two of them deserve a short comment. One is health; in all three occupational strata, defaulters who are physically or psychologically sick are worse off than those who are not. The other is age; younger defaulters are predominantly more optimistic than those who are approaching retirement. As a forty year old middle-class informant with a debt settlement puts it:

> *"Nobody has told me face-to-face, but I think some people find it a bit too much that I shall be totally free of debt in only a few years' time. At the time when others of the same age still struggle with their student's loans .. Eventually, I will inherit my wealthy parents." [41]*

Obviously, with such prospects for the future it is a lot easier to go through a debt settlement than for somebody who is in the late fifties with all property lost and no heritage in sight. The quotation also suggests that the impact of age may vary considerably across social divisions.

6.7. SUMMARY

In this chapter, the twenty informants have been classified according to a typology of occupational classes developed specifically for Norway. At *'stage one'* when the debt problems start building up, three distinct class situations are identified; viz. working class informants with working class backgrounds, middle class informants with working class backgrounds (the climbers), and middle- and upper class informants with middle- and upper class backgrounds. The three occupational strata is useful in describing the changes that have taken place from *'stage one'* to *'stage three'*, and in making assessments about the impact of social division on such processes.

Access to socio-economic resources represents specific opportunities enabling defaulters to cope in ways that people without such access cannot. The analyses suggest that inequalities with respect to assets such as powerful social networks, formal skills and knowledge about markets and legal institutions are particularly important. Even though all twenty informants suffer very real and severe material and social deprivation, the analyses show that their unequal resource situations at *'stage one'* of the debt problem career nevertheless has lead to different end results at *'stage three'*.

The overall impression is that the transition after all is less dramatic among the informants with working class backgrounds as they largely retain more or less the same type of positions in the occupational structure, continue to live in the same kinds of neighbourhoods and typically manage to keep a core of their lifestyles and social networks intact. Status-wise they have, in other words, ended up relatively close to where they were before the troubles started. Informants with middle and upper class backgrounds, on the other hand, have suffered substantial status losses along nearly all dimensions considered here — including housing, lifestyles, social networks and in some cases even employment conditions. Still, although further marginalisation looms large for some of them, they have generally steered clear of the most severe downfalls into the lower classes that they in fact risk. The most dramatic instances of downward mobility have undoubtedly taken place among the climbers; with one exception, all of these informants find themselves firmly marginalised and well back into working class positions at *'stage three'*. Obviously, they have not managed to build up enough of the right kinds of resources in time to sustain the positions they had achieved prior to the financial problems.

The pattern is also underlined by the fact that shame is first and foremost traceable among informants whose status situation has changed the most; viz. among the climbers and informants from the middle- and upper classes. An important difference between the two groups is that whereas the latter is still exposed to middle-class constraints, the former is not. Instead, they are left in a social vacuum where shame is accompanied by high levels of isolation, frustration and condemnation.

7. THE DEBT QUAGMIRE MORAL

7.1. Introduction

In the last two chapters it has been argued that over-indebted people cope with their debt problems in stages, and that the end result is a *'stage three'* situation characterised by social downfalls and class- and status-specific sets of resources for pursuing new lifestyles. Also, a defaulter's identity is now a recognised part of their biographies. However, as pointed out in chapter one, this process does not exempt them from the repayment norm; bills are still to be paid according to standing agreements. It follows that the permanent lack of sufficient means during *'stage three'* is incompatible with one of the core principles of ordinary life. As a consequence, debt quagmires are not only financial muddles, but moral ones as well; given an unmanageable debt situation there is no way to comply with ongoing normative constraints.

Faced with this, the defaulters are left with two options: submitting to the role of a moral degenerate or justifying the failure. The first alternative is unbearable for most people — at least in the long run — since it implies a huge amount of pressure and at best allocates the default debtor to the grey and black economy as a cheat and perhaps a criminal. The second is a more viable route, even though it is hard to entirely escape the feeling of shame. But in as much as a lessening of embarrassment and discomfort is obtained, any such justification is a piece of achievement since it has to be on a par with the repayment norm. This chapter is devoted to the third of the research questions developed in chapter 2.6:

> *How is the continued lack of repayment justified?*

The chapter starts out by presenting the doctrine of what may be called *'the debt quagmire moral'*. But even though all twenty informants generally seem to live by the same normative rule, the grounds for doing so vary. In the next sections of the chapter a typology of justifying principles is therefore developed. Finally, a prominent feature of the justification processes is addressed; viz. the emergence of dismay and even distrust in social institutions.

7.2. THE DEBT QUAGMIRE MORAL

By the time the default-debtors reach *'stage three'* their inability to pay bills is recognised as a permanent feature of everyday life. As such, it is not only an economic and legal issue, but also a continuous normative offence that affects them as persons as well as social actors. Of course, a debt problem is not a visible stigma like for instance race and physical disability. Still, as have been accounted for in the previous chapter, the downfalls they suffer and the consequences associated with those losses are hard to conceal from the outside world. Also, in cases where they somehow succeed in creating feasible smokescreens a deeply felt fear for being exposed has been detected. But above all, the repayment norm is typically internalised and assigned general validity in interpersonal relationships. As such, complying with it is a cardinal sign of honesty and trustworthiness. Indeed, as pointed out in chapter one, societies have throughout history considered the repayment of debts — whether economic or honorific in kind — as a virtue and failing to do so as immoral. Therefore, whenever a normative offence takes place on a permanent basis it raises an urgent need for justification — socially as well as personally.

To stand up against the repayment norm day out and day in is a ruthless experience. As one of the informants puts it:

> *"Fourteen days ago I got one of those letters: pay within two weeks or else.. Well, I've heard it before. I can't let it upset me. If I did, I would not be here talking to you. I'd been six feet under, you know. I had an economic counsellor once, and a person he had tried to help had just killed himself. What's the point? To money collection companies such letters are standard procedure. But they don't know how the formulations affect people because they don't know the recipients' situation. [94]*

However, it is important to notice that the normative violation is seldom one hundred percent. During *'stage two'* and even *'stage three'* the informants typically pay at least some of the claims. But as the ability to handle financial obligations decreases in step with the courses of events, it becomes increasingly important to prioritise between creditors to meet at least some commitments — even though it takes place at the expense of other claims. When it comes to living under debt settlements, such needs are formally addressed; debts are then prioritised according to the law, and any surplus is divided between the creditors according to an established codex. The alternative to full compliance with the repayment norm is, in other words, not a principle of no repayments. As shall be seen later, this is a general argument that is used in defence of the new moral.

The constant need to prioritise between bills also initiates a distinction between *'formal obligations'* and so-called *'debts of honour'*. As the debt problems aggravate and it gets more and more difficult to observe financial commitments, it becomes very important to avoid having one's moral standing questioned by members of the groups and networks of which one is a part. Hence, to secure social honour and group affiliations, the ever scarcer resources are canalised to serve *'life world'* obligations rather than the formal debts of the *'system world'*. Explains one of the informants:

> *"If I had borrowed money from some guy and not paid it back, I would have been an asshole. This is personal debt. Not that I'm in favour of giving a shit about bank loans. But if you borrow money from a private person it is normally a friend or a relative, and then it becomes a matter of trust." [90]*

Another informant develops the issue:

> *"I don't pity banks .. Had I borrowed from a common acquaintance without paying back, my friends would tell me right away what a bad person I am .. Debts of honour directly characterise you as a person. This you-and-me moral is much stronger than when dealing with banks. If I had treated my friends as I treat my creditors I would get loads of reactions — well deserved ones, too, as I see it." [99]*

As indicated by these statements, there are hardly any excuses for failing to comply with the repayment norm in personal, *'life-world'* relationships; doing so may put the defaulter in a severe situation and lead to social exclusion. But when it comes to formal debts, a new normative guideline emerges based on the notion that these creditors are *'system world'* organisations and not members of one's personal networks. In such cases, all twenty informants — independently of each other — have replaced the repayment norm with a principle that in general terms may be formulated as:

Pay what you can whenever you can

At first sight, the formulation may appear peculiar — even ridiculous — as a guideline in economic action; clearly, no society can survive for long were it to be based on such a precept. Still, it is recognisable from a number of other social settings. For instance, children are told that they don't necessarily have to be number one at school or in sports; as long as they do their best they may be content with the achievements. Indeed, whenever such performances are carried out, the actors deserve — and may expect — social recognition. As shall be demonstrated throughout the chapter, this is exactly what the *'debt quagmire moral'* is about: to do one's best. As long as the creditors get what there is the defaulters can do no more — and should not be expected to, either. Thus seen, the new guideline appears to advocate a rather common *'life-world'* principle that under unfortunate economic conditions is projected onto market relations.

When acting upon the new code, default-debtors may in fact lean on certain formalised practises in the legal institution — most notably the Debt Settlement Act. Here, *'pay what you can whenever you can'* is turned into a precept that can be mathematically calculated according to legal definitions and agreed-upon economic standards about costs of living. Indeed, the Act establishes a routine whereby defaulters are granted the right to keep a certain amount of money to meet these agreed-upon standards, whereas the creditors' right to claim whatever surplus beyond that level is equally indisputable. This combination of market demands and civic society needs extends beyond debt settlements as such, as default-debtors may explicitly refer to these principles in extrajudicial negotiations or in staging a defence of their normative violation.

Still, projecting *'life world'* principles onto *'system world'* relationships is not automatically acceptable in everyday social settings; as the repayment norm is relentless in interpersonal relationships, anybody who fails to pay back debts is inevitably subjected to moral assessments — irrespective of the kind of creditor involved. As a consequence, the normative offence has to be justified in face-to-face interaction whenever it becomes an open issue. This is far from just an intellectual excursion. Indeed, if the new moral principle is to gain sympathy and social validity, the causes of the situation must be acceptable. This is normally easier to obtain if the debt problems can be traced back to *'system world'* risk factors that are common to most households. It also helps if the causal account includes experiences that others can recognise and relate to. But above all, the defaulters must establish themselves as cases where *'system world'* demands must give way to *'life world'* needs.

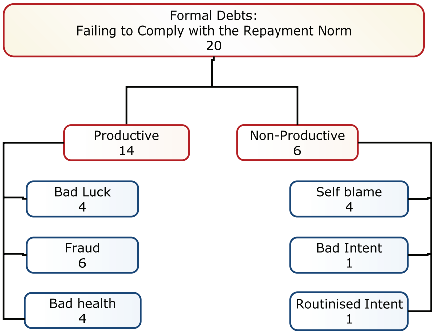

Figure 7-1 Typology of causal accounts. Number of cases in each category

This is done in several ways — and probably in many more ways than our twenty interviews suggest. But based on the data, a typology of causal accounts is presented in figure 8-1 above. As the illustration shows, the accounts fall in two broad categories; viz. *'productive'* and *'non-productive'* explanations. The distinction refers to whether or not a given account succeeds in placing a major part of the responsibility for what happened on *'system world'* agents. For in as much as it successful in that respect, it also tends to lend legitimacy to the fact that the repayment norm is not observed. According to figure 8-1, fourteen of the twenty informants offer one of three such types of *'productive'* explanations: *'bad luck'*, *'deception'* and *'bad health'*. The remaining six, on the other hand, advance *'non-productive'* accounts. Here, it is distinguished between *'self blame'* and two shades of intentional action: *'bad intent'* and what is tentatively called *'routinised intent'*.

There are, in other words, six detectable types of causal explanations in the data. It is important to underline that such stories need not be objectively true in the sense that all parties involved would support the truth content in them. Rather, each account represents a specific self-perception or self-understanding. But this does not prevent them from being influential forces on social arenas; any defaulter is likely to act in accordance with the way he sees himself and causally explains how he ended up in over-indebtedness.

In what follows, the six types of accounts are reviewed in turn.

7.3. PRODUCTIVE EXPLANATIONS

Productive explanations generally share the attribute that the causes in question are largely beyond individual control or obviously instances of coincidence that in principle may thrust anyone into a debt quagmire. Furthermore, the devastating effects of being exposed to the causal processes are mainly established as *'system world'* deficiencies. In such cases, the defaulters have a right to defend their *'life worlds'*. Still, the potentials for exempting the person from the repayment norm varies across the three different types of accounts registered in the interviews.

7.3.1. BAD LUCK

Bad luck is perhaps the most typical explanation among the default-debtors; in fact, there are traces of it in all variants of causal accounts. The purest version, however, is about how remote *'system world'* processes and other people's dispositions may affect the household negatively — and sometimes unreasonably hard. The four informants belonging to the *'bad luck'* category argue precisely along these lines. Two of them refer to well-known features of the economic crisis at the end of the 1980'ies and early 1990'ies when they explain their debt problems; whereas the one blames the banks for having been too open-handed in their lending policy and given him — and many others — too much credit, the other claims to have been victimised by a sudden downfall in the markets in which his firm operated. The latter explains:

> *"I moved out of Oslo and started a boat building company. The first two or three months or so we were doing just fine. But then came the stock market collapse, and our market died over-night .. The bank named me their most unfortunate customer." [80]*

The third informant belonging to the *'bad luck'* category has a different story, as she does not blame the market system but her ex-husband's economic dispositions for a financially fatal divorce. He was a self-employed truck driver, and she was responsible for the firm's accounts. But as it turned out, the husband had a liability towards cashing out too much money without her knowing. She explains:

> *"In May my husband spent a lot of money on a new driver's cab for the truck. I didn't know until it was placed in front of my kitchen window one morning. Then I new I couldn't go on. I left." [75]*

A more complicated explanation is offered by the fourth informant. Based on how a downfall in the market undermined the company's business, she continues to assess the impact of the banks' lending policies up against personal responsibilities:

> *"The simplest explanation is the credit institutions. Everybody knows how the banks behaved during the late 80'ies. But it's too simple. After all, our business was my husband's project; it was he who had the experience and the knowledge, so he must take much of the blame." [41]*

These accounts do not totally excuse the acting individual from all responsibilities. Rather, as a means of defending a moral offence they put the causal course of events in social contexts that are well-known and recognised as the way the *'system world'* works. The implication is that although the individual always has to take on responsibility for his own actions he nevertheless acts within — and upon — the workings of complex systems — including international structures such as economic fluctuations. The core of the *'bad luck'* accounts is therefore the locus of the emergent causal powers; in as much as debt problems can be related to *'system world'* processes, individual defaulters may declare blamelessness in this sense and argue the right to honourable solutions since *'life world'* groups and institutions should be sufficiently protected from precisely such forces. It follows that, as long as the problems remain unsolved, they may also claim sympathy for not complying with the repayment norm and being left to live by a different moral rule.

This logic is particularly distinct when accounts about *'system world'* deficiencies are explicitly supported by arguments about *'life world'* primacy. As pointed out by Sykes and Matza (1957: 669), normative offences may occur not because the norm in question is rejected as such, but because other values are accorded superiority. This line of argumentation is clearly demonstrated by the former boat firm manager:

> *"I felt it was much more important to rescue myself as a person — and above all: the children — than to pay the tax debts. The deciding principle behind my priorities is in fact the children; to avoid making them suffer." [80]*

In this case, the informant backs up the argument about downfalls in international markets by a second argument about the need to protect the family; according to both defences, it is only fair and proper that the repayment norm gives precedence to *'life world'* requirements.

7.3.2. DECEPTION

The next category of causal explanations includes courses of events that are marked by false accusations, conspiracy and fraud allegations. Such accounts share all the attributes of the *'bad luck'* approach: the locus of the problem-generating processes is placed in the *'system world',* and the right to an honourable solution is clamed by referring to the primacy of *'life world'* conditions. Hence, while all six informants belonging to the *'deception'* category blame market actors for their debt problems, three of them also locate responsibility to the state domain of the institutional order. In addition, innocence is claimed on the basis of processes where the informant has been exposed to bad intent and criminal action by ill-intended third-parties. For instance, one of the informants explains that his previous partner sold him the company without telling him that he had not paid VAT for a longer period of time. Another says he was falsely accused of paedophilia by his ex-wife as a revenge for leaving her, which in turn led to fatal reactions by public authorities. He explains:

> *"The divorce took a surprising turn: the children wanted to stay with me. So my wife went to the child welfare and told them you don't know my husband's dark side! Then the authorities called back the permit for the kind of business that I had already established .. Nonsense, you know! What happened was not my fault. It's like being on the highway and somebody falls asleep behind the wheel and suddenly you're in a head-on collision." [23]*

The idea of being exposed to some kind of conspiracy is often a central element in these explanations. To illustrate, a former home-owner suspects that two persons — one of them the holder of a building company and the other the head of the firm selling the houses — jointly stripped her for her capital. When the contractor went bankrupt after a series of scandals — before her house was completed — she found herself in severe trouble:

> *"The estate agent, who sold my old flat and then sold me a new house that was still under construction, must have known everything. But I got no warnings — and no papers, no conveyance, not to mention a certificate of final completion. I said I wanted my money back. I got nothing. And without papers I couldn't even sell the house. I took the contractor to court — as did many others. I lost the case. I had no strength left to bring a lawsuit against the estate agent. I felt like being stripped off my legal capacity." [1]*

Such stories may also involve actors belonging to the state domain. Explains one informant:

> *"The bank and the social security office joined forces, called a meeting and demanded to put our home on a forced sale .. The social security*

> *office promised to find us a place to live. But the day our home was sold cheaply to some employee in the bank and we stood there, they said no, we have no rentals to offer you; you have to handle it yourselves. I complained to the municipality, but in vain." [32]*

As legitimising devices for living by a different moral rule, such accounts are essentially about personal integrity; in that respect the core of the stories is that the teller is a person who stands up to the unfairness imposed on him. In as much as such a message is passed across, failing to comply with the repayment norm no longer appears as a rejection of a common value, but a necessity and even as a form of rightful retaliation (Sykes and Matza 1957). The attitude is typically expressed by one of the informants:

> *"Why I didn't apply for a debt settlement? I simply didn't want to pay for something that I feel is the bank's and estate agent's fault." [90]*

However, although justified resentment may preserve a certain degree of self-dignity among defaulters, the extent to which it yields sympathy on wider social arenas is a different question. Clearly, it depends on evidence and the story itself — including its plausibility and typicality for a larger number of default-debtors. But above all, running into ill-intended third-parties do not automatically free the individual from responsibility for his own actions; after all, even cases like these involve individual decision-making and hence the duty to act rationally in market contexts. As pointed out by Sykes and Matza (1957), attacking others also serves to provide a smokescreen by repressing the acting person's own wrongful actions. Especially in complex causal processes that are hard to verify for outsiders, this is common knowledge that may threaten the credibility of the story. In such cases, there is a particular need to back it up by positive lines of argumentation — such as in the following statement:

> *"I don't think it's stupid to change flats and triple the housing wealth over-night. And I'm not clairvoyant; how could I know that when I did it for a second time and moved on to a new house I would end up bankrupt and struggle with debt problems for the next fifteen years? I couldn't foresee that. I couldn't know about the markets and that even the banks would go bankrupt." [1]*

Again, a double line of reasoning is used: the informant backs up the point about *'system world'* property sharks by portraying herself as an ordinary person doing ordinary things on the basis of commonly shared — and basically: uncertain —

knowledge. She makes the point that even professional actors such as the banks sometimes get stung. But first of all the argumentation serves the purpose of reducing complex causal mechanisms to a plain and simple threat that may affect everybody's *'life world'* existence. In as much as the idea is successfully communicated, sympathy for setting the repayment norm aside is not far away.

7.3.3. BAD HEALTH

The third type of explanation is *'bad health'*. The four informants belonging to this category all share the attribute that their debt problem careers are marked by enduring health problems. Two of them developed severe psychological problems and went through years of therapy to get through the hardship. The third suddenly got enough of the life he led and spent nearly two years drifting around before he once again found himself capable of having a job. The fourth never recovered from a multitude of physical complications and had to give up work.

As a way of defending a normative offence, these accounts are straight-forward; since everybody can get a health problem the core of the argument is to appeal to human compassion and understanding. Also, in a welfare state like Norway health is a public responsibility that may extend beyond hospitalisation and medical treatment to therapeutic schemes including elements such as economic support, debt counselling and a wide variety of other steps to ensure social rehabilitation and integration. Hence, health accounts are not only suited to create sympathy on social arenas, but may also function as means to access extensive professional help.

Straight-forward as it may seem, sympathy on social arenas must still be earned. It is not enough to just refer to bad health; the struggle against unavoidable debt problems must also be demonstrated. This is typically done by showing that in spite of being severely ill one has actively fought a double battle; one against disease and one against over-indebtedness. *'Bad health'* explanations are therefore typically stories of achievement; as the defaulter finally embarks on the route to recovery he is also on his way to regain control over the economy. Unlike those seeing themselves as victimised by conspiracies and fraud, there are no accusations or bitterness in these account. Instead, they are tales of optimism. Says one informant:

> *"I collapsed, I couldn't take no more, I simply left everything behind. Did nothing. Didn't pay a bill. Nothing! For one and a half years. At one point I put all my bills in a plastic bag and tried to get a debt settlement. But my courage let me down .. Do you want to die? Ok, some wants to, or don't but die anyway. I was lucky, and I thank God for it, I*

> *have every reason to do so. And as it turned out, there was something divine about it; when I finally started to act, everything worked out fine, I took some education, got a job, a debt settlement .. and a girlfriend, we have such a fine thing going on between us." [48]*

Another informant underlines the importance of professional assistance to set problem-solving processes in motion:

> *"I got help to sort out my life. And suddenly I found myself capable of keeping a straight dialogue with my creditors .. I have really struggled to get where I am today. The creditors saw it, and they have accepted to include my needs for treatment into the debt settlement." [91]*

Just like the informants from the previous categories, *'bad health'* accounts are backed up by positive arguments about sensible economic behaviour before the trouble started. As the third informant declares:

> *"If I had been careless with money, if that had been the cause of my debt problems, I would have felt shameful because it had been my own fault. But I don't feel that way." [73]*

This kind of defence is important because not everybody is in a position to successfully legitimise non-compliance with the repayment norm by referring to bad health. The point is well illustrated by the fourth informant. When she was no longer able to work, she was established as a homeowner through special lending programmes designed to provide a home to targeted groups that otherwise would be excluded from adequate living standards. But she was not satisfied:

> *"I told social security that I don't want their shit. I don't want holes in my walls and plastering falling off. Just get over here and fix it! I wrote letters, got a lawyer .. And two months later everything was fixed. Painters came and I got exactly the colours I wanted. And I kept on like that." [64]*

As she continued to demand support from the social security system without managing to help herself onto a stable life situation, she finally lost credibility and eventually the flat. Hence, as opposed to the three other informants she cannot substantiate the *'bad health'* story with accounts about how the debt problems have been adequately addressed to find solutions. The image of a worthy recipient of further support is simply not there. Lacking this element, the *'bad health'* argument looses much of its power to yield sympathy on most social arenas — let alone legitimising the fact that she does not comply with the repayment norm.

7.3.4. Productive Explanations: Brief Summary

Productive explanations causally place a major part of the responsibility for the debt problems on *'system world'* processes. The fourteen informants who give such accounts fall into three categories: *'bad luck'*, *'deception'* and *'bad health'*. As for the two former, it is typically referred to instances like unfortunate market developments, creditor lending policies and certain life events such as divorce. In addition, accounts of *'deception'* include instances of false accusations, conspiracy and fraud. As for stories of *'bad health'*, they provide a link between misfortunes that can strike everybody and the wide responsibilities of the welfare system. Productive accounts share the common feature of drawing the attention to the opposition between the *'system world'* and the *'life world'*. In doing that, they serve to legitimise the failure to comply with the repayment norm since primary groups should be protected from problem-generating processes located in the *'system world'*; as long as creditors do not step down and state institutions waive legal solutions, it is only fair and proper that *'life world'* needs are ensured by an alternative moral rule.

7.4. Non-Productive Explanations

Non-productive explanations diverge from the productive ones by not placing the causal processes — and hence the responsibility for what happened — in the *'system world'*. Instead, the financial problems are seen as resulting from individual choices of action. The implication is that as long as *'system world'* agents cannot be held responsible, the defence for not complying with the repayment norm cracks.

7.4.1. Self Blame

The first of the non-productive explanations is *'self blame'*. Such accounts do not imply that *'system world'* processes are entirely overlooked in explaining the financial difficulties. But the four defaulters belonging to this category nevertheless share the attribute of according the largest portion of the responsibility to their own actions. They all admit to have done many "stupid things", ranging from fatal choices in the housing market to equally devastating business decisions. As one of them says:

> *"It's definitely my fault. My fault. I shouldn't have taken on as many assignments as I did, and I should have had a cheaper lifestyle." [45]*

But sometimes social factors have an even larger impact:

> *"As long as I lived by myself — cheaply, no fooling around with women, just working — everything went all right, really .. But I had chaotic three years, women everywhere, jumping directly from Lapps to immigrants. It's hard to talk about it. I have screwed it up myself, you know." [28]*

There are several problematic aspects related to this type of explanation. The most obvious is perhaps guilt; these are people who have not come to terms with what happened and hence continuously struggle with themselves. One of them seems to break the pattern by portraying himself as a back-laid and "happy-go-lucky" person. But the story he tells is in fact one of hiding, where he does everything he can to avoid being confronted with the creditors' claims. In fact, when the Debt Settlement Act was introduced he showed no interest in it until — more than a decade later — the option was accidentally proposed to him by an executive who handled his complaints against a recent wage deduction.

Another problematic aspect of blaming oneself is self-confidence; these are people with low self-esteem. One of them makes a joke about his bad luck as he once more faces unemployment:

> *"It must be me. Maybe it's contagious. Like if I sit down outside the Statoil building and the next thing that happens is that the oil prices fall." [28]*

It is symptomatic that two of these informants — as the only ones in the sample — call for paternalistic solutions. They both argue the need for some public institution to stop people and companies in time to avoid serious debt problems. One of them is rather diffuse about it, except from insisting that the responsibility should not be placed at the social security office. The other is more concrete:

> *"There's an obvious need for some kind of control mechanism executed by the chief municipal treasurer or the tax authorities; that they can say hey, stop, it can't go on like this no more." [45]*

The main problem with all this is that blaming oneself is not a productive explanation; it may be more or less adequate with respect to what actually happened, but it does not necessarily yield much sympathy on social arenas. For these are accounts about personal mistakes with severe consequences for all parties involved — including inflicting economic losses upon society as a whole whenever taxes are unpaid and public support is needed. There is, in other words, no immediate element of justification in the *'self blame'* account; the debt problems may be causally explained, but they do not offer any defence for failing to comply with the repayment norm. An option would perhaps be to say sorry and ask for forgiveness; one of the interviews may be interpreted as implicitly hinting at that. But none of the four informants make such a point explicitly. Instead, they seem to choose one of two solutions. The first is resignation:

> *"It makes no difference, really. You can't pay, anyway. There's nothing you can do about it." [45]*

The second solution is to face the mess and accept a penalty. This is not something that is excessively embraced — but it is a way out. As one of them puts it:

> *"All right, I'll do the debt settlement. But they'll only get what's written in those papers, and no more. As simple as that!" [63]*

The informant has obtained a debt settlement. Having already suffered more than fifteen years of debt problems, he basically sees it as a continuation of a difficult life situation. But it is more than that; the way he says he shall "do the debt settlement" defines it as something close to serving a sentence; i.e. a penalty. He accepts it as a way of settling the scores and getting out of the problems, but he also hits back; the creditors shall have no more than exactly what is stated in the agreement.

7.4.2. BAD INTENT AND ROUTINISED INTENT

If it is hard to get wide-spread sympathy for bringing financial problems upon oneself, it is even harder for default-debtors' whose good intentions are doubted. The two types of accounts where this is an issue differ from one-another in degree of calculation. Starting out with the *'bad intent'* category, it primarily refers to processes where somebody deliberately accesses goods, property or credit he cannot afford. A "milder" variant is when a person changes his attitudes from being willing to being unwilling to pay back already acquired debts. Both instances are hard to sympathise with — be it from a *'system world'* or a *'life world'* perspective. The one informant that submits under the *'bad intent'* category is probably a case of both. For although he insists that he always intended to pay back what he acquired through regular consumption loans, credit card abuse and unwarranted cash dispenser withdrawals, he admits there have been elements of ulterior motives in acquiring and neglecting the debt load he now struggles with:

> *"I wouldn't say I'm a criminal. But of course, I'm a borderline case .. So if you compare me to debt victims in general, there are many who deserve a debt settlement more than I do." [99]*

As opposed to this, the *'routinised intent'* category does not refer to instances of calculated action. Rather, it designates debt problems that arise from habitualised economic behaviour. The one informant in this category does not explain his problems in terms of external events such as market downfalls, company bankruptcies or exposure to fraudulent behaviour. Neither does he blame bad health or his own choices as economic actor. Instead, he traces the problems back to excessive credit card usage under varying income flows, in ways suggesting that is an automated, integrated part of everyday life; to cover daily and unexpected expenses by cards is simply the way that the budget is brought to a successful close. It should be noticed that he has been in a similar situation once before and that he solved the problems by selling the house and investing the remaining capital in a new home. Now he faces the same kind of circumstances for a second time — not because of a crisis or a specific budget drain but as a result of a well established routine in economic life:

> *"It's so easy. You just get into some sort of habit .. I don't know. It's hard to explain, but everything is so easy." [86]*

None of the two explanations exempt anybody from complying with the repayment norm. Besides, even though both defaulters may enjoy social recognition in limited social networks, their stories jeopardise the self-image. Following a well-known technique for neutralising moral offences, both informants argue that they have not hurt anybody by their behaviour (Sykes and Matza 1957). As one of them puts it:

> *"I want to say that not many people have suffered from what I have done. I didn't kill anybody or inflict permanent injury upon anyone." [86]*

Also, both are very particular about emphasising that they are righteous persons. *'Debts of honour'* are carefully observed. The maxim of impeccable moral conduct in primary relationships is also extended to street life behaviour:

> *"If I see some old lady loosing money out of her purse I pick it up and run after her. And if I get too much exchange I notify the shop assistant immediately. It has happened many times. Otherwise I know she has to cover it from her own salary." [99]*

Still, to have one's intentions doubted is hard in the long run. A possible strategy would be to say sorry and call for a penalty. But none of them do. Instead, they make a point of having changed their lifestyles. One of them have found a job and recently obtained a debt settlement. He argues he deserves the second chance:

> *"I have changed my attitudes radically, and I have proved that I can do a job and keep a job. I have not been sick for four years and I never skipped work. I have started to send in the income tax form and taken responsibility for my economy. In a way, I think society benefits from giving me a debt settlement because now I am a law-abiding wage-earner that pays bills and taxes." [99]*

The other informant has cut his credit cards in pieces and applied for a debt settlement. He justifies the move by appealing for forgiveness; no mistakes should be fatal:

> *"If it is fair that I get a debt settlement? Yes, I think so. Because everyone can make a mistake." [86]*

This is in fact one of the most direct calls for *'life world'* protection in the data set. On the one hand, it invokes forgiveness as a virtue in economic life. On the other hand, it encourages anyone who lends it an ear to think about what society would be like if mistaken market behaviour was to be fatal. In controversies over normative behaviour, the argument is probably quite disarming in many social settings.

7.4.3. Non-Productive Explanations: Brief Summary

Unproductive explanations are characterised by a failure to causally place the responsibility for the debt problems on *'system world'* processes. The remaining six informants who give such accounts fall into three categories: *'self blame'*, *'bad intent'* and *'routinised intent'*. Whereas the former refers to personal mistakes, ranging from fatal choices in the housing market to equally devastating decisions in business and personal affairs, the two latter types of account concern calculated action where one's good intentions are doubted. These stories hardly have any justifying powers since the responsibility for what happened remains with the defaulter; for even though they may yield sympathy in close social relationships, creating problems for oneself and others do not justify normative offences. Therefore, such explanations are hard to live with in the long run as they tend to detach the individual from personal as well as social dignity. The six informants are instead left with options such as resignation, guilt and a need to prove their worth by changing their lifestyles, which over time may — or may not — earn them renewed social honour.

7.5. FROM CAUSAL EXPLANATIONS TO DISTRUST

The six different types of causal accounts are important for their potentials to justify why a given person do not comply with the repayment norm. Indeed, they provide the ideological basis for cynically coping with formal debt items at *'stage three'* when economic action is essentially about protecting primary relationships and building up new social identities. Causal explanations are also important for one's self-esteem as devices to come to terms with the considerable material and status losses that have taken place.

Still, the degree to which an alterative debt quagmire moral is justified varies. Obviously, non-productive stories have practically no legitimising powers as compared to productive accounts where the responsibility is placed in the *'system world'*. But even when causal explanations succeed in supporting the quagmire moral it is never in terms of a general warranty. Empirically, this is well expressed by the widespread shame that many of the informants feel even at *'stage three'* — in general as well as towards specific actors in their social surroundings. It suggests that any justification of not paying debts is conditional on the story itself and the arenas on which it is contended. This is the difference between a generalised principle such as the repayment norm and the quagmire moral which is not; its legitimacy must instead be argued whenever and wherever economy becomes an issue.

The lack of general exemption from the repayment norm has serious implications. Obviously, the difficulties to achieve social recognition for living by the quagmire moral comes on top of the material deprivation and losses in status that have already been inflicted upon them during *'stage two'*. Moreover, the causal accounts aiming at delivering valid arguments for market actors and state domain institutions to put an end to the difficulties, continue to have little penetrating power — or none at all. As a consequence, any coping activity is wrapped up in an ambience of disappointment and dismay. This is the source of the considerable cynicism towards *'system world'* actors that characterises coping behaviour at *'stage three'*. But constantly falling short of approval and never obtaining a real breakthrough may also trigger sentiments that go beyond cynicism and well into the realms of anger and distrust.

The data indicate that the prospects for this to happen vary across types of causal accounts. For a start, although all four informants who blame *'bad health'* for their financial troubles have gone through dramatic *'stage two'* processes, three of them are well on their way to a better life at *'stage three'* — i.e. at the time of the interview. They make few complaints as they live under debt settlements and have benefited from welfare programmes; if they ever developed distrust in institutional actors much of it is now mended. Next, even though their debt problem careers are complicated and painful, there are few traces of distrust among the informants from to the *'self blame'* category. Unable as they are to hold others responsible, they have in principle nowhere to direct such sentiments. It does not mean that they are not discouraged, frustrated and even furious at times. Still, they predominantly seem to confine themselves to the cynicism that generally characterise all coping behaviour at *'stage three'*. The same goes for the informants from the *'bad intent'* and *'routinised intent'* categories. This is not to say that such defaulters are unlikely develop distrust; indeed, dubious actions may be legitimised by precisely such sentiments. But as far as the two interviewed informants are concerned, they have come to a point where a life in the borderland of the tolerable is given up to put an end to the debt problems.

It is the ten informants from the *'bad luck'* and *'deception'* categories that are inclined to express distrust in *'system world'* actors. Especially those who feel deceived by dishonest and perhaps criminal third-parties are outraged by not being heard in disputes with creditors and public institutions. This is also the case for informants who have been exposed to fatal processes by strokes of *'bad luck'* — even though they tend to express their frustrations in more unassertive terms since there are no fraudulent third-parties involved. Common to all of them is that the expressed distrust is always directed towards specific others — be it creditors, representatives of welfare systems and political bodies. In some cases, the critique is targeted at a generalised enemy: the wider institutional order or the "system" as such.

The interviews generally show that any slide from cynicism to distrust results from complex interactions with institutional actors where adjacent sentiments such as powerlessness and resignation are important components. In what follows, the development of distrust is described as the end of the line of such processes. Only the ten interviews where distrust is a distinguished feature are considered.

7.5.1. Distrust in Creditors

As debt problems basically concern a contract between two parties, processes of distrust naturally start in the default-debtors' relationships with their creditors. The point of departure is that even though most people base their economic careers on a generalised trust in the market institution, any concrete bank or finance house must earn their trustworthiness by interacting with their customers; unless they have a reputation for delivering the products and the services they are expected to, they are not likely to attract customers in the long run. As for debtors who run into debt problems, they expect their creditors to instil confidence also in times of hardship and to be ready to provide solutions when troubles loom ahead. In fact, reaching out a helping hand when it is most needed is perhaps the most efficient trust-generating service a creditor can do — not the least because such deeds have clear parallels in the *'life world'*.

The expectation towards *'system world'* actors to be forthcoming is of course particularly strong with regards to public bodies and organisations located in the state domain. But also market actors such as constructors, estate agents, banks, finance companies and money collectors are expected to show respect and tolerance in case of debt problems. However, some simply concludes that accommodating attitudes are far between at the opposite side of the negotiating table:

> *"I have presented the banks with solutions. But they have never made ME an offer. If it had been a question of imprisonment like in the old days, and hence a trial, the BANKS would have been in deep shit: THEY could have done something, but THEY didn't. Get lost!" [94]*

The distrusting outburst is the end result of a long process. Whenever the creditors are not forthcoming, the first step towards distrust is shock and disappointment. Next comes *'stage two'*, and with it the chaos, despair, and combats to fence off the threats and prevent financial and social disaster. At *'stage three'*, when the default-debtors face a total defeat, bitterness and distrusting accusations come to the surface. Says one:

> *"The bank forced us to sell the house when the price level was at its lowest. If they had allowed us to keep the house, today's value would surely have exceeded my debts and everyone would have been happy. Instead, they swept us under the carpet and ruined the whole family." [32]*

There are many ways in which creditors can reach out a helping hand. The just cited accusation is for instance about being obliging and giving the defaulter a chance to hold on to his socio-economic achievements. Going by this principle implies that the risk remains at the creditor side, which under certain conditions — and for a period of time — can be defended even from a market perspective. But most creditors will sooner or later give it up, in which case a real conflict of interest arises between *'system world'* demands and *'life world'* needs. Whenever that happens, the full responsibility is given to the defaulter according to the rules of the market. As this easily seems highly unfair from a *'life world'* perspective, another typical accusation and expression of distrust is based on an alternative principle of shared risks. Says a former small-firm manager whose debt problems originate from a bankruptcy:

> *"And the bank had all the information they needed, they checked and double-checked. They knew the risks involved. So why can't they take on some responsibility? Why only me?" [23]*

Even though defaulters are given the full responsibility according to the contract, it is not a universal norm — not even in the market context. For instance, any joint venture between professional businesses may be founded on a principle of shared risks should anything go wrong. As a statement forwarded by a bankrupt small-firm manager, the above accusation should therefore first and foremost be interpreted in a market context; his creditors simply behaved immorally from a business point of view by ruthlessly passing on the buck to the weaker party. This is not to say that the allegation lacks roots in the *'life world'* as well; indeed, tactfulness and sharing are obvious virtues in non-professional relationships. The element of distrust expressed by the informant may therefore gain widespread sympathy across multiple social arenas.

The creditors do not only come into discredit because they inflict losses upon the defaulters; it is also a matter of the way they do it. Several of our informants report about unpleasant meetings with the creditor side, including interrogation-like situations where they are outnumbered by representatives of the opposing party or challenged by friendly and unfriendly negotiators in the same room. The most compromising situation is of course when money-collectors call during work-hours or turn up at the doorstep — typically during children's TV or later on in the evening when the family is likely to be at home. Such events create a feeling of powerlessness and add fuel to the development of distrust. According to one of the informants, who had money-collectors at the door found the behaviour both inappropriate and aggressive:

> *"Hey, when are you going to pay? Look how much you owe us, take a look at this paper! They refused to listen to me. That I had a right to live was no concern of theirs. That's the feeling they gave me. It's very bad." [8]*

As the creditors increasingly appear as enemies and no longer friends, the defaulters are driven into a trench. During *'stage two'* money-collection procedures are frightening experiences. But at *'stage three'*, the default-debtors knows the rules of the game and the extent to which a given creditors poses a real threat. Besides, there is hardly anything more to lose. Commenting on being regularly exposed to calls from money-collection companies, each time using arbitrary representatives who do not know the claim's history, cynicism and anger as well as the seeds of distrust are brought together in the following statement:

> *"I really cannot be bothered to explain the facts. I'm rude. They have to find out themselves. I don't want to have these money collectors on the phone in the evening saying hey, what about the money you owe us? I just hang up the phone." [94]*

The same informant also indicates an underlying sense of powerlessness as he concludes:

> *"What's the point in terrorising people? To the money collection companies it is a question of standardised letters. But they don't know how it affects the recipients because they don't know their situation." [94]*

In as much as concrete experiences with specific creditors develop into anger and distrust, everything from managing bank accounts down to everyday shopping routines necessarily change. Habits and practises no longer match the terrain; goods and services cannot be accessed as before, bills can no longer be paid according to established routines, and financial institutions are no longer vehicles of package pursuits. Although a lack of money is enough to bring about such consequences, the element of distrust adds a special dimension to it as distrusting people basically operate in hostile institutional environments. A good illustration of the consequences it may have is when banks are no longer a trusted place and the accounts are emptied on pay to avoid having them taken by the creditors.

7.5.2. Distrust in The Welfare System

The welfare system — including such domains as health the social security — is a cornerstone in the Norwegian institutional setting. Most people, including defaulters, expect to get help from public authorities and social statutes in case of a wide range of unforeseen misfortunes. In as much as debt problems are concerned, various social security schemes and debt settlements are the two most important help services to turn to. Unfortunately, there are often gaps between expectations and actual experiences — and they may be large. This is not the least true for the social security system. As shown already, several informants share negative experiences in the encounters with the service. As this may shatter hopes and break illusions about the Norwegian welfare system, it is well suited to nourish distrust — especially if it is a matter of being denied life necessities:

> *"I went to the social security office to try and get some money, but I'd rather not do it again. I could write a book about that service, it's so shocking! .. I fought for six months to make them help paying the electricity bill. You know, it's a life necessity, especially during the winter.*

> *And to be able to make food and have hot water, hygienic conditions, everything — I had all the good arguments on my side. In the end, I had to make a complaint to the County Governor and they replied swiftly: of course! So I ask myself: why on earth does the local social security try to cheat you like that?" [94]*

When parts of the welfare system fail to come up to expectations, a relative component may also contribute to a growing distrust. Says a former small-firm manager who went to the social security office to get money to cover basic subsistence needs:

> *"I felt like being trampled on .. They were parsimonious. I didn't get what I felt I should have, and I knew others who got more than enough. I felt unfairly treated." [5]*

If there is a feeing of being denied the right to subsistence needs, it does not help if there is also an impression of others receiving a better treatment. In as much as the two factors coincide the inevitable conclusion to be drawn is that not only does the social security office fail to deliver a key service, but it also administers public means unfairly. In as much as such conclusions get a foothold, distrust looms large.

As opposed to social security, whose primary functions are to provide emergency aid and help to self-help through measures such as rehabilitation and economic counselling, the debt settlements are permanent solutions to financial problems. As such, they should not be an issue in distrust statements. Still, in the previous chapters it is shown that some of the informants have negative attitudes towards such regimes. In particular, opposition may be strong if major elements of one's package orientation are not supported or permitted — as for instance when a businessman prefers a voluntary arrangement over a debt settlement for reasons of self-dignity and social reputation. But preferences are not enough to trigger distrust; in addition, some assault on one's socio-economic situation must be launched. This is illustrated by two informants who wanted a debt settlement but withdrew their applications; one because the court refused to take into consideration that the creditors would profit from allowing him to keep his flat instead of demanding a forced sale, and the other because he believed the judge was sympathising with the creditor side and systematically misinterpreted the Debt Settlement Act to his disadvantage — and loss of property. He probably speaks for both of them when saying that:

> *"If you have a decent income, don't apply for a debt settlement. It's a rip-off." [94]*

Even though many default-debtors consider debt settlements as a great relief — as for instance in the *'bad health'* category — some informants find it a too bitter pill to swallow once the regime is agreed by the parties involved and legally enforced. Says a woman:

> *"The debt settlement act is so humiliating and terrible and destructive. It is destructive to put people in situations where there is no choice. And you don't know what's it's like until you sign in. I know businesspeople who went bankrupt, and they would never accept such conditions .. Also, I risk loosing my debt settlement because I misunderstand my duties as the authorities put it. They have already threatened to do so. I have tried to explain that I can't pay tax arrears and my twenty-five creditors at the same time, but they won't listen. It feels like having a fireball at my heels." [1]*

The anger and distrust expressed in the quotation are rooted in a number of factors. The basic dimension is loss of choice — a coveted quality in life and an element in her package orientation that has now come to a halt. This is hard to take, and she claims it would never be accepted by businesspeople whose value orientations and experience would make them back out from the negotiations long before they were completed. She also argues that debt settlements do not offer the stability and protection from creditors as she had thought, and that the enforcement officer has no sympathy for the difficulties she keeps running into when trying to comply with the contractual obligations. As a result, she feels that she has been more or less tricked into accepting unacceptable life conditions. As the debt settlement offers no freedom of choice, it has turned out to be a penalty rather than an honourable solution, and an enforced continuation of the hardships she already has been subjected to for more than fifteen years.

7.5.3. Distrust in The Political and Wider Institutional Order

As is readily seen in most of the quotations so far, distrusting statements are concrete and directed towards specified actors in the market and state domains — i.e. towards banks and social security offices that the informants have actually dealt with to try and solve their problems. But many of the utterances also take the distrust one step further as concrete experiences are more or less automatically generalised to the whole institutional domains — i.e. from one bank to all creditors or from one social office to the welfare system as such. These are spill-over effects that, once triggered, seem to have dynamics of their own. But if it is worrying that a given institution may be distrusted based on a singular problematic relationship, it is even more critical if the process goes beyond the institution itself into other realms of social life or society as a whole. Unfortunately, this seems to be the case for some of the informants.

Spill-over effects are often triggered by simple chains of events. To illustrate, one of the informants struggled to establish a restaurant in a suburban area. Following the election, new political constellations in the city council led to a change in the alcohol regulations that strongly affected his business. Even though he managed to hang on for a while, he was finally made bankrupt. A complicated process followed, involving a number of creditors as well as city authorities and the local social security office. All of these relations became seriously strained. At one point, distrust in creditors and social workers shot ahead into practically any domain of society. First, the political system:

> *"It is nothing but camaraderie. I hate politicians! The way they waste billions while common people — the ant in the system — is treated like garbage." [32]*

Next, as he in vain tried to solve the debt problems by arguing with all involved parties for years, distrust was finally extended to the "system" as a whole:

> *"And I've been to meetings and meetings and meetings, and there's been loads of waffle, and in the end I simply lost confidence in the whole system because I find myself without legal rights." [32]*

Needless to say, people who see themselves as having no legal rights define their situation as one of exclusion. This is the only interview where distrust is explicitly generalised to the status of citizenship. However, one of the other informants comes close as he sees the termination of debt quagmires as a human right that is not presently observed in Norway. He wants an amnesty:

> *"There's something wrong when someone can't pay the interest rates from his salary .. There should be an amnesty in those cases — a simple rule giving the creditors automatically a right to a certain percentage of your income over a limited period of time, and that's it. No court decisions needed .. The rules of today are hopeless." [94]*

The political system is also distrusted for the way that the debt crisis of the late 1980'ies and early 1990'ies was handled. In particular, it is referred to the absurdity in rescuing the banks from bankruptcies just to enable them to continue their crusade against private — and just as bankrupt — borrowers. No money was ever transferred to help individual, innocent defaulters out of the quagmire. In other words, whereas the *'system world'* helped itself by transferring public funds to wounded market agents, the *'life world'* was left unattended. To somebody who has struggled with debt problems for more than a decade this is no less than a large-scale robbery and a source of true anger:

> *"So who is to blame? It's politics, the deregulation and release of credit .. The labour party Minister of Finance who weeded out the problems created by the former Right Wing Government in such a way that the banks went bankrupt and the government took over all the shares. And now they got billions up their asses, right? And the properties [we lost] are now owned by the banks." [1]*

At the highest level of abstraction, individual debt problems are related to the way society manages its human resources. In particular, it is dysfunctional to deprive people from being creative. The spirit of an entrepreneur shines through:

> *"Prosperity is generated by individual initiatives, by somebody starting something .. And even when I fail, I make valuable experiences that society could make use of. But instead, I end up with my hands and feet tied .. The rules of today break our backs. The society we'd like to serve turns us into crooks." [23]*

The message is clear: debt quagmires are a waste of human resources. Any society that evades the duty to implement new and flexible ways of taking better care of its human capital, is not worthwhile serving. The informant plans to emigrate to another country, simply leaving his debts behind.

7.6. SUMMARY

As the default-debtors reach *'stage three'* it is clear that they have become permanently unable to pay their debts. This, however, does not exempt them from complying with the repayment norm. The fact that they do not manage their financial obligations must therefore be justified. This chapter has argued that the defence rests upon two elements: a distinction between *'system world'* and *'life world'* relationships, and a causal account of the financial situation. As for the first, the distinction serves to define two types of debts; viz. formal credit and debts of honour respectively. The analysis shows that the latter type of debt, which is owed to *'life world'* actors, is carefully managed. But when it comes to the formal credit to *'system world'* organisations, a new normative principle is introduced; viz. *"Pay what you can whenever you can*". This is the *'debt quagmire moral'*, which also is the source of the considerable cynicism by which banks, companies, public institutions and other formal creditors are treated.

This turn in normative orientations is controversial — even in *'life world'* contexts — and needs explicit justification. This is largely done by the help of causal explanations. The analysis has identified two broad types of causal accounts; viz. *'productive'* and *'unproductive'* stories. The difference between the two is that the former places the responsibility for what happened in the *'system world'* whereas the latter does not and instead leaves the default-debtors with the blame. The legitimising powers are found in the productive accounts; as long as *'system world'* actors do not stand up to the responsibilities and come up with solutions to the debt problems, the default-debtors have no other choice than prioritise their own needs and go by the new moral principle.

Just how successful is the justification for not complying with the repayment norm? As far as non-productive accounts are concerned, they hardly offer any legitimacy at all; even though individual defaulters may have sympathy in limited social settings such stories leave them with a normative pressure that generates resignation, guilt and a need to prove their worth by changing their lifestyles. In that respect, productive accounts provide the default-debtors with a better position. But the problem is that — unlike the repayment norm — the new moral principle is not universal. As a consequence, they have to argue their case whenever economy becomes an explicit issue. Also, as the *'system world'* creditors do not act upon the alleged responsibility, these defaulters are left in the quagmire just as much as anybody else. This is particularly provocative to those who claim that they have been victimised by fraud or system level processes. Among these informants, the data suggest that anger and widespread distrust in social institutions loom large, and that some of them find themselves stripped of even their legal rights.

8. CONCLUSION

8.1. Introduction

In the last three chapters, an equal number of aspects of coping with debt problems have been studied empirically; chapter 5 looked at the various stages in coping behaviour, chapter 6 dealt with the impact of resources in such processes, and chapter 7 explored the normative implications of struggling with persistent debt problems. Now the time has come to bring it all together by addressing the fourth and last research question forwarded in chapter 2.6:

> *To what extent do [the three above mentioned aspects] inform a generalised understanding about how people cope with dept problems?*

The point of departure is the theoretical perspective developed in chapter 3, which is based on a division between two institutional domains; viz. the *'system world'* and the *'life world'* — the former referring to market and state institutions and the latter to all non-state and non-market interaction networks made up by family members, neighbours, friends and work colleagues (Habermas 2004b [1981]). Within such a framework, coping with debt problems becomes a matter of handling commitments from both domains and prioritising between them. The empirical analysis is based on twenty qualitative interviews with people who are seriously involved in debt problems. The sample has been put together by implementing a *'maximising for range'* principle whereby a broad array of causes and effects known from existing research on over-indebtedness and debt problems is covered (chapter 4). The procedure ensures that characteristic processes are included in the data as well as it enables a controlled selection of informants with theoretically desirable characteristics.

Conclusions from the analyses are developed in four steps. Firstly, a generalised account of coping behaviour is offered in section 8.2. Next, the degree to which the empirical analysis supports the generalised description is assessed in section 8.3. Thirdly, in 8.4 conclusions are drawn by relating the analytical results to current research. Fourth and final, some implications for policy making and practise are drawn in section 8.5.

8.2. Towards a Theory on Coping with Debt Problems; A Generalised Account

A common definition of disposable income is income plus subsidies minus taxes, rates and dues. The formula defines what is left for economic actors to consume and develop a lifestyle and social identity. This "surplus" can be further divided into two parts: fixed and variable expenses. The scheme reflects two important normative principles. Firstly, social orientations in economic life are implicitly defined as resting upon a notion of nimiety; one cannot spend more than one's disposable income. Secondly, a general rank-order of bills follows. As fixed expenses are contractual commitments and variable expenses are not, the former come into prominence — only second to taxes and certain highly prioritised responsibilities such as child maintenance (chapter 1.3.2). This rank-order is also reflected — and further nuanced — in the legal system (Rokhaug 2004: 390-394). As a consequence, defaulters are expected to immediately reduce the variable expenses in order to pay higher-ranked bills. In addition, they are in the longer term required to renegotiate — and if possible: close — contractual commitments to improve the capability of paying outstanding claims. However rational, the defaulters do not always comply with the expectations; indeed, chapter 1 and again chapter 3 made the discrepancy between expected and actual behaviour the analytical challenge and point of departure for the study.

A generalised account on coping behaviour rests on the view that social orientations cannot be residualised as in the just mentioned formula; quite the contrary, they are among the founding guidelines in economic action. In as much as that is the case, it follows that the way people think about and use economic resources is socially constrained. To account for these influences a concept about *'standard packages'* is useful. In its most tangible form it refers to lists of items — *'packages'* — that covers the households' needs in a broad sense, including goods and services that allow for symbolic differentiation with respect to gender, age, roles and social affiliations (Parsons and Smelser 1984 [1956]; Roseborough 1960). This stratifying feature turns standard packages into more than mere lists; indeed, as prestige symbolisation is a major objective in any consumption unit's economic dispositions, complying with a given standard is decisive for achieving and maintaining social statuses. Moreover, even though it makes sense to speak about national packages as referring to the typical standard within given country settings (Riesman and Roseborough 1966 [1955]), the variation around such common multiples is vast. This calls for a more complex cultural conception whereby the existence of a wide range of class- and status-specific packages is recognised. From such a perspective, economic action appears as a learned social skill based on sub-cultural, normative codes for appropriate use of disposable resources. Standard packages are, in other words, normative recipes for transforming economic resources into social status.

Whereas such transitions may appear as "business as usual" whenever the expenditures are reasonably well balanced against the incomes, standard packages represent very problematic sets of constraints in debt problem situations. For a start, they do not go away; they still signify forceful social divisions and as such appear as more or less coveted — and preferred — objectives for economic action. Also, they continue to constitute the body of knowledge by which financial difficulties are to be combated; indeed, one's social belonging and identity largely hinge on continued compliance with the standards of one's status layer. In addition, the presence of debt problems does not exempt the defaulters from ordinary, everyday commitments; they are still part of the same household, linked to the same social networks and expected to participate in the same activities as before — not only as economic actors but also in the capacity of responsible role-persons; e.g. as partners, parents, sons, daughters, friends, colleagues, neighbours and citizens. Put boldly, the only change that initially takes place in the defaulters' lives is that they can no longer afford the package they have pursued and become accustomed to — and by which they are known in their social environments.

It follows that enduring debt problems not only threaten the defaulters' economic achievements but also their social existence. For in as much as there are insufficient means to consume and develop lifestyles and social identities, the inevitable consequence is that the defaulters must reorient towards cheaper standard packages. This in turn, implies a loss of status and hence mobility down the social ladder — in some cases to the extent that even traditional class divisions are trespassed. The disposable income formula as a point of departure for understanding coping behaviour falls short of recognising this dramatic aspect of debt quagmires. The standard package approach, on the other hand, clearly suggests that economic resources cannot simply be reallocated from consumption to unpaid contractual commitments without further ado; the social costs may be too high.

As shown by the analysis in chapter 5, coping with debt problems evolves in three stages. During the initial *'stage one'* (chapter 5.3), the financial problems typically build up without being recognised as a serious threat. This does not mean that the accumulation of unpaid bills goes on unnoticed. Rather, it implies that *'stage one'* is characterised by a certain risk perception; viz. that the problems can be handled within the leeway that any package offers with respect to alternative uses of resources. Hence, under the ethos of keeping calm modest adjustments are made to preserve *'status quo'*. On the one hand, certain economic steps such as saving in on consumption and increasing the incomes through overtime and extra jobs are carried out. It is significant that more dramatic steps like using savings or asking family and friends for help to pay down loans are typically not implemented. On the other hand, a number of socially oriented strategies are used. One of them is the *'ostrich approach'* whereby well-known routines are followed to uphold social images and simply hoping that the problems will be sorted out. Another, related strategy is the *'card-is-played-logic'* whereby status positions — against any rational economic argument — are defended by borrowing more money to protect property and previous investments.

'Stage one' is of course a decisive crossroads as the consequences of carrying on as before are bound to be devastating now as the economic foundation withers away. The alternative, however, is to change lifestyles and embark on downward social mobility. It is important to underline that the defaulters are not actually faced with the choice; even though they retrospectively may realise that they should have acted otherwise, reliance on proven, institutionalised routines is a next-to innate human quality. In this sense, the largely pre-reflective practises associated with package pursuits make blind to the dangers ahead, and carrying on as before becomes a major route into the debt quagmire.

If package pursuits make blind, the events that make the defaulters finally realising the full range of the threat are true eye-openers. This launches *'stage two'* in coping behaviour which is characterised by a redefinition of the risks involved; from now on it is no longer a question of within-package adjustments but a matter of possible transitions from one package to another. The new situation challenges the defaulters with the unknown: economic losses, and with it restricted social participation, unattractive lifestyles and lower-status positions loom large. It also introduces a shift in normative constraints. Under normal conditions and even *'stage one'* package orientations prescribe *'status quo'* or, alternatively, advancements in the status system. Downfalls, however, are precluded. Faced with the prospects of losing one's social foothold at *'stage two'*, package constraints now translate into an aversion against downward mobility. In that sense, package orientations continue to make blind; as the defaulters now more or less actively resist taking any steps down the social ladder, economic sustainable alternatives tend to be overlooked or discarded altogether as being without current interest. In that sense, coping behaviour at '*stage two'* tends to appear irrational to creditors and others in the defaulters' immediate social environments.

As demonstrated in chapter 5.4, the defence for current socio-economic achievements are staged by implementing a wide range of economic as well as socially embedded coping strategies. As for the former, variable expenses are now cut to the bone. Contractual debts are approached through measures such as refinancing and repayments using gains from sales of property, savings and even contributions from friends and relatives. Whenever possible, ways are found to increase incomes. But it is the socially embedded strategies that signify the aversion against downward mobility the most. On the one hand, there is a continuation of habits that at this stage is obviously unaffordable including expensive house rents and use of credit if possible. On the other, avoiding social stigmatisation becomes increasingly important — varying from temporarily hiding away from creditors, friends and relatives to physically running away from it all by becoming a nomad in the periphery of society or moving to a new geographical area or even abroad. Moreover, *'stage two'* is also marked by a number of powerful life events, such as relationship breakdowns, job losses and deteriorating health. As the financial situation aggravates beyond the point of no return, key status signifiers such as job positions, housing and consumption patterns wither away. The end result is a fundamental change in the defaulters' social reputation.

When next-to everything is lost and the status downfall is a social fact, coping behaviour passes into its third stage. Again, the transition is marked by a significant change of risk perceptions; this time from prospects of considerable losses to a low-risk situation. As the defaulters reluctantly find themselves deprived of previously achieved status positions, they have little more to lose. In addition, they have become experts of their own cases; they know the extent to which the creditor side and the court system represent any further threat to their current situation. Coping behaviour at *'stage three'* therefore aims at consolidating new status positions and coming to terms with the new and less attractive packages that have been inflicted upon them.

The reorientation in package pursuits introduces fundamentally new sets of normative constraints. In particular, a sharp division between *'system world'* and *'life world'* relationships now dominates the defaulters' coping behaviour. As for the former, contractual commitments to creditors in the market and state domains are neglected since such claims no longer have direct impacts; indeed, the defaulters cynically make themselves available and cooperative only in as much as they find it useful to the shaping of their new social lives. Hence, they may still engage in negotiations but only if the creditors are willing to compromise. Similarly, they do not see any point in increasing the incomes and reducing the expenses unless it serves their own social ends (chapter 5.5). *'Life world'* relationships, on the other hand, are highly prioritised. For instance, whereas debts to banks, firms and public creditors are largely neglected, money borrowed from friends and relatives are seen as *'debts of honour'* and carefully maintained (chapter 7.2). Also, children's demands and even personal needs such as holidays and evenings out are carefully observed at the expense of contractual commitments (chapter 5.5). Yet another key coping strategy is to apply for a debt settlement, which is attractive in as much as it secures their new social positions.

Even though *'stage three'* seems to bring about a certain leeway for creativity and a new start, there is every reason to underline that substantial shifts in standard package orientations and lifestyles have in fact taken place. The analysis in chapter 6 suggests that the nature and magnitude of the social downfalls largely depend on the resource situation at the time when the financial problems start to build up. On the one hand, assets such as property, job positions, education and social networks are utilised to significantly delimit the downward slide. On the other hand, higher-status and resourceful defaulters typically have more to lose. But in any case, *'stage three'* positions are qualitatively unique as they represent *de facto* downward slides into new and unwanted packages. Since original expectations from significant *'life world'* others can no longer be met, the status loss is a daily issue associated with suffering, frustrations, shame, stigma and reduced social participation — and more so the farther away the new *'stage three'* package is from the packages of origin. Such gaps also represent a challenge for significant others from the pre-problem period as they now have to relate to new social identities. The obstacles and embarrassments involved in such processes tend to leave the defaulters deprived of many of the relationships they formerly enjoyed. The fellowship brought about by sharing the same abilities, aspirations and goals in economic life — the same *'package'* — is no longer there.

8.3. Assessing the Empirical Support

The generalised account on coping behaviour is of course developed in a dialogue with the data. Still, the following sections offer assessments about the degree to which the twenty interviews support four major propositions coming out of the study; viz. that coping with debt problems evolve in stages, that the conduct is based on social orientations, that the nature and magnitude of the social downfalls vary across resource situations, and that package orientations lead to counter-productive behaviour from an economic point of view. The propositions are addressed in turn.

8.3.1. *THE TIME LINE*

The first element in the generalised account to consider is time line. More specifically, the proposition is that coping behaviour develops in three stages in step with the increasingly aggravated debt problem situation. As was shown in detail in chapter 5, most of the informants were able to date the event that made them realise that they were in serious economic trouble, and a corresponding event when they had to face the fact that they had lost the battle and most of what they had achieved in their economic careers. This, in turn, formed the basis of defining a time line made up by three stages in coping behaviour; the initial stage one, the defending stage two and the reorienting stage three. These phases constitute the basic structure in the analysis of coping behaviour; the defaulters' strategies qualitatively change as the objectives and impact of the conduct change in step with the escalation of the problems.

At least two features of the data weaken the proposed timeline. Firstly, the sample is selective in the sense that the informants recruited for the analysis have volunteered to participate and are characterised by the fact that they have actually ended up in the debt quagmire. Secondly, the number of informants is small. Taken together, the timeline could in principle be both different and more complex — partly because the analysis does not account for all of those who escaped the quagmire by implementing different strategies than the ones used by the informants, and partly because the range of strategies is significantly wider than covered by the twenty interviews.

Relevant as these objections may be, they do not violate the existence of a timeline as such. More particularly, they do not undermine the presence of a three-stage course among defaulters in contexts similar to those covered by the informants in the sample. Hence, as an analytical generalisation the proposition about a three-stage timeline should be considered as thoroughly supported by the data. It is reassuring that sixteen different persons who are not acquainted with one-another and have very different backgrounds and causal histories display the same general coping pattern. It is also reassuring that the remaining four informants diverge from it in ways that supports rather than undermines the model; either by being exposed to a powerful life event that throws them directly into stage two or by bad intent taking them directly to stage three. Moreover, the timeline is supported by the fact that the informants come from different layers of society and hence base their coping behaviour on different resource situations. In addition, the notion of stages has been externally validated by presenting it to various professional milieus including money collectors, lawyers and social workers. The timeline identified for coping behaviour also resembles those found in corroborating studies of unemployment.

8.3.2. SOCIAL ORIENTATION

The second aspect to consider is the assertion that coping behaviour is predominantly — yet not solely — based on social considerations. The alternative proposition is of course that defaulters primarily defend economic achievements. Firms, private property and other investments are no doubt important. However, it is a major argument in this study that economic achievements are part of wider social projects, and that status concerns are fundamental to economic action — also in times of financial troubles.

As shown throughout the empirical analyses in chapters 5 through 7, the proposition about a basic social orientation in coping behaviour is supported by the data. For a start, all twenty interviews are marked by an extensive focus on the social consequences of being in severe economic difficulties. Also, at all stages of the debt problem career strategies grounded in social concerns seem to dominate the courses of event. Again, it is noteworthy that this pattern is observed across social divisions; throughout the debt problem career twenty informants with very different backgrounds and resource situations all implement a multitude of strategies that are intended to safeguard social ends such as children's needs, lifestyle essentials and cover-ups to avoid stigmas and shameful situations. At '*stage three*' the social aspect of coping behaviour dominates completely as the defaulters' scarce economic means are almost exclusively used to cover 'life world' needs at the expense of most contractual commitments. Even calls for debt cancellation and vindication are distinctively grounded in social arguments.

There are several critical points that may weaken the proposition coping behaviour is primarily about resisting status losses. One of them is that the sample is made up by informants that happen to be more concerned about their social reputation than others — which even could be the reason why they find themselves in debt quagmires. Although the argument is a warning about the extent to which the finding may be generalised to wider categories of defaulters, it does not undermine the analytical proposition as such; that people in contexts similar to those covered by the informants predominantly go by strategies that are embedded in social concerns. A more worrying objection, perhaps, concerns the relative impact of the wide range of strategies that are actually in use. Indeed, rational economic conduct may in principle be just as decisive for the courses of events as are the socially embedded strategies — at least in some phases of the debt problem career. Still, the proposition about a distinctive and decisive social orientation in coping behaviour is not necessarily violated even by that objection. The point of departure for the study was the simple observation that defaulters do not always act according to an economic rationality. As failing to do so undoubtedly impact the courses of events, the absence of such strategies must also be explained. Faced with that challenge, the proposition about a social orientation in economic life is a plausible candidate.

In conclusion, the analytical generalisation about a strong social orientation in coping behaviour should be considered to be reasonably well supported by the data. Still, a clarification of the impact of different types of coping strategies could be a topic for further research.

8.3.3. The Impact of Resources

In as much as coping behaviour is about avoiding status losses, resources are an important aspect of such conduct. On the one hand, any status situation represents an accumulation of assets in a broad sense. Also, in order to achieve and sustain statuses over time, the command and use of economic as well as socio-cultural resources is a prerequisite. Since serious debt problems arise in different layers of society, it follows that different achievements are at stake, and that different resources are called upon to defend them. Therefore, it is likely that coping behaviour varies considerably across defaulters with different social backgrounds and that the unequal distribution of resources largely accounts for that variation.

As accounted for in chapter 6, the proposition that resources are key elements in coping behaviour is strongly supported by the data. As the debt problems strike, informants with different class backgrounds possess different assets, which in turn define what is at stake and the costs associated with hanging on to given statuses. Also, access to and command over resources lead to different courses in coping behaviour. For instance, property and other material assets such as incomes and savings clearly impact the way status positions are defended. The same goes for personal attributes such as education and marketable skills. In addition, social networks are important; access to other people's resources provides a potential for a series of opportunities — including economic support, employment, holidays and exchange of goods and services. It is also important to notice that the eye for strengthening certain aspects of the resource situation seems to vary across social divisions. In particular, whereas additional education is a strategy that is readily pursued by several informants with middle and upper class backgrounds, working class defaulters typically do not see this as an option.

It follows that resource inequality leads to different end results at *'stage three'* of the debt problem career. Hence, whereas all twenty informants suffer very real and severe material and social deprivation, the magnitude and nature of the downfalls still vary considerably across social divisions. The overall impression is that the transition from *'stage one'* to *'stage three'* is least dramatic among the informants with working class backgrounds; they largely retain more or less the same type of positions in the occupational structure, they continue to live in the same kinds of neighbourhoods and they typically manage to keep a core of their lifestyles and social networks intact. Also, only a few of them feel a need to actively hide the financial problems from the social surroundings. This is in line with previous studies where working class people without debt problems express more accommodating attitudes towards defaulters than do others (Tufte 2005: 235-265). Informants with middle and upper class backgrounds, however, are a different story as they normally face substantial status losses with respect to housing, lifestyles and sometimes employment conditions. Many of them have also lost significant parts of their previous social networks. Faced with these changes, nearly all of them make a point of hiding the truth about the economic situation from others. But the most dramatic instances of downward mobility are found among the working class climbers who had achieved middle class positions at the time when the debt problems started. With one exception, they all find themselves back into their class of origin at *'stage three'*. In line with classic sociologic theory on social mobility, the rollercoaster pattern illustrates the importance of resources; upwardly mobile persons may simply fall short of building up the resources needed to sustain new class positions (Keller and Zavalloni 1964).

As an analytical generalisation based on twenty interviews the proposition about the impact of resources is rather trivial and well supported by the data. The critical element lies instead in the fact that the sample is small and unable to account for the vast amount of variation that should have been considered in order to be conclusive about class- and status-specific coping behaviour. Indeed, as there is only one observation per status position the possibility to develop relevant categories of resource situations is limited. Even though the data has been theoretically systematised to distinguish between informants holding different positions in the Norwegian occupational system, each of them still largely appears as unique cases of socio-economic deprivation. However, as the fragmented character of the data set does not provide an extensive basis for a class- and status analysis, the insights produced by the study are probably good enough as starting points for developing such research in the future.

8.3.4. *INSTITUTIONALISATION OF PRACTISES; COUNTER-PRODUCTIVE ACTION*

The fourth aspect to consider is the assertion that package orientations lead to counter-productive behaviour from an economic point of view. The proposition is based on the general human need to institutionalise practises in most realms of social life (Berger and Luckman 1984). From this perspective, the *'standard package'* conception refers to normative constraints that largely result in routinised practises designed to develop and sustain socially acclaimed economic careers and lifestyles. Like most routines, economic practises reflect learned skills and largely fall into the category of pre-reflective action (Østerberg 1980). Habitualised actions are rational as long as the structural and socio-economic conditions are stable. Once destabilised, however, existing routines are easily rendered counter-productive with respect to the goals they are designed to safeguard. In that sense, practises appear as being saddled with an inertial force; it takes time to realise that habits and routines must be changed.

More specifically, the proposition is based on the idea that there are two types of goals involved in economic action — viz. economic achievements and the social prestige associated with them — and that the latter has precedence over the former. Under normal, stable conditions economic practises typically hit both birds with one stone. Under debt problems, however, this is not the case anymore as the routinely pursued standard packages are no longer affordable. Faced with the gap between economic capability and social needs the proposition asserts that defaulters prioritise the latter.

As demonstrated throughout the empirical analysis, these ideas are supported by the data in several ways. For a start, the informants generally rely on the skills, routines and habits that have been part of their repertoire of economic actions long before the financial difficulties started to build up. The interviews also show that the coping strategies are grounded in economic as well as social orientations, and that the latter is given supremacy over the former; first by falling back on known routines and practises to sustain achieved statuses through minor adjustments during '*stage one'*, then by actively defending their social positions with all resources at their disposal during '*stage two'*, and finally by establishing new economic practises that safeguard new package orientations at the expense of the accumulated debts during '*stage three'*.

Unlike the routinised behaviour under stable conditions, social downfalls tend to bring influential norms and values to the front. Among these are the already noticed aversion against downward mobility and the corresponding desire to sustain *'status quo'* in package pursuits. The interviews show that these beacon lights often result in priorities, actions and absence of actions that are costly in economic terms. But the social costs of acting otherwise could be even higher. Although any status situation offers leeway for adjustments and alternative uses of assets under crises, rational economic concerns should not be taken to the point that a shift of package orientations is inevitable. Hence, many of the informants do not even consider alternative and more sustainable lifestyles as an option, and most of them simply resist the prospects of downward mobility by implementing strategies that presuppose a continuation of achieved lifestyles and ownerships — now and in the future. These endeavours are also marked by a strong emphasis on *'life world'* relationships; in step with the escalation of the difficulties, the perceived needs of the household and immediate social surroundings are systematically prioritised over creditor claims all through the debt problem career.

As an analytical generalisation, the proposition about counter-productive economic behaviour is well supported by the data. Still, several objections may be forwarded. One is that, even though nobody would deny the presence of normative constraints in economic action, the anticipated sharp barriers between qualitatively different package orientations as causing unproductive economic behaviour may be an unwarranted interpretation of the data. Indeed, it could be the other way around; given a set of powerful life events that completely overturn the economy, socially grounded actions may be the only option left for the defaulters to go by. This, of course, not only turns counter-productive economic behaviour into an effect rather than a cause of increasing deficits, but also defines social orientations as activities that are largely disconnected from economic life as such. Even though the latter hardly finds broad support in the data, the social orientation in coping behaviour is more distinct at the later stages of the debt problem career than in the earlier phases. More detailed data would therefore be welcomed as it allows for more precise reconstructions of the courses of events and hence contributes to a further clarification of the mechanisms at work.

A second objection is that nobody can "see" their package and explicitly tell us about it; hence the *'standard package'* concept may be a theoretical construction that obscures rather than illuminates the mechanisms that actually trigger coping behaviour. Even though better models may be developed in the future, the value of any concept rests on its ability to make sense of the data. The *'standard package'* heuristic has drawn the attention to certain patterns of social orientation in coping behaviour. However, the model should be tried out in other areas of economic action in order to further explore the usefulness of the concept. Such research would also retrospectively contribute to the validation of this study.

8.4. Advances in the Knowledge about Coping with Debt Problems

Besides evaluating the empirical support, the generalised account should also be assessed with respect to existing works in the field; in what ways — if any — does it enhance the current knowledge about coping behaviour? As noticed in chapter two, both causes and effects of over-indebtedness and debt problems are accounted for theoretically as well as in numerous empirical studies. But when it comes to coping behaviour the contributions are fewer. Also, they normally treat the phenomenon as a consequence of the same processes that cause the economic difficulties. In as much as that is the case, there is hardly any need for specific theories about the phenomenon. Instead, coping strategies are typically recorded as add-ons in wider analyses of the causes and effects of non-payments (chapter 2.5).

A major argument in this study is that coping behaviour is more than that. Rather, it refers to how people who are exposed to unfortunate chains of events actively respond to them, learn from them and recognise them as premises for future action. As a consequence, coping behaviour must be analysed within the frameworks of a theory of action. Combining conceptions about institutional constraints in economic life with insights from existing research on over-indebtedness and debt problems, a theoretical understanding of how defaulters' deal with their problems has been offered.

This, in turn, has resulted in particularly two advances in the knowledge about coping behaviour. Firstly, it has been shown that such processes typically take place in three stages. Corresponding patterns have been identified in early studies of unemployment (Jahoda and Lazarsfeld 2002 [1933]). Still, since unemployed persons handle their problems under different institutional conditions than do defaulters, coping behaviour is not identical in the two groups. Also, as demonstrated throughout the analysis, dealing with debt problems is submitted to forceful social constraints. Again, this is in line with certain studies of downward mobility (e.g. Newman 1989). Still, the notion of standard package orientations in economic life has shed new light on how social commitments specifically impact coping behaviour among defaulters.

Secondly, the study has enhanced the knowledge about coping behaviour by establishing *'stage three'* not only as part of a cohesive process, but also as qualitatively different from *'stage one'* and '*stage two'*. As opposed to the earlier phases, the third stage is marked by the irreversible fact that substantial downfalls in social status have taken place — sometimes to the extent that class boundaries are crossed. This introduces a fundamental change in coping behaviour; whereas the defaulters are basically accommodating towards the creditor side during '*stage one'* and '*two'* and try to bring the economy back on track, this is no longer a point at *'stage three'* since they now have lost next-to everything and *de facto* become permanently unable to repay their debts. Faced with the universal validity of the repayment norm they have no choice but to replace it with the alternative principle *'pay what you can whenever you can'*. A major implication for coping behaviour is to exercise considerable cynicism towards banks, firms, public authorities and other *'system world'* creditors, and instead give *'life world'* commitments priority over most contractual obligations. As a consequence, people who previously appeared both willing and able to pay now seem to hold neither of the qualities; indeed, living by the new moral principle leaves the debt loads to accumulate for eternity — unless by luck or some formalised agreement.

Another implication is that whenever non-payment becomes an issue the debt quagmire moral must be defended in social contexts in order to restore the defaulters' personal dignity. This is largely done by reference to one of two types of causal explanations; either '*productive'* stories that blame the *'system world'* for what happened, or *'unproductive'* accounts that leave the individual defaulter with the responsibility. The former type of explanation establishes social downfalls as highly unfair, which in turn serves to legitimise the new moral rule. But as *'system world'* actors do not respond by actually putting an end to the alleged injustice, these defaulters find themselves left in the quagmire just as much as anybody else. Therefore, they typically grow bitter and angry, and eventually lose trust in major social institutions and even society as a whole. *'Unproductive'* accounts, on the other hand, hardly offer any legitimacy for the debt quagmire moral at all. Even though these defaulters may gain sympathy in limed social circles, the result is resignation, strong feelings of guilt and coping patterns marked by social withdrawal and exclusion.

Either way, *'stage three'* is a highly undesirable situation — a deadlock for individual defaulters as well as for creditors and society as a whole. This is not only when the most severe levels of socio-economic deprivation occur, it is also the stage in which the defaulters become extremely difficult to deal with. From now on, even though only one or two of the twenty informants have deliberately acted with bad intent, all of them behave in ways that to outsiders may seem both immoral and careless; debts are not paid, social needs are prioritised over debt commitments and third-parties are blamed for the situation. A similar pattern was also noticed by Caplovitz'; even though only five percent of the cases in his material could be classified as irresponsible conduct, he found it highly misleading that this was the kind of conduct that tended to be generalised as the creditors' prototype of a defaulter (Caplovitz 1974: 54). At this point, the notion of a *'stage three'* is a step forward as it systematically establishes undesirable coping behaviour as part of comprehensive, long-term processes where the motives change in step with shifting institutional conditions. As a consequence, the moral issue must be framed within a contextual perspective and approached as a matter of different morals rather than immorality. Even though any alternative to the repayment norm is unacceptable from a societal point of view, this contributes to a better understanding of long-term defaulters and help identifying the ways forward.

8.5. Implications for Policy and Practise

The consequences of ending up in *'stage three'* quagmires are severe. First of all, the data document dramatic effects on the individual level, including economic losses and deprivation, job insecurity, marital problems, impaired health and loss of social networks. The time aspect must also be mentioned; debt quagmires easily claim ten years or more of the defaulters' lifetime. Secondly, the analysis suggests that there are discernible, unfortunate effects at the macro level. These include costly help programmes and health services, court expenses and substantial, aggregated economic losses. Also, the fact that defaulters no longer are able to fully participate in society as consumers, employees and holders of other roles is unproductive from an economic point of view and a waste of human resources in a broad sense. The political costs associated with debt quagmires should not be neglected, either; as defaulters may eventually lose trust in the institutional order it is politically hazardous for any society to develop widespread financial problems.

The message to creditors, money collectors, legislators, political authorities and practitioners in the social services and elsewhere is therefore a clear warning against *'stage three'* and a call for systems that may help preventing people from ending up in such circumstances. It falls well beyond the scope of the study to draw up concrete propositions. However, a general comment on the responsibilities that *'system world'* actors have to facilitate problem-solving processes is in place.

Besides general steps such as regulating people's access to credit and teaching economy in school, preventing defaulters from entering into *'stage three'* is much about the institutionalisation of the debt recovery routines. Indeed, following Reifner (2000b) existing regulations may in fact contribute significantly to the development of aggravated debt situations. As pointed out in chapter one, the current system equilibrates several principles. On the one hand, there is a need for maintaining the general payment moral and the corresponding right for all creditors to have their claims covered. Public authorities support these principles through legislation and by placing the enforcement apparatus at the creditors' disposal in cases of default. On the other hand, the debt recovery regime also aims at safeguarding the defaulters' rights to a decent life and protection against excessive collection practises. This includes restrictions on the methods in use and the extent to which the defaulters' possessions and incomes can be accessed. It also involves the institutionalisation of certain positive remedies, such as a free-of-charge economic counselling service in the municipalities and a wide range of public assistance programmes that may be called upon to help establishing renegotiated repayment plans. However, none of these elements explicitly address the need to preventing *'stage three'* situations from developing.

Such a challenge calls for establishing as many bridges between the *'life world'* and the *'system world'* as possible. This is particularly due to three main characteristics of debt recovery practises. Firstly, they are founded on a real conflict of interests between *'system world'* principles and *'life world'* concerns, both of which has been demonstrated to be embedded in very different types of economic orientations. Secondly, the practises are indifferent to the totality of the defaulters' life situation. This is probably how it should and must be; *'life world'* conditions are too complex to imagine a highly differentiated system based on case-by-case tailored collection routines. The implication is, however, that the enforced routines have unlike effects across life situations and the three stages of the debt problem career. This is a critical point indeed as there is a direct causal relationship between instances of money collection and the escalation of financial problems. Last, but not least, debt recovery practises focus on isolated bills and not total debt portfolios. Again, this is a critical point as the chances for avoiding debt quagmires depend on bringing the whole of the household's expenses and incomes in balance.

The most important instrument whereby these differences can be bridged is a professional, independent and free-of-charge debt counselling service where the total economic situation is taken into account. Also, counsellors typically have a chance to see the debt problems as part of the defaulters' life situation as a whole and connect them to other social services if necessary. But in spite of such links and potentials for bridging *'system world'* claims and *'life world'* conditions, there are few channels that actively recruit *'stage one'* and *'stage two'* defaulters to the service; largely, they must find their way to the helpdesk by themselves. As a result, many of them may never turn up, or ask for help too late. One of the most promising aspects to consider is therefore how to expand the contacting surface. This can probably be done in a number of ways. But a simple — and yet challenging — option is that creditors and money collection companies develop routines for systematically identifying repeated cases of default and recommend them to contact an independent debt counselling service to get a full evaluation of their economic standing.

Developing a prevention system in this direction depends on awareness of the different responsibilities involved. A good illustration is the tipple role of the state domain agency; as regulator, creditor and protector of civic society institutions against destructive market forces. These sometimes contradictory responsibilities are generally safeguarded by assigning different organisations for each task. It is important for all parties that such roles are distinct and kept apart. As for debt problems, public creditors should therefore not develop ambitions to solve both their own problems — i.e. lack of payments — and those of the defaulters. Instead, they should establish a formal routine whereby repeated cases of default are not simply subjected to increasingly punitive debt recovery routines, but also systematically encouraged on a voluntary basis to contact the economic counselling service in their area. The same goes for private creditors and money collection companies; they should continue to enforce their claims at the same time as they routinely act upon the advantage of offering repeat-defaulters a chance to have the economy assessed in full by independent advisors before it is too late.

In addition, flexibility, the development of a widest possible range of emergency solutions and a readiness to implement them in case of over-indebtedness is vital if *'stage three'* situations are to be effectively prevented from developing. Needless to say, this goes for private and public creditors alike.

8.6. CONCLUDING REMARKS

The empirical results substantiate a theoretical understanding of coping behaviour as based on a social rather than an economic orientation. The data have therefore been interpreted in terms of a conception about *'standard packages'*, which refers to constraints whereby economic resources are transformed into social status. In as much as people act according to such influences, the overall goal is to preserve *'status quo'* or alternatively to achieve a higher status. Whenever debt problems occur, standard package orientations translate into a principle of avoiding social downfalls. The usefulness of the *'standard package'* concept should be further explored by taking these ideas to other realms of economic life than debt problems — such as ordinary consumption, borrowing and investments in different social groups and the preparedness among the population to implement lifestyle changes to comply with new external influences such as concerns for the environment. This kind of research would contribute to a better understanding of the mechanisms governing economic life at the household level.

As for debt problems, it should be noticed that there is in fact a *'stage four'* to investigate; as defaulters eventually find solutions to the difficulties, they return to normal life as resituated consumers in new status positions. There are currently no studies about the aftermath of debt quagmires — at least not in Norway. This, of course, would not only serve as a systematic assessment about the success of existing help systems, but also add substantially to the knowledge about debt problem careers in particular and processes involving social downfalls in general.

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APPENDIX A: RECRUITMENT QUESTIONNAIRE

Dear receiver of this questionnaire,

Adequate knowledge about debt- and payment problems depends on the extent to which those struggling with such difficulties are given the opportunity to come forward with their own versions; what went wrong, what are the consequences and what is it like to live with financial problems over time. This is such an opportunity. We hope that you take the time to answer the questionnaire. There are not so many questions, and most of them have pre-defined answers to tick off. Some of them, however, invite you to give answers in your own wording. It is not necessary to write pages on end, but please feel free to use an extra sheet of paper if you need to. You may also give comments to the tick-off questions if you want.

When you have finished, please put the questionnaire in the ready-stamped envelope and mail it to us. We guarantee full anonymity according to the requirements of the Data Inspectorate.

The information you give is to be used in PhD-level analysis on debt- and payment problems. Your answers will contribute to extending the knowledge about the life situation that you and many other default-debtors are in, and could have an impact on future decisions by politicians and public authorities.

Thank you very much for your time,

Christian Poppe
Researcher
National Institute for Consumer Research

1) What is your Age? ………………..

2) Gender: ☐ Female ☐ Male

3) About when did your financial problems start? Year: …………….

4) Have you applied for, or do you currently have, a debt settlement?

☐ Did not apply ☐ Applied (Year):…… ☐ Have a debt settlement (Year):

Turn to the next page → → → → →

This survey is going to be followed up by a limited number of personal interviews. Each interview will last about one hour. If you would like to participate please write your telephone number below and we will contact you:

Yes, I want to participate. Call me on this number ………………….

And ask for ………………………………………

I would like to be contacted between ……… o'clock and ………. o'clock

If you have any questions about the survey or the personal interview, please call Christian Poppe (Phone number) ……… during working hours.

The following questions are about your situation before you got debt problems, and how it is now. Tick off or write down your answer.

Question	**Just before you got debt problems**	**Current situation**
5. Job/ Profession		
6. Number of children living with you		
7. Income		
8. Marital status	☐ Married/ co-habit ☐ Single	☐ Same as before ☐ Re-married/ co-habit ☐ Single again
9. Highest completed education	☐ University level ☐ Intermediary level ☐ Primary level	☐ Same as before ☐ University level ☐ Intermediary level
10. Home	☐ Villa ☐ Terrace house ☐ Flat ☐ Bed-sit	☐ Same as before ☐ Moved to a villa ☐ Moved to a terrace house ☐ Moved to a flat ☐ Moved to a bed-sit
11. Home ownership	☐ Yes ☐ No	☐ Yes ☐ No
12. Car	☐ Yes ☐ No	☐ Same as before ☐ Different, better car ☐ Different, lower quality ☐ No car
13. Second home	☐ Yes ☐ No	☐ Same as before ☐ Different, higher standard ☐ Different, lower standard ☐ None
14. Standard of living	☐ High ☐ Middle ☐ Low	☐ Same as before ☐ Higher ☐ Lower

15. Has the occurrence of debt problems changed your circle of friends?

☐ No ☐ Yes, I have more friends now ☐ Yes, I have fewer friends now

16. Have you moved to a different neighbourhood after you got debt problems?

☐ No

☐ Yes, to a neighbourhood of the same or higher status

☐ Yes, to a lower status area

Have you and your partner (if you have one) done any of the following to improve your economic situation?

If yes, please indicate if you did it early after the problems started, later in the process or just recently.

Do not include what you have done after you got a debt settlement (if you have one).

If the answer is "No", tick off the first answer column. If the answer is "Yes", please tick off the adequate time column or columns (multiple answers possible).

Some of the questions have pre-defined options. Please tick off the appropriate one.

Have you and your partner (if any) done any of the following to improve the economy?	**No**	**Yes, at the start of the problems**	**Yes, after a while**	**Yes, just recently**
17. Extra jobs, working overtime				
18. Black jobs				
19. Spent savings				
20. Refinanced loans				
21. taken on additional loans to keep creditors away				
22. Used multiple credit cards to keep creditors away				
23. Asked creditors to change repayment schedules				
24. Seek out advice at a professional counselling service				
25. Got economic advice at social security				
26. Replaced broken items by renting instead of buying them				
27. Received financial assistance from social security				

28. Received financial assistance from family/friends		☐ Family ☐ Friends	☐ Family ☐ Friends	☐ Family ☐ Friends
29. Sold property (home, second home) or car		☐ Home ☐ Car ☐ Second home	☐ Home ☐ Car ☐ Second home	☐ Home ☐ Car ☐ Second home
30. Saved in on food		☐ A lot ☐ Some	☐ A lot ☐ Some	☐ A lot ☐ Some
31. Saved in on clothes		☐ For grown-ups ☐ For children	☐ For grown-ups ☐ For children	☐ For grown-ups ☐ For children
32. Saved in on social activities		☐ For grown-ups ☐ For children	☐ For grown-ups ☐ For children	☐ For grown-ups ☐ For children
33. Other, please specify				

34. Why and how did you ended up in debt problems, as you see it?

35. What are the most difficult experiences living with debt problems, as you see it?

[A blank sheet of paper was provided for each of the latter two questions].

APPENDIX B:
THE INTERVIEW GUIDE

The guide was implemented as described in chapter 4.4. It served as a structured plan to introduce general, overall topics to be developed by the informants. At the more detailed level, it functioned as a checklist to be consulted at the end of the interview, or on rare occasions when the conversation lost its dynamics and came to a halt. The interviews typically lasted about one and a half hours. Main topics 1 and 2 took up about one third of the time.

1. Points from the Enquete

Here, main impressions and points from the recruitment questionnaire were written down prior to each interview. Some of them were followed up during the interview.

2. Before the Debt Problems started

Can you tell a little about your background?

- ✓ Born where?
- ✓ Grown up where?
- ✓ Parents' education and profession?
- ✓ Housing condition?
- ✓ Living conditions?
- ✓ Own education?

If you think about the time before the debt problems started, how would you describe your life at that time?

- ✓ What kind of life did you want to live?
- ✓ What ambitions and goals did you have?
- ✓ How did you want to see yourself at that time?
- ✓ How did you want others to see you at that time?

- ✓ What was your plan, the dreams, the prospects for the future?
- ✓ How did you try to make these dreams/ambitions/goals come through?

[Possible issues: family, job, home, car, clothes, "things", lifestyle, social life, party life].

3. DEBT PROBLEM PERIOD

What went wrong? Why did not the plan work out? When did it go wrong? What were the causes as you see them?

What losses occurred first? What losses were particularly hard to face?

[Possible issues: family, job, home, car, clothes, "things", lifestyle, social life, party life].

When did you realise you had to give up your ambitions? Some particular event that opened up your eyes to the difficulties?

How did the debt problems affect your life style?

What about the everyday life of your partner/children/close family?

How did the debt problems affect your job/firm?

What about friends? Is it really possible to lose friends because of financial problems?

Possible consequences checklist [*check the enquete*]:

- ✓ Domestic problems
- ✓ Loss of firm
- ✓ Loss of home
- ✓ Loss of car
- ✓ Loss of social status
- ✓ Loss of friends
- ✓ Loss of possibilities
- ✓ Social isolation
- ✓ Problems for children
- ✓ Too little money for bills, children's needs, food, dentist
- ✓ Shame
- ✓ Fair of poverty
- ✓ More friends? New friends? Extended social life?

- ✓ Problematic creditors
- ✓ Problematic public authorities
- ✓ Problematic social security
- ✓ Self-accusations
- ✓ Worries
- ✓ Bitterness
- ✓ Depression
- ✓ Feeling unsafe
- ✓ Drugs/ alcohol abuse
- ✓ Shock
- ✓ Apathy
- ✓ Stress
- ✓ Health problems

Life quality: what make debt problems so hard to live with?

Have your aspirations changed as a consequence of the debt problems?

How do you see your future prospects?

If a debt settlement: How was the process? What did it solve/ not solve?

How do you evaluate the difference between your life situation, dreams and aspirations before the debt problems set in, and the prospects of the current situation?

Did you acknowledge the risks involved in the economic steps you have taken prior to the debt problems?

Who are to blame?

Looking back, do you have any regrets/ should you have done anything differently?

What about creditors/authorities — should they have behaved differently?

4. SOCIAL STIGMA

As the problems set in, who knew about them?

What about your partner/ children/ nearest family?

What about colleagues/ friends/ neighbours — did they know?

What about your employer/ business partners?

When the debt problems became permanent, who did you tell then?

Do you think that many of those who you did NOT tell, knew about your difficulties anyway?

Who did you NOT want to know? Why? How did you manage to hide the truth away from them?

Do you think people in general look down on default-debtors?

Have you any such experiences yourself?

Have your beliefs about other people's views on debt problems influenced your way of handling them?

5. STRATEGIES

[Only a checklist to be used at the end of the interview — if at all necessary]

- ✓ Buying/selling of homes — when, why, what event?
- ✓ Buying/selling of car — when, why, what event?
- ✓ Buying/selling of valuables — when, why, what event?
- ✓ Reducing debts— when, why, what event?
- ✓ Refinancing debts— when, why, what event?
- ✓ New loans — when, why, what event?
- ✓ Credit card use — when, why, what event?
- ✓ Termination of insurances — when?
- ✓ Extra jobs — when, why, what event?
- ✓ Overtime — when, why, what event?
- ✓ New job — when, why, what event?
- ✓ Black job — when, why, what event?
- ✓ Social security — when, why, what event?
- ✓ Saving in on food — when, why, what event?
- ✓ Saving in on clothes — when, why, what event?
- ✓ Saving in on transport — when, why, what event?
- ✓ Saving in on consumption — when, why, what event?
- ✓ Saving in on social life — when, why, what event?
- ✓ Saving in on party life — when, why, what event?
- ✓ Creditor contact — when, why, what event?
- ✓ Economic counselling — when, why, what event?

- ✓ Help from lawyers — when, why, what event?
- ✓ Checking out books — when, why, what event?
- ✓ Checking out the Internet — when, why, what event?
- ✓ Help from colleagues — when, why, what event?
- ✓ Help from friends — when, why, what event?
- ✓ Help from family — when, why, what event?
- ✓ Education — when, why, what event?
- ✓ Other losses — when, why, what event?

APPENDIX C:
TRANSLATION FROM TRANSCRIPT

Transcript from Case[28]	**Translation as reported in 6.4.2**
[Topic: Moving from a small township into Oslo] 28: Nei, nei, jeg dro jo... for jeg hadde jo en [utenlandsk] jente som jeg hadde... vi hadde rotet litt i [hjembygda] tidligere. Så hun hadde jeg litt i bakhodet. Vi hadde litt sånn sporadisk kontakt. - Og hun bodde her [i Oslo]? 28: Ja. Men hun hadde ikke... ikke sant, for hun var [fremmedkulturell], og de bor jo så tett inneknytta av familien, og det var ikke bare for en hvit fyr å komme rett inn i en [utenlandsk] familie. Det går ikke. Men hun hadde en yngre bror som var halvveis kastet ut av familien, for han hadde noe nerveproblemer og litt alkoholproblem, så han kunne jeg bo hos. - Ok, så du bodde hos han? 28: Ja, en stund i hvert fall. Men det var jo helt på bunnen av... - Du følte du var på bunnen av samfunnet? 28: Ja, helt... helt... - Kasta ut? 28: Ja, ja. Men det var jo tross alt vekk i fra... det var deilig å komme seg vekk i fra... [egne problemer]. - Hvordan følte du det... det var den positive greia i	*“Actually, I looked for my immigrant girlfriend .. But immigrants don’t let white people into their families just like that. At the time when I arrived her younger brother had been thrown out of the household due to bad nerves and a drinking problem. So I could stay with him .. At that point in life I felt totally excluded — at the bottom of society .. But at least it felt good to have escaped my own problems ... They were refugees and had experienced war and death. It really wasn’t easy. But after a year I got a job.” [28]* -- (Cf. section 4.5.4 for a discussion on citation practises and the standardisation rules that has been decided upon).

hvert fall at du var borte fra de nære problematiske forholdene, for å si det sånn... 28: Ja, ja, ja. - Men så sa du da at du var på bunnen av samfunnet. Hvordan opplevde du det? Dette er storby etter norske forhold i hvert fall, og du bor hos en [flyktning-] familie eller... 28: En [ikke-Europeisk nasjonalitet]... - En [immigrant] med alkoholproblemer? 28: Ja, det var ikke helt greit. Men det var liksom... jeg ble jo etter hvert kjent med flere, og så er det vel også noe av den slekta... en nordmann som var sammen med en [fremmedkulturell] dame... eller hun kommer egentlig fra [et naboland]. Og det var også litt sånn problem med familie og en del fyll og problemer og kulturkollisjoner når det er litt... Og det er jo flyktninger også som har opplevd en del død og fordervelse før de kom hit, så... i tillegg til... Så det har ikke vært enkelt på noen måte. - Fikk du jobb her nede da [Oslo]? 28: Etter litt over et år så fikk jeg jobb.	