

‘Rethinking Economic Anthropology: a human centred approach’

Workshop 2: Debt

Good Debt and Bad Credit: A Cross-Cultural Consideration of Debt

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Abstract

Taking its cue from a brief academic quarrel over the appropriateness of comparing Latin American debt-peonage with house mortgages in the West, the paper considers apparent distinctions between different cultural understandings of debt. The paper begins with a close analysis of local understandings of debt-peonage in Amazonia from both the perspective of indigenous peons and their *mestizo patrones*. It examines the reasons why individuals enter into these relationships and the relative power differences involved. Bringing in other ethnographic examples, including land mortgages in central India and various cases of small-scale entrepreneurship, the paper goes on to examine wider negative and positive ideas associated with notions of debt and credit and the power relations involved. Finally, returning to the original discussion, the paper examines some of the important similarities between the system of Amazonian debt-peonage and the current mortgage market in the United States and United Kingdom.

Introduction

One of the recurring debates in the study of systems of debt peonage in Latin America has been over the relative level of exploitation that it entails. For some it is tantamount to outright slavery while others portray it as more of a symbiotic relationship in which both workers and their employers rely on each other in order to survive. While in such debates specific context is all important, with the relationship weighted depending on the circumstances of each situation and principally the relative scarcity of goods and labour, I believe that this type of relationship has wider things to say about ideas about debt cross-culturally. Specifically in this paper, through picking up on a brief academic wrangle that occurred at the end of the 1970s, I hope to explore some of the parallels that appear to exist between the current state of the mortgage market in the United States and UK and the system of debt peonage as it occurs in the Peruvian Amazon.

Debt Peonage and its interpretations

I will begin with a quick description of the system of *habilitación*¹ or debt bondage or peonage (also known, particularly in relation to agricultural labour, as *enganche*), an economic institution that occurs in many situations and particularly across Latin America. I describe it here in the context of where I conducted fieldwork on the Ucayali River, a major tributary of the Amazon in Eastern Peru and the people I worked amongst, including

¹ Directly translated as ‘fitting out’, as in ‘fitting out an expedition’ – the way in which it was referred to in North America.

Ashéninka² indigenous people and people who are locally known, and self-identify, as *mestizos* (people of mixed-heritage). My research was chiefly conducted in the two Ashéninka communities of Pijuayal and La Selva, the Shipibo community of Amaquaria and the local city, and regional capital of the Ucayali department, Pucallpa.

Habilitación has been the main economic system of the region at least since the first major outside economic interest in the area began with the rubber boom in the 1870s. The first Peruvian rubber barons were based in Iquitos, around a 1,000 km downstream from where I conducted fieldwork, but as land concessions were given official backing and prices rose, so operations increasingly stretched further up river. During this expansion Ashéninka people were brought into the industry first as guides and then as rubber gatherers. In the *habilitación* system of production and exchange, a *patrón*³ or *habilitador* pays a worker in goods in advance for the commodities that the worker will extract from the forest. The *patrón* then keeps a record of the outstanding debt, from which the value of the returned goods is subtracted. By forming the debt before any work has been done and by enforcing his own role as commercial middleman, the *patrón* thus appears to gain a powerful claim over his workers.

During the rubber epoch infamous men such as Carlos Fermín Fitzcarrald are described as having kept indigenous groups in virtual slavery, inflating the prices of the commodities that they gave out and deflating the prices of the goods they were given (Santos-Granero & Barclay 2000: 38). As well as engaging workers as peons within the system of *habilitación*, they also played off internal and external tribal rivalries to get different groups to conduct slave-raids among their enemies in return for guns and other goods (Varese 2002:126). Through the lure of goods or the use of force such outsiders built up large workforces. The terrible labour conditions of these workers, in addition to epidemics of European diseases and outright massacres, decimated the indigenous population and intensified outsiders' search for labour (Varese 2002:127). Even with the end of the rubber trade at the beginning of the 20th Century, the enslaving of indigenous groups continued and the use and trade of Ashéninka slaves was reported in some regions until recent decades (Gray 1998:169; Weiss 2005:52). In general however, the worst excesses ended with the collapse of the rubber market, and the physical enslavement of Ashéninka people gave way to making all individuals more explicitly part of the economic system of *habilitación*⁴.

From the 1940s, boosted by the opening of the Lima to Pucallpa highway in 1943, mercantile activity in the Ucayali region began to focus on the extraction of timber. This new industry was still based on relationships of debt peonage and Ashéninka people were drawn into the industry in this manner. A few Ashéninka men that I knew tried to work

² The Ashéninka are part of a larger ethnic group now known as the Asháninka, and previously referred to as the Campa. I will use the term Asháninka when referring to previous ethnographic and historical work done on various groups and the group as a whole and the term Ashéninka when describing the specific people with whom I worked. All Asháninka groups are, in turn, part of the greater pre-Andean Arawakan linguistic group which includes the Yanésa, Matsiguenga, Nomatsiguenga and Piro (Yiné).

³ While dictionaries translate this to English as 'boss' or 'employer', I prefer to consider it in terms of its closest English equivalent, 'patron'. In this sense, while still carrying connotations of a 'master-servant' relationship, and indicating the corresponding relation of power, the term points to a deeper connection between the two individuals (The Latin root of the term referred to 'the former owner of a freed slave' (Oxford English Dictionary)). This more subtle understanding of the term emphasises the cooperative and reciprocal interactions that the relationship can entail.

⁴ Santos-Granero and Barclay note, that, even after the rubber epoch, in an economy 'that lacked a mass of disciplined laborers dispossessed of means of production, all forms of recruitment, retention, and organization of laborers entailed a dose of coercion' (Santos-Granero & Barclay 2000:34).

timber themselves, felling it with axes and then rolling the logs to the riverside with close family or through collective labour. The majority however entered into relationships with outsiders, usually *mestizo* men from Pucallpa, who either ‘bought’ specific trees off individual men or paid individuals for their labour in helping to remove the logs⁵. The standard system is that a *mestizo* man will come to the area during the dry season, bringing a number of desirable items including clothes, aluminium pots, mosquito nets, Wellington boots and school supplies. He will then search for local men who are willing to show him trees and help him to extract them. Work will usually start immediately on felling the trees (with the *patrón*’s chainsaw) and then on cutting the paths to the river down which the logs are then rolled. This may take a few months. At some point the *patrón* will take orders for further goods that his workers want and will make a trip to Pucallpa to acquire these items as well as more food for his camp and more gasoline for his motorboats. Sometimes he will delay his return for a few weeks, usually with the expectation that his workers will complete the timber rolling in his absence. The vital thing, however, is that he returns once the rains have started and the swollen streams are able to carry the massive logs down to the main river. The *patrón* will then take a few of his workers with him down to the river and then on to the city to deliver the logs to the saw mills where they can be sold⁶. At this point there is a final reckoning of the men’s various debts and they are either given a few final goods, or noted as needing to carry on working the following year in order to pay off outstanding debts.

Described in this way, the power in the relationship appears to lie entirely with the *patrones* who control both the amount paid for the timber extracted and the value of the goods given in exchange. As I noted above, particularly during the rubber epoch, these relationships undoubtedly could turn into ones of virtual slavery and exploitation. However, as I will show below, I do not believe that this is a true reflection of what is going on, nor how the individuals involved see their relationships. While, in the present context, Amazonian populations still find themselves at the bottom of regional political and economic networks, my argument is that it is misleading to portray them as nothing more than victims in this process.

In contrast, one of the dominant themes of the literature on debt-bondage has been to emphasise its worst excesses. For example, Bauer, a noted historian of Latin American cultures, shows how writers, describing how plantation owners on the Peruvian north coast recruited labourers from the sierra in the nineteenth and early twentieth centuries, tend to insist that the system was ‘harsh and tyrannical’, and find the long working days as ‘bleak’ and ‘oppressive’ (1979a:37)⁷. In this view the wage advanced in the sierra was “a ‘lure’ to entrap the innocent” who, once thus ‘hooked’ “were bent to their task and mercilessly and effectively hunted down if they tried to escape” (Bauer 1979a:37-8). But Bauer questions whether this is a correct picture of debt bondage, arguing that:

We must be very careful, first of all, to distinguish between the two terms, for there can be bondage without debt and more commonly, debt without bondage.

⁵ In fact, all of these forms of timber work were essentially indistinguishable. Men who rolled the logs to the riverside, had little choice but to sell their timber to visiting timbermen, lacking the powerful outboard motors needed to safely guide the logs to the main river and then to Pucallpa. Equally, men who were ostensibly selling trees to timbermen were expected to help the buyer extract the timber, a form of manual labour for which they would not be paid. This meant that all men ended up working in the same manner for outsiders and being paid roughly equal amounts.

⁶ In fact many of the *mestizo* timbermen will, themselves, be in debt to their own *patrones* in Pucallpa who have lent them money to go into the jungle.

⁷ Bauer focuses in particular on Peter Klarén’s work on the origin of APRA (1970:42-73). See also Scott 1976.

In places where landowners wield effective police control themselves or through local political leaders, no excuse, not even the legal fiction of debt is needed to bind workers. But where landowners do not have such power, what has been called debt may also [be] seen as credit; that is, as advances of cash or goods against the promise of future work (Bauer 1979a:36)

He thus suggests that “To establish the presence of a functioning peonage, there must be evidence of the landowner’s ability to restrict workers’ mobility” (Bauer 1979a:36) and he argues that while there are some places where this was undoubtedly the case, in the majority it was not. Rather than seeing workers as ‘incapable of learning’ and as ‘stumbling drunkenly into the recruiter’s grasp’ each year, Bauer argues instead that “it now seems likely that they freely and knowingly chose to work on the coast, took advantage of competition for labor, and knew how to drive up the amount of wages that plantation agents had to advance” (Bauer 1979a:38). This leads him to suggest, in something of a throw-away line, that while “Obviously the entire system was weighted heavily against ordinary peons and villagers... When considering the plight of our distant workers, it is not entirely inappropriate to ask if we ourselves are not bound by Household Finance Corporation or by the stock-sharing or retirement plans of the companies and universities we work for, which recruit us (bind us) through contributions and then threaten to withdraw their share if we try to ‘escape.’ Given the nature of our society, we willingly choose such forms of peonage” (Bauer 1979a:41)

Bauer’s article, and this suggestion in particular, provoked a strong rebuttal from Brian Loveman, a political scientist, who wrote first that “Unfortunately... Bauer’s revisionist thesis is based upon... an incredibly insensitive, if not bizarre, approach to comparative history” (Loveman 1979:480) and then, in a footnote, that “the suggestion that the situation of a participant in a California state retirement plan or indebtedness to Household Finance Corporation is similar to debt peonage is so far removed from reality that to characterize it as ridiculous is generous” (Loveman 1979:481 n6).

To which Bauer responded, in a moment that suggests how interesting some academic articles might be were they not beholden to the strictures of the editorial process:

I can see that Mr. Loveman is disappointed by my lighthearted reference to our own oppression by the finance company. Let me say in defense that an earlier draft would have offended him even more. But after some prodding, I came to agree with the editors that the manuscript was insufficiently tedious and so we pruned away those parts that threatened to enliven the argument. As for being ‘Incredibly insensitive’ and ‘bizarre’ I wish here that Mr. Loveman would give me a choice. These are counter-tendencies out here on the frontier of the post-industrial collapse and it *is* hard to be both... (Bauer 1979b:488, original emphasis)

Bauer’s point, and mine in the rest of this paper, is not to diminish the terrible conditions under which many debt-peons and bonded labourers worked, but rather to move away, first, from a single view of what debt-peonage entailed and, second, from a form of exoticism that sets up such relations as unconnected from other forms of indebtedness and that portrays individuals as victims, unable to make their own choices.

Moving on from Bauer’s foundations, my aim in the rest of this paper is to use this short debate as the starting point for a wider consideration of ideas of debt. To do this I will use examples from my fieldwork to build on Bauer’s contention that indebted workers have some power and agency in their relationships with *patrones*. Additionally, however, I want

to examine why Loveman might have considered it so inappropriate to compare such relationships to those of a mortgage holder in the United States and to assess whether his reservations hold, particularly in relation to the present state of the mortgage market in the U.S. and U.K.

I will begin with a consideration of Ashéninka people's own ideas about relationships of debt and specifically with a particular episode that occurred during my fieldwork.

Ashéninka debt

The series of events that I will describe started a couple of weeks after my arrival when I accidentally destroyed a watch that belonged to Jorge, the man in whose house I was staying, and the only Ashéninka in the area who had been willing to accommodate me. In order to avert a catastrophe so early on in our relationship I immediately offered to lend him my own until I had an opportunity to take his watch to Pucallpa to be mended properly. Over the next few weeks Jorge increasingly pestered me about how he wanted to buy the watch from me and kept demanding to know how much it had cost. I was reluctant to agree to this, not least because I liked the watch but also out of some deeper and, I now recognise, 'Western' idea that 'friends' should not be monetarily indebted to each other⁸. He kept coming back to the subject however, so in the end I told him an approximation of the watch's real price, 150 soles (approximately 6 weeks wages), hoping that this figure would be enough to deter him. In fact it had no such effect. When I next returned from a brief trip to Pucallpa and presented him with his repaired watch he refused it saying that we had 'agreed' that he would buy mine from me. At this point we had a strange conversation in which we seemed mostly to be talking at odds with each other. First I tried to tell him that the watch had been a gift to me and that I was too attached to it to part with it. He rapidly dismissed this argument along with other increasingly feeble excuses I presented, such that finally I accepted that I had no choice but to acquiesce. At this point I suddenly felt terrible that he would be 150/s in debt to me and I tried to bargain the price down or even to get him to accept it as a present. Now, to my surprise, he became even more animated than before and refused to accept any change in the settlement. Instead he started to argue that he could 'easily' pay such a 'small' amount or even more if need be. Here I felt that we were entering into a realm of surreality as my attempts to at least bring the price down were met with statements of bravado on his part and then accusations of my treachery and lack of friendship for him. As I became more and more bewildered by his arguments and increasingly embarrassed that this man upon whose hospitality my entire enterprise depended should feel in debt to me I decided to leave the matter alone.

In fact I secretly suspected that he would never get around to paying me so I slowly started to forget about the whole incident, although Jorge would occasionally talk of how and when he would pay me what he owed. It was not until an entire year later, long after we had become good friends and he had begun to accept the gifts that I insisted he take for letting me stay in his house, that the issue came up again. For the past few weeks he had been working for some timbermen in the area and one day one of them finally returned from Pucallpa to pay him. I was not even aware that there was any money, too used to the ploys of the *patrones* to believe a word they said, and the first I knew of it was when Jorge came back to the house and came to where I was sitting writing. He asked me to tell him exactly how much he owed me for the watch. Thinking quickly I named 100 soles and to my amazement he immediately began to count out the money from the notes that he had

⁸ I will return to this issue below. See both Harris (1989) and Rubenstein (2004) for detailed discussions of similar situations.

obviously just received, leaving himself with only around 50 soles. Again I tried to lower the price further but again this was futile and he immediately walked off⁹.

In a manner typical of so many ethnographic encounters this event concerned me but then helped to indicate to me the importance and the intricacies of exchange, debt and trade and the relationships that they entailed for the people I was working with. In fact the more I considered the pattern of the events the more I realised that it paralleled older ethnographic descriptions of Ashéninka trading within their *ayompari* system, an institution that stretches back into their history.

Bodley, who carried out fieldwork amongst the Ashéninka in the 1960's described the indigenous *ayompari* trading system thus:

In what may be called the *ayompari* system, an individual agrees to trade on a regular basis with another individual... a man will give his *ayompari* a set of arrows thereby establishing a debt relationship, and ask him to give a steel knife in return. The second man will have an *ayompari* in another region who is perhaps in contact with White *patrones* or traders and from whom he can trade for a knife. Eventually the first man will get the knife he requested and the debt will be paid (Bodley 1971:51)

The Franciscan missionary Biedma noted this form of trading system in the 17th century, centred on the movement of salt from *El Cerro de Sal* (The mountain of salt) in the Chanchamayo valley (Biedma 1989[1682]) and its origins appear to be pre-conquest. With the arrival of Europeans iron tools were quickly incorporated into the system and Europeans themselves appear to have been integrated into the system in recent decades.

The parallels between *habilitación* and *ayompari* are relatively clear. Both systems are based, at least in theory, on the idea of delayed and balanced reciprocity and centre on gaining access to outside goods. Whereas some previous observers, Bodley (1971:54) and Varese (2002:34), have argued that in the past non-Ashéninka were specifically excluded from the *ayompari* 'chain of credits and debits', my experience is that, at least on the Ucayali, timbermen have now become the preferred form of *ayompari*. Moreover, Ashéninka individuals by placing timbermen in the position of *ayompari*, are specifically trying to counteract the power of the *patrones* while still maintaining access to desired goods. This is what, I contend, Jorge was doing with me.

In Varese's description of the Ashéninka *ayompari* relationship, he talks of the importance of discussions between the two partners over their debts to each other. He argues that 'because basically this is the renewal of an oath or contract, what is sought is revitalisation of the consecrated word... In these [arguments]... there are insults and accusations... the word is charged with dangerous powers that must be countered with other words, shouted more loudly in the face of the opponent and reinforced with gestures' (Varese 2002:35). This is what had been happening during my seemingly surreal conversation with Jorge. He felt that I was questioning not only his ability to pay, and thus our essential equality, but

⁹ While Jorge's repayment of his debt to me may appear to have carried the danger of ending our relationship by this time our relationship had developed much further and we were bound together by a year's worth of shared objects and experiences that meant that there was no danger, in either of our eyes, of our relationship dissolving. Rather, Jorge's payment for that initial, and large, gift of the watch I believe was intended to emphasize our equality. The only other time Jorge made a specific request for a large gift from me was on the very final day of my fieldwork in 2003 when he asked me to buy a fishing-net and associated items and told me he would pay me back in fish when I returned in the future. I believe that this was his own way of ensuring our relationship would continue and that I would return in the future.

also the very nature of our relationship and that he was defending himself and restating the bond between us. Whereas this display scared me, to him it was a normal part of such a process. Varese goes on to show that at the end of the exchange ‘each of the traders will go on his way. There is no ill will, only the certainty of having wisely used the force of the spoken word’ (Varese 2002:35). For all of my apprehension during the verbal exchange, it certainly never led to any animosity between Jorge and me.

Beyond this specific example, however, the experience led me into a deeper analysis of the importance of and ideas associated with reciprocity, debt and relations with outsiders in Ashéninka society. Varese argued that the *ayompari* relation was ‘an eminently religious feature’ (Varese 2002:33). He seems to have had in mind Mauss’s discussion of the *hau* (‘spirit’) of the gift among the Maori (Mauss 1950:12), which while compelling, as Lévi-Strauss notes, seems to bear a danger of over-mystification (1966:38). Yet Varese’s discussion points to a definite sense that, for the Ashéninka, this trade carries a moral obligation to the other and is more than ‘just’ trade. Sahlins (1972:153-7), in his discussion of Mauss’s work, offers a reworking of the idea of the ‘spirit of the gift’, when he argues that the power of gifts should not be understood in terms of the objects themselves but rather in terms of the social mores that govern their exchange and usage¹⁰. It is, therefore, the immorality of withholding a gift or acting inappropriately with it that carries the danger of bringing retribution. I believe that this understanding of the power of ‘gifts’, or more widely of any exchanged objects, is helpful in analysing the situation of the Ashéninka. Ashéninka individuals, I contend, are trying to make the goods that they exchange with their *patrones* serve a similar function to the one that they had for their *ayompari*, that is to draw them into a long term and mutually beneficial relationship between equals¹¹. Of significant importance to Jorge in my act of giving him my watch was the fact that I was an outsider. Coming so soon after my first arrival and before I had made any real connections with anyone, this opportunity to form a relation of indebtedness offered Jorge his first chance to make real links between us. By being in debt to me he felt that we now had something that would tie us together, forming a connection that would force me to return in search of repayment.

In this view debt is a positive thing, linking people together and it carries no idea of a hierarchical differentiation between giver and receiver. Deborah Durham argues that Mauss’s view of the gift echoes a wider Western assumption that debt puts an individual in an inferior position to a lender. She writes that:

The consequence of this classical Maussian approach to gifts, then, is to emphasize the agency of the giver, and the power of the gift. It is the giver who seems to have ultimate control over the transaction: his demand for a return overwhelms the ability of the recipient to determine a response. This deprivation of independence for the recipient, and the material debt engendered in receipt, may produce a hierarchical relationship between the two parties: the recipient,

¹⁰ It should be noted here that the term ‘gift’ in this context should be distinguished from the ‘pure gift’, that is a good which is given ‘with no desire for any kind of return’ (see Parry 1985). When Jorge took my watch he was very sure that he would, eventually, give me something in return.

¹¹ An essential idea of egalitarianism lies at the heart of Ashéninka society (Killick 2007). Independence and personal autonomy are inculcated in children from a young age and by the time young couples marry and form their own households they have both the ability and the self-belief to care for themselves and their families with no outside assistance. All individuals thus come to place a high value on their own autonomy and act in everyday situations to discourage hierarchy and to prevent differentiation. This is also carried into their relationships with outsiders who they do not see themselves as inferior to. *Ayompari* relations are envisaged as reciprocal relations between equals who both give and demand respect of their partners.

chained to the giver by the gift, is thereby subordinated to the giver, who attains a superior status (Durham 1995:115)

In contrast she argues that the exchange of gifts, while making a connection between people or, in her ethnography of people in Botswana emphasising their individual agency, does not necessarily carry an idea of inequality. In the Ashéninka case, I contend that the giver respects the receiver, not questioning his future ability to give something back, while the receiver, accepts the gift as a symbol of the bond between the two individuals, but not as an inferior¹². Both men are bound to continue the relationship but neither can force the other how and when to make repayments¹³. As can be seen in Jorge's actions towards me, Ashéninka individuals freely choose to enter into relationships of debt with outsiders, relationships which they do not feel put them in an inferior position nor necessarily involve exploitation. While, obviously, an Ashéninka's ideas about these relationships does not necessarily govern how they are played out in practice, it does explain some of the reasons for their willingness to enter into them. The next question, of course, is how the *patrones* themselves think about these relationships.

The *mestizo* view

Ashéninka individuals' wishes to be treated as equals by their *mestizo* *patrones* and their understanding that trading relationships should follow certain social and moral strictures may be regarded as somewhat naïve. Indeed, I have noted above how the history of Amazonian extractive industries has been characterised by instances of extreme exploitation. However, in the current situation on the Ucayali, such power no longer rests solely with incoming traders. This reflects certain facets of the system of *habilitación* as well as the current economic, social and political reality of the Ucayali. For, even as relative power in the system of *habilitación* continues to lie with those who control the money, or have the best access to goods, those on the lower echelons are not powerless. At the heart of the system is the idea that individuals are actually working for themselves, extracting a natural resource to which they have access and over which they therefore have some claim as a saleable commodity. The *patrón*, by equipping them, is thus 'facilitating' their work. In return he expects that the extracted product will be 'sold' back to him.

However, instead of leading inevitably to a form of labour bondage, this setup can actually work in the labourer's favour, particularly in a situation where other *patrones* are competing for the same resources and workforce. In such a situation people can play *patrones* off against each other. For example, in settlements that are closer to the main river, and thus more accessible, people are able to bargain for better deals from a position of relative strength. Moreover, once the initial goods have been handed over, workers gain even more power over their *patrones*. Many of the *patrones* are themselves relatively poor or in debt to others in the local city, and they have often put forward a sizeable proportion of their own money in financing an Ashéninka man. This means that they are anxious for this money to be returned and can become vulnerable to their workers' demands, either in light of the direct threat of the timber being sold to another *patrón* or when faced with demands linked to the timber's extraction. People often demand more food, axes and machetes once work

¹² In contrast to other Amazonian groups where wife givers are seen as superior to wife receivers I contend that among the Ashéninka young men strive to negate any such hierarchical distinction (Killick 2005).

¹³ Hugh-Jones argues that for indigenous Amazonians "bartering is... a mark and device of sociability which people engage in for its own sake" (Hugh-Jones 1992:61). Santos-Granero takes a similar position in suggesting that "the importance of trade does not always reside in the value of the products exchanged, but rather in that of the social relationships they embody" (Santos-Granero 2007:3). I agree with this view, but note that my informants, as well as valuing the relationships that they formed with outsiders, also valued the goods they brought.

has already started, arguing that they will not be able to continue without them. Finally, workers' ultimate hold over *patrones* is that they can just 'disappear' for a few weeks to go 'hunting' or 'visiting' and hold up the process indefinitely until some *patrones* are forced to leave in dismay. If a *patrón* is ever forced to leave then the Ashéninka have, of course, gained some goods for nothing. Hence, if Ashéninka men are keen to maintain lasting relationships with *mestizos* as their best means of procuring manufactured items, their *patrones* must also seek their loyalty and dependability. As Santos-Granero and Barclay note, the relative paucity of labour in this region has long been one of the most important limiting factors for industries in the region (2000:35). This complex social reality means that simple analyses of exploitative relationships are inadequate. Thus, while in the older understanding of debt peonage, the carrying over of a debt from one year to the next would be understood as a sign of a worker's servitude, on the contemporary Ucayali, it can be seen as forcing a *patrón* to return the following year. In this view, debt is acting as the Ashéninka understand it to, connecting them to outsiders and acting as the foundation of a long-term relationship.

In this view the emphasis is less on the debt that Ashéninka individuals owe but rather on the credit that the *mestizo patrones* have given them. The emphasis of this view is made clearer if we compare *mestizo* timbermen with their counterparts working in other forms of trade along the Ucayali.

Entrepreneurs, debt and credit

While the timber industry can generate the fastest returns for *mestizos* who come from the city to the jungle, it is hard work and many individuals are unwilling to face the hardship of spending months in camps in the jungle and then to brave the dangers and privations of time on log rafts. Another option is to set up a more permanent trading post or shop in one of the settlements along the main river. The relatively dispersed nature of Ashéninka settlements, as well as their distance from the main river mean that permanent shops are usually situated in *mestizo* or Shipibo communities along the main river. For example in one Shipibo community, Amaquaria, there were two shops run by two different *mestizos*. One was owned by Don Gato (Mr. Cat), a moniker based on his yellow coloured eyes, a *mestizo* man who had married into the community and the other by Doña Jacoba, a woman whose husband's family had once had a cattle ranch and large agricultural plots in the area but who had since fallen on hard times.

Both Don Gato and Jacoba regularly made the three day round-trip to Pucallpa to bring various stock for their shops. While they both preferred to be paid in cash, they were also usually willing to barter their goods for the various products that people brought them including crops of rice, beans, plantains and maize or pigs and chickens. Don Gato also specialised in buying fresh and salted fish from local men and acted as a '*habilitador*' for some, providing them with nets and other equipment. He told me that he had been forced to do this, as otherwise people just did not have enough to sell him to make it worth his while running the shop.

Both Don Gato and Jacoba were astute business people but they were caught in the classic bind of small-scale entrepreneurs that in order to have customers they must give credit (cf. Hart 2001:154). Every so often when I visited Amaquaria I found the shops almost bare. Their owners would lament to me how they were owed lots of money and now had no cash of their own with which to replenish their stocks. For while they were careful to avoid such a situation, at certain periods of the year, and particularly during the rainy seasons when the crops were growing, the swollen rivers made fishing difficult and people had not yet been

paid for their timber work, there was little money available to anyone. At such times there was the danger that perishable goods would not keep, while the shops' neighbours would grow resentful if their owners refused them any credit at all, threatening to boycott them altogether in the future, or even expel them from the community¹⁴.

As with timber *patrones*, such small-scale traders, while they have the potential to gain from their trading relationships, with a large clientele from which to turn a profit, their power is not hegemonic. Traders, *patrones* and all kinds of *habilitadores* need their clients and must be fair and even generous with them if they are to retain the clientships upon which their survival depends. In this view even formal debt-bondage can not be overly exploitative as workers do have other options. As Bauer noted, there can be debt without bondage, and in places where employers do not have unlimited coercive powers, 'debt may also [be] seen credit' (1979a:36).

So, if this paper has, so far, emphasised one side of Bauer's argument, about the relative lack of exploitation in some cases of debt-peonage, I now want to move more specifically on to the comparison he made between this form of debt and the use of mortgages in the West. Specifically, I want to consider why Loveman objected so strongly to this. Loveman's view was based not only on the fact that Bauer underplayed the levels of exploitation suffered by bonded-labourers but also on some apparently deeper idea that North American mortgage and loan companies were drastically different from the rapacious *habilitadores* and *patrones* of the Amazon. Moreover, following Durham's work, it seems to me that Loveman, probably in common with the majority of current mortgage holders, appears to make a differentiation between the inequality seen, in the West, to be inherent in relationships of debt with what is entailed in the holding of mortgages. I want to examine whether these distinctions, between different forms of debt in different places, really holds. I begin this final part of the paper with a closer look at the practice of mortgages.

Mortgages

The key difference between money lent on mortgage, as opposed to pure debt, is that it is underpinned by some object which acts as security in case of a failure to repay. In the West this is now generally a property or house which the money has been used to buy. Whereas being in debt is usually held to be a bad thing in Western societies, particularly for individuals, debt underpinned by mortgages is seen in a relatively positive light and, particularly since the 1970s, has been encouraged as a sensible way of making money in a booming property market. The positive way in which mortgages are seen is attested to by their phenomenal growth over the past 30 years to the point where British consumer debt now stands at £1,345 billion, more than the total amount generated by the UK economy at £1,330 billion. Of this £1,131 billion (84%) was mortgage lending (Grant Thornton¹⁵).

Table: Total individual debts (£ billion)

	1997 (to May)	2007 (to June)
Secured on dwellings	419	1,131
Consumer credit	84	214
Total	503	1,345

Source: Bank of England

¹⁴ As *mestizos* in an officially recognised indigenous community both Don Gato and Jacoba were beholden to the community as a whole for their right to stay. Cynics suggested that this was precisely why Don Gato had taken a Shipibo wife and carefully cultivated her kin by buying them fishing nets and other equipment.

¹⁵ <http://www.grant-thornton.co.uk/press/press/amount-of-UK-consumer-debt-exceeds-UK-GDP-as-country-struggles-to-pay-off-personal-debt.aspx>

Mortgages seem to be seen in the West as something different from pure debt. Whereas, as Durham noted, debtors are generally seen as being in a weaker position vis-à-vis lenders, the ideology of mortgages appears to be based on the idea of a relatively equal relationship between a mortgagor and his or her lender. This seems to be the reason why Loveman objected so strongly to Bauer's comparison of debt-peonage to mortgages. A brief ethnographic example, taken from the work of Peggy Froerer (2007) who conducted fieldwork in the central Indian state of Chhattisgarh, makes a similar point.

In her work Froerer describes the tribal (*àdivàsi*) village of Mohanpur which has a population of around 900 people. The majority (75%) of the village are Hindus of various castes but there is also a notable minority (25%) of Catholic Oroans (Froerer 2007:27), a particular tribal group, common in the region, who were probably converted to Catholicism during one of the mass conversion movements that took place in the region during the 1930s. (Froerer 2007:82).

Froerer describes how, because titled land is relatively scarce and is seen as a primordial good that should only be passed on through inheritance to sons, land in the area rarely comes up for sale and that instead of selling land, when people need money they tend to mortgage their land for cash (Froerer 2007:194). The most common type of tenancy arrangement is a 'usufructuary mortgage' "wherein the landholder gives a parcel of land to a creditor in exchange for immediate remuneration (usually cash, sometimes paddy, rice or livestock)" (Froerer 2007:194). Rather than collecting interest the creditor gains full rights to the land and its harvest for a period of years that can range from one to 10 or more. The original landholder resumes 'ownership' rights when he or she repays the full loan. For various reasons, mainly related to the ceremonial demands of Hinduism that are absent from local Catholicism (Froerer 2007:195) and the fact that that the immigrant Oroan families engage in more wage labour and thus have ready access to cash (Froerer 2007:209), these transactions tend to occur between Oraon lenders and Hindu borrowers. Froerer notes that:

While the landholder appears to be the long-term loser in this arrangement (making it a 'creditor friendly' market indeed), local people do not see this kind of arrangement as particularly imbalanced. For them, the transaction of land for cash is a sort of barter exchange that is determined by the interest each side has in the object of the other. In this case, the participants have decided that one object (land) is worth another (urgent cash), and the exchange is construed to be equal (Froerer 2007:198)

As in my descriptions of *Ashéninka-mestizo* relations on the Ucayali both sides appear to be relatively satisfied with the debt relations they enter into feeling that they are both gaining from the arrangement. The relationship also appears to parallel Loveman's view of mortgages in California and to underpin the meteoric rise of mortgages in the UK and US.

Indeed, this predilection for incurring debt through mortgages in the UK has meant that people no longer use mortgages just to buy their own dwellings, but also engage in the so called buy-to-let market, buying extra properties, sometimes on 100% mortgages, in order to rent them out, based on the assumption that they will benefit from the rise in the value of the property in the long-term. This sector has grown exponentially since its introduction to the UK in 1997. With the 28,700 granted in 1998 rising to 850,000 in 2006 (see table below).

	Mortgages outstanding at end of period
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Period	Number
1998	58,800
1999	73,200
2000	120,300
2001	185,000
2002	275,500
2003	417,500
2004	526,300
2005	701,900
2006	849,900

(<http://www.cml.org.uk/cml/statistics>)

Moreover, this recent growth has also been paralleled by the gradual erosion of the idea that money borrowed through a mortgage should be spent on property. Thus, according to estimates by US Federal Reserve, “in 2005, [U.S.] homeowners extracted \$744 billion from equity of their homes (up from \$106 billion in 1996), spending two thirds of it on personal consumption, home improvements, and credit card debt” (Greenspan & Kennedy 2007:24-5). It is this ‘orgy of debt’ (Cable 2004) that has, in large part, underpinned the growth of Western, and particularly the US, economies over the past two decades, since the freeing of the global markets since the 1980s.

In a climate of growing economies and, most importantly, rising house prices, the logic behind mortgages seemed to work. Money was borrowed to finance the purchase of a property and while interest was paid the rise of the price of the house itself gave the owner a considerable profit. The emphasis was thus on putting the money borrowed to use and making money with it, while the institutions were covered because of the surety of the house itself. In a climate of rising house prices and high employment the power of the relationship appears to lie with the mortgagor who is able to make the regular repayments and, ultimately, can choose to sell the house at any point and thus repay the debt. This positive view of mortgages only works, however, when the house retains its value in the market and the power to end the relationship effectively remains with the mortgagor. Once this situation changes, then the dynamics of the power relation change. To return to Bauer’s original argument, debt without bondage has now become debt with bondage, for it is impossible for the mortgagor to break free of the lender. Hence, for individuals caught in a situation where they are unable to repay their debts, even by selling their houses, they are, in effect, debt peons, forced to work indefinitely in order to steadily repay their debts.

While such a situation is not an inevitable consequence of taking out a mortgage, and, in 1970s California or the late 1990s in the UK it may have seemed like a very distant danger, the fact that it is a possible outcome, in the same way, that I have shown that debt-peonage does not always lead to slavery, suggests that Loveman’s refusal to compare mortgages and debt-peonage was too strong. One final issue to consider, however, is the role of the state and legal institutions in backing these different forms of debt. Here it would seem that the pertinent difference would be between the fact that debt-peonage tends to occur in relatively ‘lawless’ societies and far from centres of political and legal bureaucracy, while mortgages in Western societies are underwritten by institutions backed and controlled by national governments. However, in this case Loveman argued that it was precisely the formal, legal backing of debt-peonage that helped its worst excesses.

The role of the state

A final part of the argument between Loveman and Bauer was over the relative

institutionalisation of debt peonage. Loveman suggests that part of Bauer's willingness to see debt peonage as relatively benign rested on his view that it was an 'informal institution' (Loveman 1979:482, discussing Bauer 1979a:35). Loveman notes that:

If by informal is meant 'extralegal,' Bauer is clearly incorrect. Hereditary debt and debt peonage were recognized in Spanish courts and by the close of the seventeenth century debt peonage was well established in New Spain... Far from an informal institution, debt peonage was a legally recognized form of labor coercion. Enforcement depended upon the action of government officials in cooperation with private entrepreneurs (Loveman 1979:482)

The argument here, centred around the idea that the legal backing of debt-peonage made its excesses that much worse, as it backed up the claims of the *patrones* and *enganchadores*.

This argument brings in an interesting angle to my comparison between current labour practices on the Ucayali and contemporary mortgages in the West and to Loveman's view that making such a comparison downplayed the levels of exploitation inherent in debt-peonage. In line with Loveman's argument, the Peruvian legal system would undoubtedly support the claims of a *patrón* and the realities of local social hierarchies would mean that an indigenous worker would be unlikely to gain a fair hearing in any judicial situation. In practice, however, the fact that these transactions take place far from urban centres means that, in the majority of cases, these transactions can not be seen as supported by the national legal system. In contrast, Western mortgage transactions are entirely dependent on legal systems to guarantee both ownership of property and both parties' adherence to the contract drawn up between them. Thus, while, in Loveman's view, the state's backing of mortgages might be seen as ensuring the fairness of the transaction and that due process was followed, the fact that this would ensure a good outcome for the mortgagor assumes a relative equality between mortgagor and lender.

While national governments in the UK and US, and their respective judicial systems, lay down and enforce basic provisions for mortgage agreements, this does not necessarily work in favour of the mortgagor, particularly in cases of negative equity or where the mortgagor cannot afford to meet his or her repayments. Moreover, Keith Hart notes that:

Most people probably imagine that... banks lend amounts that are covered by assets such as gold and property or at least by cash deposits. In fact, over 95% of the money in circulation is issued by banks whenever they make a loan. The 'fractional reserve system' traditionally constrained them to lend no more than nine times the value of deposits with the central bank, but this ratio has since increased and in some cases no longer exists (Hart 2007:12)

Thus, while legal systems can be seen as backing lenders as opposed to debtors, contemporary Western governments can also be seen as sanctioning the increased rapaciousness of their lending institutions and their recent drives to encourage more and more people into debt. Driven on by the demands of their shareholders demands for ever-increasing turn-over and profits these institutions have had little incentive to consider the situations of their customers or their actual future abilities to repay their loans¹⁶, thus driving them into situations of serious debt.

¹⁶ As with the case of small-scale entrepreneurs that I gave above, with their need to give credit in order to have customers, the banks appear to have done something similar for sub-prime mortgages, in order to have more custom they have given credit to those who will never be able to repay it all.

Thus, to return to the original argument between Loveman and Bauer, the difference between debt-bondage and mortgage holders seems to have disappeared altogether. In fact, if I have shown how the Ashéninka not only freely enter into relationships of debt but also gain a relative degree of power over their creditors in doing so, the current situation for current British and American mortgage holders seems much bleaker. The smokescreen of legal bureaucracy and regulatory authorities might make us think of mortgage companies as secure and benign, but in the current situation they begin to look no different from Fitzcarrald and his ilk.

Conclusions and Prospects

My aim in this paper has not been to downplay the very real and extreme levels of exploitation that have occurred in Amazonia throughout its people's history of interaction with European society. Well documented cases, particularly from the rubber epoch, attest to the extreme conditions which many people have suffered in the cause of extracting goods from the forest. My specific aim, however, has been to consider the institution of *habilitación*, particularly as it is now practised on the Ucayali. As Bauer noted, where particular individuals have effective control over others then 'not even the legal fiction of debt is needed to bind workers' (1979a:36), and what is interesting about the Ucayali case is how the idea of debt is used by both sides in the transaction. In this case I have shown how the Ashéninka have their own ideas that bonds of debt bind people together and that they are thus a useful and effective way of both gaining goods and making connections with outsiders that they hope and expect to endure. Moreover, for my Ashéninka friends, these relationships do not involve ideas of hierarchy but rather are entered into by two equal individuals who are just as able to give as to receive.

While the Ashéninka's view of these relationships do not necessarily govern how they are played out in practice, my analysis of the current economic situation on the Ucayali shows that workers do, in fact, have a degree of agency in their relationships with *patrones*. This is based on the facts that labour is in relative short-supply and that employers are using a sizable amount of their own capital in paying wages in advance. *Patrones*, like small-scale entrepreneurs, need to give credit to their workers or clients and are then beholden to them to repay it.

The mortgage market has obviously changed since the 1970s when Bauer and Loveman were writing. First, there has been an exponential expansion in the numbers who are borrowing, the amounts of money involved and the uses to which it is put. More importantly, for the current argument, there has been a marked increase in the involvement of people who cannot afford to take on such levels of debt, or to ride the shocks of the wider economic system. While these differences go some way to explaining Loveman's argument against Bauer, I believe that what they have really done is bring out the true nature of the mortgagor-lender relationship and the power difference that it involves.

Thus, it seems that, in contrast to Loveman's position that the situation of put-upon debt peons was in no way comparable to the well-off livings of Californian mortgage-holders, it is possible to suggest that the argument could be put the other way around, at least in relation to the current situation on the Ucayali. In fact my Ashéninka friends appeared to agree with this view, in the sense that they were incredulous when I told them that I had indentured myself for the next 30 years just for a house¹⁷.

¹⁷ Their suggestion was that, as long as I supplied enough beer, they'd be happy to come and build me one for free.

This comparison does, however, present on final ray of hope from the indebted Westerner's point of view. For if, as I have argued, the relative agency of the Ashéninka in their relationships with their *patrones* rests on the fact that these timbermen are unable to do without their workers, then the current mortgage crisis has put some of the mortgage companies themselves in a similar situation. For, as the Northern Rock situation appears to show, these institutions still depend on the actual, individual, relationships that they have with their debtors. Moreover, part of their problem has been that, like small-scale entrepreneurs needing to give credit in order to gain custom, having apparently run out of the traditional types of customers that they lent to, institutions, in order to maintain their growth, have had to lend to people who were less likely to repay them. They have now done this to such a degree that the very stability of their own businesses has become at stake. This suggests that, like a group of Ashéninka impoverishing a *patrón* by refusing to work for him to repay their debts, collective action by the large numbers of people involved undermines the relative power of the lending institutions. The recent responses of the British and US governments to come to the aid, first of the mortgage companies and now, with George Bush's latest plan¹⁸, the mortgagors themselves, reflects the threat that the large numbers of possible defaulters holds for individual companies as well wider national economies. As John Paul Getty is supposed to have said, "If you owe the bank \$100, that's your problem. If you owe the bank \$100 million, that's the bank's problem".

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¹⁸ Announced on Thursday, 6th December 2007. (<http://news.bbc.co.uk/2/hi/business/7129990.stm>)

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