

## Debt as a Relationship Based in Love by Nathan Schneider

The 82-year-old artist Mary Frank traces her earliest debts to the prehistoric images in books that her mother kept around the house. Their shadows have reappeared throughout her sculptures, paintings, and photographs. But she knows none of their creators' names; there is no address where she can send a royalty check. The best repayment she can offer is the work of her own hands.

Those of us who came of age in the millennial period have learned to think about debt and credit quite otherwise. Debt does not motivate so much as it inhibits and stigmatizes. We accumulate it in order to have an education, to make a home, to pay for medical necessities. (Student debt, at upward of \$1.3 trillion, is rising in the United States even as other kinds of household debt have fallen.) Servicing debts can prevent us from doing work we believe in, compelling us into better-paying livelihoods that might compromise our values. Our lenders' identities may seem as obscure as those of ancient artists, since they trade our debts on mysterious secondary markets, but the sums we owe are as precise as they are daunting—and the collection agencies won't let us forget them, even briefly. These debts ruin lives.

The creditors that Frank can name are those who have motivated and influenced her. She talks about studying dance under the legendary, demanding choreographer Martha Graham, about El Greco and Proust and Gerard Manley Hopkins, about a pair of Guggenheim fellowships, about Peter Matthiessen, her recently departed friend, and about music. When she was broke, she'd trade pictures for things she needed. ("Dentists, you know, have great art collections.") As time went on, her debts grew larger and even harder to quantify. She lost her two children; all the world's children came to feel like hers. The first thing she always wants to talk about is her advocacy for low-cost solar cookers in places where women would otherwise have to cook over flames fueled by scarce wood or poisonous garbage. "I feel a debt to the sun," she says.

That's very different from the debt, for instance, underlying every dollar we pass around to each other. Money appears from nothing through bank loans, according to rules set by the government. This debt-based money is a lever of power for the state and a means of profit for banks. Communities of color, to which banks once refused to extend credit, became targets for predatory lending before the 2008 crash; new financial "products" and government bailouts ensured that the banks won regardless of what happened to the lives of borrowers.

It is now considered quaint to refer to the time when premodern Christian, Jewish, and Muslim civilizations were united in their prohibitions of usury—the definition of which could range from merely the charging of any interest at all to the most abusive lending. (Financial regulations in a few Muslim countries still take these rules seriously today.) We

might ridicule the medieval metaphysicians' stipulations against money begetting money through interest. But as more of us break the silence and shame of our financial indebtedness, perhaps we're forced to recognize that they had a point. These religious traditions—built on notions of sin, fealty, and mercy—regarded debt as a precious and sacred thing to be handled with care. They insisted on clarifying the difference between the debts worth having and those that are not. Abroad, debt maintains the international pecking order—subtler than armies, though no less vicious. From Athens to sub-Saharan Africa, globe-spanning lending agencies dangle new loans (needed to pay old ones) as rewards for slashing public services and lowering trade barriers that protect local economies. Whether through dollar bills or the International Monetary Fund, rule by debt is as omnipresent as the debt Frank acknowledges to the sun.

When Marisa Egerstrom, a seminary student, needed \$2,000 for a summer training program a few months ago, she said so on a Facebook status. Within days, she'd easily gotten it from her network; the restitution her lenders asked for included making puppets for a church in Fiji, designing "some kind of subversive liturgy," and simply to "pay it forward."

"I get to multiply the connectedness of the community by including others in the so-called transaction," she told me.

For all that debt contains and constrains us, debts worth having are all around when we care to look for them. Egerstrom's story reminded me of a couple—graphic designer Ellen Davidson and sometime house-painter Tarak Kauff—who live in a small house just outside Woodstock, New York. It's a place I've come to know over the years because of the gatherings and retreats they host for activists. To an unusual degree, I can attest that guests there feel license to act as if they were at home—to peck at the piano keys, to warm some milk and whirl it into foam. Perhaps this has something to do with the nature of its owners' underlying debts.

When they were looking for a place to live, Davidson and Kauff could've gotten a bank loan, but as longtime activists against corporate overreach, they wanted something better. Kauff refers to what they got instead as "non-oppressive debt": a mortgage made of loans from family and friends. Over the years, those they borrowed from have grown closer through the arrangement, and some have stopped cashing the payment checks. To the lenders, it's enough to see the house become a home to Davidson and Kauff, as well as to an extended community. "The loan has turned into a gift," Davidson says.

Consider, for instance, Salish Sea Cooperative Finance. It began with a series of intergenerational meetings in Washington state, where the Gen Xers present began to grasp just how much student debt was crippling recent college graduates. The respective groups got over their mutual resentments—the jadedness of the young, the affluence of their elders—and designed a cooperative that would refinance the graduates' debts under less burdensome terms. After the refinancing, rather than leaving the borrowers to fend for themselves, the model calls on well-connected friends to mentor and help them find the sources of income they'll need. This is something that happens all the time. People lend to and borrow from people they know and trust; they share the responsibility and the outcome. In these cases, it would be senseless to design predatory terms since nobody wants to see their friends or family go broke. But not everyone can find the resources they need—to buy a house, to start a business, to build a skyscraper—in their immediate communities; maybe there's not enough capital available or maybe the community fails to understand a good idea well enough to support it. We need institutions, as well, that offer loans worth having. We need a whole financial system worth having—and we can't

expect that every loan will turn into a gift.

The benefits go both ways. “My partner and I were never burdened with student debt, and so we feel obligated to help those who are,” says Rose Hughes, who is both an architect of Salish Sea Cooperative Finance and an investor member in it. “We also get to network with younger people who are doing fascinating things to help our society.”

In the process, says borrower member Erika Lundahl, “the people with capital are taking some systematic responsibility for student debt and the effect it has on society as a whole.” Lundahl herself holds more than \$16,000 in student debt. There are currently just over a dozen people signed on to participate—about evenly split between borrowers and investors—and the cooperative is now evaluating its first loan applications.

When organized like this, financial institutions can resemble the loans that happen among friends and family. They can incline us toward trusting each other more and strengthening communities, rather than giving up on both and maximizing profit above all.

Many varieties of socially minded lending already exist, and we each may have our favorites. There’s the “community-supported industry” model being developed in the Berkshires, where people can support local businesses the way CSAs support farms. There’s the Workers Lab, a union-funded organization that is trying to re-imagine venture capital for worker-centered technology. Online, new peer-to-peer lending platforms are appearing constantly. My neighborhood credit union has a whole office just for foreclosure prevention.

A financial system worth having can include all these approaches and more. The Catalan Integral Cooperative, an impressive regional organization around Barcelona, has a financial ecosystem that includes grants from the central assembly, an interest-free investment bank, and a crowdfunding website. Each serves a different purpose, but each is designed to benefit the whole community, not just the lenders. A diverse economy needs diverse debts.

It was to me at first perplexing, and then instructive, that the debts Mary Frank has remembered decades later are the ones she will never really pay back. How could she—to the ancients, to the sky? The question of repayment doesn’t compute. These were the debts that called on her to be better and whose traces kept showing up in her art. They connected her to people. They also involved no collection agencies, no tarnished credit scores.

To imagine what a financial system worth having looks like, we can begin with how we lend to and borrow from those we love. (It is written in the Book of Romans: “Owe nothing to anyone, except to love one another.”) In those circumstances, the chief reason for lending and borrowing isn’t profit for the lender. Debt is a relationship. The lender already holds the position of advantage and should take on at least as much risk as the borrower. The borrower’s well-being, and that of the joint undertaking, should be the priority of the arrangement from start to finish.

If finance isn’t moving wealth from the top downward, it isn’t working. On a visit to Kenya not long ago, for instance, I was struck by the proliferation of small credit unions at the level of an office or company or farm. They are formidable tools of necessity, providing small doses of credit where and when needed. But they’re not enough. Kenya’s poverty evinces the credit unions’ powerlessness to right the wrongs of global inequality alone. We need financing that makes capital available to those who couldn’t otherwise get it, to

span the gulf between haves and have-nots.

Rose Hughes' involvement in community-based finance has brought her into the twilight zone of trying to develop community-oriented institutions around existing financial regulations. "All the rules are written assuming a profit motive is what drives everything," she says, "for the benefit of the lender, not the borrower."

What if we rewrote the rules of finance for the common good, for a truly democratic society? If banks were controlled by the communities where they operated, for instance, their outcomes would be measured in ways other than just money—like how Marisa Egerstrom is repaying her lenders. Democratic debt also means giving lenders less control over the enterprises they finance. Today, lenders' interests typically prevail over those of founders, employees, customers, and neighbors—people whose lives are likely far more directly affected by an enterprise.

Worker-owned cooperatives, in contrast, preserve their democracy by making sure lenders remain lenders, rather than becoming bosses. "Our model has been to rent capital from the outside and give it no control," says Rink Dickinson, a founder of the fair-trade worker cooperative, Equal Exchange. His company pays interest and fees for the money it borrows, but the workers don't give up any governing power.

The debts worth having, it seems to me, are the ones that allow us to be more fully ourselves, that we honor with our freedom rather than our servitude. This is hard to imagine during a moment in history when the captains of finance have come to claim significance and wealth far in excess of the social value they provide. But perhaps one day financiers will be content to better resemble Frank's anonymous ancient artists—who live on not by collecting royalties and enforcing constraints, but through the inspiration of their debtors.