

## DEBT FORGIVENESS FOR THE VERY POOR

The appeal set out below is a result of Think Tank #18 (For the setting-up of a Committee for the Cancellation of the Debt of the Destitute) which was hosted by [BXL-Laique](#) on 12 January 2016, with contributions from:

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It was drafted by Laurent d'Ursel and Nicolas Marion.

The aim is to bring the issue to the attention of all political parties.

If you would like to sign the appeal, to give it added weight and impetus, and contribute to the debt forgiveness movement, please [sign](#) the form!

The time has come to spell out a few home truths:

- ❖ The social cost of debt, and in particular excessive debt, is significant, and it has an extremely negative impact on those concerned.
- ❖ The fact that they cannot honour their debts by going bankrupt keeps many homeless people on the streets and risks making many other people who have run up large debts homeless too.
- ❖ Whatever obstacles exist to the reintegration of destitute people into society (should they so wish) must be removed. NB The fight against social exclusion is an explicit priority of the six Belgian governments and subsidised by them.
- ❖ The viability of "the system" is only partly based on the (largely ideological and partly utopian) principle of the legal obligation to repay your debts.
- ❖ Debt cancellation by means of "mediation through the collective settlement of debts" won't work for the majority of destitute people.

- ❖ Placing the blame for being unable to repay a debt on the debtors makes them feel ashamed of themselves, a feeling which is never justified but which afflicts many destitute people, with sometimes devastating effects.
- ❖ The cost to the State of managing excessive debt is significant (administrative, recovery and legal costs, etc.).
- ❖ There are many examples of the successful cancellation of private and public debts.<sup>[1]</sup>
- ❖ The concept of debt is radically relative.<sup>[2]</sup>
- ❖ No principle can justify on the one hand socialising debt (even if it means exonerating the bankers of their banking failures) and on the other hand taking legal action to secure repayment (even if it means destroying lives).
- ❖ The (albeit mistaken) conviction that they have no way of repaying their debts plunges destitute people into self-exclusion.
- ❖ In the case of destitute people, the logic underlying the insistence that debts be repaid is punitive and disciplinary, rather than economic.
- ❖ The obligation to repay debts is nonsensical; it is a structural nonsense which sustains the untenable structure of inequality: the implicit shameful purpose of the obligation to repay debts is the justification of inequality.<sup>[3]</sup>
- ❖ Extending to the destitute the argument that "if you cancel all debts, the whole system will collapse" is purely rhetorical and obscenely cynical.
- ❖ The idea that the certainty that your debts will be cancelled if you become destitute incites people to get into debt would be admissible if you could believe that people choose to become destitute.
- ❖ Bankruptcy, an established fixture<sup>[4]</sup> in the business world, is a form of debt which is never honoured. The neoliberal economy treats everyone as an "entrepreneur", i.e. a legal entity. So the bankruptcy of natural persons should be treated in the same way as that of legal entities. We should stop regarding one as an understandable miscalculation, or indeed a laudable appetite for risk, and the other as a moral fault. We should not shamelessly pass from auditing (albeit bad) management to monitoring a person (however weak and destitute he may be), to existential denunciation.
- ❖ The destitute are often already paying (in the sense of suffering) for their inability to pay.<sup>[5]</sup>
- ❖ The logic which governs the pure and simple, unconditional and automatic cancellation of debt is at work in the philosophy of Housing First: achieving the goal doesn't have to wait until all the necessary means have been assembled.
- ❖ As debt exists only between potentially equal parties<sup>[6]</sup>, demanding repayment undoubtedly re-establishes equality. However, this demand is disproportionate as inequality is irreversibly established.
- ❖ If the Croats can do it, the Belgians should be able to do it too.<sup>[7]</sup>
- ❖ Debt forgiveness is the opposite of welfare dependency because it wipes the slate clean and thereby removes the need for debt-related welfare payments.
- ❖ Although one aim (for example, safeguarding the dignity of children) may be more important than another (for example, the fight against destitution), there are situations (for example destitution) where this prioritisation results in neither of the aims being achieved. So, in such situations, we can no longer exclude fines<sup>[8]</sup> from the process of collective debt settlement.
- ❖ Increasing debts by charging usurious rates of interest is a self-fulfilling and patently absurd fast track to excessive debt.

- ❖ The exponential, arbitrary and completely disproportionate rates of interest charged by users and their agents (including bailiffs) is a form of economic cruelty which would be "fair enough" if the profits went to the original lenders.
- ❖ The end of indebtedness can lead to a new start, whereas chronic debt is a form of harassment.

It follows from the above that there is an urgent need to introduce a legal process whereby destitute people have all their debts automatically cancelled: to be effective, this right cannot depend on the destitute person taking the initiative. The cancellation of the debts of destitute people will, of course, require legislative changes.

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[1] See note 7, for the example of the Croatian case.

[2] A debt is only perceived, suffered, experienced as a debt if it can be produced in the form of an accounting document, however rudimentary it may be. All accounts are just wordplay, theatre, narratives, which only make sense if you agree on the rules, the scene-setting, the presentation of the narrative. But the rules can always be changed, the scene moved, the presentation adapted. Indeed, there is nothing more arbitrary than the determination of the moment when it is considered that I am not liable to someone (in the sense of a legally enforceable debt) for what I really do owe him. Very quickly, we stop counting – fortunately, because you could spend your whole life doing it! – what we have allowed and what we could legitimately transform into so many debts.

[3] The structural non sequitur is determined as that which moves sense between the singular points of a given structure. In this case, there are a number of singularities in the structure of inequality: insecurity, illegality, exclusion, economic differences (debtor-creditor, rich-poor, etc.), etc. Seen from the point of view of debt as an active agent in the creation of socio-economic inequality, the structure of inequality continuously brings us back to this obligation to repay your debts (which makes no sense, other than to make the structure itself work) as the thing which enables all these singular points to work together. Structurally, it is often thought that it is this nonsense itself which enables the structure to change, to collapse, to adapt. Suspending this obligation (morally, economically, politically and culturally) offers, to thought at least and in practice to the destitute, the possibility of envisaging a reconfiguration of the active structure of social, economic and cultural inequality.

[4] In the United States (in other words, in tomorrow's Belgium), this established fixture is practically a requirement if you want to be considered legitimate, authentic and reliable.

[5] Indeed, the more they are pursued, the more they see themselves as objects which absolutely have to pay, and the less they feel themselves to be subjects who can live freely.

[6] David Graeber, *Dettes. 5000 ans d'histoire*, Paris, Les Liens qui libèrent, 2013, p.147 : "So, what is a debt? A debt is something very specific, and it arises in very specific situations. First, it requires a relationship between two persons who do not consider themselves to be fundamentally different, who are at least potentially equal parties, who are real equals in the really important respects, and who are not currently on an equal footing – but for whom it is possible to restore equilibrium."

[7] In February 2015 the Croatian Government announced a plan to cancel the debts of no less than 60,000 destitute people. This measure concerned 60,000 people with an income of less than 1,250 kuna (€162) a month and a debt of less than 35,000 kuna (€4,550). It will only be available to people who have no savings and do not own any property, and priority will be given to those who are already receiving welfare benefits. The Government estimates the cost of the measure to be 46 million euros, the equivalent of 0.1% of Croatia's GDP. The cost will be borne entirely by the creditor companies. See the article in *Le Monde* (2 February 2015), available at [http://www.lemonde.fr/europe/article/2015/02/02/la-croatie-efface-les-dettes-de-60-000-personnes\\_4568074\\_3214.html](http://www.lemonde.fr/europe/article/2015/02/02/la-croatie-efface-les-dettes-de-60-000-personnes_4568074_3214.html)

See also the critical analysis of this example by CADTM : <http://www.cadtm.org/Annulation-de-dette-en-Croatie>

[8] According to Article 1675/13, § 3, there are four cases in which the employment tribunal cannot order the cancellation of debt capital:

- Maintenance (alimony) debt, whether overdue or yet to fall due (see the Loi du 12 mai 2014 modifiant la loi du 21 février 2003 créant un Service des créances alimentaires au sein du SPF Finances et le Code judiciaire, en vue d'assurer le paiement effectif des créances alimentaires, which entered into force on 1/9/2014).
- Compensation awarded in respect of physical injury resulting from an offence must be paid in full. Thus the debtor must pay the compensation in full, even if it takes more than 5 years.
- Remaining debts in case of bankruptcy, except where the bankruptcy proceedings have been closed pursuant to the Loi du 18 avril 1851 sur les faillites, banqueroutes et sursis de paiement. Such debts cannot be cancelled if the debtor was convicted of irregular or fraudulent bankruptcy.
- Fines (Article 464/1, §8 alinéa 5 of the Code d'instruction criminelle: "The cancellation or reduction of sentences under a collective insolvency procedure or a civil seizure procedure can be granted only in application of Articles 110 and 111 of the Constitution». In force since 18/4/2014.)