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The Moral Obligations of Some Debts[1]

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If given the opportunity to reduce your debt, albeit at some financial risk, would you take it? Interviews and observations in two debt settlement firms show that debt settlement clients tend not to calculate financial risks in deciding which debts to try to settle. Rather, they treat their relationship with their creditor as a reciprocal and ongoing one. If the service provided by their creditor was inadequate, clients feel justified in trying to settle their debt. Otherwise, they believe that they must pay back the debt in full. In line with recent work in economic sociology, we show that economic transactors are bound by the moral requirements of the relationship they are in. But debt settlement clients invent those relationships in at least two ways: turning a debt to an impersonal agency into a relationship with a person, and turning a relationship of inequality into one of equality. Clients may preserve some sense of autonomy in a disempowering relationship by conceptualizing their relationship with their creditor as one between equals. But there is a cost: As a result of the relational schemas on which they operate, they often refuse to try to settle debts that might be settled without lasting financial repercussions.

KEY WORDS: cost benefit; morality of money; debt; relational schema; relationships; risk.

INTRODUCTION

Sociologists in recent years have challenged the idea that money is an amoral resource. To the contrary, they have shown that money is always, already moralized. People use money—and they conceive of money—in the terms of the moral categories they already have. Rather than weakening preexisting social relationships, money is used to define and sustain those relationships (Fourcade and Healy 2007; Maurer 2006; Wherry 2012; Zelizer 2005, 2012). And rather than calculative rational actors, even when it comes to money, people operate on the basis of moral logics.

When it comes to making decisions not about spending money but about paying it back, however, we might expect to see the erosion of moral

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commitments wrought by the commercialization of social life. The relationship between debtor and creditor in a modern society is a distant, abstract one. You owe money to your credit card company, not to the merchant from whom you purchased things. You owe money to a hospital, insurance company, or collection agency, not to the doctors and nurses who treated you. For these reasons, we might expect to see people approaching their debt in a much more strategic and calculative way. Given the opportunity to negotiate with their creditors to lower their debt, one might expect that debtors would calculate the risks and benefits of such a move and proceed accordingly.

This, however, is not what happens. In our research, we observed and interviewed the debt settlement agents who try to convince debtors to contract a service to lower their debt. Our research suggests that contrary to a view of monetization eroding moral commitments, debt settlement clients do see debt as a moral obligation. However, they do not view debt generically in this way. Rather, they understand their obligation to pay back a debt as dependent on their relationship with the creditor. If the creditor has performed a valuable service for them, they feel compelled to pay back their debt in full—even if the creditor is being represented by an abstract, anonymous agency. If the creditor has treated them badly, they do not feel compelled to pay back their debt in full—even if there are negative consequences for their own children.

As economic sociologists have argued with respect to other economic transactions (Wherry 2012; Zaloom 2006; Zelizer 2012), people make decisions about repayment based on the moral obligations of the relationship they have with their creditor. But we argue that debt settlement clients *invent* those relationships in at least two ways. One is that they transform a relationship of inequality into one of equality. They restyle their indebtedness, a disempowering condition, into a relationship of reciprocal exchange. And two, when they see themselves as having been well served as a result of the economic transaction, they turn what is not uncommonly a relationship with an agency or with anonymous people whom they will never see again into a relationship with a person.

To make sense of how debt settlement clients approach debt, we draw on theory and research on the relational schemas that guide people's interactions (Fiske 1992; Fiske and Tetlock 1997; McGraw, Tetlock, and Kristel 2003). Scholars have shown that people approach interactions with behavioral expectations drawn from a limited number of models. Of particular interest to us is research on "taboo trade-offs," which has demonstrated that people refuse to treat those with whom they have one kind of relationship in terms of the standards of another relationship (Fiske and Tetlock 1997). This perspective helps to explain why debt settlement clients are so uncomfortable taking an instrumental approach to their debt. To do so would be to apply a "market pricing" schema to a relationship that they characterize as an "equality matching" one. It would be to reduce a properly reciprocal relationship into the terms of utility.

We show that people use a language of equality matching in talking about their relationship to creditors and we suggest why they do so. Then we show how agents try to capitalize on that schema to persuade reluctant clients to settle with creditors. Agents seek not to convince clients that it makes financial sense to settle with particular creditors but that it makes moral sense to do so. They cast creditors as having reneged on an ongoing relationship, as having acted in bad faith. That strategy often works—except when the debtor sees the service he/she has received as having been so valuable that the relationship with the creditor becomes an "authority ranking" one. In that case, casting the creditor as a bad faith actor is to many clients morally repugnant.

Our study thus probes the mix of creativity and constraint that characterizes debt settlement clients' views of debt. Clients probably recoup some sense of autonomy by treating their relationships to their creditors as ongoing and by asserting their power to judge the moral standing of their creditor. Agents help them to do that. But autonomy comes at a cost: Debt settlement clients refuse to settle some of the debts that probably could be settled with minimal financial repercussions and instead choose to settle debts that may well lead to real financial liabilities. In other words, people's capacity to use money to invent relationships is limited by the relationship schemas that other, more powerful people operate on.

MONEY AND MORAL RELATIONSHIPS

How does money affect social relationships? Observers have long worried that market-based behaviors undermine relationships based on trust and caring. Karl Marx spoke famously of capitalism eroding all connections among men other than that of "cash payment" (in Tucker 1978: 475), and many other theorists have imagined—and, they have said, observed—money turning intimates into arm's-length transactors, people into commodities, and an ethic of responsibility into one of naked self-interest (Polanyi 2001; and more ambivalently, Simmel 2004; see also discussion in Fourcade and Healy 2007). A contrary view, less familiar now but coterminous with the rise of modern capitalism, argued rather for the civilizing properties of the market. The market made virtues of trust, propriety, enterprise, and responsibility (see Hirschman 1982).

In recent years, however, sociologists have advanced a third view of market transactions. Money does not necessarily undermine morality or enhance it. Rather, money is always, already moralized. People treat money—and they conceive of money—in the terms of the moral categories they already have. In her famous study of "earmarking," Zelizer (1994) showed that people organized, classified, and segregated money for different social purposes. Far from a neutral medium, money's characterization as "honest" or "dirty," as bequest, due, gift, or allowance marked its moral status and its social uses. Other studies have shown, variously, that different forms of payment in business (for

example, stock options versus wages or salaries) reflect not the technical requirements of the job but rather serve to signal prestige (Biernacki 1995), and that art pricing reflects a ritualized consideration of the artist's career and the position of the dealer (Velthius 2005). Historically, life insurance was made attractive to Americans not by appealing to their self-interest but by reconceptualizing life insurance as a moral obligation (Zelizer 1979). Today, proponents of market-based blood donation argue that theirs is the "moral" position (Healy 2006).

A number of sociologists have focused on how the moral expectations attached to categories of relationship define the uses and meanings of money (Wherry 2012; Zaloom 2006; Zelizer 1994, 2005, 2012). People use money as a way of "creating, maintaining, symbolizing, and transforming meaningful social relations" (Zelizer 2012: 149). They mark relationships by way of distinctive financial practices, earmarking, or the use of special currencies. They do relational work with their money. For example, a man would likely not open a joint checking account with a casual girlfriend. But doing so with a fiancée would demonstrate his trust in and commitment to her. As Healy (2006) shows, people who donate organs have been rewarded, not with money, which would mark the relationship as a financial one, but with a reduction in insurance premiums.

As Zelizer (2012) observes, however, we still do not know enough about the features of relationships that account for variation in how people approach financial transactions. We need to go beyond the categories of embedded relations and arm's length ones that are common in economic sociology in order to study not only the strength of ties but also their depth, breadth, and content. How do people choose which sort of relation should apply to a particular transaction, for example, renting an apartment or buying a car from a family member?

Zelizer also calls for fuller study of the dynamics of creativity and constraint that characterize the relational work people do with money. In other words, people use financial transactions to establish and transform relations but they are also limited in the uses they can make of money by the norms of the relations they are in. To get at those dynamics, she argues "we need among other things to differentiate between top-down forms of monetary earmarking, such as those instituted by the state or other powerful agencies and bottom-up differentiations created by people's everyday relations" (Zelizer 2012: 163). While this view of top-down constraint and bottom-up creativity is not wrong, it may miss the ways in which constraints are produced by people in their everyday relations—bottom up, as it were.

To respond to these two gaps, we draw on social psychological scholarship on the relational schemas that underpin interaction (Fiske 1992; Fiske and Tetlock 1997; McGraw, Tetlock, and Kristel 2003). This literature is valuable in outlining some of the ways in which people think about economic transactions, generally, and we will argue, the repayment of debt, in particular. The argument, in short, is that people attend to particular features of interactions and

characteristics of interactants depending on the relational schema that is operating. There are four schemas and they shape action across domains such as decision making, exchange, conflict, the organization of labor, and so on. In a communal sharing mode, which is typical of families, communes, and in attenuated form, ethnic and national identities, goods are shared on the basis of need, decision making is collective and consensus-oriented, and values of caring, kindness, and altruism are privileged. In an authority ranking mode, of which the military is the archetype, social ordering is linear. Higher ranking individuals enjoy more in the way of power, prestige, and privilege. They make decisions that their subordinates follow. They are expected to do less work than their subordinates, but are expected to provide protection and care for subordinates. In an equality matching mode the emphasis is on reciprocity between equals. Characteristic of acquaintances and colleagues, equality matching relationships emphasize balancing and turn taking, tit-for-tat retaliation, and egalitarian distributive justice. Decisions are made on the basis of one-man one-vote or some other scheme perceived as egalitarian, and values of equality, reciprocity, and fairness are paramount. Finally, in a market pricing relationship, relevant features of the interaction are reduced to a single metric, which is often but not always money. Decisions are made on the basis of cost–benefit calculation of expected efficiency or utility.

Many actual relationships involve shifting among these schemas. For example, I might use a market pricing mode when I sell my student a car, but an authority ranking one when I give him tasks to do as my research assistant. Still, researchers have found extraordinary consistency in people's expectations of the values, obligations, and actual behaviors associated with each relationship schema (McGraw, Tetlock, and Kristel 2003). They have also found quite striking resistance to applying the norms characteristic of one relationship model to an interaction that is seen as properly governed by another relationship model (Fiske and Tetlock 1997). For example, imagine a son offering to pay his mother for Thanksgiving dinner, a subordinate criticizing his employer for not staying late at the office, a physician refusing to help an accident victim who cannot afford her fee, or a parent member of a babysitting co-op offering to pay another parent to take her shift. Researchers found that subjects react to such taboo trade-offs with indignation, distress, and erratic valuations of objects in the trade-off (McGraw, Tetlock, and Kristel 2003; Fiske and Tetlock 1997).

Although there is enough agreement about the relational schemas that apply to interactions to make such violations striking, authors also acknowledge that there may be cases where the appropriate relational schema is ambiguous or contested (Fiske 1992: 693). For example, Zelizer (2012) describes a woman who had lost her job in the recession and was forced to borrow money from her great-aunt. Despite the fact that she would eventually inherit the money from her great-aunt, she insisted on drawing up a legal contract. "To preserve her dignity and independence," Zelizer (2012: 153) notes, "it mattered greatly to her…to mark the relationship as lender–borrower, not benefactor welfare

recipient." One might say, in Fiske's terms, that she insisted on maintaining an equality matching relationship so as to preserve a sense of herself as an autonomous adult rather than a needy child.

In a similar fashion, economic sociologists have described how buyer and seller in economic transactions "feign some kind of intimacy in order to begin the transaction" (Wherry 2010: 159). They invent relations that are not already there, but they do not invent them out of whole cloth. Rather, they treat one kind of relationship in the terms usually reserved for another. Why are those transactions not seen as taboo trade-offs? Probably, we argue, because both parties to the exchange have a stake in, or at least good reason for tolerating, the use of an otherwise inappropriate relational schema. The great-aunt will allow her niece to inject a contractual element into their relationship because she knows that it will make her niece feel better about herself. Buyer and seller have a stake in quickly overcoming the distrust that characterizes market pricing models. Bankers affect an informal and collegial relationship with their clients as a way to maximize the likelihood that clients will not default on their loans (Ferrary 2003). As we will show, debt settlement agents can turn a profit by supporting debtors' fantasy that they are in a continuing reciprocal relationship with their creditor.

A second point made by theorists of relational schemas is relevant to our study. There may be cases where one relational schema evolves into another (Fiske 1992). For example, when an item or service exchanged in an equality matching relationship is so unique as to make it impossible for the recipient to reciprocate, the relationship may become an authority ranking one, where one party now owes the other respect, loyalty, deference, and possibly submission (Fiske 1992: 704).

Contrary to a view of monetization turning all relationships into instrumental ones, this perspective anticipates that while some economic transactions will be viewed in terms of an instrumental schema focused on ascertaining costs and benefits (i.e., a market pricing schema), other economic transactions will be approached instead in terms of equality matching, authority ranking, or communal sharing models, depending on the relationship of the parties to the transaction.[5] Depending on the parties' relationship, it will be more or less important that exchanges be equal, reciprocal, and timely; more or less important that the transaction be formalized; more or less important that all parties have volunteered to the transaction; and so on. Certain kinds of economic transactions will be appropriate, uncomfortable, or taboo, again depending on the parties' relationship. Contrary to a social distance perspective, people can have an equality matching or an authority ranking relationship even with remote entities, a relationship that would prevent them from adopting a calculative approach to an economic transaction.

[5] Interestingly, Shandra et al. (2011) identify similar structural predictors in their study of debt and global deforestation.

Kinds of obligations and kinds of debt

In this article, we focus on one type of economic transaction: the repayment of debt. Americans' indebtedness recently has become the focus of widespread concern. Consumer debt stands at around $2.5 trillion and almost 80 percent of households that have credit cards owe more than $10,000 in unsecured credit card debt (Witte 2010: 278). Scholars attribute the growth in personal debt to a combination of increased personal consumption, stagnant wages, and aggressive lending practices (Dwyer, McCloud, and Hodson 2011). The result, according to some observers, is a "culture of debt," in which the moral taboos against indebtedness have eroded (Lea, Webley, and Levine 1993).

Empirical comparisons of debtors, nondebtors, and chronic debtors reveal a more complicated picture, however. While some research has supported the notion of a culture of debt, showing that debtors are more likely than nondebtors to imagine their friends approving of debt (Lea, Webley, and Levine 1993), other research has challenged that view. Researchers have pointed to the shame experienced by those who file for bankruptcy to argue for the continuing moral taboo of debt (Thorne 2012; Thorne and Anderson 2006). Some researchers have emphasized psychological factors such as perceived locus of control in determining who goes into debt and stays in debt: People who see their world as controlled by events beyond their control are prone to incurring debt and are less likely to pay it back (Livingstone and Lunt 1992). Others have argued that poverty and youth are better predictors of indebtedness than attitudes toward debt. Debt is often something that young people take on as they move into adulthood, and then pay back when they are financially settled. Indeed, using panel data from the National Longitudinal Survey of Youth, Caputo (2012) found that the vast majority of those who incurred annual debt did so only for a year, and that the proportion of people who were indebted declined over time.

Interestingly, for young people, indebtedness may be perceived as a moral accomplishment rather than a moral lapse. While numerous studies have pointed to the anxiety that is experienced by people in debt, Dwyer, McCloud, and Hodson (2011) found that being in debt gives young people a stronger sense of mastery and self-esteem. Young people experience debt—especially debt used to pay for college—as a rational investment in their future. Debt is seen as a necessary step along the way to adult success. Anthropological studies of debt in non-Western cultures have similarly seen debt as a way for people to establish their position in the community. Incurring debt shows that one has confidence in one's future accomplishments (Roitman 2003). To be sure, Dwyer et al. found that the empowering effect of debt declined after age 28, with higher amounts of educational debt associated with losses in mastery and self-esteem. They attribute this to people's prolonged exposure to the stress associated with repayment.

Public opprobrium toward debt also varies by the debtor. Being in debt was not disempowering for the international insurance group, AIG, at least before

2008 (Peebles 2010) and companies routinely use bankruptcy provisions as business tools (Surowiecki 2011). Even when it comes to individual debtors, there is variation in the attribution of blame. Simmel (2004: 479) quoted an English businessman: "The common man is one who buys goods by cash payment; a gentleman is one to whom I give credit and who pays me every six months with a cheque." Interviews during the American farm crisis of the 1980s showed that only farmers who had used their loan money to buy flashy equipment were blamed for their predicament (Dudley 2000).[6]

Together, then, these studies suggest several kinds of variation in people's views of debt. Age, income, and psychological factors seem to distinguish debtors from nondebtors and those who pay back debts from those who do not. Cultural factors seem to distinguish debtors who are stigmatized from those who are not. In this article, we explore another source of variation in views of debt: in the *kind* of debt that is incurred. Lea, Webley, and Levine (1993) found that British respondents, whether they were nondebtors, mild debtors, or serious debtors, agreed on the kinds of debt that were most important to pay back first, with rent/mortgage rated the highest priority, followed by utilities, followed by television rental. However, the authors do not explore the logic behind that ranking: It could have been that debtors felt that shelter was most important to them and television least important to them, or it could have been that they felt the television company would be more likely to allow them to slide without payment. In this article, we try to get at the moral logics of debt by focusing not on the debts people feel are most important to pay back first, but on the debts they feel are most important to pay back *in full*.

We do so in an unusual setting: debt settlement agencies. These agencies offer consumers their services in negotiating with creditors to try to lower the principal of their debt (Wilshusen 2011). Imagine that you are carrying substantial debt and a debt settlement agent offers to try to reduce your payments, with your only obligation to pay the agent a portion of what you save if he/she is successful. Will you accept the offer?

An instrumental approach would expect that you would consider the risks of signing up with the debt settlement agency against the possible benefits. The agency might be ineffectual or it might do more harm than good, for example, by harming your credit rating. If you chose to sign up with the agency, you would probably settle first those debts whose creditors were more likely to settle or who were least likely to impose lasting financial penalties if you stopped payment altogether as part of the settlement process. An approach based on social distance would expect that if you signed up with the agency, you would have

[6] See Hyman (2011) on historically changing views of indebtedness. In the 1920s, bankers saw personal debt incurred as a result of unexpected life events such as illness or death as moral; installment debt used to pay for things like furniture and cars indicated a failure of character on the part of the borrower (pp. 74–75). By 1971, the Household Finance Corporation had published an instructional manual entitled *Children's Spending*, intended to teach children the importance of obtaining a strong credit rating. "Saving for its own sake, dropping pennies in a toy bank which has no key, is outdated" (quoted in Hyman 2011: 282). Borrowing was more virtuous than saving.

some compunction about settling certain kinds of debt. While you might be comfortable having the firm try to negotiate with a collection agency or a credit card company or a firm representing a hospital—all remote, impersonal agencies—you would be less comfortable instructing them to negotiate with your personal physician or your child's private school. Those debts you would insist on paying back in full.

The relational schema perspective we outlined above leads us to a different set of expectations. Personal indebtedness is widely viewed as a disempowering and demeaning condition (Carruthers and Espeland 1998; Peebles 2010). For adults, if less so for young people (Dwyer et al. 2011), indebtedness is experienced as shameful (Thorne 2012; Thorne and Anderson 2006). But debtors probably also resist—or at least, struggle with—that self-perception. They may seek to maintain a sense of themselves as agentic and empowered by characterizing themselves as in a reciprocal and ongoing relationship with an equal party. They may think about debt in terms of responsibility, obligation, and fairness. As a result, however, they are likely to be uncomfortable thinking about settling a debt for the economic benefits it will bring them. They will resist using a market pricing schema to approach their debt. When the debt is for something especially important to them—life-saving medical treatment, for example—they may even think about their creditor in terms of an authority ranking relationship. They may feel so indebted to their creditor that they feel subordinate to him/her. In that case, the idea of negotiating down the debt is likely to seem morally repugnant. Importantly, it may not matter if an actual person provided the service rather than, say, a group of people, or an anonymous agency. If the service was valuable, people may turn a financial obligation to a distant, impersonal entity into a personalized relationship.

Does this mean, then, that people will never agree to settle their debts? No. But it suggests that they will do so not when they can be convinced that it is economically in their interest to settle their debt, but rather when they believe or can be convinced that the party to the exchange did not fulfill his/her end of the bargain. Indeed, they may have to be convinced that the party is not an equal; that he/she is morally compromised and therefore not deserving of reciprocal treatment.

These possibilities lead to our research questions. What moral categories and understandings underpin people's views of debt? In particular, do all debts levy an equal obligation for repayment? What makes some debts more important to pay back in full than others? Conversely, what makes some kinds of debt seen as more appropriately negotiated than others? Are people likely to want to settle the debts for which there seem to be the greatest gains to settling and the fewest costs? Alternatively, are they likely to want to settle the debts that are to the most anonymous, impersonal entities? Or are they likely to want to settle the debts to creditors whom they decide have not provided a valuable service, either because the service was trivial or because it was not provided in good faith?

Debt Settlement

Debt settlement agencies are a relatively new phenomenon. The industry began in the 1980s when banks established debt settlement divisions to facilitate settlements with credit cardholders who defaulted on payments. Such departments evolved into a profitable industry in which private firms negotiate with creditors on clients' behalf to settle debts for a portion of the original amount owed. In 2010, there were more than 2,000 debt settlement companies. The 250 companies in the industry's two leading trade associations had more than 425,000 customers and had enrolled $11.7 billion in credit card debt (Goodman 2010). Debt settlement agencies profit by retaining a percentage of the payment made by a client. Before 2010, agencies often required that clients set up a separate bank account so the agency could withdraw a monthly payment (even before successfully settling the clients' debts) (Federal Trade Commission 2009; Senate Committee on Commerce, Science, & Transportation 2010). That practice was banned as a result of federal legislation (Wilshusen 2011; Wyatt 2010), and now agencies subtract a portion of the settlement amount before they pay it to the creditor. Debt settlement agencies offer negotiation services for credit card debt, monies owed on mortgages and repossessed boats and vehicles, Internal Revenue Service (IRS) debt, and various forms of medical debt.

Debt settlement agencies acquire customers in three ways. Telemarketers working for the agency call people on lists they have purchased, through a middleman, from credit agencies (Interview no. 3; hereafter, interviewees and observations are referred to by number). Debt settlement agencies often also have a "cost estimator" on their Web site. Potential consumers can enter the amount they owe, along with contact information, in order to see how much they could save (e.g., in monthly payments) if they signed up for debt settlement services. Agents then contact them. Third, debtors may contact the agencies directly to contract for debt settlement services. A 2009 report prepared for the debt settlement industry's trade association estimated that most customer inquiries came via the Internet (Weinstein and Clower 2009).

Once a telemarketer or agent has persuaded a client to contract for the agency's services, one agent works directly with the client. Agents usually have a caseload of 20 to 30 clients. An agent reviews the client's outstanding debts and decides in consultation with him/her which ones to try to settle. The agent asks the client if he/she has any hardships such as a disability or being unemployed and has the client write a letter to the creditor attesting to the hardship. If the client has not already fallen behind in payments to the creditor, the agent may urge the client to stop payments in order to provide the debt settlement agency leverage in its negotiations with the creditor. At that point, the file is passed on to one of the agency's negotiators, who work directly with the creditor to try to obtain a settlement on the client's behalf.

The debt settlement industry has been widely criticized for recruiting clients with inflated claims about agencies' success rate, for minimizing the

consequences of stopping payments to creditors, for misrepresenting the number of clients who drop out of debt settlement programs, and for collecting excessive fees with little in the way of results (for representative characterizations, see Goodman 2010 and Senate Committee on Commerce, Science, & Transportation 2010). Defenders of the industry argue that only illegitimate and unethical firms engage in unethical practices, and that debt settlement offers a greater return to clients than do standard debt management options (Briesch 2009; Federal Trade Commission 2009; Witte 2010). However, the evidence for these claims is contested (see discussion in Federal Trade Commission 2009 and Wilshusen 2011).

In fact, very little is known about the debt settlement industry's clientele, standard practices, and success rates. In 2010, debt settlement customers carried an average of $30,000 credit card debt, compared to the $15,000 carried by American households generally (Goodman 2010). Debt settlement clients typically cannot afford the payments that clients of debt management plans are asked to make (Wilshusen 2011). This suggests that debt settlement may be a last resort for many clients. Presumably, however, debt settlement customers are not so financially distressed that agents think them unlikely to make good on their contract with the firm. Success rates and dropout rates are disputed. An industry trade association reported that 34.4% of consumers settled at least 75% of their enrolled debts (Wilshusen 2011), but even one of the industry's defenders acknowledged a dropout rate of probably 60% in the first year (Briesch 2009).

In short, it seems clear that debt settlement agencies do not live up to the inflated promises of their advertising. However, the difficulties of filing for bankruptcy and the ineligibility of many borrowers for debt management plans may have made debt settlement an attractive option.

DATA AND METHODS

Our research consisted of field observations at two debt settlement agencies in fall and winter 2011 and interviews with 17 agents between fall 2011 and summer 2012. Follow-up interviews were conducted with six agents in winter 2013. Tufail was employed as a telemarketer and agent at a debt settlement agency from November 2009 to April 2011. Although the agency closed, she retained contact with several agents. Those agents supplied leads to other agents for interviews. Agents had between 1 and 10 years of experience in the debt relief industry, with the median 3.5 years. Six interviewees were women; the rest were men. Interviews were conducted variously at the interviewees' debt settlement agency in an empty conference room; in a store run by a former agent; in coffee shops after business hours or on weekends; and by telephone. Interviews ran from 45 minutes to 3.5 hours with the median 1.75 hours, and they were tape-recorded. Questions centered on the agent's standard procedure for trying to sign clients; the kinds of resistance to contracting their service that the agent

encountered and how he/she responded; the agent's perceptions of how potential clients viewed different kinds of debt; and the sources of variation in clients' views of debt. Polletta and Tufail went over Tufail's notes after each interview and, in addition to identifying patterns in the responses, raised additional questions for subsequent interviews.

Tufail also made contact with the heads of two debt settlement agencies located in the Los Angeles area, which we call Second Chance Settlement and Red Heron Financial Services. Our interviewees said that both agencies were typical of the agencies they had worked for in terms of their national clientele, the range of debts they dealt with, and their revenue. Second Chance Settlement was on the larger size, with between 18 and 23 agents during the years of its operation. It opened in 2008 and closed shortly after our observation period ended (Interview 1, follow-up). Red Heron was founded in 2008 and operated exclusively as a debt settlement agency until 2011, when it expanded its range of services to include settlements in personal injury and workers' compensation claims. During the period of our observation, 11 agents worked there.

Tufail observed agents at work in both agencies for a total of 29 hours. With the permission of the client, agents allowed Tufail to listen in on their phone conversations. After calls, Tufail was able to ask agents questions about how they had handled the particular call, as well as about their experiences in the agency generally. However, because we did not ask for permission to take notes on the call from the clients or potential clients, we refer only generally to their side of the phone call. Polletta and Tufail reviewed Tufail's notes after each day of observations and identified emerging patterns and further lines of inquiry.

Note that we have relied mainly on debt settlement agents to get at their customers' views about debt. We believe that agents had a real stake in understanding clients' reservations about settling different kinds of debt, and we found their observations insightful. In addition, we were able to observe agents' interactions with clients and potential clients. In these interactions, we saw agents confronted by clients with the questions and reservations that they described encountering to us. And we saw them trying to overcome clients' reservations about settling debt using the arguments that they described to us. This made us more confident that agents were providing accurate representations to us of their interactions with clients, and in particular, accurate representations of clients' views of debt as they expressed them to agents. Still, the picture of American debtors' views of debt that we present is mainly secondhand. This is an obvious limitation of the study. The other obvious limitation is that we do not know to what extent debt settlement clients are typical in their views of debt—typical of people in debt and typical of Americans generally. Given the paucity of research on debt settlement and debt settlement clients, we believe that the study takes a valuable first step in understanding how one group of Americans approach their debt, but we outline next research steps at the end of the article.

RESULTS

We present our results as follows. We discuss two phases of debt settlement work: (1) securing a client and (2) deciding with the client which debts to try to settle. For each one, we outline clients' reasons, as reported to agents, for proceeding or not. We concentrate on the second stage, in which clients decided which debts they wanted to try to settle with the help of the debt settlement agent. It was here that clients distinguished between debts they wanted to settle and debts they felt they had to pay back in full. We flesh out what seemed to be shared criteria for drawing that distinction. Then we try to piece together the logic behind those criteria. We show that neither an instrumental logic nor one based on the social distance of the creditor makes sense of clients' estimations of which debts could be settled and which debts needed to be paid back in full—what we call a scale of debts' negotiability. However, a logic based on clients' view of the creditor–debtor relationship as an equality matching one—that is, as ongoing, equal, and reciprocal—does make sense of that scale.

Securing the Client

Most people with debt who were contacted by telemarketers or agents declined the debt settlement service because they doubted its efficacy. As one former owner of an agency explained, "Out of the cold calls, you get about 60% who won't use our service because they just don't believe it will work" (Interview 11). As we noted earlier, there are good reasons for consumers' wariness. As part of the process, agents urge clients to stop making payments to creditors altogether. This may convince the creditor to settle with the client, but it also renders the client vulnerable to legal action. The client's long-term credit rating may also suffer as a result of his/her failure to keep up payments.

Agents say that another group of debtors—the former agency owner estimated that 25% fell into this category—refused the service on moral grounds. She described these consumers' thinking: "'Hey, I got myself into this debt, I have a personal sense of obligation to pay that entire debt back because I took the money—and if I borrowed the money, if I settle for anything less, I'm stealing.' So that is the sentiment that is general among people who want to pay back their entire debt. Like for a person like this, they will feel extremely guilty about filing for bankruptcy. Because they feel like they're stealing the money that they borrowed" (Interview 11). We observed this stance when an agent persisted in trying to convince a caller to sign up for the agency's services. The caller said flatly that it was wrong to owe someone money and not repay it. She said that while some people were willing to do that, she and her husband were not. The agent responded, "Well, that's great to know that there are people like you still out there," and ended the call. He remarked that people like the caller were stupid and old fashioned for caring about these big

companies who didn't care about them. But, "with people like that—with that way of looking at things—there is no point in trying. They won't ever agree" (Observation 5).

Some of the people who initially refused the service based on instrumental or moral grounds changed their minds. The former agency head estimated that somewhat less than 20% fell into this category (Interview 11). Altogether, then, most agents put their rate of securing clients at 10%–15% of the calls they made (Interviews 2, 3, 4, 7, 9, 12, 16, and the owners of Red Heron and Second Chance Settlement). We focus the rest of our discussion on debtors who were willing to sign with the agency. They were not opposed to debt settlement, but, as we show, had a set of moral criteria for the kinds of debts that were appropriately settled and the kinds of debt that had to be paid back in full.

The Moral Obligations of Some Debts

Once an agent had established that a customer was interested in settling at least some of his/her debts, the agent worked with the customer to determine which debts to settle. Agents' descriptions of their interactions with clients, in conjunction with our observations, pointed to the existence of a shared set of beliefs among clients about which debts were appropriately settled. These beliefs took the form of a scale, with some kinds of debts willingly settled by clients, some kinds of debt viewed by clients as requiring full payment, and some kinds of debt lying in between those two extremes.

All agents did not produce the full scale that we present in Fig. 1 uninvited. In response to the question "Are there some kinds of debts that people are more willing to settle than others?" all 17 interviewees talked about the top and bottom of the scale—credit card debt and medical debt—as being the kinds of debt that people were eager to settle and unwilling to settle, respectively. Fourteen interviewees produced a fuller scale, mentioning some combination of mortgages, child support payments, student debt, and IRS debt. For example, one agent said, "Here's the breakdown: credit cards—for sure, number one. Then mortgages and car repos. Um, hospital bills are last. What else? Oh, back taxes probably before medical bills" (Interview 6). When we asked interviewees about categories of debt that the interviewee had not mentioned ("What about back taxes? Where would you put that in the scale?"), all interviewees placed those categories of debt in the same positions in the scale. For example, when Tufail asked one interviewee about debts to the IRS, he said, "You know, people were willing to try and get us to settle with the IRS, but not a lot. I think people would prefer to settle a credit card any day—but the government, not really." When we asked about IRS debt in relation to medical bills, the agent continued, "No, people are pretty hesitant about trying to settle with doctors, so I would say that it was harder for people to settle with doctors instead of the IRS" (Interview 3). All but one interviewee agreed that a scale with, from most appropriately settled to least appropriately settled, credit card debt, mortgage, child

support, back taxes, and medical debt, matched their perceptions of clients' views. Interviewees also drew attention to scales within types of debt, for example, describing clients as more willing to settle department store credit card debt than major credit cards (such as American Express, Visa, and MasterCard), and more willing to settle some kinds of medical debt than others.

We sketch the full scale below, drawing on interviews to flesh out agents' characterizations of clients' views of debt. Then we try to account for the scale. We show that one cannot attribute the position in the scale of a particular kind of debt, say credit card debt as compared to medical debt, to debtors' plausible concerns about the repercussions of trying to settle that kind of debt. Nor can one attribute it to the social distance and abstraction of the creditor. Instead, as we will show, opinions about whether debt should be settled or paid back in full flowed from the perceived moral character of the creditor.

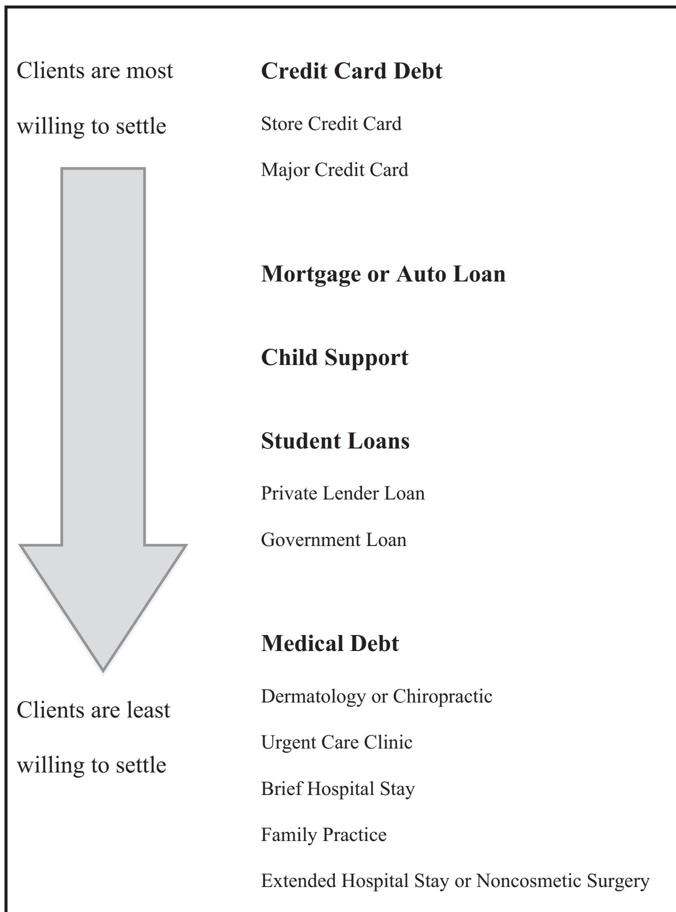

Fig. 1. A scale of debts.

As Fig. 1 shows, at the top of the scale of the debts that clients were willing to try to settle was credit card debt. This was true, one agent said, even "when they have higher amounts of debts owed to other companies" (Interview 9). Agents agreed that clients were more eager to settle department store credit card debts than major credit card debts, and more eager to settle debts to American Express than Visa or MasterCard (Observations 2, 3, and 6). The latter two can be used to purchase a greater range of goods and services, although, as we will discuss later, it seemed that customers were less concerned with the practical value of the cards than with the symbolic importance of the goods and services that they had purchased with them.

Although our research sites did not provide modification services for housing loans, many potential clients asked about such services. The agents we interviewed agreed that many customers were interested in settling home loans, echoing the agent who said, "Most people will want debt relief from a credit card company over a mortgage, but that is one of the ones that people will try to work on next, even if they have other kinds of debts" (Interview 10). Agents said that the media attention paid to subprime lending practices had led to an increase in the number of people asking about settling a mortgage or modifying a home loan (Interviews 11 and 13). One client complained at length about mortgage lenders' greed, saying that she knew too many people who had had their homes foreclosed or were unable to keep up with their mortgage payments. Corporate greed, she said, had gotten honest people into a situation where they were losing their homes (Observation 4). An agent said that some clients were calling them now "because they are sick and tired of being taken advantage of. That is our system. That's the way it works, you know. And now you have the Occupy thing. People are upset…it's like 'Hey I am a good person and I deserve to be treated like it' and not be taken advantage of so you can make a buck (or a million). People are feeling it now, you know" (Observation 8).

Next in the scale of negotiability, perceived as more appropriately negotiated than IRS loans, student loans, or medical loans, were child support payments. Agents did not raise the issue themselves. They were not legally able to settle child support payments. They were surprised, they said, that clients did raise the issue. As the former agency owner put it, "It was pretty shocking when I first started that there were a lot of people that tried to get their child support negotiated. We encountered that a lot" (Interview 13). Another agent said, "It's amazing. They are more likely to try and get you to settle on child support than a dentist!" (Interview 4).

Less appropriately settled than credit card, mortgage, or child support payments were student loans, IRS debt, and medical debt. With respect to the first, debt settlement firms were only able to offer settlement services for student loans secured from private lenders such as banks, credit unions, or credit card companies. They could not negotiate student loans issued by the government. Agents sometimes asked clients if they had any private student loans. If clients brought up their loans on their own, agents asked if they were federal or private and

explained that they could not settle government debt. Clients, according to agents, said they were more interested in settling the private debts because the interest rates were higher and banks were greedy (Interviews 8, 11, 12, and 13). One telephone client volunteered that she had both federal and private student loans, but was uncertain about trying to settle the federal debt. When the agent explained, "It is actually not a debt we can work with anyway," the client responded that that was fine, because the government wasn't charging excessive and unfair interest fees the way the bank was (Observation 2). Clients were also reluctant to settle loans that had helped them to get a better job or income. In that vein, one client declined to try to settle her student loans, which were from a private lender, because they had allowed her to get a good position in human resources (Observation 2).

The firms we studied did not handle IRS debt, but some debt settlement firms do. Agents related that clients did not often inquire about negotiating back taxes. "You know, people were willing to try and get us to settle with the IRS, but not a lot. I think people would prefer to settle a credit card any day—but the government, not really" (Interview 4).

At the bottom of the scale of debts that clients were willing to settle, according to all the agents whom we interviewed, was medical debt. The agent just quoted about IRS debts, when asked about medical debt, went on, "It's just weird to me that some people call up trying to settle with the government but not a hospital. It's like 'they are the government—you would rather try to settle back taxes with the *government*? Is that really the smartest thing to do?' Not just that, but hospital bills and things like that are *insanely* expensive. One trip to the ER will cost a grand. I am pretty sure they owe more to those than on taxes" (Interview 10). Another agent observed, "It's known among agents that people are hesitant about medical debt the most, especially when the doctors or nurses really took good care of them" (Interview 16). All the other agents interviewed attested to clients' reluctance to try to settle medical debts. But they also pointed to variation within the broad category of medical debt. Clients were generally more willing to negotiate a debt for a brief hospital stay than a debt to their primary care practitioner. But they were *less* willing to negotiate a debt for an extended hospital stay or surgery than a debt to their primary practitioner. The hospital, in both instances, was an impersonal, bureaucratic entity; what differed was the length and kind of care patients had received.

Three Logics of Debt

What stands behind clients' views about which debts could be settled and which ones had to be paid back in full? In line with an instrumental logic, one might imagine that debtors would be most concerned about the instrumental ramifications of settling different kinds of debts. It might make sense,

practically, to settle larger debts rather than smaller ones (Breisch 2009, for example, found that creditors make lower offers sooner to consumers with higher balances). However, agents agreed that the amount of particular debts rarely figured in clients' calculations. Rather, certain classes of debts were seen as more appropriately negotiated than others. Debtors might reasonably imagine that a creditor with considerable legal resources, say a governmental agency or a major bank, would be less willing to settle than one that did not have those resources for compelling payment. And indeed, an instrumental logic might explain debtors' willingness to settle credit card debts before mortgages, because the risk of failure in the latter case was that the debtor might lose his/her home.

However, an instrumental logic cannot account for the fact that debtors were more eager to settle IRS debt than medical debt. As the agent we quoted before said, "It's like 'They are the government. You would rather try to settle back taxes with the *government*? Is that really the smartest thing to do?'" Nor can an instrumental logic account for the fact that even when agents told clients that they were more likely to succeed in settling hospital debts than credit card debts or mortgages, clients were reluctant to try to settle hospital debts. An agent observed, "There is a lot you can do to completely wipe out your [medical] debt. But very few will listen to this, especially when the care has been substantial and important. And this was really stunning to me in the beginning, when I realized that people are less willing to include medical debt, even when they have been made aware—and they get it—that it is the easiest, fastest, and least risky debt to settle on" (Interview 2).

An alternative explanation focuses on the social distance between debtor and creditor. In this logic, the more abstract and impersonal a creditor, the less compunction debtors are likely to feel about negotiating down the amount they owe. One doesn't try to wriggle out of paying one's full debt to a person; but one might if the creditor is a faceless, nameless company. However, a social distance explanation does not account for the fact that some debtors were interested in negotiating child support payments. The debt here was to a living, breathing person who was responsible for the welfare of their child. Yet, some debtors asked about settling those debts. Seemingly in line with the distance hypothesis, people were more likely to want to pay back medical debt than credit card debt. But they were *less* willing to settle their debt to a practitioner—the family doctor—than to an impersonal hospital if they felt that their stay in the hospital had saved their life.

Patterns like this one are consistent, however, with a logic of repayment based on the moral obligations of an equality matching relationship. In such a logic, debtors think about their relationship with their creditor as a reciprocal and ongoing one. If the creditor provided a service in good faith and the service was adequate, the debtor is morally obligated to repay the debt. If not, the debtor is justified in trying to reduce the debt by withholding payment. Central

to this logic, then, is the perceived moral worthiness of the creditor.[7] Of course, this logic has no legal sanction: People who have purchased goods or been provided a service cannot, in most cases, decide later that the good or service was unnecessary or inadequate and refuse to pay what they owe. So to conceive of debt in terms of an equality matching relationship was not an obvious choice. It required creative relational work. It involved conceptualizing the creditor as an equal party to a continuing exchange and conceptualizing the creditor as a person rather than an impersonal agency.

This logic of equality matching was most evident in how clients talked about medical debt. Clients were usually unwilling to try to settle their debts with their doctor because they were grateful for the care he/she had provided them. "People have said to me 'If it wasn't for that doctor, I wouldn't be alive today,'" one agent explained (Interview 3). And another, "People just feel guilty when they consider not repaying the doctor fully. Clients will feel like the doctor did something important for them, but now they are ungrateful because they are settling" (Interview 8). In some cases, the client had a personal relationship with the doctor. "Clients would say things like 'Well, I've been with my doctor for 15 years and that's the last thing I want to do to my doctor'" (Interview 2). But in other cases, the client had received care in a hospital, often from a number of doctors. Clients in this situation were often less willing to settle than those whose debt was to a sole practitioner. As one agent related, "Clients that have hospital bills can sometimes hesitate to settle more than with the neighborhood doctor, especially when they were really in bad shape" (Interview 13). This was the case, "Even when they knew their doctor, but not the people at the hospital—or, you know—even when they never knew their doctors at the hospital" (Interview 3).

This might seem hard to understand. Debts for hospital care are often substantial, and they are widely seen as inflated. The debt is not to a single doctor or even to all the doctors and nurses responsible for one's care, but rather to a large bureaucratic entity. Yet, if the care that the client received was significantly life improving or lifesaving, clients felt that they should repay the whole sum. Their obligation was to the doctor(s) who had helped them, but it did not matter that the doctor(s) who helped them would probably not know one way or the other whether they were being paid fully by that particular patient. One agent explained, "If they feel like they owe the doctor and he did something important for them, then they still might feel like they owe the hospital that hired the doctor and the nurses and has the equipment. It sometimes isn't just about the doctor that treated them" (Interview 2).

[7] Moral worthiness has long been an important consideration in determining to whom to extend credit. In early modern economies, creditworthiness was seen as a moral characteristic and as evidenced by such character traits as rectitude and orderliness (Carruthers and Espeland 1998). But the rationale was that a morally worthy person was more likely to fulfill his obligation to pay back his debt than an immoral one was. Moral worthiness was an indicator of trustworthiness. In the case of debt today, trustworthiness was not at issue. Rather, debtors seemed to use debt's potential negotiability as a way to punish and reward people for the services they had (or had not) performed. In this sense, creditors' worthiness was a combination of the value of the service they offered and whether they performed it in good faith.

The agent who described clients as more hesitant to settle with a hospital than with their neighborhood doctor explained, “If you can’t afford to pay everyone, you pay back the person who earned it most! That’s being fair. And it doesn’t matter that you’ve been with your own doctor longer and they know you” (Interview 13). Another agent described a client who had been in an induced coma for a few months, during which time a variety of specialists worked on him. “By the time he left,” she recounted, “he had over a quarter of a million dollars in medical bills—maybe more. But even though he wasn’t awake for almost any of it, he didn’t even know the doctors really, he refused to add the medical debt because he said they saved his life. Because of them, he could see and be with his family again. He said that was priceless, and that he owed them and the hospital his life” (Interview 16).

In all these cases, clients indicated that to settle the debt would be violating the terms of a reciprocal relationship. It would mean not making good on one’s obligation to another person. But in all these cases, the obligation was not, in fact, to a single person. Clients seemed to invent a reciprocal relationship, or at least to conceptualize it in terms of an obligation to a person rather than to a group of people, a bureaucratic entity, or an anonymous third party.

To be sure, one might still cast these rationales as a version of an instrumental one. Debtors reward creditors with an eye to future transactions. They may have insisted on paying back their medical bill in full because they knew that they might fall ill again and they wanted to ensure the same level of treatment. Yet clients did not describe their wanting to pay back their medical debt as an investment in their future health. According to agents, they felt “guilty” (Interview 3) for not paying their debt in full; they saw it as “wrong” (Interview 3), as not “fair” (Interview 13). They used a language of egalitarian justice, not one of utility.

Several agents did describe a situation in which clients were willing to try to settle medical debt: when their treatment had been, to the client’s mind, inadequate. “I had this one lady who said that the hospital gave her some really terrible virus or bacterial infection or some such thing that ended up being resistant to antibiotics when she went in for a gallbladder removal. I said, ‘They did what?’ [laughs] You bet that lady wasn’t gonna pay for that! Who in their right mind would feel like they owed the doc anything after that? Good God! I think she should sue for malpractice. But that is easier said than done. And who has those kinds of resources?” (Interview 10). We observed another agent talk to a client about new hospital bills the client had incurred after a recent illness. The client was eager to try to settle the bills because, she said, they had treated her badly. She complained of being left in the waiting room and being sent home with the wrong medication. She compared the inattentiveness of the hospital doctors with the caring of her own family doctor (Observation 5).

In these examples, clients described their willingness to settle or not settle debts as a kind of moral sanction. One was obliged to repay one’s debts, but the option of not paying the full amount was a legitimate way to signal one’s dissatisfaction with the service. This logic came up in clients’ talk about credit card

debts, mortgages, child support, and IRS debt as well as medical debt. One agent observed that people were most interested in settling credit cards not because they were easier to settle, but "because people realized the interest that was being charged on these credit cards—and that wasn't fair" (Interview 3). A client said that he was about to stop paying his American Express card debt so that he could stay current on his IRS payments. Paying the government was more important, he said, because the government actually gave something back to people (Observation 3). Those few clients who were interested in negotiating IRS debt were pointed in their criticisms of the government. One complained about the inability of Congress and the president to improve the economy. He asked why he should pay for government salaries when all he received in return was a depressed housing market and job losses (Observation 2).

Agents speculated that clients who asked about negotiating their child support payments did so as a way to retaliate against their ex-spouse. One agent explained, "I think it's resentment at people that they are making the payments to. It may be a way to get back at them" (Interview 9). Again, settling one's debt was legitimate if the creditor was morally unworthy. It is something of a stretch to see debtors assessing the quality of the "service" they received in cases of child support payments. But just as the recipients of medical care personalized a relationship with a group of medical personnel they did not know, here too, debtors were inventing the relevant relationship. Rather than thinking about their debt in terms of their relationship with their child, they thought about it in terms of their relationship with their ex-spouse. Settling was appropriate given the fact that they had not gotten what they anticipated from their relationship. As one agent put it, "They are trying to punish the mom" (Interview 5). And another: "They'll want to include that instead of a medical bill [laughs]...if it was a really nasty breakup or divorce, why should they have to help that person out?" (Interview 9).

Clients' view that the inadequacy of the service or product justified settlement sometimes extended to the *triviality* of the product. One client explained her desire to settle her department store credit card account by noting that towels and soap dispensers were not a good reason to be in debt (Observation 4). Similarly, clients explained their desire to settle credit card debts to American Express rather than Visa or MasterCard by reference to the triviality of the purchases typically made with American Express. One might cast this as an instrumental calculation. After all, if MasterCard and Visa could be used for things like rent, then it would make practical sense not to risk losing access to the card by trying to settle with the company. But clients often talked about settlement more as a moral sanction. We observed an agent try to convince a client to settle with Visa and American Express. The client demurred. American Express only allowed people to buy things that were too expensive and that they didn't need, he commented. And they charged outrageous interest rates. He then clarified: Visa also charged high interest rates, but only because customers were late with their payments. Visa, he went on, was a decent company for decent people. It allowed people to purchase necessities; it was concerned with what the average

person needed. The agent remonstrated that Visa also charged interest, but the client was adamant that Visa was a good company and that settling was not right (Observation 3).

Finally, an exception to the general scale we described earlier makes sense in terms of the moral obligations of equality matching relationships. In one instance, a customer was less willing to settle a $3,000 American Express account than a $1,000 medical bill. When the agent asked her about it, she explained that she had paid for her son's tuition with the credit card. Without it, he would not have been able to stay in school. The medical bill, by contrast, was for dental work that she described as trivial (Observation 5). This client felt an obligation to American Express because the company had enabled her son to complete his education. It did not matter to her that American Express was a distant, impersonal company; it was still a virtuous actor.

Comparing this moral logic of debt to the moral logic of money described by Carruthers and Espeland (1998) makes clear the fact that debt was viewed in terms of a *relationship*. Carruthers and Espeland argue that the moral character of money is a function of its source and its future direction. So, for example, money that comes from a theft is "dirty" money and often restricted to limited purposes. Selling blood plasma is seen as morally problematic because it comes close to violating the ban on selling a life. State governments pledge to put gambling revenues to noble causes like education to remove the stigma of the money's origins. Money put to good causes is "good" money. If debt was evaluated similarly in terms of its sources and future direction, one might expect that the moral character of the creditor and the reason for taking on debt would determine the morality of debt. We see something like the latter in debt settlement clients' desire to settle debts for "frivolous" purchases and in their determination to pay back in full debts for medical care and schooling. It is more difficult, however, to categorize classes of creditors as more or less moral. Rather, it seems that when it comes to the "source" of the debt, what is assessed is the character of the relationship with the creditor. A big, profitable hospital was sometimes viewed as more deserving of full repayment than a family doctor when the former provided lifesaving care. The mother of one's children was presumably at an earlier point in time seen as a moral actor, but for those clients who wanted to settle child support payments, was no longer. Clients seemed to assess the appropriateness of settling a debt in terms of the reciprocity of their relationship with the creditor.

Overcoming Debtors' Unwillingness to Settle

This logic of equality matching was evident also in agents' efforts to convince people to try to settle certain debts. If debt were just a financial obligation, it would make sense that agents would appeal to potential clients' financial interest and would seek to allay any concerns that negotiating their debt would have short-term benefits but long-term costs. In our observations of agents, pitches to

clients' instrumental interests were uncommon, and in interviews, agents said that they rarely made a case for contracting their services that way. "No one wants to just be seen as that irresponsible. They need to have a reason for why not paying is okay.... These are good people and they won't just do this without feeling like someone [a creditor] is doing something wrong. Even if someone [a creditor] hasn't done something wrong, I think they need to *feel* like they have been conned or had something unfair done to them" (Observation 7). Another agent said that he did occasionally make instrumental arguments but that they usually did not work.

> I would tell people, if you include this [medical] debt, you will qualify for [our services] versus a credit card, which is probably going to be harassing you over the phone.... So it's in your best interest to include your medical debt in there, because you won't get that with them. And I try to let them know that if a law firm has bought your debt, you're better off excluding that and including your medical debt, because they will probably pursue litigation. But that usually doesn't work [so] you move on to something else. (Interview 4)

What worked better, the agent went on, was to "tell them about how bad the credit card company or the hospital was." Reflecting further, he continued, "I wouldn't really say things like, this is good for you—so forget about who you owe money to. That, in my experience, doesn't really go over too well. They just needed to be convinced about how bad, how wrongly that creditor was treating them. That tended to work a lot better" (Interview 4).

If debt were a generic moral obligation, that is, if creditors were equal, one might imagine debt settlement agents instead seeking to reassure potential clients that they were moral people and that negotiating their debt was a way to fulfill their obligations. Instead, agents sought to convince clients that their creditors were less worthy than they seemed. As the agent we quoted a moment ago said, clients "need to *feel* like they have been conned or had something unfair done to them" (Observation 7). Another agent recounted, "I say to clients, 'Look it's their responsibility to treat you properly. You must be treated properly. That is their duty. You should never feel guilty about settling because they didn't do their job. If you paid for something you bought online, and it came to your house in pieces, you wouldn't feel bad about getting your money back from them! They didn't give you what they promised. Same situation here'" (Interview 10). Agents thus sought to recast the relationship between debtor and creditor as not reciprocal, but as uneven. Clients were justified in settling—implicitly, in not holding up their end of the original bargain—because their creditors had not upheld their end of the bargain.

One agent drew explicitly on the contrast between an instrumental logic and one based on the moral obligations of reciprocal relationships. "You can sometimes tell them to do what's right for them, but really, they are upset, hurt, and betrayed by these people.... And you can get them to justify not paying back a debt because they are pissed off, not because it's going to improve their finances somewhere down the line" (Interview 7). Another agent observed, "Some people think they have to have loyalty to their creditor.... But let me tell you, a lot of those people will end up enrolling [in the debt settlement program]

if they believe deep down that that lender is not looking out for them.... It's more important to be treated right in people's minds than to keep a friend" (Interview 12). Because people conceptualized debt in terms of an equality matching relationship, being "treated right" was a legitimate expectation of that relationship.

Had clients seen their relationship with their creditors in terms of a market pricing schema, agents probably would have sought to press the financial advantages of trying to negotiate a lower debt. Instead, they sought to capitalize on clients' view of their relationship as an equality matching one by making the case that the relationship was, in fact, unequal. Their creditor was not a moral actor, which therefore justified not paying their debt in full. As we noted, this logic is not one that is legally sanctioned, nor is it necessarily one that characterizes most people's view of debt. Agents played a key role, then, in legitimating clients' characterization of their debt in terms of an equality matching relationship.

From equality matching to authority ranking

Clients resisted viewing some debts in terms of an equality matching one, however. These were most often medical debts. Agents said that they often avoided trying to recast doctors as bad moral actors. "I won't push on that [medical debt]," said one agent. "It's hard for people, especially when they had a more serious condition, to settle. I mean they are doctors after all. They are so respected and what they do may be the most important profession out there. People, especially ones that have been really sick or especially people who have had a young child that's been very sick, that kind of thing is hard for them" (Interview 15). And another agent: "You had to reason with them but also put yourself—myself—in their shoes. They felt wrong about settling with a doctor. Doctors do for you what no one else can. So I would understand. I would tell them 'You know what? If you don't want to include that debt, you don't have to. We don't want to make you do anything you're uncomfortable with. But in the meantime, we can save you some money on these credit cards or other debts'" (Interview 3).

Agents' comments suggest that clients sometimes saw doctors not in terms of an equality matching relationship but rather in terms of an authority ranking relationship. Recall, Fiske argued that an equality matching relationship could metamorphose into an authority ranking one if a person had been provided a service so unique that, effectively, he/she could never pay it back. In that case, the relationship would become a more hierarchical one, with one party commanding respect and deference. Clients' views of physicians make sense in these terms. They credited physicians with saving their lives (Interview 3); felt that the physician "did something important for them" (Interview 8); that the care they received was "priceless" (Interview 16). Doctors are "so respected," (Interview 15) and they "do for you what no one else can" (Interview 3). Debtors often

viewed doctors as authority figures. That made it not only impossible for them to imagine applying a market pricing scheme to their debt, but also difficult to recast their creditor—their doctor—as a less-than-moral actor.

DISCUSSION AND CONCLUSION

Clients of the debt settlement firms we studied moralized debt, but in a variable manner. To repay one's debt in full was a moral obligation, even if the debt was high and even if it was owed to a creditor whom one neither knew nor likely would have any contact with, *if* the debt was incurred for an important purpose and if the creditor provided in good faith the service that was paid for. If the debt was for something trivial—towels and soap dispensers from a department store or cosmetic dental work—it was appropriate to try to settle the debt. If the debt was for something important such as health care but the care provided was inadequate (if the doctors were inattentive, if the patient was sent home with the wrong medicine), then it was appropriate to try to lower the debt. If the debt was for the care of one's own child by an ex-spouse, but the ex-spouse behaved badly, then it was appropriate to try to lower the debt.

Debt settlement clients seemed to think about debt in terms of an ongoing, equal, and reciprocal relationship with a creditor. They were reluctant, accordingly, to adopt a purely calculative approach in considering whether to try to settle a debt. To do so would have meant applying the standards of a market pricing relationship to an equality matching relationship. It would have involved a taboo trade-off. Instead, and along the lines of an equality matching relationship, debt settlement clients assessed whether the quality of service they had received was adequate enough to pay back the debt in full. Debt settlement agents tried to help clients arrive at this conclusion by characterizing their creditor as operating in bad faith, and therefore as not entitled to full payment.

However, agents tended not to try to characterize the creditors involved in medical debt in this way. This was true even when the creditor was a large, impersonal company, and even when the medical service had been performed by someone the client did not know and likely would never know. The uniqueness and importance of the service the patient had often received, in combination with the respect that doctors typically command, turned the relationship from an equality matching one into an authority ranking one. That is, it turned a relationship in which reciprocity was paramount to one in which deference was paramount. In that situation, settling was completely out of the question.

But why did clients not think about their debt in instrumental terms? Why did they insist on viewing their creditors as equals or superiors—even when it led them to avoid trying to settle debts that they had a good chance of settling successfully and instead try to settle much riskier debts? The question demands further research, but we suspect that it has to do with the fact that for most people, debt is experienced as a disempowering condition (Carruthers and Espeland 1998; Peebles 2010; Thorne 2012; Thorne and Anderson 2006). People may have

sought to regain some sense of autonomy by thinking about their debt as an ongoing relationship between equals. Doing so put them in the more powerful position of assessing the creditor's virtue and using payment to reward or punish the creditor. Recall Dwyer et al.'s (2011) argument that indebtedness gave young people a sense of self-mastery. Debt was experienced as a rational investment in one's future. Debt settlement clients' evaluation of debt in terms of an equality matching relationship may have been a way to regain some of that self-mastery. Agents were critical to the effort. They could work with clients' views of debt by recasting creditors as morally unworthy in order to persuade clients to try to settle a debt. Because they could work with clients' views, they had little reason to challenge them.

This characterization of debt settlement clients' views of debt raises questions. How typical of debtors generally are these views of debt? How typical are they of Americans generally? As we noted earlier, we still know little about the demographics of debt settlement customers. Debt settlement is widely seen as a "nontraditional form of debt consolidation" (Carrns 2011) at best, and a "Ponzi scheme" at worst (McCaskill in Senate Committee on Commerce, Science, & Transportation 2010: 2). A number of the agents we interviewed characterized their clientele as being less educated than other Americans. Does this mean that people who consider contracting with a debt settlement agency are less aware of or less concerned with the financial risks of doing so? Are they less likely than other American debtors to think in instrumental terms? We have suggested that clients' view of debt in terms of an ongoing, reciprocal relationship may be a bid to regain some sense of autonomy in what is otherwise experienced as a disempowering relationship. Do other kinds of debtors respond to their indebtedness similarly? Or do people who turn to debt settlement have an especially high capacity for reimaging unequal relationships as equal ones?

Second, are the views of debt that we have described new? We have argued that the emergence of the debt settlement industry has not fostered a purely instrumental approach to repaying debt. But what about clients' belief that a debt they had legally incurred could be legitimately defaulted on if the creditor had not, in their estimation, provided satisfactory service? Is that belief new? Marketing analysts argue that in today's service economy, consumers expect a great deal of control in purchasing. Indeed, they have expectations of ease and convenience "throughout the entire purchase, consumption, and post-purchase sales-support process" (Rust and Lemon 2001: 89). Have those expectations had the effect of extending the temporal boundary of default—in consumers' minds, if not legally? We need much more study of the historical referents of contemporary views of debt.

Finally, and practically, is the kind of moral ranking of different debts that we have described good or bad for Americans' financial health? Conceptualizing their creditors as equal parties to a continuing relationship may make debt settlement clients feel less demeaned by their indebtedness, which is probably a good thing. If they are indeed gaining some autonomy as a result of that

conceptualization, it does not lead them to walk away from their debts entirely. To the contrary, debt settlement clients often insist on their obligation to pay back debts in full. Given the opportunity to instrumentalize debt, to treat it as negotiable, people often do not do so. The problem, we have argued, is that debt settlement clients' conceptualization of creditors as equal parties to a continuing relationship has no legal basis. It is endorsed by debt settlement agents but it is not likely to be accepted by the people who determine whether to pursue legal action against debtors or who determine debtors' credit scores. Clients' refusal to instrumentalize debt may gain them a sense of autonomy but at the cost of control of their financial futures.

Contrasting companies' common and strategic use of bankruptcy provisions with the expectation that homeowners not default on their loans, James Surowiecki (2011: 44) recently called on homeowners to "do the smart thing" rather than the "right thing." Our study shows just why that may be difficult to do.

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