The Political Economy of Debt and Discipline: Insights from Contemporary Rural Colombia

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List of Acronyms

CORTIPAZ	Corporación Tierras para la Paz del Magdalena Medio (Land for Peace Corporation of Magdalena Medio)
FEDECACAO	Federación Nacional de Cacaoteros de Colombia (National Federation of Cocoa Growers of Colombia)
FINAGRO	Fondo para el Financiamiento del Sector Agropecuario (Fund for Agricultural Financing)
ICR	Incentivo a la Capitalización Rural (Rural Capitalization Incentive)
INCORA	Instituto Colombiano de la Reforma Agraria (Colombian Institute for Agrarian Reform)
SNCA	Sistema Nacional de Crédito Agropecuario (National System of Agricultural Credit)

Abstract

This paper explores the connections between indebtedness and economic growth in the context of rural Colombia. It investigates the expansion of interest-bearing debt and the transformations that this has elicited on the lives of peasants in the country's most important hub of cocoa production: El Carmen de Chucurí. Within a framework combining agrarian studies, political economy and economic anthropology, the study is based on detailed ethnographic data which allowed a rich and nuanced understanding of the phenomena at play. In order to comply with timely debt repayment, peasants have been forced to adopt "maximizing strategies" based on a specific (capitalist) form of economic rationality, and to extend their work routines at the expense of their health. Theoretically, I argue that these transformations of mindsets and bodies, respectively, can be understood as part of the overarching *disciplining effects* of debt. In particular, changes in subjectivities and labour have materialized in a renewed push towards increasing cocoa's productivity and profitability. By focusing on the consequences of indebtedness on the debtors' lives, this paper challenges the conventional idea that economic growth is only the outcome of a "natural desire" for improvement. Instead, rising productivity margins of cocoa can also be read as the result of a compulsion for growth in order to repay loans. In advancing the imperative of accumulation and profit maximization that characterizes the capitalist mode of production, debt repayment can thus be seen as a powerful assistant in the reproduction of capitalism in the countryside.

Relevance to Development Studies

Academic and policy analyses have increasingly encouraged the expansion of bank credit as a mechanism to alleviate poverty and enhance inclusion. Rural areas of the Global South represent common places to focalize this expansion, often categorized as impoverished and "financially excluded". While the aims through which bank credit is promoted appear benevolent, its expansion has been accompanied by large shifts on debtors' lives. In striving to comply with strict repayment deadlines, peasant communities have been subjected to deep behavioural and social changes that in turn have shaped their own trajectories of development. In light of the Colombian case, I have attempted to better understand the impacts of interest-bearing debt on rural debtors and its ties with global ongoing capitalist transformations. Many other rural contexts are undergoing similar transformations as a consequence of indebtedness; I hope this contribution can aid in unpacking the vast disciplining effects of debt in other places as well.

Keywords

Rural Colombia, debt, discipline, economic growth, capitalist development

Chapter 1
Introduction

1.1 The rush of debt: Repayment and life's disruption

"Every single person in town is indebted"[1]. They have an average of three to four credits from different financial institutions, in parallel. They take credits to acquire land plots, build a house or undertake reparations; to the aim of cultivating land, including the purchase of seeds and fertilizers, hand tools and other agricultural implements; and increasingly to repay larger and more pressing debts at other financial intermediaries. They also borrow for consumption purposes, such as buying motorbikes and household appliances; to cover health and schooling services, and to pay for ceremonial expenses like school graduations. In El Carmen de Chucurí today, life is traversed by debt.

I met Ms. Diomares Núñez and her son, a peasant family, in *Filo de Oro* –rural area of El Carmen de Chucurí–. Ms. Núñez begins her work routine at 4: 00 am when she prepares breakfast for her family and neighbours that collaborate with her in exchange of food and shelter. Around 6:00 am they start to work in her cocoa plantation, while she feeds chickens and slaughters two to three for sale. Later in the morning she pulls together the produce of citrus (mandarin, orange and lemon) and takes it to the main road; the produce is picked up by trucks that travel in direction to the capital city of the province. She returns to her house for lunch preparation, and by 2:00 pm she selects and packs avocados to be sold in town the next morning. Upon her son and neighbours' return, she assists them in drying cocoa grains and grouping them in sacks. This same routine is followed by her 7 days a week, with the exception of few Sundays when she commutes to town for different commitments, including a visit to the bank. Debt repayment has become her constant concern, the reason why she has nearly tripled her sources of income and has accommodated people at her house in return for labour support. Each of her income sources serves to finance a specific repayment need; cocoa earnings are employed in complying with her debt at the *Agrarian Bank*[2]; citrus and avocados contribute to repaying a three-months-each fee at a *credit cooperative*; chickens, the most recent investment, are to meet a monthly fee at a *microfinance*. For Ms. Núñez, "[financial] debt has split her life into two".

Narratives from other participants and acquaintances tell a similar story: today, debt repayment represents the ultimate goal of their work, and a permanent source of fatigue and distress. Largely indirectly, bank credit has come to define what to produce and in what quantity; has meant the intensification of the labour routine, and has reshaped peasants' behaviours and ways of thinking in line with a mentality of land as a source of endless extraction. I interviewed a number of cocoa growers –members of a local cocoa marketing association (*Corporación Tierras para la Paz del Magdalena Medio* CORTIPAZ)– whose lives have been forever transformed by their relationship with debt, as attested by Ms. Núñez.

In 2016, El Carmen de Chucurí was one of four municipalities appointed by the public Fund for Agricultural Financing of Colombia (*Fondo para el Financiamiento del Sector Agropecuario* FINAGRO) and the Agrarian Bank as a site of increasing expansion of bank credit, from which lessons could be extracted to advance credit access in other places[3]. El Carmen de

[1] Interview with Luz Mery Gutiérrez, CORTIPAZ member (July 29, 2018)
[2] A description of credit sources in El Carmen de Chucurí is presented in Chapter 2.
[3] Evidence obtained as part of my previous collaboration as an assistant researcher for FINAGRO and the Agrarian Bank.

Chucurí is a municipality of approximately 20.000 inhabitants, majority of who live in the rural areas –nearly 15.000 (Maldonado et al., 2005)–. It is located in Northeast Colombia bordering San Vicente de Chucurí, from which it separated around 1930 and instituted as an independent municipality (Blanco et al., 2000: 21). Although geographically divided, their cultural traditions and economic activities are alike and together they integrate the largest "commercial hub of cocoa (*cordón cacaotero colombiano*)" in the country (Pabón et al., 2016). Alongside bank credit, cocoa production is central to the contemporary portrait of El Carmen de Chucurí.

What is the personal, social and economic significance of debt's ubiquity? What are the consequences? How does the 'indebted life' look like in rural Colombia today? This research paper is an initial foray into analysing these questions. Surprisingly, most studies on rural development have so far focused on credit (Chang, 2009; Deininger, 1999) and the character of creditors (Johnson, 2005) –the 'positive' side of the credit-debt couple– and much less so have they focused on the nature of debt and being a debtor. While every economist knows that credit is supposed to lead to investments and growth, much less is known on the actual behavioural mechanisms at play at the local level.

Map 1.1
Map of El Carmen de Chucurí (Santander, Colombia)

Source: Alcaldía El Carmen de Chucurí (2018)

Figure 1.1
Logo of CORTIPAZ

Source: Google Images, 2018

The credit boom in El Carmen de Chucurí and beyond

The expansion of the credit system certainly reconfigured life paths and engendered new economies; it did so in a relatively short time. In early 1990, bank credit in El Carmen de Chucurí was seldom regular. According to my interviewees, the national Agrarian Bank was the first financial institution that opened a branch in town, but very few small-scale farmers were actually granted with loans –as has been noted elsewhere in the country (Berry, 2002: 37; Lozano, 2012). Most of them claimed that the bank used to only work in conjunction with the relatively few large farmers that had the financial strength to assume debt; in other words, those who owned property. In fact, people had to commute to the neighbouring municipality (*San Vicente de Chucurí*) if they were to borrow from financial institutions. Occasionally, too, staff members from the banks were sent to nearby areas to look for potential borrowers and inhabitants of El Carmen could participate in some of the "credit brigades". But even if credit offer was present, it did not represent a routine exchange for the majority of the population. As we shall see in more detail, bank loans and subsequent debt became an integral part of the lives of my participants after they acquired their land plots, properties that could be encumbered to buy credit.

At the national level, the boom of bank credit in the countryside is also a recent phenomenon. According to Fajardo (1983: 102), credit programmes and other forms of technical assistance extended partly as a result of Colombia's renovated support towards commercial crops, around mid to late twentieth century. For the most part of the nation's history after its independence (1819), the *hacienda* system (large state) remained the centre of political and socio-economic activity (Reyes Posada and Duica Amaya, 2009: 23), within which advanced money for production and consumption purposes mainly came from large landowners (Safford and Melo, 1969: 110). In parallel, many peasants that had been attempted to work independently started to benefit from a process of accumulation derived from the developing market of coffee exports, a process that represented a severe contestation to the traditional agrarian structure (Fajardo, 1983: 26) and to the forms of circulating capital.

Between late nineteen century and early twenties, as the agricultural sector became more deeply integrated into global markets, challenges upon the long-standing structure of the *hacienda* became ever more evident. There established international food export companies such as the US-headquartered United Fruit Company that had their own credit systems (Fajardo, 1983: 32). Starting from 1930's approximately, agricultural exports initiated a sustained rise to the top that continued throughout the intervening decades, through the technical and financial assistance of the state (Kalmanovitz and López, 2007).

By 1960's, in the midst of massive political agitation, commercial agriculture was already a well-established priority of the national government and national and foreign credit programmes were directed to its reinforcement. As an illustration, only in the second half of the decade, state credit allocation to agro-export projects increased exponentially; on average, the sector of African palm registered a rise in credit disbursement of 933 percent, while soy recorded a peak of rise of 821 percent (Fajardo, 1983: 87). In the case of foreign financing sources, USAID and the World Bank credit disbursements were all designated to commercial crops and "mechanization programmes" (Galli, 1981: 36). Both sources of credit were key to the following state rural development programmes of the latter decades of the century that followed the wider aim of turning peasant economy into part of international food markets. Rural credit expansion is thus at the heart of the country's agrarian transition to capitalism. In the words of Thomson (2011: 338),"participants [of the development programmes] were not simply to be drawn into capitalist markets as suppliers of food goods, but as *consumers of* agricultural inputs, technology and *credit*" (emphasis added).

Ties between credit and more commercial exchanges can also be traced in the historiography of many other societies, and in fact represent a major evidence of the seminal social transformations that marked the origins of capitalism more broadly. During much of the pre-capitalist period, a significant part of borrowing and lending interactions took place within a wider network of social relations that include family, friendship and patron-client relationships (Graeber, 2011). The particular features of current bank credit: the charging of an interest and the prerequisite to secure the loan with a collateral were not usual, and where it existed they were strictly prohibited. Authors refer to punishments applied to usurers, "greedy" inhabitants that sought to profit from interest collection (Graeber, 2011: 11), and to credit collaterals as "an alien concept" in "tribal" and "feudal societies" (Heinsohn and Steiger, 2003: 487). According to Muldrew (1998: 61) perhaps the first massive expansion of interest-bearing loans can be situated around mid-1500 to the purpose of financing commercial activities (also Graeber, 2011: 215; Hudson, 2002). This also applies to El Carmen de Chucurí where the expansion of bank credit and debt positively correlates with the widespread of cocoa commerce. As in the case of Ms. Núñez, rural communities in El Carmen must invest credit money in productive (commercial) activities that could secure consumption demands, and more fundamentally, debt repayment. Put another way, there configures an *imperative to grow.*

1.2 Theoretical framework

The growth-imperative debate

This apparent straightforward correlation is at the core of an ongoing scholarly debate on the role of credit interests for economic growth (Strunz et al., 2015). For instance, the work of Schumpeter (1983) and some subsequent similar contributions indicate that the financial system is a key mechanism for increasing economic growth (Arestis, 2006; King and Levine, 1993a; Levine, 2004). A survey study of 80 countries for the period of late twentieth century, conducted by King and Levine (1993a), suggested that "financial development" –i.e. the number of financial intermediaries and the quality of its services– is highly related to the level of "physical capital accumulation and [represents] a measure of improvements in efficiency" (1993a: 720). As such, finance does not appear to be the outcome of economic growth, but the force that propels it (1993a: 730). How exactly does this connection materialize? The role of the entrepreneur shows key. In the view of Schumpeter, informed by a "profit motive" entrepreneurs bring about innovations that might ultimately derive into economic growth and development. For entrepreneurs to advance their innovations they necessitate of the financial system that provides them with capital and liquidity. It is then through the banking system that entrepreneurs can positively impact GDP growth (King and Levine, 1993b). In expanding its thesis, King and Levine (1993b) suggest that it is entrepreneurship, assisted by finance, that leads to economic growth.

In clear contrast, another group of scholarly work would argue that the repayment of bank loans –the engine of the credit system– does not necessarily lead to increasing growth. For Jackson and Victor (2015), the charging of interests on debt does not constitute intrinsically an imperative to growth, a matter that can be "easily" corroborated if taking into account that the interests repayment of the firms are the only ones that directly contribute to GDP margins (2015: 45). The rest of interest repayment transactions do not have a significant impact on aggregate demand. Following the authors, not only interest-bearing debt does not lead to growth, but the very opposite might take place: a "quasi-stationary economy". Interest-bearing debt also takes a seemingly secondary or even absent role in the conventional growth theory. From the standpoint of mainstream economics, money is considered as to be "neutral", interest and growth as independent variables of money, and debt does not have any connection to the finance-economic growth analysis at all (Strunz et al., 2015: 3–5).

More critical analyses –that include the work of political ecologists, sociologists and historians– emphasize on the *necessity* to grow in order to repay bank credits. And perhaps more central to the purpose of this paper, their analyses of economic growth are framed within a broader understanding of the origins of capitalism. The heterodox economists Heinsohn and Steiger (2003) elaborate on the centrality of property rights as an institution that facilitated the creation of interest and money. It is through property's particular ability "to be encumbered and to serve as a collateral" (2003: 489) that interest-bearing loans became a dominant picture of the economy. Since debtors must pay a margin of interests greater than the original credit money borrowed, they are compelled to increase their produce and its value (2003: 511, 2006: 490). The resulting accumulation and commodification undertaken to comply with debt gives rise to the capitalist society or what the authors have called the "property-based economy".

Along the same lines, Steppacher (2008) expands on the pivotal role of property to entering credit relations and its implications to the spread of capitalism. For Steppacher, it is not that property "allows" economic growth, but that the latter is imposed upon the debtor via the repayment conditions of credit (2008: 335). Drawing from the work of these theorists, Gerber (2014: 736, 741) has also reflected on the mandate to grow as an ongoing mechanism that disciplines debtors, and shapes behaviours and ways of thinking in line with a capitalist rationality. More recently, Maurizio Lazzarato (2013) discusses the changes of subjectivities towards a mentality based on accumulation and investment, within what he has coined the "debt-economy". These theoretical propositions find support in historical accounts of credit and debt, as well. As an illustration, in his "The Economy of Obligation" Craig Muldrew described how the rising credit economy in sixteenth century England lead to structural changes such as the creation of a "more utilitarian marketing culture" (1998: 328).

To this point, two set of literatures argue for the positive role of finance to economic growth, meanwhile the more standard narrative on money and growth seems to largely neglect this relation. But zooming into the ones that *do* affirm a correlation between credit interests and economic growth, there is also an apparent chasm –that can be partly the result of its differentiated analytical grounds–. The first current, representative of Schumpeter (1983), is based on the assumption that there exists a natural propensity towards growth and that credit is only the conduct through which the latter materializes. The role of the entrepreneur is perhaps the illustrative example, a person who obtains credit money to proceed with an innovation that already exists in potential (King and Levine, 1993b). These theories, although fundamental for the understanding of the credit economy, leave unresolved important questions on the character of this economic growth, the social transformations that are at the core of its dissemination and the particular ways in which bank credit has assisted this outcome. The third body of work more critically engages with these questions. It departs from the recognition that there is nothing natural or inherent in modern paths of economic growth; instead, an imperative towards growing derives from a very specific mode of production "marked by deep and painful social transformations" (Wood, 2009: 37).

The consequences of rural indebtedness

Indeed, the more critical stance on debt and growth has contributed in challenging the dominant standard growth theory. In addition, it represents a significant step forward within studies on capitalist development in the countryside –the larger frame of their analyses–.

First, in explaining agrarian transitions to a capitalist mode of production, critical scholars bring to the centre the role played by the credit-debt couple. Some Marxian historians have shown in disagreement with the argument that sustains a correlation between the spread of finance and the formation of capitalist societies by referring to the character of debt as "enduring" (Hoffman et al., 1999: 79), or to its "protracted nature and partial effects" on assisting a "modern transition" (Finn, 2004: 327). However, in the view of the critical scholarly, not only "the proprietor/employee relationship" (Gerber, 2014: 731) or the "economic exchange or labour" (Lazzarato, 2013: 49) are fundamental to the origins of a capitalist economy, but the expansion of credit and, importantly, the conditions of its repayment, are key assistants of this transition.

Second, and central to the purpose of this paper, is the idea of economic growth as an *outcome* of indebtedness. This correlation appears novel, striking contradictory at first sight, and against a relatively extensive Marxist tradition on the consequences of indebtedness for the rural areas. If credit and debt are mentioned in this literature, they are more generally paired with poverty and stagnation. Marx, for instance -although with a focus on the emergent banking system-, referred to the role of "usurer's capital" as a powerful mechanism of extraction of surplus value to the disadvantage of the poorest sectors of the population (de Brunhoff and Foley, 2006: 195; O'Hara, 2000). Under capitalism, "usury freed from the fetters imposed upon it by all previous legislation" (Marx, 1976: 447) and interest collection turned into an open, legitimate and profitable activity. In the transition to the market economy, the usurer or interest collector becomes another character of the exploitation so representative of the system. Through means of repaying interests, peasants are deprived from capital money that could otherwise be employed in enhancing their productive activities; as a result, debt poses a threat to their subsistence (1976: 454).

In drawing from Marx seminal formulation on usury, some of the most cited agrarian scholars subsequently relate debt and deprivation. Lenin and Kautsky referred to indebtedness as a factor that reinforces "social differentiation" between poor and rich peasants (Akram-Lodhi and Kay, 2010: 186–187; Lenin, 1964). For his part, T.J. Byres emphasised debt as a mechanism that forces peasants into hiring out their labour (2009: 42), and how "the appropriation of the crop share" correspond to a mode of exploitation (Bernstein, 1996: 31). Likewise, Bernstein highlighted the exploitative character of debt, as seen in cases where peasants have mortgaged their land and/or paid higher rents to obtain cash for their reproduction needs, which result in a "simple reproduction squeeze" (1979: 428).

One notable exception within this tradition is the work of Lenin, who apart from analysing debt as a source of "the differentiation of the peasantry" recognizes its potential in leading to economic growth, too. For Lenin, the types of debt held by small and big peasants differ greatly. While small peasants are more prone to be caught in cycles of money shortage, big peasants are able to invest large amounts of credit money in supplying the market with "wage goods" and to back up that investment with their financial position. Therefore, according to Lenin, there are two types of debt: one serves as enabling economic growth, and thus is a sign of "consolidation and capitalization", while the other one is disabling and better equates with "precariousness" (Akram-Lodhi and Kay, 2010: 192).

Debt as a disciplining device

To theorize the seemingly contradictory character of debt as a mechanism that fosters economic growth, I take as a reference the critical scholarship on finance and economic growth alluded earlier. In particular, one concept remains as a key analytical frame in my research: *discipline*. Lazzarato (2013) notes that within the "debt economy", the exchanges between creditors and debtors model the whole of social relationships. These exchanges constitute a type of power relation that results in very specific "modalities of production and control of subjectivities" (2013: 36). Out from this exertion of power is the creation of the "indebted man" or, what is alike, the *homo economicus* representative of the capitalist mode of production. How is the connection between debtor and *homo economicus* evident? For Lazzarato, due to the necessity to meet repayment deadlines, debtors are forced to evaluate, compare, calculate, and account (2013: 49), actions that constitute the core of capitalism.

Debt is, in essence, a disciplining mechanism that fosters economic growth. Starting from their conceptualization on the role of property rights to the expansion of the "property-based society"[4], Heinsohn and Steiger (2003) identify debtors as a type of "entrepreneur". For entrepreneurs to repay interests and principal, no longer can they produce mere "goods", but they must exchange commodities in the market. Since commodities are valuated in the same money prices of the credit contract (2003: 510–11), it constitute the only mechanism for debtors to repay. Hence, they are obliged to growing.

In producing the necessary amount to fulfil debt, debtors are pressed to follow a "property-oriented decision making" process (Steppacher, 2008: 337). This translates into a calculative mentality that prioritizes quantity and monetary cost-effectiveness, which are to be achieved by continuous innovations, technological progress and reduction in production costs. A failure to repay means the loss of the rights over the property that was used as a collateral to buy credit, in the first place. Proprietors, then, economically valuate decisions according to the impact it might have over their status (2008: 336). To be highlighted, economic growth is not then a sort of natural desire, but the consequence of a continuous menace of default (Gerber, 2014: 741).

Indebtedness is the result of a simultaneous phenomenon of expansion of circulating capital in the form of credit. An extensive literature under the label of "financialization" has analysed the exponential reach of financial markets in late twentieth century and early twenty-first century, as well as its implications for society (Thomson and Dutta, 2015; van der Zwan, 2014: 100). A vast majority of this literature focus, nevertheless, on the creditors side. They look, for instance, into the ways in which finance empowers financial institutions or individuals with financial assets, or into the "efficiency of financial markets" (van der Zwan, 2014: 104–105), and not so much on the implications of debt. Those that *do* scrutinize the effects of debt on social behaviour are part of a relatively less profuse current named the "financialization of the everyday". For the authors of this latter current, debt should be theorized as a "disciplining device" that promotes a set of practices and discourses in line with the formation of an "entrepreneurial financial subject" (Mahmud, 2012a: 482–483). Consequently, I base my analysis of debt and economic growth on an alternative standpoint of growth and the financialization of the everyday.

[4] "The property theory of the economy" was developed by economists Heinsohn and Steiger (2003; Steiger, 2006). Their starting point is a distinction between possession, defined as the "right to physically use resources" of the land, and property, characterized by the "rights of burdening and encumbrance" (2006: 184). According to the authors, "property" is at the core of economics; its introduction marked the transition into capitalism, or what they have referred to as "the property-based economy". With the idea of property in motion, there spreads interest and money in new modalities: property turned into the "collateral" that "secures credit transactions" (2003: 487).

1.3 Research questions

I departed from the following **main research question:**

- With regard to El Carmen de Chucurí (Colombia), to what extent is *debt* a disciplining mechanism that has further deepen capitalist imperatives in the rural areas?

My main research question was further explored through these set of sub-questions:

- What have been some of the transformations on CORTIPAZ members' behaviours and ways of thinking following its entrance into the bank credit system? What measures have they taken in order to comply with debt repayment?
- How did *debt* become an integral part in the lives of CORTIPAZ members? What has been the role of the state in facilitating this scenario in El Carmen de Chucurí?

1.4 Methods and research sites

In order to understand the role of debt on peasants' lives, and the expressions of discipline in El Carmen today, I applied principles of Ethnography following Hammersley and Atkinson (2007). This approach allows for a closer examination of the reality at the ground level, through an exposure to the "everyday context" of a group of people (2007: 3). Ethnography is about "meanings" conferred to reality by their protagonists, and their active role in making sense of it within contexts crossed by power relations (Emerson et al., 2011: 155). In addition, ethnography characterizes by a continual "tacking" between theory and empirical evidence, in which theory must be sensitive to the "rich complexity of everyday life" (Cerwonka, 2007: 19). Accordingly, my "choice for ethnography" is an attempt to get an appreciation of the everyday interactions traversed by debt; to the meaning given by peasants to the character of debt in their lives, and to inform theoretical debates of indebtedness and the reproduction of capitalism in the countryside with an account from the local level.

In accordance, I lived in El Carmen de Chucurí for 5 weeks between July and August 2018. I conducted 24 semi-structured interviews with peasants -members of CORTIPAZ-, three with former staff members of the organization, and 4 with personnel of different financial institutions. I held two additional interviews with a couple of peasants, participants in another cocoa organization, who themselves petitioned that their stories about indebtedness should be noted (see Appendix A). I also had 9 informal conversations with neighbours, acquaintances, shopkeepers and personnel of the mayor's office that further enriched my perspectives on credit and debt relations.

I divided my fieldwork into two stages. Initially, I drew from the contacts I had established with members of CORTIPAZ in an earlier trip to the area two years ago, and had introductory conversations with them. These conversations were intended to reconnect with the community and to communicate the purpose of my visit. Drawing from Crossa (2012) and Rose (1997), the initial conversations also had the purpose of clarifying any doubts that could arise regarding my current role as a student-researcher which contrasts to my positionality as a collaborator with FINAGRO and the Agrarian Bank during my first trip to the municipality. For the authors, various aspects of positionality significantly influence research methods and outcomes, and it thus merit "reflexivity" (2012: 114; 1997: 309). I later conducted my first set of semi-structured interviews with these long-time contacts as my participants. Through snowballing sampling, I extended my list of interviewees and completed a first interviewing phase. Soon after I made an attempt of reviewing the resulting preliminary field notes and findings, and highlighted some aspects of my participants' engagement with credit and debt that I considered as to merit a deeper examination.

Therefore, in the second half of my stay, out of an initial sample of eleven peasants, members of CORTIPAZ, I purposively selected five of them and conducted second, and in one case, three follow-up interviews. For these latter encounters, I visited them in their own farms, and stayed for one to two days. These visits took me to five different villages (*veredas*) (*Filo de Oro, El 40, El Topón, Miralindo, El Centenario*), where I also conducted participant observation. In accordance to Hammersley and Atkinson's (2007: 3) reference to the "everyday context" of the participants, I engaged in peasants' daily routines and had a glimpse into their interactions in the household realm and between them and other peasants, at the centre of which is debt.

In addition, I accompanied one "credit brigade" to rural areas, to get a sense of the mechanisms through which credit is offered and the discourses and practices that characterize these exchanges. I also witnessed interactions between peasants and creditors during my visits to banks, credit cooperatives and microfinance offices in town. In both these scenarios, I did participant observation, too. Ethnographic material from fieldwork is complemented with a literature review of academic articles, public policy documents and media releases[5].

I have kept the real names of both peasants and staff members of financial institutions, upon their consent (Kvale and Brinkmann, 2009: 68). For many debtor peasants, conversations on the impact of indebtedness on their livelihoods represented a way to manifest their disagreements and frustration towards credit policies. In the case of the personnel of banks and credit cooperatives, interviews were also seen as platforms to contest creditors procedures that pressures them to meet high levels of credit's placement –often difficult to materialize–.

Chapter overview

The research paper is divided into six chapters, including this introduction. Chapter two provides an overview of the institutional framework and operation of rural credit in Colombia. It then looks at the particular association between CORTIPAZ and credit, and discusses the notion of debt-driven discipline in the context of the Corporation. Subsequent sections of the paper take discipline into further debate. Chapter three and four analyse the disciplining effects of debt upon peasants' livelihoods, and the specific ways in which indebtedness is transforming rural communities in El Carmen de Chucurí today. Chapter three focuses on the exertion of discipline on peasants' *mindsets*, by exploring strategies of calculation and cost-effectiveness adopted by them in the face of repayment. Chapter four emphasizes debt as a mechanism that also reshapes *bodies*. It examines the link between discourses of self-discipline and responsibility, and how debtor peasants in El Carmen strive to comply with these repayment banners by pushing their bodies to the limit. Chapter five brings together both the disciplined mindsets and bodies in the context of the increased productivity of cocoa in town. This segment explores the links between a compulsion towards growing in order to repay loans and capitalist development more broadly. Lastly, chapter six presents some concluding remarks.

[5] All translations from Spanish are my own.

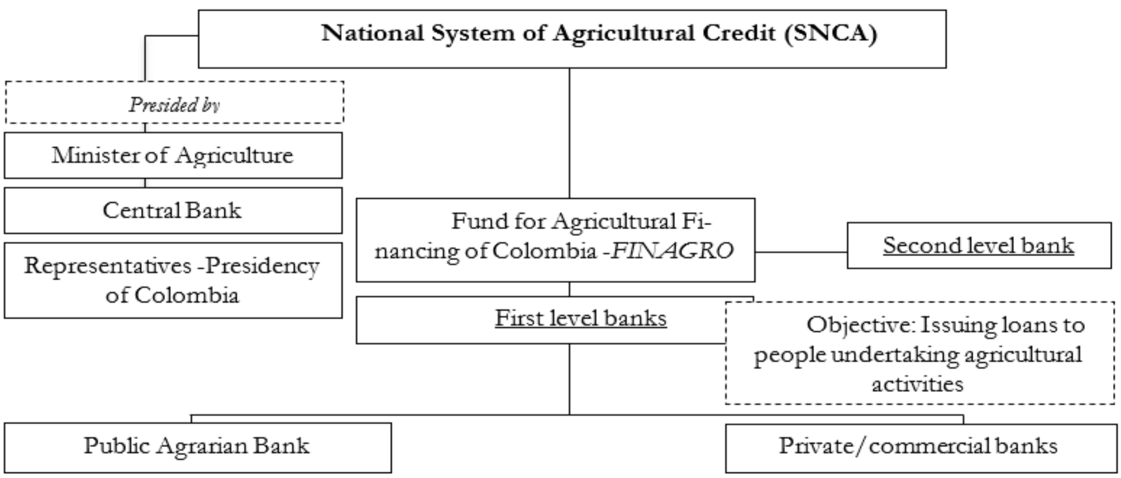
Chapter 2
The making of rural debt and discipline

The increasingly protagonist role of debt in the lives of CORTIPAZ members is the outcome of particular rural credit policies. These policies found in CORTIPAZ a platform within which to promote credit as the one source for improving peasants' living conditions that took a deep root in their life trajectories. This chapter provides a brief description of the functioning of the rural credit system in Colombia, followed by an explanation of the close ties between CORTIPAZ and credit. In particular, attention is paid to the role of the Corporation in facilitating debt repayment. These ideas form the ground of the subsequent chapters which examine specific cases of indebted members of CORTIPAZ.

2.1 Institutional framework and operation of rural credit

Rural financial markets have developed rapidly in Colombia during the last thirty years. In 1989 was created the National System of Agricultural Credit (*Sistema Nacional de Crédito Agropecuario* SNCA), a public policy to increase the availability of credit in the countryside (Machado, 1991). The SNCA is presided by the Minister of Agriculture, and it is integrated by the public Agrarian Bank, as well as private banks (commercial) that issue credit to agricultural purposes. Within the SNCA, FINAGRO channels public capital and later distributes it to the different banks integrating the system. Since it does not have a direct relationship with credit applicants, the Fund is known as a 'second level' bank. In turn, public and private financial organizations financed by FINAGRO must operate under the regulations dictated by the latter institution (See Figure 1.2.). The Fund requires banks to follow a pre-fixed scheme of interest rates and types of collateral (Perry and Zuluaga, 1989). According to the SNCA, these conditions are part of a wider aim towards promoting rural development by providing rural communities with "fair" conditions of financing (Law 16 1990) (Congreso de la República, 1990). Today, the SNCA remains the main institutional framework within which rural credit is promoted and regulated and FINGAGRO is still the key source of financing rural Colombia.

Figure 1. 2
National System of Agricultural Credit



Source of data: Law 16, 1990

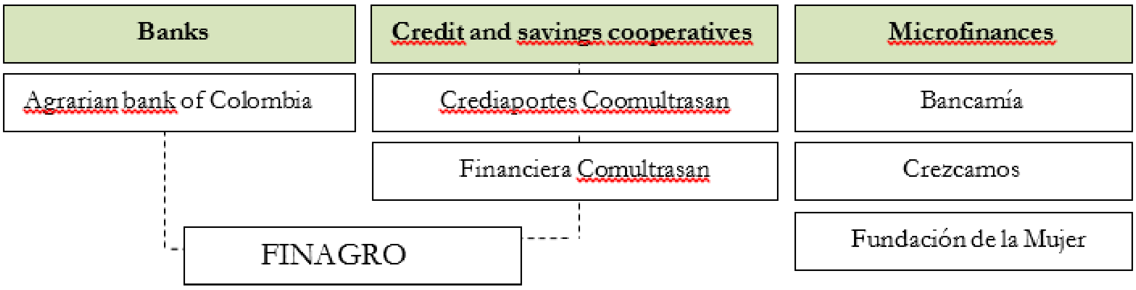
Despite its indirect relationship with rural credit applicants, FINAGRO became notably popular in the countryside due to a program of incentives or debt relief called Rural Capitalization Incentive (*Incentivo a la Capitalización Rural* ICR). In FINAGRO, every productive project is valued in a certain quantity of money; for instance, the Fund estimates how much does it cost to produce and maintain different crops, and what would be the cost of commercializing it (Rosas et al., 2004: 29). Following these estimates, it sets thresholds of credit that determine the amount of money that financial intermediaries can in turn disburse to every single project. As long as the borrower has effectively used the money in the fulfillment of the project, he/she is susceptible to receive a discount of *at least* 40% of the total value of the project (El Tiempo, 1997; Rosas et al., 2004: 31). Resources allocated to ICR are only available during certain periods of the year and are often too low to meet the high demand of applications (El Heraldo, 2017). However, even if there is no real certainty of receiving a discount over debt, the mere possibility of being a beneficiary became an incentive to take more credits. In the case of CORTIPAZ members in El Carmen de Chucurí, the ICR delivered by FINAGRO is at the core of their high levels of indebtedness.

To a great extent, the public Agrarian bank is entirely financed by FINAGRO. It thus allocates credit under the regulations of the Fund. The operation of the private banks is dissimilar, however. They employ FINAGRO's capital to issue rural credits, but are also increasingly using their own monetary resources to finance their operation (Davila, 2017). The use of banks' private capital means they do not have to comply with the regulations that the Fund has established to issuing credits in the rural areas. These differences over the terms of operation has translated into a constant competition between public and private banks in the rural areas (Portafolio, 2006; Tafur Saiden, 2009). While the public Agrarian bank offers relatively low interest rates, private banks are said to issue loans expeditiously and with lesser "bureaucratic" procedures. (Marulanda et al., 2010: 8). Even if i*nterest rates* tend to be significantly higher than in the public bank, rural communities are often opting for private banks credits following the efficiency argument. As a result, according to my interviewees, private rural credits are, at the same time, "easier" to acquire (due to the relative administrative flexibility of guarantees types) and more difficult to repay timely (due to higher interest rates).

This competitive scenario applies to El Carmen de Chucurí where credit cooperatives are increasingly expanding their number of clients, while the Agrarian bank strives to meet its monthly goals of credit disbursement. Although both financial intermediaries operate with FINAGRO's resources, credit cooperatives approve and disburse credits faster than the Agrarian Bank. According to Mr. Ramón Plata –local office manager– this is due to the strict monitoring mechanism of the bank which demands all credit applications to be checked in the headquarters in Bogotá city, resulting in prolonged delays. In effect, a map of the financial sources in town is only completed by a reference to the steadily dominant role of credit cooperatives and microfinances. Alongside the Agrarian Bank, two credit cooperatives (*Financiera Comultrasan, Crediaportes Coomultrasan*) and three microfinances (*Fundación de la Mujer, Bancamía, Crezcamos*) (see Figure 1.2) integrate the contemporary picture of credit sources in El Carmen.

The fact that credit cooperatives, and private financial intermediaries more broadly, have the leading role in rural areas is a recent trend. For the most part of the twentieth century, the Agrarian Bank of Colombia (1931) represented one major source of financing of agricultural projects, and nearly the only "formal" financial institution in the countryside (with few notable exceptions in certain provinces) (Adams and Giles, 1966: 64; Echeverri, 1981). Together with the bank, a large network of "informal" creditors (moneylenders, sellers of agricultural inputs) has long been present in the agrarian sector, too. Starting with the neoliberal reform of 1990's, that resulted in the privatization of several financial institutions and correlates with the emergence of the SNCA, the national government of Colombia widely encouraged the insertion of commercial banks into the countryside (Arbeláez and Echavarría, 2001; Machado, 1991: 88). It promised, for instance, to back up a significant percentage of rural credit collaterals, and it lessen the conditions for private financial intermediaries to join FINAGRO. State support towards commercial banks has been sustained throughout the intervening decades, with FINAGRO playing a key role in allowing them to intermediate with its credit resources. For authors such as Martin and Clapp (2015: 549), analyses of the expansion of agricultural finance should necessarily pay attention to the role of the state who via regulations or lack thereof contribute to this aim.

Figure 1. 3
Sources of Bank Credit in El Carmen de Chucurí



Source: Fieldwork 2018

2.2 Debt and the informal agreement between CORTIPAZ and the Agrarian Bank

The rise of bank credit in El Carmen de Chucurí is intimately related to the origins and functioning of CORTIPAZ. The history of the organization goes back to end 1990's. Around that time hundreds of peasant families returned to El Carmen de Chucurí after some 20 years of uninterrupted violence and dispossession from guerrillas and (para) military groups. Confrontations have moved to other regions of the country due to guerrilla's necessity to operate in more remote rural areas and partly because of civil society forceful contestations against violence (El Tiempo, 1992). Soon after the former Colombian Institute for Agrarian Reform or INCORA (now *Agencia Nacional de Tierras*) initiated the first official attempts of land restitution to displaced peasant families in the area, as part of a nationwide strategy (Fajardo, 2002). It followed a mechanism by which large-scale haciendas were given to groups of 25-30 people under the figure of shared land. They were given banana trees or chickens as the "seed capital" of income generating projects, and an initial amount of financial resources in the form of credit. Productive projects were to repay the loans and give peasants an activity from which to subsist[6].

Two local leaders had witnessed the massive arrival of displaced families and had collaborated with INCORA in identifying the peasants in need of land. Building on lessons learned from the governmental actions of land restitution, they decided to undertake a similar process by themselves. In their opinion, for land restitution projects to be successful, it was

[6] INCORA's program of land restitution faced several challenges and fell short into addressing the many restitution claims. Groupings of people with no prior connection and/or familial ties resulted problematic for decision-making processes regarding cultivation and maintenance of land, for instance. They also represented difficulties for complying with credit's repayment; in practice, few people contributed to pay back and the burden lied on 1-2 associates. Nearly 20 years later, some beneficiaries of land restitution by INCORA appeared as defaulting borrowers in credit bureaus.

necessary to offer a sustained technical and financial assistance. The lack of this strategy was, they argued, the missing ingredient of INCORA's restitution plan. CORTIPAZ' creators conceived of restitution as a legal right to fight for and as a strategy to promote peace within the region; the initiative would later receive the name of *Corporación Tierras para la Paz del Magdalena Medio* (shorthanded as CORTIPAZ).

CORTIPAZ started official operations in 2002. To restitute land, the Corporation looked for large haciendas and signed a purchase-sale. It then divided the area into small plots of 3-4 hectares and assigned to peasants that have registered at the Corporation. Peasants were asked to enter the organization with little capital –around 2 million COP–. The rest of the money for paying the land would come in the form of a *credit*. The particularities of this land restitution strategy are compatible with a broader trend in Colombia and internationally of promoting land reform through the market, at the centre of which is credit (Carmenado and Cañas, 2011: 107; Deininger, 1999). Members of the Corporation, majority of them with no prior financial records, were directed to the Agrarian Bank to get a productive loan for growing cocoa. Informally, the credit was split into two; nearly half of it was to be employed in paying the land, and the remaining –that often accounted for very little– was invested in the installation of cocoa trees. The first six months after the disbursement of the credit were decisive. After this period, FINAGRO and the Agrarian Bank were to supervised whether the peasant borrower had employed the financial resources in fuelling the productive project that he/she presented before. If the peasant has complied with the requirements, the bank would apply for ICR on the overall value of the project. From 2002 to 2008, members benefited from significant "discounts" and had to pay relatively little amounts to honour their debt.

Peasants associated to CORTIPAZ, especially the beneficiaries of the first "parcelling" projects, lived in conditions of extreme poverty and paying a loan had only increased their vulnerability. CORTIPAZ was aware of this situation and tried its best to lessen the burden of repayment by using ICR policies to the advantage of peasants. Recall that, for every crop, FINAGRO estimates the average cost of planting (this includes the purchase of seeds, the cleaning of the land and further preparation). Banks that act as FINAGRO's intermediaries should follow these standards. With the case of CORTIPAZ as illustration, in 2003 the installation of two hectares of cocoa cost 24 million COP. This was the overall price of the project. By means of an informal agreement with the local Office Manager of the Agrarian Bank, members of the Corporation were allowed to receive a bit less than half of the credit money necessary to grow the same two hectares of cocoa (10 million COP). In exchange, the role of CORTIPAZ was to motivate them to work hard and plant the trees in due time so that they were susceptible of receiving ICR, despite not having taken the total amount of credit money. The core of the informal agreement comes in this very stage. On behalf of each borrower from CORTIPAZ, the Agrarian Bank sent an application for discount equivalent to the original total cost of the project, not the real amount disbursed. Many received a deduction of 40% of the total cost that in practice ended up covering nearly the whole amount borrowed.

CORTIPAZ also persuaded the bank to disburse the individual credits of the members into one account under the name of the Corporation. This was part of the assistance that the Corporation though as instrumental, and that was missing in INCORA's land titling program. From the total amount of credit, CORTIPAZ deducted the percentage of money left to paying the land and the rest was given to the member according to their progress in growing the crop, through multiple instalments. Knowledgeable of the cultivation process, the Corporation set its own monitoring mechanism. In practice, CORTIPAZ operated similar to FINAGRO. It had technicians that would go to each land plot and verify the compliance of the objectives, and assisted peasants answering doubts and giving recommendations. By carefully monitoring peasants' investment of the credit, the Corporation made sure their members were susceptible of benefiting from the ICR granted by FINAGRO. For the most part, the assistance of CORTIPAZ indeed made the difference and almost 400 peasants have benefitted of land restitution through CORTIPAZ. Within the politics of credit and debt, acquiring ownership over land has yet another meaning: it granted peasants with the possibility of burdening their parcels to buy credit. Similar trends have been witnessed elsewhere, as it is the case of rural Mexico. For Villareal (2009: 4), for instance, the rise of bank credit has changed the "value attributed to different forms of assets and capital, including property, knowledge […]". At El Carmen de Chucurí, these changes on valuation came along with a fundamental shift over peasants' mindsets (Chapter 3) and bodies (Chapter 4) which will be address later.

2013 was a pivotal moment in the history of the organization. The sustained informal agreement with the Agrarian Bank that allowed CORTIPAZ to administer the credit money of its associates and to request for lower amounts that the established by FINAGRO's thresholds ended. As alluded by Mr. Tomás Oviedo –former representative of the Corporation– the bank "realized" that the rate of return was too low which make it unsustainable for the its capitalization aim. Arguably, in employing the terms of Henderson (1998), credit transactions moved towards the "city's methods". In the context of early twentieth century California (US), as he argued, there presented a drastic transition in the banking system; it moved from a more or less informal process where local banks issued credit based on relationships of trust and familiarity with debtors, to one characterized by strict methods and "replete with labour discipline and value appropriation" (1998: 110). El Carmen de Chucurí might well resemble Henderson's portrait of rural California. As of 2014, CORTIPAZ ceased to offer the service of accompanying individual credits to its members. There were attempts of establishing agreements with other financial intermediaries such as *Financiera Comultrasan*, but few actually materialized. In the subsequent parcelling projects, although peasants benefited from the ICR, the overall level of indebtedness was higher than earlier attempts since this time the amount of credit borrowed had to coincide with FINAGRO's threshold[7].

2.3 Discipline: responsibility and hard work in the discourse of CORTIPAZ

I met Efrén Centeno and Mérari Oviedo, the real strategists behind the informal agreement between CORTIPAZ and the Agrarian Bank, on two occasions during my stay in El Carmen. For them, the Corporation has played a prominent role in fostering the image of El Carmen as a main site of cocoa commerce, along with the enhancement of local peasantry livelihoods and their "financial development". In their words, "CORTIPAZ taught peasants how to work with the banks". At the Corporation, Mérari was the bridge between the personnel of the financial institutions and the peasants. For all my interviewees –as it is the case of many other members in the Corporation– money used to pay the parcel and start their first productive project represented the first time for peasants to take a credit, and for some, even the first time to enter a financial institution. Mérari took charge of everything, including the grouping of documents required by the bank, the filling out of the credit application form, and she accompanied the members of the Corporation to pay a visit to the bank, in person.

[7] In 2018, CORTIPAZ is no longer undertaking parcelling projects. It is operating through the sole business of purchasing the produce of its associates that is later sold to two national cocoa companies: *Nacional de Chocolates* and *Casa Luker*. Many parcelling projects that started in previous years are suspended, partly due to the impossibility of modifying the credit thresholds of the Fund.

On most all the narratives of my participants, there is a reference to how Mérari devoted her efforts to secure credits for CORTIPAZ members.

In return for the support of CORTIPAZ, peasants "*only* had to work hard to repay", as claimed by Efrén and Mérari. Now that they had their own landholding, peasants should "take *responsibility* on their life projects", including debt. For Efrén, the process of "land restitution" undertaken by CORTIPAZ was dissimilar from the strategy of INCORA, but definitely "the biggest difference is that peasants are not given anything; they need to work for their land", he said. Since debt repayment was the most urgent commitment, CORTIPAZ instructed peasants on the importance to grow cocoa –accompanied by short-term crops– and produce fast to repay; other investments such as the construction of a house could wait. For many years, peasants lived in a temporary shelter made by plastic bags, and in the best scenario, at an improvised cottage made out of wood. In the opinion of Efrén and Mérari, CORTIPAZ members should conceive of debt as a leverage and of banks as a source of capitalization. For that reason, peasants should work hard to repay timely, so that the "doors" of the financial institutions would be permanently at their service.

After that first encounter with credit money, and once peasants had become proprietors, they effectively made of banks their major source of financing. This brings forth the argument advanced by Heinsohn and Steigner (2003), related to how capital accumulation by means of credit and debt was preceded by the introduction of property rights. A significant part of credit's initial attractiveness was founded on the relatively favourable conditions of the agreement that CORTIPAZ maintained with the Agrarian Bank, and that resulted in high proportions of debt relief –as alluded earlier. But even when the bank ceased the deal, peasants kept borrowing under the illusion of receiving FINAGRO's incentive, this time on their own. Over time, however, repayment became ever more difficult to achieve. CORTIPAZ members moved from a scenario of little debt relief, to one in which there was none, and even the term ICR was banned from strategies of credit promotion outright. In this context, peasants have had to take CORTIPAZ mandates of responsibility and hard work even further. Debtor peasants have been required to think like "capitalists", to work tirelessly as wage labourers, and to produce high margins of cocoa, competitively –the regular imperative of economic growth within a capitalist society–. These debt-driven transformations on the lives of CORTIPAZ members will be the subject of the following chapters.

Chapter 3
Disciplining *mindsets*

3.1 Repayment through 'planning'

I asked Mr. Abelardo Santos, a long-time member of CORTIPAZ, about the origins of the term 'planning' in his lexicon –a word that by then had become habitual in my different exchanges with him and other participants–. He told me that planning as a term, and as an activity, has entered into their regular discourses and practices some years after their engagement with the financial system. As he explained, 'planning' or 'projecting' "is the only way one is able to repay debt". For him, the major lesson out of his multiple credit contracts is that debtors must rigorously plan their expenses ahead, always with an eye to bank repayment. Before debt resulting from bank loans, and more generally, Mr. Santos and his family had certainly organized their work routines and daily activities under different schemes of 'planning'. But as my fieldwork findings suggest, these are far from resembling the connotation of 'planning' in today's context of financial indebtedness.

Upon their arrival to the land plot that today constitutes their farm, Mr. Santos and Ms. Carmen –his wife– had to work hard to adequate the terrain into a proper living space. There existed nothing but a few orange trees; no house, no roads. With the help of their five children, they planned to build a temporary shelter, while tilling the land to start cultivating. Mr. Santos recalled that he used to draw in pieces of paper how he wanted his farm to become, and that he projected himself to achieving that goal in approximately two years from then. Alongside his wife, they decided that while their youngest sons would attend to school, the oldest ones should remain at the farm during that first year, in order to assist them. Later in time, when they managed to build up a house, and after the first couple of harvests, they decided to connect their farm to the main thoroughfare, through opening a road by themselves. In undertaking this task, they also sketched the idea and planned the different stages of the construction.

Today, planning might still correlate with such activities, but also and increasingly constitutes a feature of the changing *mindset* of peasants under indebtedness. Once they took their first interest-bearing and guarantee-based loan, they had to very cautiously calculate their cash outflows and inflows and secure money to repayment because, now, their activities were monitored by an external agent: the bank, as Mr. Santos noted. That they had to project themselves into the future of their cash flux is a novelty for people like Mr. Santos and his family, that almost never had money left to ever think in the possibility of spending it later. For Mr. Santos and my other participants, smallholders living in the subsistence level, all money collected was soon to be employed in meeting food and other reproduction needs; in their words, "everything was from hand to mouth" (*"todo era colando y bebiendo"*). Moreover, if after buying food there remained no money, those worries only pertained to the family. It was only after receiving credit money that concerns arise about pulling together a higher proportion of the amount originally disbursed and later deliver it to the bank.

With three different pending debts, planning to meet financial repayments has become routine for the Santos family. In our second exchange, this time at their farm, Ms. Carmen showed me a paper she has pasted to the fridge door, containing the dates on which repayment deadlines have been scheduled by the bank. About two months before the repayment date, Mr. Santos indicated, they plan where they could take the money from, and if they are indeed capable of complying with the totality of it. This chapter picks up on Mr. Santos renovated planning strategies, and how these might be linked to a broader phenomenon of transformation of mentalities brought about by *debt*. It presents a brief discussion around terms akin to planning such as calculation and cost-effectiveness, intended to emphasize the close ties between capitalist mentalities and debt. It then continues to reflect upon these ideas in view of the Colombian case.

3.2 The advent of calculation and cost-effectiveness

In discussing the state of indebtedness of Mr. Santos, many are the sources of credit that intersect. He regularly borrows from friends, neighbours, family members and shopkeepers, and he has also asked from advances of cocoa sales at CORTIPAZ. While these all are constant motives of distress, bank credit represent his most demanding commitment. After all, he said, "one can always owe to family or friends, but never to the banks; they can take away from you everything". On the differentiated character of holding a debt from a financial institution, Steppacher (2008: 350) highlights the very particular characteristics of an interest-bearing and guarantee-based loan, at the centre of which is the possibility of encumbering property. The latter acts, then, as the enabling condition to buy credit, and at the same time, as the fundamental reason to repay timely. In the course of amassing enough resources to pay off debt and secure their property, a mentality of cost-efficiency and "monetary evaluation" is imposed upon debtors (2008: 347). Whereas some other authors have noted the effects of debt upon debtors' mindsets, they have not yet establish a connection with the obligation to adopt a capitalist logic (Bonefeld, 1995). In the following, I will focus on those that do examine this connection.

"Keeping track of budgets", or what Mr. Santos refer to as the necessity to "planning or projecting", is one particular evidence of the changes in the ways of thinking of debtor peasants (Gerber, 2013: 855, 2014: 741). In order to ensure repayments, debtors must scrutinize their expenditures and carefully monitor if these cash outflows are contributing to the larger aim of fulfilling their debt contracts (Villarreal, 2009: 6). For Lazzarato (2013: 37) this strict mechanism of tracking expenditures has expanded as a rule to other family members that are now taught to embrace their current lifestyle, one that is "compatible with repayment". In the "economy of debt", everything from a coffee to a bus ticket must be noted (2013: 38).

The adoption of the repayment lifestyle, to put in the terms of Lazzarato (2013), is a recurrent picture of many other societies. As Marsden et al. (1986) would argue in reference to late twentieth century British agriculture, many farm businesses were forced towards prioritizing "economic centrality" in the face of increasing debt. By "economic centrality" they referred to "survival strategies" taken up by farmers to remain on their lands and subsist, that include the incursion into profitable, non-agricultural businesses. These strategies are seen as mechanisms to cope with changing agricultural structures, characterized by growing ties between farm businesses and "wider circuits of capital" (1986: 273), with indebtedness as a key corollary. Going even farther into British history, Muldrew (1998: 65) pointed at first indicators of the process of disembodying the "world of economics […] from the more 'subjective' social world of feelings and events", as early as the sixteen century. In the wake of massive scale market transactions propelled by credit, fragments of diaries and local pamphlets attest to the changing of mentalities expressed in novel methods of calculation and accounting (1998: 95). Likewise, with regard to late nineteen century Indian countryside, Banaji (1977: 1377) referred to peasantry as "becoming comparatively […] enterprising" in the midst of interest and credit money.

The combined outcome of "economic centrality" and the "repayment lifestyle" is arguably the formation of the contemporary "indebted man". For Lazzarato (2013), the credit –

debt couple has a remarkable explanatory power in the evolution of a more capitalist mentality, stronger than the classical political economy supposition of economic exchange. Elaborating on the work of the political philosophers Nietzche and Deleuze and Guattari, Lazzarato starts from debt as nothing but a "promise of payment" (2013: 45). It appears, at first sight, that debt is the result of a "voluntary" contract and that repayment is an expected outcome. This thinking has accompanied the mainstream economic growth discourse that often ignores the role of debt outright, as alluded in the introduction. In analysing debt as a political project rather than as a mere technical outcome, its understanding takes a radical new meaning. As highlighted by Lazzarato (2013), the idea that debtors must repay to prevent foreclosure or dispossession has been a political construction of shaping subjectivities. Debt repayment, he argues, necessitates of communities able to keep a promise, to held accountability on their plans, to challenge forgetfulness (2013: 43). These are the characteristics of the "indebted man".

The market of commodities became the place where the "indebted man" could meet debt repayments. In their "property theory of interest and money", Heinsohn and Steiger (2003: 510) interrogate on the ways in which the introduction of property to encumber has resulted in the main features of the capitalist economy. The charging of an interest to the original money advanced means that debtors must accumulate higher margins of money to repay. This demand can only be satisfied in the market of commodities that generates a "rate of profit" over the sales (2003: 511). In here, the market is no longer the market place of exchanges of goods (in a more Polanyian sense) (Graeber, 2009), but the institution where different debtors compete to accumulate in order to repay. In the words of Heinsohn and Steiger (2003: 511), "the interest-generated profit brings about the accumulation so characteristic of a property-based economy".

The pursuit of accumulation via the market is permanently reinforced by the promotion of the "entrepreneur". In several policy documents and credit pamphlets, indebtedness might not appear as a sign of distress and fatigue. Instead, debt represents an opportunity that must be exploited in the form of the "entrepreneurial financial subject" (Mahmud, 2012a: 483) or the "citizen as investor" (van der Zwan, 2014: 111). Under the entrepreneurial spirit, debtors are taught to apprehend the risks of taking out a loan and to conceive of it as chances to improve their living conditions. The production of commodities is not seen as a process founded on multiple social disruptions; instead, individuals are encouraged to achieve the necessary investment returns to sustain themselves (2014: 112). For Mahmud (2012a: 484, 2012b: 45), the construction of debtors through an "investor/entrepreneur subjectivity" alter the very notions of how to live and what is the purpose of life itself; in his words, "people are being asked to think like *capitalists*" (emphasis added).

3.3 Economic rationality in El Carmen de Chucurí

The parallels between these theoretical considerations and Mr. Santos renovated idea of planning are clear. In order to meet repayment timely, he has started to keep track of his expenditures rigorously, a trend noted by Gerber (2013) and Villareal (2009). His daughter, the only one of his five children that still lives at the family farm house, is also been taught about the necessity of monitoring her expenses –an aspect that echoes Lazzarato's (2013) idea of children increasingly adopting the "repayment lifestyle" of the "debt economy"–. During the credit brigades I accompanied in El Carmen, I witnessed how this debt-disciplining mechanism of accounting and calculating expenses is highly promoted by financial institutions. Within the banner of "workshops of financial education", the personnel of the Agrarian Bank and *Financiera Comultrasan* provides examples of the way peasants should build their budget formats, by the screening of videos and talks. They also convey their instructions more interactively, when for example they ask debtor peasants in the audience to share some of their credit obligations; the personnel of the bank build on these real experiences and suggest how to better plan their expenses, tailored to each particular case.

The discourse of the financial institutions also accentuates the importance of debtors keeping their promise of payment. The particular ways in which the debt economy shapes subjects to honor debt repayments, as argued by Lazzzarato (2013), are manifest in El Carmen de Chucurí as well. On the same site in where the credit brigades took place –the first one, at a primary school in a rural village, and the second one, at a football field– Mr. Ramón Plata, the local office manager of the Agrarian Bank, referred to the characteristics that make for a good client. "I look into the credit records and from there I know if a person is a good debtor or not […]. I encourage people to be responsible and to take repayment deadlines seriously […]. I ask my people [clients] to tell me truth on whether they can meet the deadline […]", he said. For all my participants, Mr. Plata was actually the bank; they would do references such as "I owe to Mr. Ramón […]"; "I promised Ramón that I would pay by the end of the week"; "I told Ramón cocoa prices are low and I cannot pay this month". Since majority of bank credit transactions are traversed by this proximity between creditors and debtors, repayment promises are permanently enforced.

Cocoa production has become the key source to fulfilling these promises of payment. Following the idea of the market as the unique site of rate of profit to repay debt, underpinned by Heinsohn and Steiger (2003), cocoa markets only became an important part in the lives of my participants when they started to buy more credit, and the repayment obligation consequently became more pressing. While cocoa has been part of the cultural and social repertoires of the inhabitants of El Carmen, it did not constitute a commodity for exchange until recently –at least in the vast proportions of today–. For most of the early history of the municipality, coffee represented the main economic activity; a crop suitable with the once temperate weather of the area that receives humid currents from the highlands (*Serranía de los Yariguies*) (Blanco et al., 2000: 23). With the outbreak of indiscriminate logging and the expansion of the agricultural frontier, temperatures started to rise and coffee could no longer be grown. Cocoa was brought to the municipality by high income farmers that also owned lands in *San Vicente de Chucurí* (the neighboring town), a place that was itself undergoing a major cocoa boom and had recently been targeted as a key regional supplier by the national government.

The expansion of cocoa in El Carmen has been relatively quick and sustained, with the municipality accounting for more than 11 points of purchase, according to my fieldwork observation. All farms registered at the mayor's office grow cocoa, in different amounts and in combination with other products; however, for the majority of them cocoa represents their main source of income, from which they derive the money resources to fulfil the "obligations of the debt contract", to use Heinsohn and Steiger's (2003: 511) expressions[8]. Throughout the 20 years or so from its establishment, cocoa has experienced both rises and falls in prices that have seriously affected the terms of lending and the capacity of peasants to repay. According to the accounts of my participants, the highest peak in prices took place

[8] Cocoa's rise to the top can be equally parallel with the decrease of short-term crops that constitute an integral part of people's diet. During my visits to the farms I asked about the existence of family orchards and, in general, on the sources from which food was obtained. While some of my participants include cassava, plantain and citrus in their regular diets –crops that serve to provide shadow to the plantation of cocoa– none of them grow pulses for household consumption, and do not know of anyone nearby that does. Due to its profitability (see Chapter 5), "cocoa is the most important [crop]" and there is no time for orchards that arguably are more time-consuming. A significant part of cocoa's production goes to the two largest processing companies of chocolate, and starting from 2013 it is also directed to international buyers.

in 2016, when one kilo of cocoa could be sold in 9.8000 COP. In early 2017, prices fell to a low of 4.000 COP and just before my arrival it had risen again to 5.200 COP, that still is too low to meet repayment needs. As much as in early sixteen century England (Muldrew, 1998), late twentieth century British agriculture (Marsden et al., 1986) and late nineteen century rural India, peasants in El Carmen de Chucurí have been forced to prioritize cost-effectiveness of their produce. In Muldrew's own words (1998: 329) there imposes a prevalence around "rationally determined future profitability".

Against a background of prices' instability, several debtor peasants as Mr. Antonio Gutiérrez have learnt to manage risk, or have become disciplined enough to embrace it, as the trend noted by Mahmud (2012a, 2012b). On most all the conversations I held in El Carmen, debt was paired with distress, fatigue, concern, dispossession. And yet, locals' discourses on debt paradoxically contained, too, a call for taking out more credits. As Mr. Gutierrez –my eldest participant– stated it: "there is no other way to own something than to take out a loan" (*"El que no debe, no tiene"*). He is referring to a more general picture of rural areas in Colombia where credit has become the only source of financing productive activities, and for some the actual conduct to "own what they now have". By means of taking out credits, today Mr. Gutiérrez owes some 10 head of livestock; 2 hectares planted in cocoa and one hectare of maize, and perhaps most importantly, a house. With cocoa prices fluctuating increasingly since approximately 2008, he must pull together money from livestock sale, his other source of income. He does some math, and when he realizes the returns from the plantation would not be enough, he resorts to sell cattle to butchers in town or big haciendas nearby. Sometimes these exchanges materialize fast, some others it takes several days, but that is arguably the risk to take in order to repay.

The case of El Carmen de Chucurí constitutes a strong evidence of the ways in which financial debt has reshaped peasants' mentalities. Other authors, undertaking similar endeavours in other contexts, have reached to opposing conclusions. In analysing the effects of home-mortgages on people's subjectivities in Hungary, Pellandini et al. (2015: 737–740) recognizes a dissimilar trend. While repayment does promote a calculative and risk-taking mentality, compatible with a neoliberal discourse, it has seldom "succeed in shaping everyday subjectivity to their own image" (2015: 753). I argue that in El Carmen de Chucurí repayment has not only succeeded in reshaping mentalities, but also in transforming human bodies in line with capitalist proverbs.

Chapter 4
Disciplining ***bodies***

The transformation of mindsets into akin to economic thinking, calculation and cost-effectiveness has a seemingly parallel impact on shifting debtors' bodies. Drawing from my fieldwork findings, I conceive the hiring out of labour and the parallel process of intensification of work routines as a manifestation of the discipline exerted upon bodies, under debt' strict repayment deadlines. Through bodies that, with the result of their labour, can turn "promises of repayment" –to use Lazzarato's (2013) term– into concreteness, debt-driven disciplining effects become an ever more prevailing assistant to the dissemination of capitalism. In this chapter, I explore those ideas in light of the Colombian case. I start with a brief literature review of theories that allude to the effects of debt on human labour, and then provide ethnographic accounts that echo these theoretical constructs.

4.1 Debt, labour and discipline: An overview

Maurizio Lazzarato (2015) contends that debt and credit are distinctively powerful mechanisms of capitalist accumulation, and that states are consistently "governing by debt". He argues that the conditions of debt repayment can be analysed as a process of subjection of mindsets to transforming the "indebted man" into an individual that maximizes utility and manages risk –the leading character of the capitalist system (Lazzarato, 2013; Mahmud, 2012a) (see Chapter 3). Debt-driven subjection does not only concern with changing mentalities, he proceeds, it also and equally fundamental to capital accumulation, disciplines bodies (Lazzarato, 2013: 49). He claims that the creditors, the group to whom interest collection works at its advantage, necessitates of disciplined debtors that could guarantee *timely* repayments by the use of their labour power. Debt implies, then, "working upon oneself", or more accurately, "exerting torture over oneself" (2013: 48). For Lazzarato, the latter has been achieved –and is permanently reinforced– by a discourse of "the indebted men as their own guarantors", within a morality of responsibility and guilt (2013: 57). The implication is that debtors must work tirelessly, in number of hours and number of jobs, to secure repayments promptly.

Similar explanations on the character of debt have been advanced by the theorists of the "financialization of the everyday". For Mahmud (2012a: 483), for instance, debt repayment demands of working classes that can be turned into "docile bodies"; debtor bodies that could be at the same time "flexible, self-reliant, and self-disciplining". The construction of this debtor body is founded, as in the case of Lazzarato (2013), in a prescription of responsibility. To complying with debt obligations, the indebted subjects are forced to conceive of work as the main productive site of their lives, and the source of "reward" –here understood as the earnings that will be employed in repaying–. Mahmud (2012a: 483) sustains that "responsabilization joined obligation" in the process of subject-formation guided by an economic rationality. Overall, indebted workers are asked to think of themselves as corporations that work towards goals, undertake several investments and diversify operations (van der Zwan, 2014: 113).

Analyses of the dynamics of labour within cycles of indebtedness have also played a protagonist role in various Marxist accounts. In studying the character of 'interest' for the formation of capitalism in the Indian countryside, Banaji (1977: 1376) maintains that debt repayments represent yet another instance of the "subsumption of labour into capital". The process starts with money lent by the "usurer" or the "monied capitalist" to the producer for the purchase of raw materials and tools for cultivation; a percentage of interest is charged over the amount of money lent. Later on, producers have to reimburse the usurer with the interest and the principal, by means of the product of their harvest; thus, 'interest' turns into a mechanism of extraction of the surplus value (Banaji, 1977: 1378). Many debtor peasants, unable to repay, where evicted from their landholdings and turned into "wage labourers" (1977: 1381), at the service of debt repayments. Along the same lines, Bhaduri (1973) refers to 'usury' as an increasing mode of exploitation of labour in the context of changing production relations in agriculture in India. In late twentieth century, small-scale farmers had already fall into several debt contracts under the form of consumption-loans, that resulted in a "bondage of perpetual indebtedness"(1973: 134)[9].

Wage labourers facing debt might indeed be considered as a form of "bondage" or unfree labour. In challenging several accounts that equate capitalist expansion with the conquest of free labour, Brass (2010b: 25) puts forward an alternative supposition: in several "fully functioning" instances of capitalism, unfree labour does not only follow suits, "but it is its relation of choice". The view that payment as a compensation for the exploitation of the labour force can led to talk about "free labour-power" does not stand a rigorous examination. He takes as an example the indebted rural workers, who are getting paid for their work, but as a result of interest collection they nevertheless could be described as "debt peons" (Brass, 2010b: 29). These indebted labourers work equally hard as the ones that are typically categorized as not free (slaves), to prevent dispossession and other types of penalties that come along with default. Therefore, for Brass, the often stated assumption related to debtors as "inefficient" or lacking of incentives to work is simply rejected (Brass, 2010a). Importantly, for Brass, unfree labour as in the form of indebted workers is not unique to the first stage of capitalism regarded as 'primitive accumulation'. Rather, it constitutes a regular feature of the ongoing capitalist transformations worldwide (Brass, 2010b: 30).

Excessive work routines and tight schedules are certainly a current finding of many case studies on indebtedness. This is true, for instance, with respect to contemporary rural Indonesia. In studying the consequences of ordinary indebtedness on rural households, Gerber (2013: 847) found that one of the common strategies adopted by peasants to comply with debt has been their engagement in "temporary wage labour". To secure timely repayments, they also had to devote more time to work within their farms that often included conducting multiple tasks at the same time. Consequently, peasants would start to introduce "small-scale animal husbandry" in combination with other extra sources of income such as fruit trees. Similar effects were seen in the context of late twentieth century British where Marsden et. al (1986: 278) noted that the "diversification of income sources" was turning into an imperative due to "the gradual indebtedness of the farm businesses". As pointed out by Gerber (2014: 737), the pressure imposed by debt over peasants' labour routines is an evidence of its disciplining effects, in an array of contexts.

In some cases, extending the working hours at their landholdings or hiring out their labour nearby is insufficient for debtor peasants. As argued by Mosse et al. (2010) , very often peasants must migrate for labour to places located far away from their homes. By employing themselves in remote places in need of labour force, there are higher chances to collect the

[9] Banaji (1977) is emphatic in arguing for the key role of debt for the reproduction of capitalism. He challenges other contributions such as the work of Bhaduri (1973), that although self-recognizes as Marxist, do not sufficiently emphasize the renovated exploitative character of usury within capitalist formations. In the opinion of the latter, Bhaduri conceived of interest collection as an aspect of "pre-capitalist relationships" rather than as an evidence of the disintegration of small-scale agriculture assisting capitalist development.

money necessary to pay off their largest debts. For other debt contracts (i.e. with money-lenders, shopkeepers or traders), the resulting income from the diversification of activities at their land plots might be "just enough".

4.2 "We must exploit ourselves to repay debt"[10]

I first arrived in town with the desire to reencounter with two members of CORTIPAZ whose stories of life -that I could listen to during my stay at their farms two years ago- had forever changed my perspective on rural life. I had just attended one of the monthly meetings of the Corporation, in the hope Cosme and Domingo were present, but it was not the case. By mere coincidence I was able to see Cosme from the distance on my way out of the meeting. I invited him and his son for lunch and in much joy thought of that occasion as being the first in a list of encounters we could have to discuss over his narratives about credit and debt. That lunch, however, represented our only encounter. Cosme was preparing to leave to *Puerto Berrío* at the following morning, a village 100 kilometres away, to work at a farm for 35 days; his job was to use the scythe for the maintenance of a cocoa plantation of three hectares. That day they had commuted to town with the purpose of doing groceries shopping for his wife and little daughter, who were to stay alone at their farm during that month or so. This case of migration for labour, as noted by Mossen et. al. (2010), has rendered a vital strategy for debtor peasants in El Carmen.

July and August, the months in which I conducted my fieldwork, coincide with the period of the year where cocoa produce is at its lowest pace. Local cocoa growers can only collect the equivalent of one sack of grains that does not cover for even half kilo of meat for dinner, as my participants expressed. Some have been forced to look for jobs outside agricultural activities and have employed themselves in the regional Hydroelectric. As for Cosme, he has been obliged to hiring out his labour during cocoa's downfall periods already for four years now.

The pressure that Cosme has exerted over his body or the debt-driven process of "working upon oneself", as Lazzarato (2013) calls it, started out earlier –arguably since he took his first bank credit with the assistance of CORTIPAZ. Two years ago, I visited Cosme's farm as part of a joint project between the Agrarian Bank, FINAGRO and a university headquartered in Bogotá[11]. Hosted by CORTIPAZ, I was invited to visit Cosme's farm –an example of a very responsible and disciplined member of the corporation that has never fall in credit default, I was told then–. From the main road to Cosme's house, somewhere in a mountain in *Miralindo* –rural area of El Carmen de Chucurí–, it takes around one hour and a half by foot. Many in town marvel at the physical strength of Cosme that he has used to build his house and grow cocoa in an area highly inaccessible and poorly maintained.

Some 15 years ago he took his first credit at the Agrarian Bank to the purpose of acquiring that plot of land, as part of the informal agreement between the bank and CORTIPAZ (see Chapter 2). With no money left after paying for his parcel, CORTIPAZ encouraged Cosme to work tirelessly to repay. In echo of Gerber's (2013) findings in rural Indonesia, Cosme also extended his work routines and expanded his economic activities to meet repayment deadlines. He recalls working at his plot from dawn to dusk, conducting multiple tasks such as tilling the land; planting cocoa trees; building a temporary shelter for his family, and clearing the path that leads to his parcel. In order to meet the first instalments, Cosme engaged as well in cultivating citrus and other fruits like bananas and plantains, whose periodic

[10] Interview with Erasmo Layton, CORTIPAZ member (July 27, 2018).
[11] Based on interviews in site, the project meant to assess the impact of bank credit in enhancing the life conditions of rural inhabitants.

harvest allow peasants to have cash flow –a finding also underscored by Marsden et al. (1986). Today, in the midst of three different debt contracts, diversification of incomes at the farms is insufficient to repay. Just as Banaji (1977) foreseen the conversion of rural communities into wage labourers, Cosme too has indeed necessitate to hire out his labour.

In the face of increasing debt, hiring out labour has taken a particular form in El Carmen de Chucurí. As Mr. Erasmo Layton expressed –another CORTIPAZ member–, peasants must take the most advantage of the salaries they are being paid elsewhere in other farms. To this purpose, as he explained to me, they first agree with the landlord on how many work days (*jornales*) would equate the task at hand. For instance, to maintain one hectare of cocoa using the scythe they estimate 10 days of work. The main aim is to conduct that task, or any other they were hired to, in less days. "That way hiring out their labour has actually paid off", he said. In certain instances, as he indicated, tasks that are planned to be completed in 30 days are done in half of that period, so that the 15 days remaining could be employed in doing yet another task. These disproportionate labour routines, that can very well be equated to a state of slavery, take place in a "fully functioning" rural capitalist setting where, as stated by Brass (2010b), payments do not always correspond to "free labour".

A closer look to the effects of indebtedness upon peasants' bodies suggest a further evidence of the intimate ties between capitalism and unfree labour (Brass, 2010a, 2010b). In completing tasks earlier, debtors' bodies suffer all sorts of health breakdowns, as reported by the majority of my interviewees. This was the case of Mr. Luis Alfonso Sierra whom I very briefly talked upon his return from the rural area of *Cesar*, a neighbouring province. In *Cesar*, he spent nearly three months working as labour force for a medium-size banana farm. A year ago he experienced the worst of the bank's repayment pressure –a period that coincides with low cocoa produce and an episode of excessive fatigue that put him in bed for several days–. Unable to hire out his labour, he could not meet one of his three debt contracts. At *Financiera Comultrasan* he must pay a monthly fee of 600.000 COP by the 30th, but he tries his best to meet that obligation earlier (around the 20th) to avoid the multiple calls from the bank alerting him that deadline is close. That time, however, he had to bear with bank's pressure; starting from the 25th, *Financiera* calls one time per day. Right after the 30th, they call in the morning and in the afternoon, and "if one says that one is going to pay the following day in the morning, but something happened and one could not…, then they call again in the afternoon", he said. High levels of stress resulting from bank's pressure made him develop an ulcer from which he has not recovered yet.

The idea of debtors forced to behave similar to corporations, highlighted by van der Zwan (2014), is manifest in El Carmen de Chucurí. I take as an illustration the case of Esaú Gutiérrez, who is perhaps CORTIPAZ best example of "success". 12 years ago, when he joined the Corporation, Esaú worked in farms here and there, as "jornalero", and under a job modality that locals call "*en compañía*" –working at a farm different from your own in exchange of food, shelter and the profits of half of the total produce. Similar to Cosme's first encounter with bank credit, assisted by CORTIPAZ Esaú borrowed at the Agrarian Bank; he employed half of the money to repay the parcel, and the remaining half to the installation of cocoa crops. He said, "I tried to 'stretching' that money as much as possible". He also worked even harder than he used to so that when time has come to show FINAGRO the investment, he could qualify for the ICR. –an incentive alluded to earlier –. In a sense of disbelief, he recalls his effort to repaying. From Monday to Sunday, Esaú used to wake up at 2: 00 am and prepared both breakfast and lunch. At 3: 30 am he would walk until his neighbour's house (around 40 minutes) to borrow his pack animals and arrived again at his parcel by 6: 30 am. He would use the animals to load the sacks of plantains and bananas that he had planted in one of his two hectares of land, by suggestion of CORTIPAZ while cocoa starts producing. By 4: 00 pm he would finish his recollection and had to commute to his neighbours' again to return the animals. The exact same routine was followed by him during the first year of his arrival in the parcel. When talking to former CORTIPAZ members, Esaú's "remarkable discipline" and commitment to his tasks is reiterative in their discourse.

In his strive to comply with subsequent debt obligations, Esaú has extended ever more his work routine. Almost identical to corporations that undertake multiple investments in parallel (van der Zwan, 2014), he has acquired three more parcels nearby, and has planted cocoa accompanied by a variety of staple crops such as cassava, plantain, avocado, banana, and citrus. He maintains these crops mostly by himself, and only on occasion, he asks for help to his young neighbours and nephews (in their twenties) in exchange of food and half of the price of one-day work (*jornal*). While he manifested an uneasiness due to the accumulated physical fatigue from years of non-stop working, he seems to have reached a point where he does not conceive of himself in a less demanding position. In other words, Esaú's involvement with debt might well resemble an expression of debt's capacity to "regulate bodies" (Peebles, 2010: 227). As argued by Peebles (2010: 233), philosophical accounts have confirmed the intimate connections between "debt and bodily punishment", and the consequent impossibility for debtors to escape from their current indebted status. Esaú's is one on a list of similar cases. This ability of debt to reshape bodies along the lines of capitalist behaviour is central to understand the renovated push towards increasing economic growth, which will be addressed next.

Chapter 5
Trajectories of debt and discipline: Capitalist development and economic growth

The general outcome of indebtedness has been a push towards increasing productivity margins. Certainly, as I detailed in Chapter 4, the diversification of income sources and the hiring out of labour represent key strategies to cope with debt in El Carmen today. However, the main source of debt repayment remains cocoa production, a commodity that allows them for more "liquidity". For Esaú Gutiérrez –whose accounts closed the previous chapter–, the instability of cocoa prices notwithstanding, the crop is the only source of "real earnings". The rest of their sources only on occasion represent a supplement for their reproduction needs. He told me, for instance, that the price of bananas and oranges is too low and that people are giving it away and throwing the rest –I myself left many farms with a sack full of fruits. Since cocoa is the one source to fulfil their obligations at the bank, peasants devote all their efforts into its maintenance.

But in the face of increasing indebtedness, the techniques used to grow cocoa have in itself changed radically. Whereas peasants produced their own fertilizers and "respected" the natural periods of cultivation, in the era of the "debt economy" cocoa production is characterized by the introduction of clones from abroad, which accelerate its growing and represent an increase in productivity and profitability. This compulsion to economic growth in order to repay can be understood as a vivid expression of the ongoing development of capitalism in the countryside. This chapter examines connections between debt and economic growth in contemporary El Carmen de Chucurí. It begins with a brief review of what I take as a reference by the term "capitalist development". It later refers to the idea of economic growth, and the specific ways in which the latter is being achieved by debtor peasants in El Carmen.

5.1 Capitalist development

Ellen Wood (2009: 37) argues that capitalism represents a "very specific social form" that differs from previous modes of production in many key ways. It can be described as a system in which "producers are dependent on the market for the basic conditions of their survival" (2009: 38). This market relation is characterized by the necessity to produce and sell goods and services for higher the cost of their own production, in order to secure a profit to subsist. Because there is no real certainty that the returns of the produce will meet basic needs, producers have to compete with others in the market. To compete successfully, they must "adopt 'maximizing strategies' such as cutting costs on production and increase productivity" (2009: 38, 41). Capitalism, then, stimulates a limitless compulsion towards "competition, profit maximization, constant accumulation, and the endless need to improve labour productivity" (2009: 38). While market places in previous social formations were more commonly characterized by "opportunities", capitalist markets are driven by the above "imperatives" (2009: 39).

The question is, then, in which historical moment and under what circumstances did markets move from opportunities-based towards imperatives. For Wood (2009: 52), attempts to equate capitalism to one specific moment lacks of rigor, but it is certainly possible to identify new processes that correspond to its birth around the seventeenth century. A process of 'primitive accumulation', as observed by Karl Marx, alienated producers from their means of production –land, labour and capital–, altering the very base of the "social property relations"; as a consequence, market was no longer *another sphere* within a wider network of social relations, but an *imperative* to subsist. As highlighted by Wood, the emphasis on market as an imperative that results from very specific social and economic dislocations represents a major contestation to more standard accounts on the origins of capitalism (2009: 49). For the most part, explanations on the development of capitalism lie on the argument that the latter is the result of a widespread expansion of commerce and trade, practices that were already present in feudal or pre-capitalist formations, but were "waiting for release". The imperatives of accumulation and productivity, as Wood calls it, are supposed to be already present there, as potential. In essence, "capitalism was assumed rather than explained" (2009: 51). In clear opposition, capitalism in Marxian critical accounts is not trans- historical, nor natural neither inherent; it is a specific social formation governed by a set of particular compulsions.

5.2 Economic growth

A similar debate is central to the origins and causes of economic growth, and the role played by debt within it. As alluded in Chapter 1, there exists a conventional understanding on economic growth that neglect the role of credit interests and debt as forces that propel it; and a contrasting scholarly work that do recognizes this link (Strunz et al., 2015). Recall also that within the last trend of academic literature, there is a chasm. On one side, there is a current that conceives finance as the channel through which "the innovative entrepreneurs" can realize their goals, that in turn might lead to economic growth; on the opposite side, economic growth is founded on the necessity to fulfil debt obligations. The first argument of the latter trend, based on an already set of desires to innovate, very well resembles the more conventional explanation of the evolution of capitalism, noted by Wood (2002, 2009). Borrowing the words used by the author when referring to capitalism, I argue that economic growth is assumed rather than explained[12].

In El Carmen de Chucurí, a notable increase in cocoa's production has explicit ties with a necessity to grow in order to repay debt. According to Heinsohn and Steiger (2003: 511), debtors must produce quantities that could be "valued" in the same money terms of the credit disbursed, hence they need to produce commodities for the market. Other researchers have also called attention to this process of forced commodification against a background of indebtedness, in other contexts of expansion of bank credit such as early modern England (Watt, 2006: 47) and nineteenth century Finland (Toivanen and Kröger, 2018). At the municipality, the commodity market is represented by the selling of cocoa grains. As anticipated in Chapter 3, the latter has increased exponentially since the first introduction of cocoa in town, and arguably to the compass of higher indebtedness. The case of Esaú Gutiérrez is only one in a number of similar narratives I heard in the field; for all my participants, cocoa is the "commodity" that represents majority of the returns peasants necessitate to pay.

Debtor peasants in El Carmen have an average of two-three hectares of cocoa and are constantly seeking to obtain more. They sell it in grains, and also in litres of molasses. They produce the bulk of cocoa from September to April, while very few sacks of grain can be pulled together throughout the rest of the year. Since the natural process of cocoa harvest is only and more beneficial to debt repayment during those months, peasants must increase their productivity, at all costs. Still, the natural character of crops production has not been an obstacle for capitalist expansion, as the case of CORTIPAZ shows. For Henderson (1998:

12 Although Wood (2009)herself did not refer to the credit-debt pair as one instance of the "maximizing strategies" under capitalism, her work on the origins of the system can nevertheless be taken as a reference to explore the link between debt and economic growth –or capitalism more broadly–.

79), central to the development of capitalism is the initial observation of Marx on the "circulation [of capital] through barriers, including the *natural ones*" (emphasis added). Credit has become a key way to exploit the "nature-centeredness" of agriculture (1998: 76), just as the increasing expansion of rural bank credit in El Carmen confirms it.

5.3 The triad: Clones, productivity and "solvency"

For debtor peasants in El Carmen, high productivity in cocoa is indeed the prevalent mean to remain solvent. Steppacher (2008: 337) has noted that debtors have been forced to apprehend "solvency" as the necessary condition to subsist, and that this implies the perpetual need to achieve a positive difference between the costs of production and the price of the final output –a narrative very similar to the one used by Wood (2009) in theorizing about capitalism. To materialize this aim, Steppacher proceeds, most often debtors must follow certain principles, including the pursuit of innovations and the introduction of technologies (2008: 336–337). In the context of Britain, for instance, Grant and MacNamara (1996: 427) understand the use of technologies for production as an evidence of the profound transformations of family farms in late twentieth century, as soon as they became more reliant on external sources of capital such as credit. This applies to El Carmen as well, which has recently experienced a major reinvigoration of cocoa's productivity as a result of the introduction of *clones*.

I met with Tomás Oviedo for the second time during the third week of my fieldwork, when I had already conversed with some debtor peasants, and there were reiterative references to clones as a mechanism to alleviate debt. Before creating CORTIPAZ, Tomás worked as technical assistant at the National Federation of Cocoa Growers of Colombia-FEDECACAO and he knows very well the growing and maintenance of the crop, so as to the techniques that peasants are now employing to that end. I asked Tomás on the introduction of clones and the reality about how they are scaling up cocoa's productivity in El Carmen. In explaining the processes that peasants must do to clone their cocoa trees, he mentioned one particular farm that can attest to the "blessing of clones", as it is referred in town and in media releases (Dinero, 2017b; Portafolio, 2017a, 2017b). The farm of Mr. Nilson Vera, another CORTIPAZ member that I did not interview this time, but was familiar to me from my previous visit to the area. Nilson's is one of the most productive small-size farms in El Carmen today. According to Tomás, on average one hectare of cocoa produces 500 kilos per month, but Nilson's farm is producing more than five times that number, an approximate of 3.000 kilos per hectare, per month. In July 2018, cocoa price per kilo was sold at 5.400 COP; based on a rough estimate, Nilson would be earning around $ 16.000.000 COP per month or 21 times the value of the monthly minimum wage, an exorbitant amount of returns for a small-size Colombian farm.

The outcomes of that enhanced productivity are very rarely directed to improving their life conditions, but the majority goes to repaying at the bank; Nilson is not only known as one of the most highly profitable peasants, but also one of the most indebted in town. This trend would not come as a surprise for authors as Steppacher (2008: 351), who has already advanced a distinction between "economic growth" and "improvement of social conditions". For him, the economic rationality that comes along with a "property-based economy" do represent an increase of economic growth, however it does not guarantee the enhancement of livelihoods. In El Carmen de Chucurí more generally, economic growth does not equate to better living conditions.

The pushing of debtor peasants to new techniques of farming comes very often from the side of the creditors. As indicated by Gerber (2013: 846) in the context of rural Indonesia, banks tend to recommend production projects that coincide with the promotion of new techniques and Green Revolution technologies. My fieldwork also points to that strategy of capital direction: both the Agrarian Bank and the private financial intermediaries determine the purpose of different loans and how can peasant clients better invest the money so that repayment is achieved. Accordingly, creditors in El Carmen promote the growing of *Sacha Inchi* –a type of nuts originally from Perú that is said to have medicinal properties- in combination with a variety of cocoa clone, CCN51 –grafted in Ecuador. Apparently, the mixture of both *Sacha Inchi* and *CCN51* turn cocoa trees into more resistant and facilitate the production of more and bigger cocoa fruits (Dinero, 2017a). Many in town have already undergone various phases of introduction of new clones in their landholdings, and feel the pressure (as opposed to the desire) of perpetuating this practice to "stay in business" –an expression of capitalist imperative for market competition (Wood, 2009). Indeed, the compulsion to remain solvent in order to repay has in turn forced peasants to "capitalise their businesses" via the introduction of new techniques, configuring a sort of "technological treadmill" (Marsden et al., 1990: 46) – a tendency that has been well documented elsewhere (Ward, 1993; Whatmore et al., 1987).

For Mr. Miguel Villareal –another peasant, member of CORTIPAZ–, certainly there has developed a striking competition in cocoa's production. "If one wants to meet debt repayment, one must introduce clones", he said. I visited Miguel Villarreal and his family in *El 40* Village –rural area of El Carmen de Chucurí. Among my participants, Mr. Villareal seemed to be the most aware of the transformations he has undergone after entering the financial system, and of the mechanisms via which the capitalist system functions more broadly. Upon my request he explained in detail how clones actually work, both in technical terms and politically, I would say. He wanted me to check the differences between crops with and without clones and how, in effect, the latter are more productive, by paying a visit to his farm.

Once in the farm I asked Mr. Villareal what if he keeps his crops without clones and focus his efforts on maintaining the hectare of avocado that he recently bought from his neighbour. For him, that could have been an option some 20 years ago, "but today you have to compete with 'quality' and 'quantity'", he argued, and in El Carmen today that necessarily translates into the introduction of clones –what I called the political aspect of his explanation. If he was to keep his long time cocoa crops without altering them genetically, he would be paid less than his neighbours, many of whom have already went through different phases of crops renewal. Cases as this one evidence the renovated centrality of commodities for sale, rather than the production of mere goods –reflecting once more Steppacher's (2008) (also Heinsohn and Steiger's (2003)) idea on the need to produce "monetarily evaluated" quantities within the "property-based economy". In fact, cocoa was never intended to be a local consumer-led product. While staying at peasants farms we regularly had coffee instead of chocolate, and chocolate from local cocoa grains is very seldom available at supermarkets in town.

In the midst of rising productivity of cocoa to repay loans, CORTIPAZ members reveal a solid nexus between indebtedness and economic growth. A constant menace of default has contoured a specific development trajectory in El Carmen where debtor peasants are increasingly dependent on the market for their subsistence. This debt-driven obligation to produce in order to subsist is thus part of the ongoing capitalist transformations in El Carmen today.

Chapter 6
Conclusion

El Carmen de Chucurí in Colombia is site of an increasing expansion of bank credit and of subsequent high levels of indebtedness. Around 2000, a large group of landless peasants joined CORTIPAZ in the hope of acquiring land plots, and to cultivate it as a source of subsistence. In pursuing this aim they took their first bank credit, an instance that represents the origins of a long-lasting dependency upon interest-bearing debt. With no property to secure the loan, CORTIPAZ served as a collateral of all those first credit transactions between peasants and the bank. It also assisted in the repayment stage by inculcating on peasants the necessity to prioritize monetary valuations (i.e. cash crops) and to work tirelessly in order to comply on time. Largely inadvertently, CORTIPAZ therefore appears to be both the precursor of financial debt on peasants' lives and a source of disciplining.

Over the course of 20 years, the level of indebtedness of peasants, members of CORTIPAZ have increased exponentially, while different forms of discipline expanded. Debt' strict repayment deadlines have required peasants to adopt more calculative strategies such as keeping track of their expenses and to engage in cost-benefit analysis. The meaning of long-time activities such as planning has mutated: today, planning is less a strategy to achieve familial goals and more a necessary mechanism to remain solvent. Alongside these shifts on peasants' mindsets, debt-driven discipline is also evident on their bodies. Debtor peasants have had to "exploit" themselves as a labor force in other farms and to diversify their income sources within their own landholdings. These multiple tasks have generated an extra burden on their bodies that very often has resulted in health breakdowns.

This debt-driven process of disciplining has resulted in a particular development trajectory in El Carmen de Chucurí, characterized by an imperative to economic grow in order to repay. Both peasants mindsets and bodies work in enhancing cocoa's productivity uninterruptedly, as evidenced by their calculations about the profitability of the produce, and the material effort of expanding the number of cocoa trees in their parcels. These efforts have more recently been accompanied by the introduction of new agricultural techniques. Many theories about economic growth have emphasized the existence of a natural propensity towards growing. However, taking into consideration the experience of CORTIPAZ, these theories fail to point at a key driving force of economic growth: debt repayment. For debtor peasants in El Carmen, enhancing productivity is one of the only means to repaying at the bank, and many declare that they would not put much pressure on themselves and their lands if it were not because of debt.

In El Carmen today, debt and economic growth thus run in parallel. This, however, is not an odd case in which rural household indebtedness commingles with high productivity margins and large rates of returns. Rather, it can be read in reference to other contexts where debt, too, constitutes a mechanism that propels capitalist imperatives of accumulation and profit maximization. In an attempt to unpack the disciplining effects of debt, I have tried to point at the close ties between debt repayment and economic growth, and among this correlation and the expansion of capitalism more broadly. Through reproducing some of its key imperatives, the credit-debt pair is increasingly serving as a channel for capitalist diffusion in its own right.

Appendix A

List of participants

Participants	Role	Date of interview	Location
Cosme Castro	Peasant/member of CORTIPAZ	July 24th 2018	El Carmen
Esaú Gutiérrez	Peasant/member of CORTIPAZ	July 27th 2018	El Carmen
		August 10th 2018	La Fortuna
Erasmo Layton	Peasant/member of CORTIPAZ	July 27th 2018	El Carmen
Hernando Orozco	Peasant/member of CORTIPAZ	July 28th 2018	El 40
Antonio Gutiérrez	Peasant/member of CORTIPAZ	August 1st 2018	Filo de Oro
Miguel Villareal	Peasant/member of CORTIPAZ	August 1st 2018	El Carmen
		August 12th 2018	El 40
Abelardo Santos	Peasant/member of CORTIPAZ	July 31st 2018	El Carmen
		August 6th 2018	El Carmen
Irida Ferreira	Peasant/member of CORTIPAZ	July 31st 2018	El Carmen
Diomares Núñez	Peasant/member of CORTIPAZ	August 2nd 2018	El Carmen
		August 11th 2018	Miralindo
Luz Mery Gutiérrez	Peasant/former manager of CORTIPAZ	July 29th 2018	El Carmen
		August 1st 2018	El Centenario
		August 13th 2018	El Carmen
Zorayda Tabera	Peasant/member of CORTIPAZ	August 5th 2018	El Carmen
		August 7th 2018	El 40
Gelzon Martínez and Darline _	Peasant/independent	July 23rd 2018	El Carmen
		August 15th 2018	El Toboso
Efrén Centeno	Former staff member of CORTIPAZ	July 27th 2018	El Carmen
Mérari Oviedo	Former staff member of CORTIPAZ	July 27th 2018	El Carmen
Tomás Oviedo	Former legal representative of CORTIPAZ	July 27th 2018	El Carmen
		August 7th 2018	El Carmen
Ramón Plata	Local office manager Agrarian Bank of Colombia, El Carmen de Chucurí	July 25th 2018	El Carmen
		August 8th 2018	El Carmen
Johana Niño	Local office manager of Crezcamos, El Carmen de Chucurí	August 16th 2018	El Carmen
Yuli Mora	Staff member of *Crediaportes Coomultrasan*, local branch	August 3rd 2018	El Carmen
Libia _	Staff member of *Financiera Comultrasan*, local branch	August 15th 2018	El Carmen

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