Navigating household debt: the complicated human relationships behind the statistics

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*Five years ago UK households were running a surplus of £70bn as we tightened our belts in the wake of the financial crash. Towards the end of last year, however, British families were on course to spend £40bn more than they earned, leading to warnings that the UK could be heading towards another credit crunch. Using longitudinal interviews, **Jackie Goode** delves behind the numbers, to look at the gendered role of financial decision-making, and outline how important debts don't have to be financial.*

Because of unsustainable levels of borrowing and household spending the Office for Budget Responsibility has forecast that household debts as a share of incomes will return to pre-crisis levels by the end of the decade. So what's happening? One clue lies hidden inside the unit of analysis being used: '*household* spending' and '*household* debt'. Opening up the 'black box' of money within the household calls for an approach to studying the household economy that does not treat the household as sociologically neutral, but which identifies the mechanisms through which notions of ownership and entitlement come into play. Within households the allocation of income, the levels and kinds of borrowing and spending undertaken – and the acquisition of problematic personal debt – are negotiated through complex webs of intimate relationships.

Longitudinal research I conducted, involving repeated in-depth interviews with couples (individually and together) over a period of a year helped tap into the ways such relationships are constructed and operate. It highlighted the inconsistencies of people's everyday lives and practices and afforded the opportunity to capture the dynamics of 'decision-making'. Here, 'decision-making' is in inverted commas to signal that the reality of how 'outcomes' are achieved often diverges from the 'one-point-in-time act' suggested by the term. Bringing these dynamics into close-up revealed the way, on the one hand, economic relations pervade our private lives and are implicated in the creation, maintenance and renegotiation of our most intimate ties; and on the other, how negotiated gender relations are implicated in economic processes that extend far beyond the household.

Adele, for example, had a long-term partner who contributed to household expenses for her and their 11-year old son while continuing to live independently himself. They wanted another child but were ineligible for fertility treatment on the NHS. He wanted to take out a loan to pay for this privately but she was unwilling to do so until they had cleared an outstanding credit union loan to cover Christmas expenses and some arrears. They had been planning to live together 'fully' but he was remanded in custody for several months prior to a prison sentence. At the same time, she was made redundant, ran up a huge mobile phone bill dealing with the 'fall-out' from his sentence, and accrued more arrears in the transition between employment and claiming benefits.

At a later interview, Adele's partner had been released on appeal, she was back in work and they had resumed their plans to cohabit. But she made it clear that this was conditional on an equal commitment and equal contribution from him to household finances, to enable her to manage them effectively. His continuing to 'help her out' while retaining an element of independent finances was no longer enough:

> *"We need to put all of it together and halve it every month, without fail… He used to be really good at saving … I am saying, 'That's great, but you don't need to save for me … if everything is halved, I will have more money and I can save my own and then we can put our savings together… when those bills drop through the door, it's me who feels the pressure…I don't want that any more. It needs to be equal'."*

She felt her partner was now ready for this: “Before… he wanted the family life *and* the bachelor life.” And as desperate as she was for another child, she continued to resist his solution of taking out another loan.

The dynamics of the relationship between a young married couple called Mandy and Brian operated in the opposite direction – he tried (and failed) to rein in her acquisition of further debt. She had been in an abusive relationship and she discovered she was pregnant shortly after she and Brian started going out. They weren’t sure who the father was. Mandy described the division of labour in relation to the management of their household finances as ‘joint’. But Brain corrected her; he was content for her to make the decisions. He “never had any money” because he had brought credit card and loan debts into the marriage from when he was an employed single man. Mandy acquiesced: “I don’t owe anything”, she explained, adding that men don’t know how to shop economically. He was ashamed about his debts, had “learnt his lesson”, was embarrassed about now being unemployed (“I’ve never been on the dole before”), and declared himself debt-averse: if they wanted something for the council flat they had just moved into with their 11-month old baby, they would save for it. However, at the next interview, new carpets and television were in evidence, bought on hire purchase. Mandy’s views on how to furnish their home turned out to be different to Brian’s.

The dynamic at work with this couple looked like this: Brian seemed to be repaying his ‘debt’ of bringing loan and credit card debts into the marriage which his wife now has to service by giving her control over managing their finances; by forfeiting his own claim to money of his own; and by effectively privileging her choice to acquire more debts. The trade-off was that Mandy did not heap recriminations on his head for past follies in recognition of other ‘goods’ he had brought, namely ‘saving’ her from an abusive relationship, marrying her, giving up his job to support her and becoming the baby’s legal father.

It is clear then that behind patterns of household income, expenditure and problematic debt acquisition lie other kinds of debts and repayments. My research strongly suggests that low-income families are living with the consequences of an earlier era of ‘easy credit’ and that gender dynamics within households also have an important role to play in financial decision-making. Unlocking these important sociological patterns can help us make further sense of the wider trends of debt accumulation.

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About the Author

Jackie Goode is a freelance social science researcher and Visiting Research Fellow at Loughborough University. She specialises in qualitative and ethnographic methods and has published on a variety of subjects in the areas of health, welfare, higher education, policing, gender relations and material culture.

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