

## Debt: The First 5000 Years, David Graeber, 2012

In this seminal book, anthropologist and political activist David Graeber takes on the daring task of rewriting history, replacing the story of a profit maximizing *homo economicus* with another older and truer story of human nature, man as a cooperative, caring and fair-minded community member. Graeber's ultimate task is to understand how our natural instinctive social behavior, as reported by anthropologists, has been perverted into modern man's inhumanity to fellow man. Along the way, we gain new insight and deeper understanding of our economic system, our property law, our class society, our patriarchal customs, slavery, our religions, our political structures and our dramatic, often violent, history. Following the historical development of money, credit, debt and commerce, painstakingly analyzed and structured, Graeber weaves a new, panoramic view of man's "progress" through five millenia that can free us from unquestioned norms, and serve as starting point for a more humane society. While not expressly political, this book may turn out to be revolutionary.

**What is human nature?** The first chapters of the book describe the incredibly diverse and complex workings of human nature and lay an analytical foundation for the historical chronology that follows. David Graeber gives examples from African and Native American cultures, as well as Inuit, Asian and others. He analyzes the arguments of such giants of Western philosophy as Nietzsche, Marx, Adam Smith, Jung and others, carefully noting the origins of their ideas about man's nature, ideas which, of course, underly their theories. Here Graeber makes a convincing case that modern anthropologists know a lot more about human behavior than these aldermen of Western thought. For example, he describes how *homo economicus* was first invented by philosophers and theologians trying to understand man's inhumanity to man during the Middle Ages, then later taken up by economists trying to understand the workings of commerce and banking. It was, and is, a poor and inaccurate model for the reality of human relations. Graeber begins with the concept of debt, the title and red thread of this book.

**Debt begins for all of us as moral obligation**, something akin to gratitude, and still functions so today among tribal societies as well as within family and friendship networks in modern societies. The essence is that people who know each other and are in close contact by and large help each other out and see to each other's needs. Graeber calls this kind of village economy a "*human economy*". He says it is the model for human relations that Marx took for his original discussions on the theory of communism.

However, in large, anonymous, apersonal societies (beginning with the early city civilizations of the Tigris-Euphrates), *moral debt* is transformed into a mechanism of repression by the powerful over the poor. Debts become formalized and fully backed up by the legal apparatus of the state with its police and military might as well as by the social norms of the people, whose thinking has been molded over time by various religious, philosophical and political stories. For example, the morality of reciprocal fairness, when applied to moneylending, describes interest as a just reward to the lender for the use of the money. While this morality has been hotly debated during five millenia, actual practices never changed much (with the possible exception of the Muslim world, where the lender's reward took the form of partnership or a share in the profits of a business enterprise). Today, as through most of history, most of us agree on the inherent fairness of charging interest (though we may argue over what are fair rates) and that "*one should pay one's debts*". This is written into law and we have had everything from debtor's prisons to indentured work to working for slave wages to actual slavery. All of this is staunchly upheld by the majority against the few in the belief that it is necessary for the good of the community. If people don't pay their debts, there will be no order in society. The corollary is that a person who is in debt is tainted, immoral. The net result: a fair, just and largely equitable communal society has been replaced by a much harsher world.

**Equality, fairness and reciprocity** are the basis of social relations, says anthropologist David Graeber, who understands that social relations are what give meaning and sustenance to life. They are at the heart of human behavior and behind the immaterial instruments people invent such as ownership, private property, credit, money and monetary debt. Graeber studies human relations, asking how such instruments metamorphize and are molded by the changing times.

What Graeber finds is a complex structure of morality built on a sense of equality, fairness and reciprocity in relations. Through sometimes bizarre examples of gift-giving, marriage and similar customs, taken from existing traditional as well as ancient cultures, he shows how they have an underlying logic within the society. Such organic social structures are radically altered when money enters the scene because money allows an objectification of obligation by removing the personal element. If I owe you a meal, that is kept in a mental account as a moral obligation, which is part of our on-going relation. But if I owe you a sum of money, then the debt is an impersonal obligation, and unless you are a close friend, our relationship ends when I pay off the debt. Further, a monetized obligation can be transferred: for example, my debt to you sold to a third party, bringing me into obligation to a complete stranger. Most importantly, a monetary debt is an obligation that grows with time. These characteristics of interest-bearing monetary debt completely revolutionized the nature of human relations and human morality.

Investigating civilizations from Sumeria up to the present day in chronological order, Graeber shows how human relations were changed by the institutions of credit and money. And how these institutions were further developed to meet society's needs, and, not incidentally, to further the ends of the ruling classes.

**Credit works fine among village peoples**, and even in the anonymity of towns, for normal daily commerce—money is seldom used within village-level "human economies". Actual physical money is not needed. For example, after the fall of Rome, feudal Europe worked primarily on the basis of credit (with accounts often kept in old Roman currency denominations). But as soon as a ruling class wants to collect taxes or, especially, to maintain an army for conquest, gold and silver becomes necessary. This is because soldiers have to be paid, and they cannot carry around bulky items or perishable pieces of paper. Nor are soldiers in far-off towns welcome to credit in local shops—they need gold and silver to live on.

But gold and silver money requires mines, and people to work the mines. Getting the labor was easy, because since time immemorial, the conquerer helped himself to the conquered peoples and took them home as slaves. The slaves were put to work in the mines, to make the coined money, to pay the soldiers, to conquer new realms and to bring home more slaves. Graeber calls this **the military-coinage-slavery complex** because it is a pattern that repeats time and again in history.

**History goes in cycles**, says Graeber, alternating between relatively peaceful **mercantile** periods that use "credit" money and **empire-building** periods that use gold and silver. Roughly following conventional historical terminology, Graeber defines these periods as follows:

- First agrarian empires (3500-800 BC): credit money dominates
- Axial Age (800 BC-600 AD): gold and silver (bullion) dominates
- Middle Ages (600-1450 AD): credit money
- Capitalist empires (1450-1970 AD): gold and silver
- The current period (1970-present): credit money

The analysis concentrates on Europe, but includes China and India as well. It is thus a world-wide, globalized pattern of human development that is on-going today.

**The European capitalist expansion** is one of the best researched periods in history. The way modern historians tell it (Graeber cites an impressive array of research with extensive, detailed footnotes), is not what many of us learned in our history books at school. Instead, the European expansion was a time of blood, death and slavery for the Native Americans. Gold and silver were not only looted, the locals were made to work the mines as slaves, often under brutal conditions, until they died of disease and exhaustion (Graeber terms it genocide). Soldiers were paid in gold and silver, but many were exploited and lured into debt (if not through high living, gambling and payment for sexual services, then through exorbitant fees for food and supplies charged by their commanders or commercial companies). Many soldiers found themselves forced to participate in the carnage in order to pay back their debts, even when they had moral qualms. Likewise, expedition leaders, most notably Cortez, were as likely as not to be in debt for conspicuous status-seeking consumption and high living. Finally, the kings and queens who sent these adventurers off to the New World, were themselves in debt from ceaseless wars with one another.

**Who owned the debt?** Wealthy merchants and bankers were the ultimate winners in this system. Italian merchant families had developed commerce in the Mediterranean and built up large fortunes through a combination of peaceful trade and ruthless violence against competing powers. The Hanseatic League followed suit in the Baltic, the Dutch on the Atlantic, the English in the Far East and so on as embryonic capitalism spread throughout Europe.

**The growing trade to India and China in the East** was controlled by such merchants. What did Western Europe have to offer in trade? Gold and silver, most of which ended up in the coffers of Eastern merchants, religious temples and rulers' treasuries. But the gold and silver did not go there directly. Instead a more profitable conglomerate business was organized, involving trading with slaves. The New World gold went first to Europe, where it was used as security for supplies and merchandise given on credit to shipowners. These captains sailed with simple, cheap European products that could not be sold in India or China because they were too primitive, down to the west coast of Africa, where they traded the goods for African slaves. Following the well-known triangle, they sailed across the Atlantic to the Americas where the slaves were sold for gold. Here slaves were the manpower for industrial plantation agriculture in sugar, coffee, tea and cotton which brought enormous wealth to a New World elite. Finally, the gold went to Europe to settle the captains' debt.

**Slavery has been formally illegal** for at least a hundred years now in most parts of the world, but persists widely in new forms. Graeber points out the obvious that people have never liked being enslaved, so slavery is always enforced through violence. Today it is enforced by the police who enforce *society's* rules, for example, immigration and debt laws (enforcement is also kept by unscrupulous citizens such as mafia, traffickers, and corrupt officials). Individuals, aspiring to find work and better their lives, fall, or are often lured, into debt or illegal status that subjects them to the whims of their masters. Completely legal migrant labor is exploited openly and often with social approval on a global scale. Illegal trafficking puts people in much the same vulnerable position. People work for a pittance and without rights, far from home in foreign countries. Others work long hours in textile sweatshops that were outlawed in North America and Europe a hundred years ago. As a result, the poor are led into near-slavery by unavoidable debt. Why do we accept the new migrant labor, debt peonage, debt-slavery and trafficking, Graeber asks? Because it is carried out with the instrument of debt and we believe unquestioningly in the morality of "*One must pay one's debts*". Who benefits from this modern slavery? Again, as throughout history, it is the merchants, the politicians and the rich. In international finance, rich countries make loans to poor countries, not to help the poor, but to make money. Predatory lending occurs at the national as well as consumer level. Not much has changed.

**Another view of mankind's progress** emerges from *Debt: The First 5000 Thousand Years*. We are imbued from childhood with the story that tells of mankind's technological prowess and ever-upward progress. Graeber shows us instead that what really changed human life fundamentally was the agricultural revolution with the rise of cities and empires that reduced people to objects to be conquered, enslaved, traded and manipulated for the ends of others. This led to the invention of coined money, the institutionalization of debt and the enforcement of debt through societally condoned violence.

Rather than progress, we see that in human relations, not much has changed since the fateful exodus from the communal tribal village out into the anonymity of the city where most of us live today. Where once we lived in caring communities with people responding to one another's needs, today we find ourselves in a money economy that changes everything, without us being aware of it. Like fish in water, we do not see the impersonal money-based structure that supports us and which today, with our links to the land and to our home community cut-off, is our only known way to survive. We are anonymous players, and many times pawns, in a larger game played by and for a small elite at the top.

Graeber's *Debt* is an eye-opening education on many levels and covers many aspects of society beyond money and debt. One closes the book wanting to come back for more of the deeper human story behind the tools that we have invented. At the least, one is left clearly understanding how interest-bearing debt inevitably leads to growing indebtedness, growing inequality and periodic social crises. Graeber offers no magic solutions in this book\*, but suggests the tried-and-true method practiced by rulers ever since Sumeria, debt amnesty, as a first step in alleviating the current social crisis and moving on to something better.

**Archie Duncanson, Stockholm, May 2014**  
[www.alternativ.nu/ecologybeginsathome](http://www.alternativ.nu/ecologybeginsathome)

\* For more practical advice, see [The Debt Resisters' Operations Manual](#), 2012, free online. See also [The Democracy Movement: A History, a Crisis, a Movement](#), David Graeber, 2013. For solution-oriented approaches, see local economy, common wealth, cooperatives, degrowth, zero growth and the transition movement, all of which, it could be said, work toward restoring the lost communal, caring, "human economy" that we once had.

## **Citations from *Debt: The First 5000 Years***

(page numbers from first paperback edition, Melville House, 2012)

Originally, human beings lived in a state of nature where all things were held in common; it was war that first divided up the world. 204

In a human economy, each person is unique and of incomparable value. 158

All the major religions borrowed the language of the marketplace as a way of thinking about the human condition. 80

If we insist on defining all human interactions as giving one thing for another, then any ongoing human relations can only take the form of debts. 126

We are all communists with our closest friends and feudal lords...with our children. 113

We are a debt society because of our legacy of war, conquest and slavery...it has never gone away...Our conceptions of honor, property and freedom come from this legacy. 164

The king and slave are mirror images, in that unlike normal human beings who are defined by their commitments to others, they are defined only by relations of power. 209

The slave trade represented violence on an entirely different scale. We are speaking here of

genocide. 162

While markets are ways of exchanging goods...capitalism is first and foremost the art of using money to get more money...For this reason, capitalists...invariably try to ally themselves with political authorities to limit the freedom of the market. 260

The great urban civilizations of the Middle East had always been dominated by a de facto alliance between administrators and merchants, both of whom kept the rest of the population...in debt bondage. 275

Labor throughout Southeast Asia has long been organized above all through relations of debt bondage. 156

It is the secret scandal of capitalism that at no point has it been organized primarily around free labor. The conquest of the Americas began with mass enslavement, then gradually settled into various forms of debt peonage, African slavery, and "indentured service". 350

The peasants of Russia and Poland, who had been free landholders in the Middle Ages, were only made serfs at the dawn of capitalism, when their lords began to sell grain on the new world market to feed the new industrial cities to the west. 350

As centralized states disappeared [during the Middle Ages], the regulation of markets was increasingly in the hands of the Church. 283

Under genuine free-market conditions—in which the state is not involved in regulating the market—purely competitive markets will not develop, and loans at interest will become effectively impossible to collect. It was only the Islamic prohibition against usury, really, that made it possible for them to create an economic system that stood so far apart from the state. 321

By the end of World War II...class war was suspended by a tacit settlement...The white working class of the North Atlantic countries, from the United States to West Germany, were offered a deal. If they agreed to set aside any fantasies of fundamentally changing the nature of the system, then they would be allowed to keep their unions, enjoy a wide variety of social benefits...and perhaps most important, through generously funded and ever-expanding public educational institutions, know that their children had a reasonable chance of leaving the working class entirely. 373

[From roughly 1978]...the terms had changed...wages would no longer rise, but workers were encouraged to buy a piece of capitalism...everyone could now become rentiers...encouraging ordinary citizens to play the market but at the same time, encouraging them to borrow [so that]...ordinary working people could at least aspire to owning their own homes. 376

In 1980, U.S. Federal usury laws, which had previously limited interest to between 7 and 10 percent, were eliminated by act of Congress. 376

[Neoliberalism's new ideology] meant that not just the market but capitalism...became the organizing principle of almost everything. We were all to think of ourselves as tiny corporations. 376

The chief cause of bankruptcy in America is catastrophic illness. 379

Capitalism is ultimately a system of power and exclusion, and when it reaches the breaking point, the symptoms recur: food riots, oil shock, financial crisis... 381

Paying one's debts is not the essence of morality. 390

As it turns out, we don't "all" have to pay our debts. Only some of us do. 391