Alex Bradshaw

an interview with David Graeber: debt's history, implications, and critical perspective

David Graeber has spent the last decade challenging the line drawn between scholar and activist. While many academics fancy themselves "radicals," the anthropologist professor has been an active participant in anarchist and anti-authoritarian groups and organizing. Graeber has used his skill-set as an anthropologist to compile ethnographic data—far away from the classroom and campus, to be sure—regarding the contemporary anarchist movement in North America; the results were published in 2009 as Direct Action: An Ethnography. David Graeber is the author of several books, including Fragments of an Anarchist Anthropology and, most recently, Debt: The First 5,000 Years. Graeber currently teaches social anthropology at Goldsmiths, University of London. Below, Graeber discusses his latest book, the concept of debt in detail, and how his involvement in the anarchist movement sparked his interest in the history of debt.

Alex Bradshaw: Your latest book, Debt: The First 5000 Years, explores the origins of debt. What were some of the implications for communities and individuals when debt became a significant factor in people's lives?

David Graeber: Well, one reason I wrote this book is that debt has come to pervade every aspect of our lives. International relations are all about debt, modern nation-states run on deficit financing, and consumer debt drives the economy—yet no one has, to my knowledge, ever written a history of the phenomenon. Even though people have written histories of almost anything else you can possibly imagine.

What I discovered was that in some ways, all this is nothing new. It's probably fair to say that most human beings have been debtors at least at some point in their lives. Similarly, most uprisings, revolts, insurrections, mass political mobilizations in human history have been about debt—for instance, Athenian democracy or the Roman Republic largely emerged as a way of settling debt crises of one sort or another. Usually, in the end, enduring political regimes have had to come up with some solution to the debt trap, to avoid having the bulk of their population become effectively (or literally) slaves or peons to their creditors.

There're two sorts of solutions, usually. One, typical of ages of credit money—

where money itself is assumed to be a social creation, so many IOUs or promises—is to impose some kind of direct controls. For instance, ancient Mesopotamian kings would often just declare a clean slate, all debts would be wiped out and people would start over again. Or you could ban the taking of interest, as both Christianity and Islam did in the Middle Ages. The other solution, typical of periods of actual, physical money, such Classical Antiquity or the last five hundred years or so, is more the imperial solution: insist that debts are sacred and not to be tampered with, and throw money at the problem, create standing armies and pay them, figure out ways to distribute cash directly to your subjects—or at least social welfare programs—so they don't end up up to the ears and lose their freedom. This of course only works in the imperial centers (cities like Athens and Rome which literally gave wealth away to their citizens), elsewhere, you usually tend to have massive debt enslavement.

Looked at in these terms, we can see that, as we begin to move back to a system of virtual credit money, that solution is breaking down as well. As a result, everyone, even in countries like the US, are being reduced to effective debt slaves. The greatest social evil of antiquity was precisely this: people would fall so deeply in debt that they would end up selling their children into slavery, even, finally, themselves. But you know, if Plato or Aristotle were somehow magically transported to modern America, would he really see matter here as all that different? Sure, we no longer sell ourselves to employers, we rent ourselves. But for anyone from the ancient world, such a distinction would be at best a legalism. They'd probably consider most Americans to be debt slaves, and would they really be so wrong to do so?

AB: When we discuss debt, we also have to discuss the concept of money. What is the conventional narrative about why money came to exist, and did your studies of debt contradict this narrative? On this note, what is the essential connection between money and debt?
DG: If you pick up an economic textbook, it'll tell you that once upon a time (it literally deserves such an introduction, it's a fairy tale) there was no money, so people engaged in barter: "I'll give you twenty chickens for that cow", that sort of thing. If the guy doesn't want chickens, you're out of luck—so you have to go invent money. Gradually, this gives birth to more sophisticated financial forms like paper money, complex credit operations, securitized derivatives… The problem is that, as anthropologists have known for years, it just isn't true. No one has ever found an economy based on barter (and believe me, they've been looking.) Actually it's not just wrong, it's backwards: credit systems come first, coinage is invented at least two thousand years later, and barter…well, when it does occur, it's usually because people are used

to using money, but somehow the money supply disappears, as it did, say, in Russia with the collapse of the Soviet Union. But if credit systems are the original form of money, that gives great support to those economists—and among economists, they are decidedly the minority—who argue that money really is debt; or, better perhaps, a system of accounting that allows us to keep track of credits and debts. That realization has profound implications.

AB: The discourse regarding financial markets only tolerates so much dissent; the most common dogma states that financial markets are merely a "natural" human occurrence. Does a critical history of debt undermine the view that financial markets proper have a benign, benevolent tradition? Further, could you explain your claim that markets are founded on a "logic of violence?"
DG: I find it somewhat amusing that a lot of conventional thinkers, when they hear me talk about ancient clean slates, Jubilees and whatnot, respond "but that couldn't really be true! It would have a terrible effect on economic activity." Well, perhaps, but what they don't take into account is that "economic activity" of that sort, the sort which was based on cash or precisely quantified, legally enforced loans (rather than relations based on honor and trust between people with genuine moral relations with one another)—well, for most of human history, that was largely a side-effect of military operations. Coinage is invented to pay soldiers, and markets that used them tended to crop up alongside military camps. Similarly the modern banking system arises to help fund European wars. Central banks, in turn, institutionalized that system, since the debts they manage are basically government war debt, and always have been—at least back to 1694, when King William II offered some London merchants who'd made a loan of £1.2 million to fight a war in France the right to call themselves "The Bank of England" and loan that money he owed them to others in the form of banknotes, thus bringing our current currency system into existence. Modern money is still basically government war debt.

AB: As this interview is being conducted, the hot topic in electoral politics news in the United States is the stand-off regarding raising the "debt ceiling"—that is, the maximum debt the U.S. can accrue. My question is twofold: (1.) do nation-states really have tangible debt limits, and (2.) what would happen if the U.S. were to pay off its debt tomorrow—that is, is it desirable to do so?
DG: The US is the only country that has such a legal limit, but it's all a moralistic charade. As I say, the system we have, based on Central Banks—in our case, the

Federal Reserve— requires the US to be in debt because that's where money comes from. The only President who ever seriously tried to retire the debt was Andrew Jackson, and to do it, he also got rid of the US central bank of the time—but the results led a disastrous speculative bubble on the part of local banks that had to provide credit money themselves, and no President since has repeated the experiment.

AB: You've never shied away from discussing your involvement with anarchist politics, or broadly what is called the alter-globalization movement. Did your involvement in anarchist and anti-capitalist projects spark your interest in exploring a history of the concept of debt? If so, why?
DG: Oh, absolutely. After all, the alter-globalization movement grew out of a broad global reaction to the Washington consensus, which was never any sort of consensus, but rather, a vision of the world forcibly imposed on the global South through the third world debt crisis. I was involved in "drop the debt" campaigns of various sorts since at least 2000. What got me interested in some of the philosophical issues I ended up exploring in the book was the peculiar moral power of the notion of debts. So many otherwise sympathetic people, even when told of the terrible, almost unimaginably inhuman suffering inflicted on people in the global South because of the depredations of the IMF, would still respond, "well, that's terrible that so many children died slow and painful deaths, but still—surely one has to pay one's debts! They borrowed the money! You couldn't possibly be suggesting they not pay it…" How is it that the morality of debt can trump any other recognizable form of morality, and make things that no one would ever, possibly agree with in any other context seem suddenly acceptable?

AB: Anarchism, as I've always understood it, is a critique of "power-over" social relationships in which a group or an individual has power over another group or individual—non-hierarchical relations are of the utmost importance. Are financial markets necessarily hierarchical, leading to prosperity for the few, at the expense of the majority's debt slavery? Also, as an anarchist, do you favor "self-managed" financial markets, or are you more interested in non-market possibilities, like gift economies that are based on needs and desires instead of quid pro quo exchange?
DG: Well, the first credit markets seem to have formed as a side-effect of bureaucratic administration, and the first cash-based markets formed as a side-effect of war. That's not a very inspiring legacy for an anarchist! There have, certainly, been times and places when a kind of free market populism has emerged, where markets began operating independently of governments, at least to some degree—Medieval Islam

is one famous example, and later, Ming China—but in such cases, they tended to operate in very different ways than the kind of markets we're now familiar with, less about competition, much more about creating and maintaining relations of interpersonal trust, or for instance, profit-sharing operations instead of interest, etc etc. I suppose it's possible in a free society something like that might be possible. But you wouldn't be able to call something like that a "financial market" in anything like the sense we're familiar with.

It's not something I feel I or anyone else can predict one way or the other. What I do think absolutely cannot operate without the state, or some top-down coercive enforcement agency, are institutions like interest-bearing loans, which is of course the core of contemporary "finance", or, most of all, wage-labor. History shows that you basically need a state to create a situation where people are willing to sign on basically as rent-a-slaves to other people.

AB: Finally, to pull this conversation back to current events, would you argue that many current resistance movements—and I'm thinking of movements opposing neoliberal policy in Europe, including austerity measures—are based largely upon issues centering around debt, or debt forgiveness? Would you say that most examples of insurrections, revolutions, or general resistance are reactions to draconian debt policies?

DG: The great Classicist Moses Finley suggested that there was basically one single revolutionary program in all of antiquity: "abolish the debts, and redistribute the land." The interesting thing is this is still much more true than we imagine. Take the recent revolutions in the Middle East. One of the biggest factors in the Egyptian revolution, hardly talked about, is microcredit. Gamal Mubarak, who used to work for Bank of America, decided he wanted to move away from the old welfare state model to a microcredit development model; since no one had any collateral to repossess, the police then became the guys who showed up to break your legs. Hence the universal outrage over police brutality.

When the Saudis panicked that the revolution might reach their own country, what did they do? Well, aside from beef up the security forces—they declared a Mesopotamian-style debt forgiveness for everyone in the Kingdom. (They still have a king so they can still do things like that.) Then there's the ongoing revolts in Greece and Spain, like the Egyptian revolution, in the name of "real democracy." There is a reason, I think, these things are happening now. What we learned in 2008 is that everything they told us about markets was a lie. Markets don't run themselves, and debts don't always have to be paid. If we're talking about the real big players, the rules are different, even 13 trillion in gambling debts (by some estimations) can be made to disappear. We can't deny that money is at core a political phenomenon, not an economic one—or at the very least, that it has now become so. But if that's the case, then if democracy is to mean anything, it has to mean that it's not just the richest 1% of the population that gets to decide who had to keep the exact letter of their promises and whose promises can be scotched or renegotiated…but everyone.