

Heterodox Economics Newsletter

DEBT: THE FIRST 5,000 YEARS, by David Graeber. Brooklyn, NY: Melville House. 2011. 544 pp. ISBN: 9781933633862.

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For a very long time, the intellectual consensus has been that we can no longer ask Great Questions. Increasingly, it's looking like we have no other choice (19).

“What is the nature of a debt” and “Who really owes what to whom”? These are the fundamental questions at the center of David Graeber’s fascinating new history of money, credit, and debt, from antiquity to the present. As the above epigraph suggests, Graeber believes that academics have tended their own narrow gardens for far too long, and that the present historical conjuncture requires a broader view if we are to imagine a more livable world. Given such a daunting objective, this book does not easily fit into any recognized genre or theoretical approach. It is truly interdisciplinary, drawing as it does on archaeology, anthropology, history, economics, sociology, politics, religious studies, and philosophy. Nonetheless, readers already familiar with Graeber’s work (Graeber, incidentally, is a trained anthropologist and a self-identified anarchist) will recognize elements of his earlier attempt to synthesize Marx and Mauss¹ in his highly recommendable *Towards an Anthropological Theory of Value* (Palgrave Macmillan, 2001). This continuity with his earlier work comes out most clearly in the argument that the key characteristic of money—ultimately defined as an abstract unit of account or measure of value—is its ability to reduce complex and heterogeneous social obligations and values into mono-dimensional quantities that can be set off against each other so as to reckon all social interactions in terms of individual gain and loss.

While the range of topics covered and the richness of detail involved make any short review difficult, the book’s basic structure and argument is essentially divided into two parts. The first part—consisting of chapters one through seven—examines credit-debt relations throughout history primarily in terms of the way in which they have shaped and been shaped by moral and ethical considerations. The overarching theme of this section is, as the title of the first chapter suggests, “On the Experience of Moral Confusion,” best summed up in Graeber’s observation that “most everywhere, one finds that the majority of human beings hold simultaneously that 1) paying back money one has borrowed is a simple matter of morality, and 2) anyone in the habit of lending money is evil” (9). Much of this section consists of a detailed comparative analysis of different cultures and historical epochs in which the language of debt and markets significantly infiltrated even those discourses which have sought to challenge both of them, thereby producing the types of moral ambiguities that are at the center of the discussion.

The second part—consisting of chapters eight through twelve—presents the history of credit-debt relations as a series of grand cycles oscillating between periods dominated by

¹ Marcel Mauss was an early 20th century French anthropologist and sociologist—nephew and protégé of Emile Durkheim—who is most famous for his “essay on the gift”, which analyzed a variety of pre- or non-market forms of exchange in contrast to capitalist market relations. Mauss was also a socialist and active member in the French cooperativist movement.

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“virtual” money and those dominated by “hard” money. In order to understand Graeber’s argument in this section, it is necessary to layout something of the theoretical approach to money, credit, and debt deployed throughout the book. At the most basic level, Graeber’s approach to money is essentially “chartalist”—that is, he ultimately views money as a “token” or “symbol” of an underlying set of social relationships.² He often even goes so far as to link the acceptability of such tokens with the state’s (or some other centralized authority’s) ability to demand its own tokens in payment of taxes, fees, fines, etc. He also clearly demonstrates that money as a “unit of account” or “abstract measure of value”, in which both public and private debts can be dominated, were developed prior to the emergence of such things as markets, coins and wage-labor. These public (and private) tokens are what Graeber means by “virtual” money. In contrast, by “hard” money he appears to mean the use of “intrinsically” valuable objects such as gold and silver as the primary means of payment in economic transactions. However, even in these cases, Graeber locates a significant “fiduciary” or token element (as well as the ever-present role of state authority). Furthermore, the use of precious metal coinage developed roughly two and half millennia after the emergence of complex credit-debt relations and token monies.³ The key argument in the second section of the book is that periods of virtual money are generally associated with a host of institutions designed to protect debtors from wholesale abuse by creditors (e.g., the biblical Jubilee and other debt clearing arrangements), whereas periods of hard money are often associated with large-scale violence, war, and slavery. What makes the contemporary situation so anomalous and dangerous, according to Graeber, is that it combines elements of both—virtual money and significant credit-debt arrangements side-by-side global empire and a set of institutions designed largely to protect creditors against debtors.

Heterodox economists will, thus, find much of interest in this wide-ranging study of money and debt.⁴ It provides the type of detailed anthropological and historical work necessary to sustain a number of its key propositions regarding the nature and origins of contemporary capitalist economies. However, it will also challenge heterodox economists to think outside of the state/market dichotomy, in which the only alternative to free market orthodoxy is the return to some type of social democratic compromise. Thus, those looking for standard “policy prescriptions” will be disappointed by this book.

As in the best traditions of political economy, Graeber ultimately uses this history of money, credit, and debt “as a way to ask fundamental questions about what human beings and human society are or could be like [...] what we actually do owe each other” (18). Thus, he not only attempts to trace the origins and development of credit-debt relations and their implications for the dynamics of human societies, but also seeks to use the fruits of this comparative historical and cultural analysis to help us imagine a world beyond debt, a world in which social obligations are conceived in terms other than that of a business deal.

² This is not to imply that Graeber explicitly self-identifies with the chartalist position, which he somewhat curiously associates with the French Regulationist school of Marxian political economy (see, e.g., fn. 31, pp. 398-399). Rather, it is merely to suggest that there is a great deal of affinity between the approach developed in this book and that of contemporary economists working within the chartalist tradition.

³ In fact, Graeber makes a compelling argument that most transactions throughout history, until the widespread development of small denomination coinage in the later middle ages, operated on the basis of credit within the context of fairly close-knit communities. He further argues that the development of coinage was intimately bound up with empire, slavery and, eventually, the emergence of wage-labor.

⁴ Graeber writes in a very accessible and unpretentious style, making the book useful in a classroom setting as well.