Community Reading Group Annotations **March 2026**

Debt: The First 5,000 Years
By: David Graeber

Where have we been? Where are we going? And what do we have to work with?

In the darkness of the lived moment, we cannot wholly comprehend its meaning. The past is our dim lantern, faintly illuminating the treacherous path forward through the pitch-black night.

But that past itself is not necessarily so luminous. It burns by sweet dreams and nightmares, by hopes and horrors, by freedom and domination. Clouded by the cynicism of social historians, dreams of communal life are frequently presented as the kernels of command and control, of the despotism of the many over the few, of totalizing dictatorships and rule by naked force. Fascism is made an historical norm, even by those who profess to oppose it, and the nightmares alone fuel the torch. The “clairvoyance” of the cynical historian projects only a future of terror. The past becomes nothing more than a “warning” without alternatives to the dangers ahead.

Something else must be possible. The conscious student of history searches for the orphanages of hope, where the children abandoned by “progress” to the slums of time wait for us to take them home. If we do not recognize them as our own, they threaten to disappear forever, snatched away to islands of unspeakable barbarity. It is our task to look backward, at the past not yet known to us, to unearth and fulfill dreams of freedom not yet realized.

From tragedy, through farce, toward community.

–Zach Whitworth

David Graeber	Debt: The First 5,000 Years	Chapter 1	Excerpted by Andrew M.

The very fact that we don't know what debt is, the very flexibility of the concept, is the basis of its power. If history shows anything, it is that there's no better way to justify relations founded on violence, to make such relations seem moral, than by reframing them in the language of debt—above all, because it immediately makes it seem that it's the victim who's doing something wrong. Mafiosi understand this. So do the commanders of conquering armies. For thousands of years, violent men have been able to tell their victims that those victims owe them something. If nothing else, they "owe them their lives" (a telling phrase) because they haven't been killed.

Now, it's true that, throughout history, certain sorts of debt, and certain sorts of debtor, have always been treated differently than others. In the 1720s, one of the things that most scandalized the British public when conditions at debtors' prisons were exposed in the popular press was the fact that these prisons were regularly divided into two sections. Aristocratic inmates, who often thought of a brief stay in Fleet or Marshalsea as something of a fashion statement, were wined and dined by liveried servants and allowed to receive regular visits from prostitutes. On the "common side," impoverished debtors were shackled together in tiny cells, "covered with filth and vermin," as one report put it, "and suffered to die, without pity, of hunger and jail fever."

In a way you can see current world economic arrangements as a much larger version of the same thing: the U.S. in this case being the Cadillac debtor, Madagascar the pauper starving in the next cell—while the Cadillac debtors' servants lecture him on how his problems are due to his own irresponsibility.

And there's something more fundamental going on here, a philosophical question, even, that we might do well to contemplate. What is the difference between a gangster pulling out a gun and demanding you give him a thousand dollars of "protection money," and that same gangster pulling out a gun and demanding you provide him with a thousand-dollar "loan " ? In most ways, obviously, nothing. But in certain ways there *is* a difference. As in the case of the U.S. debt to Korea or Japan, were the balance of power at any point to shift, were America to lose its military supremacy, were the gangster to lose his henchmen, that "loan" might start being treated very differently. It might become a genuine liability. But the crucial element would still seem to be the gun. **(5, 6–7)**

If one looks at the history of debt, then, what one discovers first of all is profound moral confusion. Its most obvious manifestation is 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.

Looking over world literature, it is almost impossible to find a single sympathetic representation of a moneylender—or anyway, a professional moneylender, which means by definition one who charges interest. I'm not sure there is another profession (executioners?) with such a consistently bad image. It's especially remarkable when one considers that unlike executioners, usurers often rank among the richest and most powerful people in their communities. Yet the very name, "usurer," evokes images of loan sharks, blood money, pounds of flesh, the selling of souls, and behind them all, the Devil, often represented as himself a kind of usurer, an evil accountant with his books and ledgers, or alternately, as the figure looming just behind the usurer, biding his time until he can repossess the soul of a villain who, by his very occupation, has clearly made a compact with Hell.

All the great religious traditions seem to bang up against this quandary [of who is deserving of punishment for unduly profiting from the moneylender's arrangement]. On the one hand, insofar as all human relations involve debt, they are all morally compromised. Both parties are probably already guilty of something just by entering into the relationship; at the very least they run a significant danger of becoming guilty if repayment is delayed. On the other hand, when we say someone acts like they "don't owe anything to anybody," we're hardly describing the person as a paragon of virtue. In the secular world, morality consists largely of fulfilling our obligations to others, and we have a stubborn tendency to imagine those obligations as debts. Monks, perhaps, can avoid the dilemma by detaching themselves from the secular world entirely, but the rest of us appear condemned to live in a universe that doesn't make a lot of sense. **(8–9, 12–13)**

Can we accept this assertion, "all human relations involve debt."

Here we come to the central question of this book: What, precisely, does it mean to say that our sense of morality and justice is reduced to the language of a business deal? What does it mean when we reduce moral obligations to debts? What changes when the one turns into the other? And how do we speak about them when our language has been so shaped by the market? On one level the difference between an obligation and a debt is simple and obvious. A debt is the obligation to pay a certain sum of money. As a result, a debt, unlike any other form of obligation, can be precisely quantified. This allows debts to become simple, cold, and impersonal—which, in turn, allows them to be transferable. If one owes a favor, or one's life, to another human being, it is owed to that person specifically. But if one owes forty thousand dollars at 12-percent interest, it doesn't really matter who the creditor is; neither does either of the two parties have to think much about what the other party needs, wants, is capable of doing—as they certainly would if what was owed was a favor, or respect, or gratitude. One does not need to calculate the human effects; one need only cal-culate principal, balances, penalties, and rates of interest. If you end up having to abandon your home and wander in other provinces, if your daughter ends up in a mining camp working as a prostitute, well, that's unfortunate, but incidental to the creditor. Money is money, and a deal's a deal.

From this perspective, the crucial factor, and a topic that will be explored at length in these pages, is money's capacity to turn morality into a matter of impersonal arithmetic-and by doing so, to justify things that would otherwise seem outrageous or obscene. The factor of violence, which I have been emphasizing up until now, may appear secondary. The difference between a "debt" and a mere moral obligation is not the presence or absence of men with weapons who can enforce that obligation by seizing the debtor's possessions or threatening to break his legs. It is simply that a creditor has the means to specify, numerically, exactly how much the debtor owes.

The way violence, or the threat of violence, turns human relations into mathematics will crop up again and again over the course of this book. It is the ultimate source of the moral confusion that seems to float around everything surrounding the topic of debt. The resulting dilemmas appear to be as old as civilization itself. **(13–14)**

Admittedly, the usual impulse is to imagine everything around us as absolutely new. Nowhere is this so true as with money. How many times have we been told that the advent of virtual money, the dematerialization of cash into plastic and dollars into blips of electronic information, has brought us to an unprecedented new financial world? The assumption that we were in such uncharted territory, of course, was one of the things that made it so easy for the likes of Goldman Sachs and AIG to convince people that no one could possibly understand their dazzling new financial instruments. The moment one casts matters on a broad historical scale, though, the first thing one learns is that there's nothing new about virtual money. Actually, this was the original form of money. Credit system, tabs, even expense accounts, all existed long before cash. These things are as old as civilization itself. True, we also find that history tends to move back and forth between periods dominated by bullion—where it's assumed that gold and silver are money—and periods where money is assumed to be an abstraction, a virtual unit of account. But historically, credit money comes first, and what we are witnessing today is a return of assumptions that would have been considered obvious common sense in, say, the Middle Ages—or even ancient Mesopotamia.

This book is a history of debt, then, but it also uses that history 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, what it even means to ask that question. As a result, the book begins by attempting to puncture a series of myths—not only the Myth of Barter, which is taken up in the first chapter, but also rival myths about primordial debts to the gods, or to the state—that in one way or another form the basis of our common-sense assumptions about the nature of economy and society. In that common-sense view, the State and the Market tower above all else as diametrically opposed principles. Historical reality reveals, however, that they were born together and have always been intertwined. The one thing that all these misconceptions have in common, we will find, is that they tend to reduce all human relations to exchange, as if our ties to society, even to the cosmos itself, can be imagined in the same terms as a business deal. **(17–18)**

Key words/phrases

Community Quote Sheet Metaphor Key: ⋆ (recurrent); ⊥ (contradictory); ƻ (abstruse)

David Graeber	DEBT	2.The Myth of Barter	Excerpted by Ian

21-23 WHAT IS THE DIFFERENCE between a mere obligation, a sense that one ought to behave in a certain way, or even that one owes something to someone, and a debt, properly speaking? The answer is simple: money. The difference between a debt and an obligation is that a debt can be precisely quantified. This requires money. [...] The standard economic-history version has little to do with anything we observe when we examine how economic life is actually conducted, in real communities and marketplaces, almost anywhere--where one is much more likely to discover everyone in debt to everyone else in a dozen different ways, and that most transactions take place without the use of currency. […] Economists generally speak of three functions of money: medium of exchange, unit of account, and store of value. All economic textbooks treat the first as primary.

[…]

It's important to emphasize that this is not presented as something that actually happened, but as a purely imaginary exercise. […] Just about every economics textbook employed today sets out the problem the same way. Historically, they note, we know that there was a time when there was no money. What must it have been like? Well, let us imagine an economy something like today's, except with no money. That would have been decidedly inconvenient! Surely, people must have invented money for the sake of efficiency.

The story of money for economists always begins with a fantasy world of barter. The problem is where to locate this fantasy in time and space: Are we talking about cave men, Pacific Islanders, the American frontier?

The parallel argument about the false belief in the so-called economy's reality outside of the whole of human activity draws attention to the silliness of the work "socioeconomic."

24-25 In the years after Columbus, as Spanish and Portuguese adventurers were scouring the world for new sources of gold and silver, these vague stories disappear. Certainly no one reported discovering a land of barter. Most sixteenth- and seventeenth-century travelers in the West Indies or Africa assumed that all societies would necessarily have their own forms of money, since all societies had governments and all governments issued money.

Adam Smith, [effectively brought the discipline of economics into being] on the other hand, was determined to overturn the conventional wisdom of his day. Above all, he objected to the notion that money was a creation of government. In this, Smith was the intellectual heir of the Liberal tradition of philosophers like John Locke, who had argued that government begins in the need to protect private property and operated best when it tried to limit itself to that function. Smith expanded on the argument, insisting that property, money and markets not only existed before political institutions but were the very foundation of human society. It followed that insofar as government should play any role in monetary affairs, it should limit itself to guaranteeing the soundness of the currency. It was only by making such an argument that he could insist that economics is itself a field of human inquiry with its own principles and laws-that is, as distinct from, say ethics or politics.

Smith's argument is worth laying out in detail because it is, as I say, the great founding myth of the discipline of economics.

What, he begins, is the basis of economic life, properly speaking? It is "a certain propensity in human nature . . . the propensity to truck, barter, and exchange one thing for another." [...] humans, if left to their own devices, will inevitably begin swapping and comparing things. This is just what humans do. Even logic and conversation are really just forms of trading, and as in all things, humans will always try to seek their own best advantage, to seek the greatest profit they can from the exchange.

26-27

> [...] when the division of labor first began to take place, **this power of exchanging must frequently have been very much clogged and embarrassed in its operations.** [...] every prudent man in every period of society, after the first establishment of the division of labor, must naturally have endeavored to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined that few people would be likely to refuse in exchange for the produce of their industry.

So everyone will inevitably start stockpiling something they figure that everyone else is likely to want. This has a paradoxical effect, because at a certain point, rather than making that commodity less valuable (since everyone already has some) it becomes more valuable (because it becomes, effectively, currency). This is linking back to the mention in the first chapter about "owning the bank" or "the bank owning you."

[...]

Eventually, of course, at least for long-distance trade, it all boils down to precious metals, since these are ideally suited to serve as currency, being durable, portable, and able to be endlessly subdivided into identical portions.

> Different metals have been made use of by different nations for this purpose. [...] gold and silver among all rich and commercial nations.
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> ...
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> Those metals seem originally to have been made use of for this purpose in rude bars, without any stamp or coinage . . .
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> ...
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> The use of metals in this rude state was attended with two very considerable inconveniencies; first with the trouble of weighing; and, secondly, with that of assaying them. In the precious metals, where a small difference in the quantity makes a great difference in the value, even the business of weighing, with proper exactness, requires at least very accurate weights and scales. The weighing of gold in particular is an operation of some nicety . . .

It's easy to see where this is going. Using irregular metal ingots is easier than barter, but wouldn't standardizing the units-say, stamping pieces of metal with uniform designations guaranteeing weight and fineness, in different denominations-make things easier still? Clearly it would, and so was coinage born. True, issuing coinage meant governments had to get involved, since they generally ran the mints; but in the standard version of the story, governments have only this one limited role--to guarantee the money supply-and tend to do it badly, since throughout history, unscrupulous kings have often cheated by debasing the coinage and causing inflation and other sorts of political havoc in what was originally a matter of simple economic common sense.

32-33

Recall here the language of the economics textbooks: "Imagine a society without money." "Imagine a barter economy." **One thing these examples make abundantly clear is just how limited the imaginative powers of most economists turn out to be.**

Why? The simplest answer would be: for there to even be a discipline called "economics," a discipline that concerns itself first and foremost with how individuals seek the most advantageous arrangement for the exchange of shoes for potatoes, or cloth for spears, it must assume that the exchange of such goods need have nothing to do with war, passion, adventure, mystery, sex, or death. Economics assumes a division between different spheres of human behavior … simply does not exist. These **divisions** in turn are made possible by very specific institutional arrangements: the existence of lawyers, prisons, and police, to ensure that even people who don't like each other very much, who have no interest in developing any kind of ongoing relationship, but are simply interested in getting their hands on as much of the others' possessions as possible, will nonetheless refrain from the most obvious expedient (theft) . This in turn allows us to assume that life is **neatly divided** between the **marketplace**, where we do our shopping, and the "**sphere of consumption**," where we concern ourselves with music, feasts, and seduction. In other words, the vision of the world that forms the basis of the economics textbooks, which Adam Smith played so large a part in promulgating, has by now become so much a part of our common sense that we find it hard to imagine any other possible arrangement.

37-38 [T]here is good reason to believe that barter is not a particularly ancient phenomenon at all, but has only really become widespread in modern times. [I]n most of the cases… it takes place between people who are familiar with the use of money, but for one reason or another, don't have a lot of it around. Elaborate barter systems often crop up in the wake of the collapse of national economies: most recently in Russia in the 90's, and in Argentina around 2002, when rubles in the first case, and dollars in the second, effectively disappeared. … [W]e are talking about people who grew up using money and now have to make do without it – exactly the situation "imagined" by the economics textbooks with which I began.

[...]

[...]In the years following the appearance of *The Wealth of Nations*, scholars checked into most of those examples and discovered that in just about every case, the people involved were quite familiar with the use of money, and in fact, were using money-as a unit of account. Take the example of dried cod, supposedly used as money in Newfoundland. As the British diplomat A. Mitchell-Innes pointed out almost a century ago, what Smith describes was really an illusion, created by a simple credit arrangement:

> In the early days of the Newfoundland fishing industry, there was no permanent European population; the fishers went there for the fishing season only, and those who were not fishers were traders who bought the dried fish and sold to the fishers their daily supplies. The latter sold their catch to the traders at the market price in pounds, shillings and pence, and obtained in return a credit on their books, with which they paid for their supplies. Balances due by the traders were paid for by drafts on England or France.

[...] Employers in Smith's day often lacked coin to pay their workers; wages could be delayed by a year or more; in the meantime, it was considered acceptable for employees to carry off either some of their own products or leftover work materials, lumber, fabric, cord, and so on. The nails were de facto interest on what their employers owed them. So they went to the pub, ran up a tab, and when occasion permitted, brought in a bag of nails to charge off against the debt. The law making tobacco legal tender in Virginia seems to have been **an attempt by planters** to oblige local merchants to accept their products as a credit around harvest time. In effect, the law forced all merchants in Virginia to become middlemen in the tobacco business, **whether they liked it or not**; just as all West Indian merchants were obliged to become sugar dealers, since that's what all their wealthier customers brought in to write off against their debt.

The primary examples, then, were ones in which people were improvising credit systems, because actual money-gold and silver coinage--was in short supply. But the most shocking blow to the conventional version of economic history came with the translation, first of Egyptian hieroglyphics, and then of Mesopotamian cuneiform, which pushed back scholars' knowledge of written history almost three millennia, from the time of Homer (circa 8oo BC) , where it had hovered in Smith's time, to roughly 3500 BC. What these texts revealed was that credit systems of exactly this sort actually preceded the invention of coinage by thousands of years.

38-39 The Mesopotamian system is the best-documented, more so than that of Pharaonic Egypt (which appears similar) , Shang China (about which we know little) , or the Indus Valley civilization (about which we know nothing at all). As it happens, we know a great deal about Mesopotamia, since the vast majority of cuneiform documents were financial in nature.

The Sumerian economy was dominated by vast temple and palace complexes. These were often staffed by thousands: priests and officials, craftspeople who worked in their industrial workshops, farmers and shepherds who worked their considerable estates. Even though ancient Sumer was usually divided into a large number of independent citystates, by the time the curtain goes up on Mesopotamian civilization around 3500, temple administrators already appear to have developed a single, uniform system of accountancy-one that is in some ways still with us, actually, because it's to the Sumerians that we owe such things as the dozen or the 24-hour day. The basic monetary unit was the silver shekel. **One shekel's weight in silver was established as the equivalent of one gur, or bushel of barley. A shekel was subdivided into 6o minas, corresponding to one portion of barley-on the principle that there were 30 days in a month, and Temple workers received two rations of barley every day.** It's easy to see that "money" in this sense is in no way the product of commercial transactions. It was actually created by bureaucrats in order to keep track of resources and move things back and forth between departments.

Temple bureaucrats used the system to calculate debts (rents, fees, loans . . .) in silver. Silver was, effectively, money. And it did indeed circulate in the form of unworked chunks, "rude bars" as Smith had put it. In this he was right. But it was almost the only part of his account that was right. One reason was that silver did not circulate very much. Most of it just sat around in Temple and Palace treasuries, some of which remained, carefully guarded, in the same place for literally thousands of years. It would have been easy enough to standardize the ingots, stamp them, create some authoritative system to guarantee their purity. The technology existed. Yet no one saw any particular need to do so. One reason was that while debts were calculated in silver, they did not have to be paid in silver-in fact, they could be paid in more or less anything one had around. Peasants who owed money to the Temple or Palace, or to some Temple or Palace official, seem to have settled their debts mostly in barley, which is why fixing the ratio of silver to barley was so important. But it was perfectly acceptable to show up with goats, or furniture, or lapis lazuli. Temples and Palaces were huge industrial operations-they could find a use for almost anything.

39-40 In the marketplaces that cropped up in Mesopotamian cities, prices were also calculated in silver, and the prices of commodities that weren't entirely controlled by the Temples and palaces would tend to fluctuate according to supply and demand . But even here, such evidence as we have suggests that most transactions were based on credit. Merchants (who sometimes worked for the Temples, sometimes operated independently) were among the few people who did, often, actually use silver in transactions; but even they mostly did much of their dealings on credit, and ordinary people buying beer from "ale women," or local innkeepers, once again, did so by running up a tab, to be settled at harvest time in barley or anything they might have had at hand.

At this point, just about every aspect of the conventional story of the origins of money lay in rubble. Rarely has an historical theory been so absolutely and systematically refuted…

…

In fact, our standard account of monetary history is precisely backwards. We did not begin with barter, discover money, and then eventually develop credit systems. It happened precisely the other way around. What we now call virtual money came first. Coins came much later, and their use spread only unevenly, never completely replacing credit systems. Barter, in turn, appears to be largely a kind of accidental byproduct of the use of coinage or paper money: historically, it has mainly been what people who are used to cash transactions do when for one reason or another they have no access to currency.

Barter is a condition of collapse/

Community Quote Sheet Metaphor Key: ★ (recurrent); ⊥ (contradictory); Ƶ (abstruse)

David Graeber	*Debt: The First 5,000 Years*	*Chapter 3*	Excerpted by *Zach W.*

45	It's money that had made it possible for us to imagine ourselves in the way economists encourage us to do: as a collection of individuals and nations whose main business is swapping things. It's also clear that the mere existence of money, in itself, is not enough to allow us to see the world this way. If it were, the discipline of economics would have been created in ancient Sumer, or anyway, far earlier than 1776, when Adam Smith's *The Wealth of Nations* appeared. … The missing element is in fact exactly the thing Smith was at tempting to downplay: the role of government policy. In England, in Smith's day, it became possible to see the market, the world of butch ers, ironmongers, and haberdashers, as its own entirely independent sphere of human activity because the British government was actively engaged in fostering it. This required laws and police, but also, specific monetary policies, which liberals like Smith were (successfully) advocating. It required pegging the value of the currency to silver, but at the same time greatly increasing the money supply, and particularly the amount of small change in circulation. This not only required huge amounts of tin and copper, but also the careful regulation of the banks that were, at that time, the only source of paper money. The century before *The Wealth of Nations* had seen at least two attempts to create state-supported central banks, in France and Sweden, that had proven to be spectacular failures. In each case, the would-be central bank issued notes based largely on speculation that collapsed the moment investors lost faith. Smith supported the use of paper money, but like Locke before him, he also believed that the relative success of the Bank of England and Bank of Scotland had been due to their policy of pegging paper money firmly to precious metals. This became the mainstream economic view, so much so that alternative theories of money as credit-the one that Mitchell-Innes advocated were quickly relegated to the margins, their proponents written off as cranks, and the very sort of thinking that led to bad banks and speculative bubbles in the first place.	
49	Modern banknotes actually work on a similar principle, except in reverse. Recall here the little parable about Henry's IOU. The reader might have noticed one puzzling aspect of the equation: the IOU can operate as money only as long as Henry never pays his debt. In fact this is precisely the logic on which the Bank of England-the first successful modern central bank-was originally founded. In 1694, a consortium of English bankers made a loan of £1,2oo,ooo to the king. In return they received a royal monopoly on the issuance of banknotes. What this meant in practice was they had the right to advance IOUs for a portion of the money the king now owed them to any inhabitant of the kingdom willing to borrow from them, or willing to deposit their own money in the bank-in effect, to circulate or "monetize" the newly created royal debt. This was a great deal for the bankers (they got to charge the king 8 percent annual interest for the original loan and simultaneously charge interest on the same money to the clients who borrowed it), but it only worked as long as the original loan remained outstanding. To this day, this loan has never been paid back. It cannot be. If it ever were, the entire monetary system of Great Britain would cease to exist.	

50–51

As one might imagine, state theories of money have always been anathema to mainstream economists working in the tradition of Adam Smith. In fact, Chartalism has tended to be seen as a populist underside of economic theory, favored mainly by cranks.18 The curious thing is that the mainstream economists often ended up actually working for governments and advising such governments to pursue policies much like those the Chartalists described-that is, tax policies designed to create markets where they had not existed before-despite the fact that they were in theory committed to Smith's argument that markets develop spontaneously of their own accord.

…

This was particularly true in the colonial world. To return to Madagascar for a moment: I have already mentioned that one of the first things that the French general Gallieni, conqueror of Madagascar, did when the conquest of the island was complete in 1901 was to impose a head tax. Not only was this tax quite high, it was also only payable in newly issued Malagasy francs. In other words, Gallieni did indeed print money and then demand that everyone in the country give some of that money back to him.

…

Most striking of all, though, was language he used to describe this tax. It was referred to as the "*impôt moralisateur*," the "educational" or "moralizing tax." In other words, it was designed to adopt the language of the day-to teach the natives the value of work. Since the "educational tax" came due shortly after harvest time, the easiest way for farmers to pay it was to sell a portion of their rice crop to the Chinese or Indian merchants who soon installed themselves in small towns across the country. However, harvest was when the market price of rice was, for obvious reasons, at its lowest; if one sold too much of one's crop, that meant one would not have enough left to feed one's family for the entire year, and thus be forced to buy one's own rice back, on credit, from those same merchants later in the year when prices were much higher. As a result, farmers quickly fell hopelessly into debt (the merchants doubling as loan sharks). The easiest ways to pay back the debt was either to find some kind of cash crop to sell-to start growing coffee, or pineapples--or else to send one's children off to work for wages in the city, or on one of the plantations that French colonists were establishing across the island. The whole project might seem no more than a cynical scheme to squeeze cheap labor out of the peasantry, and it was that, but it was also something more. The colonial government was were also quite explicit (at least in their own internal policy documents), about the need to make sure that peasants had at least some money of their own left over, and to ensure that they became accustomed to the minor luxuries-parasols, lipstick, cookies-available at the Chinese shops. It was crucial that they develop new tastes, habits, and expectations; that they lay the foundations of a consumer demand that would endure long after the conquerors had left, and keep Madagascar forever tied to France.

Graeber	Debt	Primordial Debts	Excerpted by Annie

p. 53-54	Keynesian orthodoxy started from the assumption that capitalist markets would not really work unless capitalist governments were willing effectively to play nanny: most famously, by engaging in massive deficit "pump-priming" during downturns... Whatever its earliest origins, for the last four thousand years, money has been effectively a creature of the state. Individuals, he observed, make contracts with one another. They take out debts, and they promise payment. “The State, therefore, comes in first of all as the authority of law which enforces the payment of the thing which corresponds to the name or description in the contract. But it comes doubly when, in addition, it claims the right to determine and declare what thing corresponds to the name, and to vary its declaration from time to time-when, that is to say it claims the right to re-edit the dictionary. This right is claimed by all modern States and has been so claimed for some four thousand years at least. It is when this stage in the evolution of Money has been reached that Knapp's Chartalism-the doctrine that money is peculiarly a creation of the State-is fully realized . . . To-day all civilized money is, beyond the possibility of dispute, chartalist.” This does not mean that the state necessarily creates money. Money is credit, it can be brought into being by private contractual agreements (loans, for instance). The state merely enforces the agreement and dictates the legal terms. Hence Keynes' next dramatic assertion: that banks create money, and that there is no intrinsic limit to their ability to do so: since however much they lend, the borrower will have no choice but to put the money back into some bank again, and thus, from the perspective of the banking system as a whole, the total number of debits and credits will always cancel out. The implications were radical, but Keynes himself was not. In the end, he was always careful to frame the problem in a way that could be reintegrated into the mainstream economics of his day.	Keynesianism assertion of Chartalism against the Myth of Barter
p. 55-58	The real weak link in state-credit theories of money was always the element of taxes. It is one thing to explain why early states demanded taxes (in order to create markets.) It's another to ask "by what right?"... There is an alternative explanation, one created to be in keeping with the state-credit theory approach. It's referred to as "primordial debt theory"... The core argument is that any attempt to separate monetary policy from social policy is ultimately wrong. Primordial-debt theorists insist that these have always been the same thing. Governments use taxes to create money, and they are able to do so because they have become the guardians of the debt that all citizens have to one another. This debt is the essence of society itself. It exists long before money and markets, and money and markets themselves are simply ways of chopping pieces of it up. At first, the argument goes, this sense of debt was expressed not through the state, but through religion...To be in debt was to have a weight placed on you by Death. To be under any sort of unfulfilled obligation, any unkept promise, to gods or to men, was to live in the shadow of Death...The conclusion: that human existence is itself a form of	developing primordial debt theory and defining our state of indebtedness

See Marcel Mauss, The Gift

debt...

...Human nature does not drive us to "truck and barter." Rather, it ensures that we are always creating symbols such as money itself. This is how we come to see ourselves in a cosmos surrounded by invisible forces; as in debt to the universe.

...The ingenious move of course is to fold this back into the state theory of money-since by "sovereign powers" Theret actually means "the state."

... "primordial debt," writes British sociologist Geoffrey Ingham, "is that owed by the living to the continuity and durability of the society that secures their individual existence. " In this sense it is not just criminals who owe a "debt to society"-we are all, in a certain sense, guilty, even criminals.

setting up to debunk the idea that states were first conceived as guardians of a cosmic debt (p. 64)

no taxation of 'citizens', only 'subjects' (p. 63)

money likely formed as a way of legal/punitive accounting (p.59-62)

p. 62-65

...The question is: Does it really make sense to think of this as a debt? After all, a debt is by definition some thing that we could at least imagine paying back. It is strange enough to wish to be square with one's parents-it rather implies that one does not wish to think of them as parents any more. Would we really want to be square with all humanity? What would that even mean? And is this desire really a fundamental feature of all human thought?

Another way to put this would be: Are primordial-debt theorists describing a myth...or are they inventing a myth of their own?...

...It's curious that primordial-debt theorists never have much to say about Sumer or Babylonia, despite the fact that Mesopotamia is where the practice of loaning money at interest was first invented, probably two thousand years before the Vedas were composed-and that it was also the home of the world's first states...

We don't know precisely when and how interest-bearing loans originated, since they appear to predate writing...

The effects were such that they often threatened to rip society apart. If for any reason there was a bad harvest, large proportions of the peasantry would fall into debt peonage; families would be broken up. Before long, lands lay abandoned as indebted farmers fled their homes for fear of repossession and joined semi-nomadic bands on the desert fringes of urban civilization. Faced with the potential for complete social breakdown, Sumerian and later Babylonian kings periodically announced general amnesties: "clean slates," as economic historian Michael Hudson refers to them. Such decrees would typically declare all outstanding consumer debt null and void (commercial debts were not affected), return all land to its original owners, and allow all debt-peons to return to their families. Before long, it became more or less a regular habit for kings to make such a declaration on first as suming power, and many were forced to repeat it periodically over the course of their reigns.

In Sumeria, these were called "declarations of freedom"-and it is significant that the Sumerian word amargi, the first recorded word for "freedom" in any known human language, literally means "return to mother"-since this is what freed debt-peons were finally allowed to do.

These assimilations are not so extraordinary; we do the same type of assimilating, doubtless more guardedly, when we qualify an unknown object, or one whose function is unclear, or whose effectiveness amazes us, by the French terms truc or machin. Behind machin is machine, and, further back, the idea of force or power. As for truc, the etymologists derive it from a medieval term which signifies the lucky move in games of skill or games of chance, that is, one of the precise meanings given to the Indonesian term in which some see the origin of the word mana.

----p54-55
Introduction to the Work of Marcel Mauss by Claude Levi-Strauss

Is debt amnesty a necessary tool for the preservation of the state?

p.69-71

...when Americans speak of paying their debt to society, they are not thinking of their responsibilities to people who live in Sweden. It's only the modern state, with its elaborate border controls and social policies, that enables us to imagine "society" in this way, as a single bounded entity. This is why projecting that notion backwards into Vedic

primordial debt theory as nationalist myth or Medieval times will always be deceptive, even though we don't really have another word.

...All religions, for Durkheim, are simply ways of recognizing our mutual dependence on one another, a dependence that affects us in a million ways that we are never entirely aware of. "God" and "society" are ultimately the same.

The problem is that for several hundred years now, it has simply been assumed that the guardian of that debt we owe for all of this, the legitimate representatives of that amorphous social totality that has allowed us to become individuals, must necessarily be the state...

One might even say that what we really have, in the idea of primordial debt, is the ultimate nationalist myth. Once we owed our lives to the gods that created us, paid interest in the form of animal sacrifice, and ultimately paid back the principal with our lives. Now we owe it to the Nation that formed us, pay interest in the form of taxes, and when it comes time to defend the nation against its enemies, to offer to pay it with our lives.

This is a great trap of the twentieth century: on one side is the logic of the market, where we like to imagine we all start out as individuals who don't owe each other anything. On the other is the logic of the state, where we all begin with a debt we can never truly pay. We are constantly told that they are opposites, and that between them they contain the only real human possibilities. But it's a false dichotomy. States created markets. Markets require states. Neither could continue without the other, at least, in anything like the forms we would recognize today.

Key words/phrases	

Davie Graeber	Debt	4-5	Excerpted by Beth

77 Unlike with Smith, however, it never occurred to Nietzsche that you could have a world where all such transactions immediately cancel out. Any system of commercial accounting, he assumed, will produce creditors and debtors. In fact, he believed that it was from this very fact that human morality emerged. Note, he says, how the German word schuld means both "debt" and "guilt." At first, to be in debt was simply to be guilty, and creditors delighted in punishing debtors unable to repay their loans by inflicting "all sorts of humiliation and torture on the body of the debtor, for instance, cutting as much flesh off as seemed appropriate for the debt." In fact, Nietzsche went so far as to insist that those original barbarian law codes that tabulated so much for a ruined eye, so much for a severed finger, were not originally meant to fix rates of monetary compensation for the loss of eyes and fingers, but to establish how much of the debtor's body creditors were allowed to take! Needless to say, he doesn't provide a scintilla of evidence for this (none exists). But to ask for evidence would be to miss the point. We are dealing here not with a real historical argument but with a purely imaginative exercise.

79 It's a worthy game and no one has ever played it better; but it's a game played entirely within the boundaries of bourgeois thought. It has nothing to say to anything that lies beyond that. The best response to anyone who wants to take seriously Nietzsche's fantasies about savage hunters chopping pieces off each other's bodies for failure to remit are the words of an actual hunter-gatherer—an Inuit from Greenland made famous in the Danish writer Peter Freuchen's *Book of the Eskimo*. Freuchen tells how one day, after coming home hungry from an unsuccessful walrus-hunting expedition, he found one of the successful hunters dropping off several hundred pounds of meat. He thanked him profusely. The man objected indignantly:

> "Up in our country we are human! " said the hunter. "And since we are human we help each other. We don't like to hear anybody say thanks for that. What I get today you may get tomorrow. Up here we say that by gifts one makes slaves and by whips one makes dogs."

The last line is something of an anthropological classic, and similar statements about the refusal to calculate credits and debits can be found through the anthropological literature on egalitarian hunting societies. Rather than seeing himself as human because he could make economic calculations, the hunter insisted that being truly human meant refusing to make such calculations, refusing to measure or remember who had given what to whom, for the precise reason that doing so would inevitably create a world where we began "comparing power with power, measuring, calculating" and reducing each other to slaves or dogs through debt.

Like Smith, even Nietszche cannot imagine anything other than a debt-based view of proto-society. He therefore takes the "calculative" character as the grounds of the only moral world possible.

85 True, some might have thought about their tab at the local alehouse, or, if they were a merchant or administrator, of storehouses, account books, exotic imported delights. For most, though, what was likely to come to mind was the selling of slaves and ransoming of prisoners, corrupt tax-farmers and the depredations of conquering armies, mortgages and interest, theft and extortion, revenge and punishment, and, above all, the tension between the need for money to create families, to acquire a bride so as to have children, and use of that same money to destroy families-to create debts that lead to the same wife and children being taken away. "Some of our daughters are brought unto bondage already: neither is it in our power to redeem them." One can only imagine what those words meant, emotionally, to a father in a patriarchal society in which a man's ability to protect the honor of his family was everything. Yet this is what money meant to the majority of people for most of human history : the terrifying prospect of one's sons and daughters being carried off to the homes of repulsive strangers to clean their pots and provide the occasional sexual services, to be subject to every conceivable form of violence and abuse, possibly for years, conceivably forever, as their parents waited, helpless, avoiding eye contact with their neighbors, who knew exactly what was happening to those they were supposed to have been able to protect. Clearly this was the worst thing that could happen to anyone-which is why, in the parable, it could be treated as interchangeable with being "turned over to the jailors to be tortured" for life. And that's just from the perspective of the father. One can only imagine how it might have felt to be the daughter. Yet, over the course of human history, untold millions of daughters have known (and in fact many still know) exactly what it's like.

This is an interesting reframing of how people think about money: because people might take it for granted, but Graeber's suggests that there is a sense that humankind has been able to intuit or recognize that this thing called money holds the potential for domination in it, and therefore there's a propensity to reject adopting money.

Key words/phrases	

90	Part of the problem is the extraordinary place that economics currently holds in the social sciences . In many ways it is treated as a kind of master discipline. Just about anyone who runs anything important in America is expected to have some training in economic theory, or at least to be familiar with its basic tenets. As a result, those tenets have come to be treated as received wisdom, as basically beyond question (one knows one is in the presence of received wisdom when, if one challenges it, the first reaction is to treat one as simply ignorant “You obviously have never heard of the Laffer Curve”; “Clearly you need a course in Economics 101”—the theory is seen as so obviously true that no one who understands it could possibly disagree.) What’s more, those branches of social theory that make the greatest claims to “scientific status”—“rational choice theory,” for instance—start from the same assumptions about human psychology that economists do: that human beings are best viewed as self-interested actors calculating how to get the best terms possible out of any situation, the most profit or pleasure or happiness for the least sacrifice or investment-curious, considering experimental psychologists have demonstrated over and over again that these assumptions simply aren't true.	What Greaber may be challenging is an instrumental reason vs. a more wholistic reason.
94	Alternately (and more likely), imagine that we are dealing not with a relationship of radical equality but the very opposite. In many parts of Africa, accomplished curers were also important political figures with extensive clienteles of former patients. A would-be follower thus arrives to declare his political allegiance. What complicates the matter in this case is that followers of great men, in this part of Africa, were in a relatively strong bargaining position. Good henchmen were hard to come by; important people were expected to be generous with followers to keep them from joining some rival's entourage instead. If so, asking for a shirt or knife would be a way of asking for confirmation that the missionary does wish to have the man as a follower. Paying him back, in contrast, would be, like Seton' s gesture to his father, an insult: a way of saying that despite the missionary having saved his life, he would just as soon have nothing further to do with him.	
99	The more elaborate the feast, the more likely one is to see some combination of free sharing of some things (for instance, food and drink) and careful distribution of others: say, prize meat, whether from game or sacrifice, which is often parceled out according to very elaborate protocols or equally elaborate gift exchange. The giving and taking of gifts often takes on a distinctly gamelike quality, continuous often with the actual games, contests, pageants, and performances that often mark popular festivals. As with society at large, the shared conviviality could be seen as a kind of communistic base on top of which everything else is constructed. It also helps to emphasize that sharing is not simply about morality, but also about pleasure. Solitary pleasures will always exist, but for most human beings, the most pleasurable activities almost always involve sharing something: music, food, liquor, drugs, gossip, drama, beds. There is a certain communism of the senses at the root of most things we consider fun.	
100-101	The second point has to do with the famous “law of hospitality.” There is a peculiar tension between a common stereotype o f what are called “primitive societies” (people lacking both states and markets) as societies in which anyone not a member of the community is assumed to be an enemy, and the frequent accounts of early European travelers awestruck by the extraordinary generosity shown them by actual " savages . " Granted, there is a certain truth to both sides . Wherever a stranger is a dangerous potential enemy, the normal way to overcome the danger is by some dramatic gesture of generosity whose very magnificence catapults them into that mutual sociality that is the ground for all peaceful social relations. True, when one is dealing with completely unknown quantities, there is often a process of testing. Both Christopher Columbus, in Hispaniola, and Captain Cook, in Polynesia, reported similar stories of islanders who either flee, attack, or offer everything-but who often later enter the boats and help themselves to anything they take a fancy to, provoking threats of violence from the crew, who then did their utmost to establish the principle that relations between strange peoples should be mediated instead by “normal" commercial exchange.	This passage unites the question of what does cooperation do when there is money involved or isn’t

Key words/phrases	

Author's Name David Graeber	Title Debt	Chapter #5 From "Exchange"	Excerpted by Bernie

(PG 106)

This, too, appears to be the case wherever we find society divided into fine gradations of status and dignity. Pierre Bourdieu has described the "dialectic of challenge and riposte"…To give a gift is both an honor and a provocation. To respond to one requires infinite artistry. Timing is all-important. So is making the counter-gift just different enough, but also just slightly grander. Above all is the tacit moral principle that one must always pick on someone one's own size. To challenge someone obviously older, richer, and more honorable is to risk being snubbed, and hence humiliated; to overwhelm a poor but respectable man with a gift he couldn't possibly pay back is simply cruel and will do equal damage to your reputation.

This passage seems to be making a statement of who is in community with who.

(PG 108)

In exchange, the objects being traded are seen as equivalent. Therefore, by implication, so are the people: at least, at the moment when gift is met with counter-gift, or money changes hands; when there is no further debt or obligation and each of the two parties is equally free to walk away. This in turn implies autonomy. Both principles sit uncomfortably with monarchs, which is the reason that kings generally dislike any sort of exchange.[34] But within that overhanging prospect of potential cancellation, of ultimate equivalence, we find endless variations, endless games one can play.

This is interesting in relation to the comparison of societies that run on honor in the previous pages.

reciprocity/obligation
mutality/expectation

Hierarchy

(PG 109 -110)

In contrast, relations of explicit hierarchy-that is, relations between at least two parties in which one is considered superior to the other-do not tend to operate by reciprocity at all. It's hard to see because the relation is often justified in reciprocal terms ("the peasants provide food, the lords provide protection") but the principle by which they operate is exactly the opposite. In practice, hierarchy tends to work by a logic of precedent…. Conquest, untrammeled force, becomes systematized, and thus framed not as a predatory relation but as a moral one, with the lords providing protection, and the villagers, their sustenance…But even if all parties assume they are operating by a shared moral code, that even kings cannot do whatever they want but must operate within limits, allowing peasants to argue about the rights and wrongs of just how much of their harvest a king's

Is Graeber's ambivalent stance toward morality a problem for his appeal to communism? Has he merely created a viscious cycle that regresses into a perfunctory liberalism.

	retainers are entitled to carry off, they are very unlikely to frame their calculation in terms of the quality or quantity of protection provided, but rather in terms of custom and precedent…If you give some coins to a panhandler, and that panhandler recognizes you later, it is unlikely that he will give you any money-but he might well consider you more likely to give him money again. Certainly, this is true if one donates money to a charitable organization… Such an act of one-sided generosity is treated as a precedent for what will be expected afterward.	
Z	(PG 113) And what is true of warrior aristocracies is all the more true of ancient states, where rulers almost invariably represented themselves as the protectors of the helpless, supporters of widows and orphans, and champions of the poor. The genealogy of the modern redistributive state-with its notorious tendency to foster identity politics-can be traced back not to any sort of "primitive communism" but ultimately to violence and war.	There is a parallel here to the post-New Deal state, and its creation of a dependency on a highly centralized state. Z Confusion around identity politics being "fostered" by the state
★	**Shifting Between Modalities** (PG 114 – 115) Here we must return to the fact that reciprocity is our main way of imagining justice. In particular, it is what we fall back on when we're thinking in the abstract, and especially when we're trying to create an idealized picture of society…. When trying to imagine a just society, it's hard not to evoke images of balance and symmetry, of elegant geometries where everything balances out. The idea that there is something called "the market" is not so very different. Economists will often admit this, if you ask them in the right way. Markets aren't real. They are mathematical models, created by imagining a self-contained world where everyone has exactly the same motivation and the same knowledge and is engaging in the same self-interested calculating exchange…The problem comes when it enables some (often these same economists) to declare that anyone who ignores the dictates of the market shall surely be punished-or that since we live in a market system, everything (except government interference) is based on principles of j ustice: that our economic system is one vast network of reciprocal relations in which, in the end, the accounts balance and all debts are paid.	★PG 90 Quote pulled in Beth's quotes earlier in the chapter has a similar sentiment
⊥	(PG 120) (…A wage-labor contract is, ostensibly, a free contract between equals-but an agreement between equals in which both agree that once one of them punches the time clock, they won't be equals anymore.58 The law does recognize a bit of	⊥ Lorraine Baxter's example in *Gifts and Spoils* contradicts their equality, IMO.

a problem here; that's why it insists that you cannot sell off your equality permanently [you are not free to sell yourself into slavery]. Such arrangements are only acceptable if the boss's power is not absolute, if it is limited to work time, and if you have the legal right to break off the contract and thereby to restore yourself to full equality, at any time.)

It seems t o m e that this agreement between equals to no longer be equal (at least for a time) is critically important. It is the very essence of what we call "debt."”

Key words/phrases	

David Graeber	Debt	Chapter #6	Excerpted by Sara

(129-130)

These blinders are all the more ironic when one looks at the anthropological literature on what used to be called "primitive money," that is, the sort one encounters in places where there are no states or markets - whether Iroquois wampum, African cloth money, or Solomon Island feather money, and discovers that such money is used almost exclusively for the kinds of transactions that economists don't like to have to talk about.

In fact, the term "primitive money" is deceptive for this very reason, since it suggests that we are dealing with a crude version of the kind of currencies we use today. But this is precisely what we don't find. Often, such currencies are never used to buy and sell anything at all. Instead, they are used to create, maintain, and otherwise reorganize relations between people: to arrange marriages, establish the paternity of children, head off feuds, console mourners at funerals, seek forgiveness in the case of crimes, negotiate treaties, acquire followers—almost anything but trade in yams, shovels, pigs, or jewelry.

Often, these currencies were extremely important, so much so that social life itself might be said to revolve around getting and disposing of the stuff. Clearly, though, they mark a totally different conception of what money, or indeed an economy, is actually about. I've decided therefore to refer to them as "social currencies," and the economies that employ them as "human economies." By this I mean not that these societies are necessarily in any way more humane (some are quite humane; others extraordinarily brutal), but only that they are economic systems primarily concerned not with the accumulation of wealth, but with the creation, destruction, and rearranging of human beings.

Graeber has a fixation on the idea that there are undercurrents to the way these economies work that economists don't like to talk about.

(133-6)

Money, then, begins, as Rospabe himself puts it, "as a substitute for life.' One might call it the recognition of a life-debt. This, in turn, explains why it's invariably the exact same kind of money that's used to arrange marriages that is also used to pay wergeld (or "bloodwealth" as it's sometimes also called): money presented to the family of a murder victim so as to prevent or resolve a blood-feud. Here the sources are even more explicit. On the one hand, one presents whale teeth or brass rods because the murderer's kin recognize they owe a life to the victim's family. On the other, whale teeth or brass rods are in no sense, and can never be, compensation for the loss of a murdered relative. Certainly no one presenting such compensation would ever be foolish enough to suggest that any amount of money could possibly be the "equivalent" to the value of someone's father, sister, or child.

So here again, money is first and foremost an acknowledgment that one owes something much more valuable than money.

Is the idea here that the origins of money could be thought of as symbolic recompense and/or restoration.

....All of this merely serves to underline Rospabe's basic point, which is that money can be seen, in human economies, as first and foremost the acknowledgment of the existence of a debt that *cannot* be paid. In a way, it's all very reminiscent of primordial-debt theory: money emerges from the recognition of an absolute debt to that which has given you life. The difference is that instead of imagining such debts as between an individual and society, or perhaps the cosmos, here they are imagined as a kind of network of dyadic relations: almost everyone in such societies was in a relation of absolute debt to someone else. It's not that we owe "society." If there is any notion of "society" here—and it's not clear that there is—society *is* our debts.

(142-144)

Since at any time a village was likely to have several village wives, it would also have its own children and grandchildren, and therefore be in a position to both demand and pay blood-debts, and thus, to accumulate pawns. As a result, villages became corporate bodies, collective groups that, like modern corporations, had to be treated as if they were individuals for purposes of law. However there was one key difference. Unlike ordinary individuals, villages could back up their claims with force.

... In everyday affairs, Lele put great stock on gentle and agreeable behavior....Villages, in contrast, were fortified, and age-sets could be mobilized to act as military units. Here, and only here, did organized violence enter the picture....

It's at exactly this point, too, where the potential for violence enters, that the great wall constructed between the value of lives and money can suddenly come tumbling down.

> Sometimes when two clans were disputing a claim to blood compensation, the claimant might see no hope of getting satisfaction from his opponents. The political system offered no direct means for one man (or clan) to use physical coercion or to resort to superior authority to enforce claims against another. In such a case, rather than abandon his claim to a pawnwoman, he would be ready to take the equivalent in wealth, if he could get it. The usual procedure was to sell his case against the defendants to the only group capable of extorting a pawn by force, that is, to a village.
>
> The man who meant to sell his case to a village asked them for 100 raffia cloths or five bars of camwood. The village raised the amount, either from its treasury, or by a loan from one of its members, and thereby adopted as its own his claim to a pawn.

Once he held the money, his claim was over, and the village, which had now bought it, would proceed to organize a raid to seize the woman in dispute. In other words, it was only when violence was brought into the equation that there was any question of buying and selling people. The ability to deploy force, to cut through the endless maze of preferences, obligations, expectations, and responsibilities that mark real human relationships, also made it possible to overcome what is otherwise the first rule of all Lele economic relationships: that human lives can only be exchanged for other human lives, and never for physical objects.

Here he explicitly demonstrates this transmutation of human 1:1 exchange turns to human:object, which specifically happens through violence. Or, in other words, violence precipitates the switcharoo.

*possibility of violence is what animates the perversion/transformation of human economies into commercial economies

(159-60)
How does it become possible to treat people as if they are identical? The Lele example gave us a hint: to make a human being an object of exchange, one woman equivalent to another for example, requires first of all ripping her from her context; that is, tearing her away from that web of relations that makes her the unique conflux of relations that she is, and thus, into a generic value capable of being added and subtracted and used as a means to measure debt. This requires a certain violence. To make her equivalent to a bar of camwood takes even more violence, and it takes an enormous amount of sustained and systematic violence to rip her so completely from her context that she becomes a slave.

This is remeniscent of the concept of "uprooting" that Simone Weil speaks of.

I should be clear here. I am not using the word "violence" metaphorically. I am not speaking merely of conceptual violence, but of the literal threat of broken bones and bruised flesh; of punches and kicks; in much the same way that when the ancient Hebrews spoke of their daughters in " bondage," they were not being poetic, but talking about literal ropes and chains.

Most of us don't like to think much about violence. Those lucky enough to live relatively comfortable, secure lives in modern cities tend either to act as if it does not exist or, when reminded that it does, to write off the larger world "out there" as a terrible, brutal place, with not much that can be done to help it. Either instinct allows us not to have to think about the degree to which even our own daily existence is defined by violence or at least the threat of violence (as I've often noted, think about what would happen if you were to insist on your right to enter a university library without a properly validated ID), and to overstate the importance—or at least the frequency—of things like war, terrorism, and violent crime. The role of force in providing the framework for human relations is simply more explicit in what we call "traditional societies"—even if in many, actual physical assault by one human on another occurs less often than in our own.

This passage also calls to mind Bookchin's discussion of the Lowell system in the 19th century.

(163-4)
The African slave trade was, as I mentioned, an unprecedented catastrophe, but commercial economies had already been extracting slaves from human economies for thousands of years. It is a practice as old as civilization. The question I want to ask is: To what degree is it actually constitutive of civilization itself?

I am not speaking strictly of slavery here, but of that process that dislodges people from the webs of mutual commitment, shared history, and collective responsibility that make them what they are, so as to make them exchangeable—that is, to make it possible to make them subject to the logic of debt. Slavery is just the logical end-point, the most extreme form of such disentanglement. But for that reason it provides us with a window on the process as a whole. What's more, owing to its historical role, slavery has shaped our basic assumptions and institutions in ways that we are no longer aware of and whose influence we would probably never wish to acknowledge if we were. If

There's a similar claim here to something James Scott argues, which is that slavery is central to what a state even is.

	we have become a debt society, it is because the legacy of war, conquest, and slavery has never completely gone away. It's still there, lodged in our most intimate conceptions of honor, property, even freedom. It's just that we can no longer see that it's there.	

David Graeber	Debt: The First 5,000 Years	Chapter 7	Excerpted by Andrew

[There are many historical examples where the] ability to strip others of their dignity becomes, for the master, the foundation of his honor. [The Islamic world affords numerous examples] where slaves are not even put to work for profit; instead, rich men make a point of surrounding themselves with battalions of slave retainers simply for reasons of status, as tokens of their magnificence and nothing else.

It seems to me that this is precisely what gives honor its notoriously fragile quality. Men of honor tend to combine a sense of total ease and self-assurance, which comes with the habit of command, with a notorious jumpiness, a heightened sensitivity to slights and insults, the feeling that a man (and it is almost always a man) is somehow reduced, humiliated, if any "debt of honor" is allowed to go unpaid. This is because honor is not the same as dignity. One might even say: honor is surplus dignity. It is that heightened consciousness of power, and its dangers, that comes from having stripped away the power and dignity of others; or at the very least, from the knowledge that one is capable of doing so. At its simplest, honor is that excess dignity that must be defended with the knife or sword. ... Hence the warrior's ethos, where almost anything that could possibly be seen as a sign of disrespect—an inappropriate word, an inappropriate glance—is considered a challenge, or can be treated as such. Yet even where overt violence has largely been put out of the picture, wherever honor is at issue, it comes with a sense that dignity can be lost, and therefore must be constantly defended.

It’s interesting that we keep on having societies that feel the need to make abstractions of people, such as armies.

The reader might be asking: But what does all this have to do with the origins of money? The answer is, surprisingly: everything. Some of the most genuinely archaic forms of money we know about appear to have been used precisely as measures of honor and degradation: that is, the value of money was, ultimately, the value of the power to turn others into money. **(171)**

Most of what we know about the economy of early Medieval Ireland comes from legal sources—a series of law codes, drawn up by a powerful class of jurists, dating roughly from the seventh to ninth centuries AD. These, however, are exceptionally rich. Ireland at that time was still very much a human economy. It was also a very rural one: people lived in scattered homesteads, not unlike the Tiv, growing wheat and tending cattle. The closest there were to towns were a few concentrations around monasteries. There appears to have been a near total absence of markets, except for a few on the coast—presumably, mainly slave or cattle markets—frequented by foreign ships.

As a result, money was employed almost exclusively for social purposes: gifts; fees to craftsmen, doctors, poets, judges, and entertainers; various feudal payments. ... The authors of the law codes didn't even know how to put a price on most goods of ordinary use—pitchers, pillows, chisels, slabs of bacon, and the like; no one seems ever to have paid money for them. ... Anyone needing a tool or furniture or clothing either went to a kinsman with the relevant craft skills or paid someone to make it. The objects themselves were not for sale.

Money could be loaned. There was a highly complex system of pledges and sureties to guarantee that debtors delivered what they owed. Mainly, though, it was used for paying fines. These fines are endlessly and meticulously elaborated in the codes, but what really strikes the contemporary observer is that they were carefully graded by rank.

The key to the system was a notion of honor: literally “face.” One's honor was the esteem one had in the eyes of others, one's honesty, integrity, and character, but also one's power, in the sense of the ability to protect oneself, and one's family and followers, from any sort of degradation or insult. Those who had the highest degree of honor were literally sacred beings: their persons and possessions were sacrosanct. What was so unusual about Celtic systems ... was that honor could be precisely quantified. Every free person had his or her "honor price": the price that one had to pay for an insult to the person's dignity. These varied. The honor price of a king, for instance, was seven *cumal*, or seven slave girls—this was the standard honor price for any sacred being, the same as a bishop or master poet. Since (as all sources hasten to point out) slave girls were not normally paid as such, this would mean ... one would have to pay twenty-one milk cows or twenty-one ounces of silver.

Honor price is not to be confused with *wergeld*—the actual price of a man or woman's life. If one killed a man, one paid goods to the value of seven *cumals*, in recompense for killing him, to which one then added his honor price, for having offended against his dignity (by killing him).

[The moral logic undergirding the Celtic system] makes it possible to understand both something of the nature of honor, and why slave girls were kept as units for reckoning debts of honor even at a time when ... they no longer actually changed hands. At first sight it might seem strange that the honor of a nobleman or king should be measured in slaves, since slaves were human beings whose honor was zero. But if one's honor is ultimately founded on one's ability to extract the honor of others, it makes perfect sense. The value of a slave is that of the honor that has been extracted from them. **(172–173, 174)**

Roman law reveals how much [the moral confusion introduced by debt] has shaped even our most familiar institutions.

In Roman law, property, or *dominium*, is a relation between a person and a thing, characterized by absolute power of that person over that thing. This definition has caused endless conceptual problems. First of all, it's not clear what it would mean for a human to have a "relation" with an inanimate object. Human beings can have relations with one another. But what would it mean to have a "relation" with a thing? And if one did, what would it mean to give that relation legal standing?

Clearly, then, property is not really a relation between a person and a thing. It's an understanding or arrangement between people concerning things. The only reason that we sometimes fail to notice this is that in many cases ... we are talking of rights held ... between ourselves and everyone else on the planet. ... A relation between one person and everyone else on the planet is, understandably, difficult to conceive as such. It's easier to think of it as a relationship with a thing. But even here, in practice this freedom to do as one likes turns out to be fairly limited. To say that the fact that I own a chainsaw gives me an "absolute power" to do anything I want with it is obviously absurd. Almost anything I might think of doing with a chainsaw outside my own home or land is likely to be illegal, and there are only a limited number of things I can really do with it inside. The only thing "absolute" about my rights to a chainsaw is my right to prevent anyone *else* from using it.

This brings to mind the technofeudalism that is currently underway.

How did this [principle of codifying legal codes upon an idea of "absolute power"] come about? [The most convincing explanation is that the notion of absolute private property arose out of the peculiar moral conditions introduced by Rome's maturation into a slave-based economy.] One can imagine property not as a relation between people, but as a relation between a person and a thing, if one's starting point is a relation between two people, one of whom is also a thing. (This is how slaves were defined in Roman law: they were people who were also a *res*, a thing.) The emphasis on absolute power begins to make sense as well.

The word *dominium*, meaning absolute private property, was not particularly ancient. It only appears in Latin in the late Republic, right around the time when hundreds of thousands of captive laborers were pouring into Italy, and when Rome, as a consequence, was becoming a genuine slave society. **(198–200)**

If one looks across the ex-panse of history, one cannot help but notice a curious sense of identi-fication between the most exalted and the most degraded; particularly, between emperors and kings, and slaves. ... Kings surround themselves with slaves for the same reason that they surround themselves with eunuchs: because the slaves and criminals have no families or friends, no possibility of other loyalties. ... In other words, 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.

At this point we can finally see what's really at stake in our pe-culiar habit of defining ourselves simultaneously as master and slave, reduplicating the most brutal aspects of the ancient household in our very concept of ourselves, as masters of our freedoms, or as owners of our very selves. It is the only way that we can imagine ourselves as completely isolated beings. There is a direct line from the new Roman conception of liberty-not as the ability to form mutual relationships with others, but as the kind of absolute power of "use and abuse" over the conquered chattel who make up the bulk of a wealthy Roman man's household-to the strange fantasies of liberal philosophers like Hobbes, Locke, and Smith, about the origins of human society in some collection of thirty- or forty-year-old males who seem to have sprung from the earth fully formed, then have to decide whether to kill each other or begin to swap beaver pelts. **(209–210)**

Interesting parallel here to Marx's comparison of the "finance aristocracy" to the "lumpenproletariat"

Key words/phrases	

David Graeber	DEBT	8.Credit Versus Bullion	Excerpted by Ian

212–213 [In mapping] the history of money ... startling **patterns** begin to **emerge**. … one event stands out above all others: the invention of coinage. Coinage appears to have a**risen independently in three different places**, almost simultaneously: [in] northern China, in the Ganges… valley of northeast India, and [around] the Aegean...between roughly 6oo and 5oo BC. This wasn't due to some sudden technological innovation: the technologies used in making the first coins were, in each case, entirely different. **It was a social transformation**. ... local rulers decided that whatever longstanding credit systems … were no longer adequate, and they began to issue tiny pieces of precious metals—metals that had previously been used largely in international commerce, in ingot form—and **to encourage** their subjects to use them in day-to-day transactions.

From there, the **innovation spread**. [...] over the course of the last five thousand years, what we see is a broad **alternation** between periods dominated by credit money and periods in which gold and silver come to dominate—that is, ... pieces of valuable metal being passed from **hand to hand**.

Why? The single most important factor would appear to be war. Bullion predominates, above all, in periods of generalized violence. [...] Gold and silver coins are distinguished from credit arrangements by one spectacular feature: they can be stolen. **A debt is, by definition, a record, as well as a relation of trust**. Someone accepting gold or silver in exchange for merchandise, on the other hand, need **trust** nothing more than the accuracy of the scales, the quality of the metal, and the likelihood that someone else will be **willing** to accept it. In a world where war and the threat of violence are everywhere... there are obvious advantages to making one's transactions simple. This is all the more true when dealing with soldiers... a heavily armed itinerant soldier is the very definition of a poor credit risk.

213–214 For much of human history, then, an **ingot** of gold of silver, **stamped or not**, has served [as] an object without a history, valuable because one knows it will be accepted in exchange for other goods just about anywhere, **no questions asked**. As a result, while credit systems tend to dominate in periods of relative social peace, or across networks of trust (whether created by states or, in most periods, transnational institutions like merchant guilds or communities of faith),
in periods characterized by widespread war and plunder, they tend to be replaced by precious metal. What's more, while predatory lending goes on in every period of human history, the resulting debt crises appear to have the most damaging effects at times when money is most easily convertible into cash.

Where do we register progress versus what we're just cycling through?

As a starting point to … discern the great rhythms that define the current historical moment ... the **alternation between periods of virtual and metal money**. The cycle begins with the Age of the **First Agrarian Empires** (35oo-8oo Be), dominated by virtual credit money. ... followed by the **Axial Age** (8oo BC-6oo AD),[...] which saw the rise of coinage and a general shift to metal bullion. The **Middle Ages** (6oo-1450 AD), which saw a return to virtual credit money, [then], the **Age of Capitalist Empires**, which began around 1450 with a massive planetary switch back to gold and silver bullion, and which could only really be said to have ended in 1971, when Richard Nixon announced that the U.S. dollar would no longer be redeemable in gold. This marked the beginning of yet another phase of **virtual money**, one which has only just begun, and whose ultimate contours are, necessarily, invisible.

214–217 [...] In the great temple and palace complexes [of **Mesopotamia**], not only did money serve largely as an accounting measure rather than physically changing hands, merchants and tradespeople developed credit arrangements of their own. **Most of these took the physical form of clay tablets, inscribed with some obligation of future payment, that were then sealed inside clay envelopes and marked with the borrower's seal. The creditor would keep the envelope** [blister] **as a surety, and it would be broken open on repayment.** In some times or places at least, these ***bullae*** appear to have become what we would now call negotiable instruments, since the tablet inside did not simply record a promise to pay the original lender, but was designated "**to the bearer**"— in other words, a tablet recording a debt of five shekels of silver (at prevailing rates of interest) could circulate as the **equivalent** of a five-shekel promissory note-that is, **as money**. [...] **Promissory notes** usually circulated within merchant guilds, or between inhabitants of the relatively well-off urban neighborhoods where people knew one another well enough to trust them to be accountable, but not so well that they could rely on one another for more traditional forms of mutual aid.

The origins of interest will forever remain obscure, since they preceded the invention of writing. … More likely, the first widespread interest-bearing loans were commercial: temples and palaces would forward wares to merchants and commercial agents, who would then trade them in nearby mountain kingdoms or on trading expeditions overseas.

The practice [of charging interest] is significant because it **implies a fundamental lack of trust**…. A fixed interest rate would render irrelevant whatever elaborate tales of robbery, shipwreck, or attacks by winged snakes or elephants a creative merchant might have concocted. The return [expected] was fixed in advance.[...] This **connection between borrowing and lying,** incidentally, is an important one to history. Herodotus remarked about the Persians: "To tell a lie is considered by them the greatest disgrace, and next to that to be in debt … especially because they think that one in debt must of necessity tell lies."

217–219 **Egypt** represents an interesting contrast, since for most of its history, it managed to avoid the development of interest-bearing debt entirely. [...] like Mesopotamia, extraordinarily rich by ancient standards, but it was also a self-contained society, a river running through a desert, and far more centralized than Mesopotamia. **The pharaoh was a god, and the state and temple bureaucracies had their hands in everything**… The basic unit was the ***deben***, or "measure" [weights]—originally referring to measures of grain, and later of copper or silver. [...] in Mesopotamia, interest-bearing loans by palace or temple officials largely substituted for the lack of a comprehensive system of taxation. [Consequently] debt really was a matter of "**guilt**" and treated largely as a criminal matter:

> When a debtor failed to repay his debt on time, his creditor could take him to court, where the debtor would be required to **promise** to pay in full by a specific date. As part of his promise—which was under oath-the debtor also pledged to undergo 100 blows and/or repay twice the amount of the original loan if he failed to pay by the date specified.

The "**and/or**" is significant. **There was no formal distinction between a fine and a beating**. In fact, the entire purpose of the oath (rather like the Cretan custom of having a borrower pretend to snatch the money) seems to have been **to create the justification for punitive action**: so the debtor could be punished as either a perjurer or a thief.

219 --221 [... Later] l**iterary sources-suggests** that the earliest **Chinese** states were far less bureaucratic than their western cousins. There being no centralized temple or palace system with priests and administrators managing the storerooms and recording inputs and outputs, there was also little incentive to create a single, uniform unit of account. Instead, the evidence suggests a different path, with **social currencies** of various sorts still holding sway in the countryside and being converted to commercial purposes in dealings between strangers. [...] all sources insist that there was a wide variety of currencies in circulation. As David Scheidel, one of the premier contemporary scholars of early money, notes:

> In pre-imperial China, money took the form of cowrie shells, both originals and—increasingly—bronze imitations, tortoise shells, weighed gold and (rarely) silver bars, and most notably—from at least 1ooo BC onward—**utensil money** [cast] in the shape of spade blades and knives made of bronze.

These were most often used between people who didn't know each other very well. For tabulating debts between neighbors, with local vendors, or with anything having to do with the government, people appear to have employed a variety of credit instruments: later Chinese historians claimed that **the earliest of these were knotted strings**, rather like the Inca *khipu* system, and then later, notched strips of wood or bamboo.

The *Guanzi*, a collection that in early imperial China became the standard primer on political economy, notes "There were people who lacked even gruel to eat, and who were forced to sell their children. To rescue these people, Tang coined money."

The story is clearly fanciful (the real origins of coined money were at least a thousand years later), and it is very hard to know what to make of it. … The *Guanzi* later goes on to explain that these same rulers instituted the **custom of retaining 30 percent of the harvest in public granaries for redistribution in emergencies**, so as to ensure that this would never happen again. In other words, they began to set up just the kind of bureaucratic storage facilities that, in places like Egypt and Mesopotamia, had been responsible for creating money as a unit of account to begin with.

Key words/phrases

David Graeber	Debt: The First 5,000 Years	9 | The Axial Age	Excerpted by Bernadette

Pages 228-230

In each city, history begins with a series of debt … …Rather, in each case, coinage became a solution… [One option of two solutions] was that popular factions could prevail, institute the usual popular program of redistribution of lands and safeguards against debt peonage, thus creating the basis for a class of free farmers whose children would, in turn, be free to spend much of their time training for war.[17]

Coinage played a critical role in maintaining this kind of free peasantry secure in their landholding, not tied to any great lord by bonds of debt. In fact, the fiscal policies of many Greek cities amounted to little more than elaborate systems for the distribution of loot…city-states developed endless ways to distribute coins, not only to soldiers, sailors, and those producing arms or outfitting ships, but to the populace generally…

…

It was slavery, though, that made all this possible. As the figures concerning Sidon, Tyre, and Carthage suggest, enormous numbers of people were being enslaved in many of these conflicts, and, of course, many slaves ended up working in the mines, producing even more gold, silver and copper… Geoffrey Ingham calls the resulting system a " military-coinage complex"-though I think it would be more accurate to call it a "military-coinage-slavery complex. "[20]

…

Alexander was also the man responsible for destroying what remained of the ancient credit systems, since not only the Phoenicians but also the old Mesopotamian heartland had resisted the new coin economy. His armies not only destroyed Tyre; they also **dethesaurized** the gold and silver reserves of Babylonian and Persian temples, the security on which their credit systems were based, and insisted that all taxes to his new government be paid in his own money. The result was to " release the accumulated specie of century onto the market in a matter of months," something like 18o,ooo talents, or in contemporary terms, an estimated $285 billion .[23]

Pages 231 – 232

Around 100 AD, Plutarch wrote about his own country as if it were under foreign invasion:

> And as King Darius sent to the city of Athens his lieutenants Datis and Artaphernes with chains and cords, to bind the prisoners they should take; so these usurers, bringing into Greece boxes full of schedules, bills, and obligatory contracts, as so many irons and fetters for the shackling of poor criminals ... For at the very delivery of their money, they immediately ask it back, taking it up at the same moment they lay it down; and they let out that again to interest which they take for the use of what they have before lent. So that they laugh at those natural philosophers who hold that nothing can be made of nothing and of that which has no existence; but with them usury is made and engendered of that which neither is nor ever was.[30]

Page 242

[Mo Di's] conclusion: if one could add up the total costs of aggression in human lives, animal lives, and material damage, one would be forced to the conclusion that they never outweighed the benefits-even for the victor. In fact, Mo Di took this sort of logic so far that he ended up arguing that the only way to optimize the overall profit of humanity was to abandon the pursuit of private profit entirely and adopt a principle of what he called "universal love"-essentially arguing that if one takes the principle of market exchange to its logical conclusion, it can only lead to a kind of communism

The Confucians took the opposite approach, rejecting the initial premise. A good example is most of the opening of Mencius' much remembered conversation with King Hui:

> "Venerable Sir, " the King greeted him, "since you have not counted a thousand miles too far to come here, may I suppose that you also have something with which you may profit my kingdom?"
>
> Mencius replied: "Why must Your Majesty necessarily use this word 'profit'? What I have are only these two topics: benevolence and righteousness, and nothing else."[64]

Still, the end-point was roughly the same. The Confucian ideal of *ren*, of humane benevolence, was basically just a more complete inversion of profit-seeking calculation than Mo Di's universal love; the main difference was that the Confucians added a certain aversion to calculation itself, preferring what might almost be called an art of decency…All were so many attempts to provide a mirror image of market logic. Still, a mirror image is, ultimately, just that: the same thing, only backwards. Before long we end up with an endless maze of paired opposites-egoism versus altruism, profit versus charity, materialism versus idealism, calculation versus spontaneity-none of which could ever have been imagined except by someone starting out from pure, calculating, self-interested market transactions.[65]

Page 244 - 245

The notion that humans had souls appeared to Boesoou to be self evident. The notion that there was such a thing as the body, apart from the soul, a mere material collection of nerves and tissues-let alone that the body is the prison of the soul; that the mortification of the body could be a means to the glorification or liberation of the soul-all this, it turns out, struck him as utterly new and exotic.

Axial Age spirituality, then, is built on a bedrock of materialism. **This is its secret; one might almost say, the thing that has become invisible to us**.[67] But if one looks at the very beginnings of philosophical inquiry in Greece and India-the point when there was as yet no difference between what we'd now call "philosophy" and what we'd now call " science"-this is exactly what one finds.

…

Miletus was also the commercial center of the region, and, perhaps, the first city in the world where everyday market transactions came to be carried out primarily in coins instead of credit.[7] Greek philosophy, in turn, begins with three men: Thales, of Miletus (c. 624 BC-c. 546 BC) , Anaximander, of Miletus (c. 610 BC-c 546 BC) , and Anaximenes, of Miletus (c. 585 BC-C. 525 BC)-in other words, men who were living in that city at exactly the time that coinage was first introduced.[72] All three are remembered chiefly for their speculations on the nature of the physical substance from which the world ultimately sprang. Thales proposed water, Anaximenes, air. Anaximander made up a new term, apeiron, " the unlimited, " a kind of pure abstract substance that could not itself be perceived but was the material basis of everything that could be. In each case, the assumption was that this primal substance, by being heated, cooled, combined, divided, compressed, extended, or set in motion, gave rise to the endless particular stuffs and substances that humans actually encounter in the world, from which physical objects are composed-and was also that into which all those forms would eventually dissolve.

Pages 245-246

It was something that could turn into everything. As Seaford emphasizes, so was money. Gold, shaped into coins, is a material substance that is also an abstraction.

…

At least within the communities that created them, ancient coins were always worth more than the gold, silver, or copper of which they were composed. Seaford refers to this extra value by the inelegant term " fiduciarity, " which comes from the term for public trust, the confidence a community places in its currency.[74]

…

So already in any materialist philosophy, we are dealing with an opposition between form and content, substance and shape; a clash between the idea, sign, emblem, or model in the creator's mind, and the physical qualities of the materials on which it is to be stamped, built, or imposed, from which it will be brought into reality.77 With coins this rises to an even more abstract level because that emblem can no longer be conceived as the model in one person's head, but is rather the mark of a collective agreement.

Page 250

As for the religious movements : it would be easy enough to write them off as escapist, as promising the victims of the Axial Age empires liberation in the next world as a way of letting them accept their lot in this one, and convincing the rich that all they really owed the poor were occasional charitable donations. Radical thinkers almost invariably do write them off in this way. Surely, the willingness of the governments themselves to eventually embrace them would seem to support this conclusion. But the issue is more complicated. First of all, there is something to be said for escapism. Popular uprisings in the ancient world usually ended in the massacre of the rebels. As I've already observed, physical escape, such as via exodus or defection has always been the most effective response to oppressive conditions since the earliest times we know about. At the very least, otherworldly religions provided glimpses of radical alternatives. Often, they allowed people to create other worlds within this one, liberated spaces of one sort or another. It is surely significant that the only people who succeeded in abolishing slavery in the ancient world were religious sects, such as the Essenes-who did so, effectively, by defecting from the larger social order and forming their own utopian communities .[81]

Key words/phrases	**Dethesaurized** **Fiduciarity**

Graeber	Debt	10, pp.251-282	Excerpted by Annie

Medieval India: Flight into Hierarchy

pp. 257

Debt and credit arrangements may well have played a crucial role in creating the Indian village system, but they could never really become their basis. It might have made a certain sense to declare that, just as Brahmins had to dispatch their debts to the gods, everyone should be, in a certain sense, in debt to those above them. But in another sense, that would have completely subverted the very idea of caste, which was that the universe was a vast hierarchy in which different sorts of people were assumed to be of fundamentally different natures, that these ranks and grades were fixed forever, and that when goods and services moved up and down the hierarchy, they followed not principles of exchange at all but (as in all hierarchical systems) custom and precedent. The French anthropologist Louis Dumont made the famous argument that one cannot even really talk about "inequality" here, because to use that phrase implies that one believes people should or could be equal, and this idea was completely alien to Hindu conceptions. For them to have imagined their responsibilities as debts would have been profoundly subversive, since debts are by definition arrangements between equals-at least in the sense that they are equal parties to a contract that could and should be repaid. Politically, it is never a particularly good idea to first tell people they are your equals, and then humiliate and degrade them. This is presumably why peasant insurrections, from Chiapas to Japan, have so regularly aimed to wipe out debts, rather than focus on more structural issues like caste systems, or even slavery. The British Raj discovered this to their occasional chagrin when they used debt peonage superimposed on the caste system-as the basis of their labor system in colonial India. Perhaps the paradigmatic popular insurrection was the Deccan riots of 1875, when indebted farmers rose up to seize and systematically destroy the account books of local money-lenders. Debt peonage, it would appear, is far more likely to inspire outrage and collective action than is a system premised on pure inequality.

NOTES
Debt presupposes that people can be equal - promises the potential of equality

India + China - places where Middle Ages began

China: Buddhism and the Economy of Infinite Debt

pp. 260-261

...we're used to assuming that capitalism and markets are the same thing, but, as the great French historian Fernand Braudel pointed out, in many ways they could equally well be conceived as opposites. While markets are ways of exchanging goods through the medium of money-historically, ways for those with a sur plus of grain to acquire candles and vice versa (in economic shorthand, C-M-C', for commodity-money-other commodity)-capitalism is first and foremost the art of using money to get more money (M-C-M'). Normally, the easiest way to do this is by establishing some kind of formal or de facto monopoly. For this reason, capitalists, whether merchant princes, financiers, or industrialists, invariably try to ally them selves with political authorities to limit the freedom of the market, so as to make it easier for them to do so. From this perspective, China was for most of its history the ultimate anti-capitalist market state. Unlike later European princes, Chinese rulers systematically refused to team up with would-be Chinese capitalists (who always existed). Instead, like their officials, they saw them as

Clarification of mercantilist vs. capitalist

Seemingly paradoxical pro-market yet anti-capitalist stance

#lostinthesauce

destructive parasites-though, un like the usurers, ones whose fundamentally selfish and antisocial mo tivations could still be put to use in certain ways. In Confucian terms, merchants were like soldiers. Those drawn to a career in the military were assumed to be driven largely by a love of violence. As individuals, they were not good people; but they were also necessary to defend the frontiers. Similarly, merchants were driven by greed and basically immoral; yet if kept under careful administrative supervision, they could be made to serve the public good. Whatever one might think of the principles, the results are hard to deny. For most of its history, China maintained the highest standard of living in the world-even England only really overtook it in perhaps the 1820s, well past the time of the Industrial Revolution.

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pp. 266-268

It perhaps stands to reason that Chinese Buddhism, a religion of merchants that then took popular roots, should have developed in this direction: a genuine theology of debt, even perhaps a practice of absolute self-sacrifice, of abandoning everything, one's fortune or even one's life, that ultimately led to collectively managed finance capital. The reason that the result seems so weird, so full of paradoxes, is that it is again an attempt to apply the logic of exchange to questions of Eternity.

...What we treat as eternal in our actual relations with one another vanishes and reappears as an abstraction, an absolute. In the case of Buddhism, this was framed as the inexhaustible merit of bodhisatt-vas, who exist, in a certain sense, outside of time. They are at once the model for the Inexhaustible Treasuries, and also their practical foundation: one can only repay one's endless karmic debt, or one's infinite milk-debt, by drawing on this equally infinite pool of redemption, which, in turn, becomes the basis for the actual material funds of the monasteries, which are equally eternal-a pragmatic form of communism, in fact, since they were vast pools of wealth collectively owned and collectively managed: the center of vast projects of human cooperation, which were assumed to be similarly eternal. Yet at the same time--here I think Gernet is right-this communism became the basis, in turn, of something very much like capitalism. The rea son was, above all, the need for constant expansion. Everything-even charity-was an opportunity to proselytize; the Dharma had to grow, ultimately, to encompass everyone and everything, in order to effect the salvation of all living beings.

The Near West: Islam (Capital as Credit)

pp. 273-275

Government was seen as military power-necessary, perhaps, [to] defend the faith, but fundamentally exterior to society...This disjuncture had profound economic effects. It meant that the Caliphate, and later Muslim empires, could operate in many ways much like the old Axial Age empires-creating professional armies, waging wars of conquest, capturing slaves, melting down loot and distributing it in the form of coins to soldiers and officials, demanding that those coins be rendered back as taxes-but at the same time, without having nearly the same effects on ordinary people's lives...We can, perhaps, speak of a kind of "military coinage-slavery" complex here-but it existed in a kind of bubble. Wars of expansion, and trade with Europe and Africa, did produce a fairly constant flow of slaves, but in dramatic contrast to the ancient world, very few of them

Partition of commercial vs government spheres

ended up laboring in farms or workshops. Most ended up as decoration in the houses of the rich, or, increasingly over time, as soldiers. Over the course of the Abbasid dynasty (750-1258 AD) in fact, the empire came to rely, for its military forces, almost exclusively on Mamluks, highly trained military slaves captured or purchased from the Turkish steppes...Religious teachers appear to have done everything they could to prop up the wall. One reason for the recourse to slave soldiers was their tendency to discourage the faithful from serving in the military (since it might mean fighting fellow believers). The legal system that they created also ensured that it was effectively impossible for Muslims-or for that matter Christian or Jewish subjects of the Caliphate-to be reduced to slavery...In a way, one can see the establishment of Islamic courts as the ultimate triumph of the patriarchal rebellion that had begun so many thousands of years before: of the ethos of the desert or the steppe, real or imagined, even as the faithful did their best to keep the heavily armed descendants of actual nomads confined to their camps and palaces. It was made possible by a profound shift in class alliances.

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pp. 282

Much of our free-market doctrine, then, appears to have been originally borrowed piecemeal from a very different social and moral universe. The mercantile classes of the Medieval Near West had pulled off an extraordinary feat. By abandoning the usurious practices that had made them so obnoxious to their neighbors for untold centuries before, they were able to become-alongside religious teachers-the effective lead ers of their communities: communities that are still seen as organized, to a large extent, around the twin poles of mosque and bazaar. The spread of Islam allowed the market to become a global phenomenon, operating largely independent of governments, according to its own internal laws. But the very fact that this was, in a certain way, a genuine free market, not one created by the government and backed by its police and prisons-a world of handshake deals and paper promises backed only by the integrity of the signer-meant that it could never really become the world imagined by those who later adopted many of the same ideas and arguments: one of purely self-interested individuals vying for material advantage by any means at hand.

Key words/phrases	

David Graeber	Debt	Chapter #10	Excerpted by Sara

287	...After all, Jews and Christians lived in the same towns and villages. If one were to concede that the Exception [of Ambrose] allowed Jews and Christians the right to lend to each other at interest, it would also mean that they had the right to murder one another. No one really wanted to say that. On the other hand, real relations between Christians and Jews often did seem to skate perilously close to this unfortunate ideal—though obviously the actual murder (apart from mere economic aggression) was all on one side.... The terror inflicted by kings carried in it a peculiar element of identification: the persecutions and appropriations were an extension of the logic whereby kings effectively treated debts owed to Jews as ultimately owed to themselves, even setting up a branch of the Treasury ("the Exchequer of the Jews") to manage them. This was of course much in keeping with the popular English impression of their kings as themselves a group of rapacious Norman foreigners. But it also gave the kings the opportunity to periodically play the populist card, dramatically snubbing or humiliating their Jewish financiers, turning a blind eye or even encouraging pogroms by townsfolk who chose to take the Exception of Saint Ambrose literally, and treat moneylenders as enemies of Christ who could be murdered in cold blood. Particularly gruesome massacres occurred in Norwich in 1144 AD, and in France, in Blois in 1171. Before long, as Norman Cohn put it, "what had once been a flourishing Jewish culture had turned into a terrorized society locked in perpetual warfare with the greater society around it.”	Foucault / biopolitics - instrumentalization of people exceptions that allow people to ‘have it both ways’ creation of minorities as workaround for prohibition on usury
290-291	The reader may be wondering how it could have been possible for usury laws to move in two opposite directions simultaneously. The answer would seem to be that politically, the situation in Western Europe was remarkably chaotic. Most kings were weak, their holdings fractured and uncertain; the Continent was a checkerboard of baronies, principalities, urban communes, manors, and church estates. Jurisdictions were constantly being renegotiated—usually by war.... Italian bankers ultimately managed to free themselves from the threat of expropriation by themselves taking over governments, and by doing so, acquiring their own court systems (capable of enforcing contracts) and even more critically, their own armies. What jumps out, in comparison with the Muslim world, are these links of finance, trade, and violence. Whereas Persian and Arab thinkers assumed that the market emerged as an extension of mutual aid, Christians never completely overcame the suspicion that commerce was really an extension of usury, a form of fraud only truly legitimate when directed against one's mortal enemies. Debt was, indeed, sin—on the part of both parties to the transaction. Competition was essential to the nature of the market, but competition was (usually) nonviolent warfare. There was a reason why, as I've already observed, the words for "truck and barter" in almost all European languages were derived from terms meaning "swindle," "bamboozle," or "deceive. " Some disdained commerce for that reason. Others embraced it. Few would have denied that the connection was there.	
296-297	....The introduction of financial abstraction was not a sign that Europe was leaving the Middle Ages, but that it was finally, belatedly, entering it....almost everyone gets this wrong, because the most characteristic Medieval institutions and ideas arrived so late in Europe that we tend to mistake them for the first stirrings of modernity. We've already seen this with bills of exchange, already in use in the East by 700 or 8oo AD, but only reaching Europe several centuries later.... Our image of the Middle Ages as an "age of faith"—and hence, of blind obedience to authority—is a legacy of the French Enlightenment. Again, it makes sense only if you think of the "Middle Ages" as something that happened primarily in Europe. Not only was the Far West an unusually violent place by world standards, the Catholic Church was extraordinarily intolerant. It's hard to find many Medieval Chinese, Indian, or Islamic parallels, for example, to the burning of "witches" or the massacre of heretics. More typical was the pattern that prevailed	

in certain periods of Chinese history, when it was perfectly acceptable for a scholar to dabble in Taoism in his youth, become a Confucian in middle age, then become a Buddhist on retirement. If there is an essence to Medieval thought, it lies not in blind obedience to authority, but rather in a dogged insistence that the values that govern our ordinary daily affairs—particularly those of the court and marketplace—are confused, mistaken, illusory, or perverse. True value lay elsewhere, in a domain that cannot be directly perceived, but only approached through study or contemplation....

We can see the same tensions within predominant theories of money. Aristotle had argued that gold and silver had no intrinsic value in themselves, and that money therefore was j ust a social convention, invented by human communities to facilitate exchange. Since it had "come about by agreement, therefore it is within our power to change it or render it useless" if we all decide that that's what we want to do.146 This position gained little traction in the materialist intellectual environment of the Axial Age, but by the later Middle Ages, it had become standard wisdom.

302 The striking thing about tallies is that even though they might begin as simple tokens of friendship and solidarity, in almost all the later examples, what the two parties actually agree to create is a relation of inequality: of debt, obligation, subordination to another's orders. This is in turn what makes it possible to use the metaphor for the relation between the material world and that more powerful world that ultimately gives it meaning. The two sides are the same. Yet what they create is absolute difference....

On one level, this is just another version of the dilemmas that always arise when we try to reimagine the world through debt—that peculiar agreement between two equals that they shall no longer be equals, until such time as they become equals once again. Still, the problem took on a peculiar piquancy in the Middle Ages, when the economy became, as it were, spiritualized. As gold and silver migrated to holy places, ordinary transactions everywhere came to be carried out primarily through credit. Inevitably, arguments about wealth and markets became arguments about debt and morality, and arguments about debt and morality became arguments about the nature of our place in the universe. As we've seen, the solutions varied considerably.

303-304 ...The Buddhist monasteries of early Medieval China represent the opposite extreme [from high-risk Islamic enterprises]. The Inexhaustible Treasuries were inexhaustible because, by continually lending their money out at interest and never otherwise touching their capital, they could guarantee effectively risk-free investments. That was the entire point. By doing so, Buddhism, unlike Islam, produced something very much like what we now call "corporations"—entities that, through a charming legal fiction, we imagine to be persons, just like human beings, but immortal, never having to go through all the human untidiness of marriage, reproduction, infirmity, and death. To put it in properly Medieval terms, they are very much like angels.

Legally, our notion of the corporation is very much a product of the European High Middle Ages. The legal idea of a corporation as a "fictive person" (persona ficta)—a person who, as Maitland, the great British legal historian, put it, "is immortal, who sues and is sued, who holds lands, has a seal of his own, who makes regulations for those natural persons of whom he is composed"—was first established in canon law by Pope Innocent IV in 1250 AD, and one of the first kinds of entities it applied to were monasteries—as also to universities, churches, municipalities, and guilds....

All this is worth emphasizing because while we are used to assuming that there's something natural or inevitable about the existence of corporations, in historical terms, they are actually strange, exotic creatures. No other great tradition came up with anything like it.

Key words/phrases

David Graeber	Debt: The First 5,000 Years	Chapter 11.1	Excerpted by Andrew

The 1400s are a peculiar period in European history. It was a century of endless catastrophe: large cities were regularly decimated by the Black Death; the commercial economy sagged and in some regions col apsed entirely.

At the same time, from the perspective of many ordinary farmers and urban laborers, times couldn't have been much better. One of the perverse effects of the bubonic plague, which killed off about one-third of the European workforce, was that wages increased dramatically. ... Before long, so much wealth was flowing into the hands of ordinary people that governments had to start introducing new laws forbidding the lowborn to wear silks and ermine, and to limit the number of feast days, which, in many towns and parishes, began eating up one-third or even half of the year.

Over the next centuries, all this was to be destroyed. In England, the festive life was systematically attacked by Puritan reformers; then eventually by reformers everywhere.

Why this happened has been a matter of intense historical debate for centuries. This much we know: it began with a massive inflation. [Within five generations, real wages fell by about 40%.]

Why? The favorite explanation ... was the vast influx of gold and silver that came pouring into Europe after the conquest of the New World. As the value of precious metals collapsed, the argument went, the price of everything else skyrocketed, and wages simply couldn't keep up. ... Between 1520 and 1640, untold tons of gold and silver from Mexico and Peru were transported across the Atlantic and Pacific in Spanish treasure ships.

The problem with the conventional story is that very little of that gold and silver lingered very long in Europe. Most of the gold ended up in temples in India, and the overwhelming majority of the silver bullion was ultimately shipped off to China. The latter is crucial. If we really want to understand the origins of the modern world economy, the place to start is not in Europe at all. The real story is of how China abandoned the use of paper money. **(308–309)**

This passage reminds us that globalization is much older than most people think but also that globalization facilitated the birth of capitalism.

The conquest of Mexico and Peru led to the discovery of enormous new sources of precious metal, and these were exploited ruthlessly ... even to the point of largely exterminating the surrounding populations. [But as recent scholarship has argued] none of this would have been possible were it not for the practically unlimited Asian de-mand for precious metals.

By 1540, a silver glut caused a collapse in prices across Europe; the American mines would, at this point, simply have stopped functioning, and the entire project of American colonization foundered, had it not been for the demand from China. Treasure galleons moving toward Europe soon refrained from unloading their cargoes, instead rounding the horn of Africa and proceeding across the Indian Ocean toward Canton. ... This Asian trade became the single most significant factor in the emerging global economy.

But how exactly did the new global economy cause the collapse of living standards in Europe? One thing we do know: it clearly was *not* by making large amounts of precious metal available for everyday transactions. If anything, the effect was the opposite.

Despite the massive influx of metal from the Americas, most families were so low on cash that they were regularly reduced to melting down the family silver to pay their taxes.

This was because taxes *had* to be paid in metal. Everyday business in contrast continued to be transacted much as it had in the Middle Ages, by means of various forms of virtual credit money: tallies, prom-issory notes, or, within smaller communities, simply by keeping track of who owed what to whom. What really caused the inflation is that those who ended up in control of the bullion-governments, bankers, large-scale merchants-were able to use that control to begin chang-ing the rules, first by insisting that gold and silver *were* money, and second by introducing new forms of credit-money for their own use while slowly undermining and destroying the local systems of trust that had allowed small-scale communities across Europe to operate largely without the use of metal currency. **(311–313)**

This sounds like market capture.

If this globalized mediums of exchanged are imposed upon smaller communities then this becomes a form of dependency.

This passage also recalls the principle of expansion in that the principle of unceasing expansion eventually runs out of explicit territory and there-fore begins colonize other areas of life.

No doubt scholars will never stop arguing about the reasons for the great "price revolution." Can we really use the methods of modern economics, which were designed to understand how contemporary economic institutions operate, to describe the political battles that led to the creation of those very institutions?

This is not just a conceptual problem. There are moral dangers here. To take what might seem an "objective," macro-economic approach to the origins of the world economy would be to treat the behavior of early European explorers, merchants, and conquerors as if they were simply rational responses to opportunities.

When dealing with conquistadors, we are speaking not just of simple greed, but greed raised to mythic proportions. This is, after all, what they are best remembered for.

Moralists throughout the ages have inveighed against the endlessness of human greed, just as they have against our supposedly endless lust for power. What history actually reveals, though, is that while humans may be justly accused of having a proclivity to accuse *others* of acting like conquistadors, few really act this way themselves.

This book seems to also want to argue about how barbarism emerges

[If one examines the life of Hernán Cortés, for example, a more complicated image of the conquistadors' situation surfaces where the men participating in these expeditions were lured by the promise of wealth but trapped in ever more dire cycles of debt to the creditors who financed their expeditions. Cycles that then would motivate ever riskier and more unscrupulous behavior.]

If all this seems suspiciously reminiscent of the fourth Crusade, with its indebted knights stripping whole foreign cities of their wealth and still somehow winding up only one step ahead of their creditors, there is a reason. The financial capital that backed these expeditions came from more or less the same place (if in this case Genoa, not Venice). What's more, that relationship, between the daring adventurer on the one hand, the gambler willing to take any sort of risk, and on the other, the careful financier, whose entire operations are organized around producing steady, mathematical, inexorable growth of income, lies at the very heart of what we now call "capitalism."

As a result, our current economic system has always been marked by a peculiar dual character. Scholars have long been fascinated by Spanish debates that ensued, in Spanish universities like Santander, about the humanity of the Indians (Did they have souls? Could they have legal rights? Was it legitimate to forcibly enslave them?), just as they have argued about the real attitudes of the conquistadors (was it contempt, revulsion, or even grudging admiration for their adversaries?) The real point is that at the key moments of decision, none of this mattered. Those making the decisions did not feel they were in control anyway; those who were did not particularly care to know the details. **(314–315, 318–319)**

All of this helps explain why the Church had been so uncompromising in its attitude toward usury. It was not just a philosophical question; it was a matter of moral rivalry. Money always has the potential to become a moral imperative unto itself. Allow it to expand, and it can quickly become a morality so imperative that all others seem frivolous in comparison. For the debtor, the world is reduced to a collection of potential dangers, potential tools, and potential merchandise. Even human relations become a matter of cost-benefit calculation. Clearly this is the way the conquistadors viewed the worlds that they set out to conquer.

Capital, then, is not simply money. It is not even just wealth that can be turned into money. But neither is it just the use of political power to help one use one's money to make more money.

This would seem to mark the difference. In the Axial Age, money was a tool of empire. It might have been convenient for rulers to promulgate markets in which everyone would treat money as an end in itself; at times, rulers might have even come to see the whole apparatus of government as a profit-making enterprise; but money always remained a political instrument. This is why when the empires collapsed and armies were demobilized, the whole apparatus could simply melt away. Under the newly emerging capitalist order, the logic of money was granted autonomy; political and military power were then gradually reorganized around it. True, this was a financial logic that could never have existed without states and armies behind it in the first place. As we have seen in the case of Medieval Islam, under genuine free-market conditions—in which the state is not involved in regulating the market in any significant way, even in enforcing commercial contracts—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. **(319, 320–321)**

Worth recalling that the Middle Ages is when people became more comfortable with institutions

The peasants' visions of communistic brotherhood did not come out of nowhere. They were rooted in real daily experience: of the maintenance of common fields and forests, of everyday cooperation and neighborly solidarity. It is out of such homely experience of everyday communism that grand mythic visions are always built. Obviously, rural communities were also divided, squabbling places, since communities always are—but insofar as they are communities at all, they are necessarily founded on a ground of mutual aid.

The inexorable nature of interest-bearing debt, and the alternately savage and calculating behavior of those enslaved to it, are typical above all of dealings between strangers. ... Inside the small towns and rural hamlets, where the state was mostly far away, Medieval standards survived intact, and "credit" was just as much a matter of honor and reputation as it had ever been. The great untold story of our current age is of how these ancient credit systems were ultimately destroyed.

In a typical village, the only people likely to pay cash were passing travelers, and those considered riff-raff: paupers and ne'er-do-wells so notoriously down on their luck that no one would extend credit to them. Since everyone was involved in selling something, however just about everyone was both creditor and debtor.

The reason that this upends our assumptions is that we're used to blaming the rise of capitalism on something vaguely called "the market"—the breakup of older systems of mutual aid and solidarity, and the creation of a world of cold calculation. ... Really, English villagers appear to have seen no contradiction between the two. On the one hand, they believed strongly in the collective stewardship of fields, streams, and forests, and the need to help neighbors in difficulty. On the other hand, markets were seen as a kind of attenuated version of the same principle, since they were entirely founded on trust. ... At the same time, most seem to have been quite comfortable with the idea of buying and selling, or even with market fluctuations, provided it didn't get to the point of threatening honest families' livelihoods.

Over time, this led to an increasing disjuncture of moral universes. For most, who tried to avoid entanglement in the legal system just as much as they tried to avoid the affairs of soldiers and criminals, debt remained the very fabric of sociability. But those who spent their working lives within the halls of government and great commercial houses gradually began to develop a very different perspective, whereby cash exchange was normal and it was debt that came to be seen as tinged with criminality.

As a result, all moral relations came to be conceived as debts. "Forgive us our debts"—this was the period, the very end of the Middle Ages, that this translation of the Lord's Prayer gained such universal popularity. Sins are debts to God: unavoidable, but perhaps manageable, since at the end of time our moral debts and credits will be all canceled out against each other in God's final Reckoning. ... The phrase "paying one's debts" thus developed connotations, much as the Roman phrase "doing one's duty" had, centuries before. **(326–328, 329, 330)**

There's an implication that the integration of the debt systems into the local level means that these persistent mutualism that present in these communities is also the medium through which neighbors are increasingly rendered as strangers.

Because an instrument of capital because it is also the thing atomizes people.

The story of the origins of capitalism, then, is not the story of the gradual destruction of traditional communities by the impersonal power of the market. It is, rather, the story of how an economy of credit was converted into an economy of interest; of the gradual transformation of moral networks by the intrusion of the impersonal—and often vindictive—power of the state.

In the 1580s, when interest-bearing loans began to become common between villagers, creditors also began to insist on the use of signed, legal bonds; this led to such an explosion of appeals to the courts that in many small towns, almost every household seemed to be caught up in debt litigation of some sort or other. Only a tiny proportion of these suits were ever brought to judgment, either: the usual expedient was still to rely on the simple threat of punishment to encourage debtors to settle out of court. Still, as a result, the fear of debtor's prison—or worse—came to hang over everyone, and sociability itself came to take on the color of crime.

The criminalization of debt, then, was the criminalization of the very basis of human society. It cannot be overemphasized that in a small community, everyone normally was both lender and borrower. One can only imagine the tensions and temptations that must have existed in a communities—and communities, much though they are based on love, in fact, because they are based on love, will always also be full of hatred, rivalry and passion—when it became clear that with sufficiently clever scheming, manipulation, and perhaps a bit of strategic bribery, they could arrange to have almost anyone they hated imprisoned or even hanged. ... The effects on communal solidarity must have been devastating. The sudden accessibility of violence really did threaten to transform what had been the essence of sociality into a war of all against all. It's not surprising then, that by the eighteenth century, the very notion of personal credit had acquired a bad name, with both lenders and borrowers considered equally suspect. The use of coins—at least among those who had access to them—had come to seem moral in itself. **(332, 333–335)**

This seems to suggest that people began weaponizign the state the more that the state assumed the role of managing debt relations

Key words/phrases

Community Quote Sheet Metaphor Key: ★ (recurrent); ⊥ (contradictory); Ƶ (abstruse)

David Graeber	Debt: The First 5,000 Years	Chapter 11, pt 2	Excerpted by Zach W.

342–344

Politics…is the art of persuasion; the political is that dimension of social life in which things really do become true if enough people believe them. The problem is that in order to play the game effectively, one can never acknowledge this: it may be true that, if I could convince everyone in the world that I was the King of France, I would in fact become the King of France; but it would never work if I were to admit that this was the only basis of my claim. In this sense, politics is very similar to magic—one reason both politics and magic tend, just about everywhere, to be surrounded by a certain halo of fraud. …

The bolded term means magic that are done specifically for entertainment purposes.

If one does not believe in the king, then the money vanishes with him.

Thus kings, magicians, markets, and alchemists all fuse in the public imagination during this era, and so do we still talk about the "alchemy" of the market, of "financial magicians." In Goethe's *Faust* (1808), he actually has his hero—in his capacity as alchemist-magician—pay a visit to the Holy Roman Emperor. The Emperor is sinking under the weight of endless debts that he has piled up paying for the extravagant pleasures of his court. Faust and his assistant, Mephistopheles, convince him that he can pay off his creditors by creating paper money. It's represented as an act of pure **prestidigitation**. "You have plenty of gold lying somewhere underneath your lands," notes Faust. "Just issue notes promising your creditors you'll give it to them later. Since no one knows how much gold there really is, there's no limit to how much you can promise."

This is a callback to the idea of what counts of rational is bound up with moral thought, which is determined by history

Such magical language is almost unheard of in the Middle Ages. It would appear that it's only in a resolutely materialist age that the ability to simply produce things by saying that they are there comes to be seen as scandalous, even diabolical. And the surest sign that one has entered such a materialist age is precisely the fact that it is seen so. We have already observed Rabelais, at the very beginning of the age, reverting to language almost identical to that used by Plutarch when he railed against moneylenders in Roman times—"laughing at those natural philosophers who hold that nothing can be made of nothing," as they manipulate their books and ledgers to demand back money they never actually had. Panurge just turned it around: no, it's by borrowing that I make something out of nothing and become a kind of god.

Magic also has an invisiblizing aspect that conceals the process by which wealth is accrued.

344–345

But there's a deeper scandal than prestidigitation. If medieval moralists did not raise such objections, it was not just because they were comfortable with metaphysical entities. They had a much more fundamental problem with the market: greed. Market motives were held to be inherently corrupt. The moment that greed was validated and unlimited profit was considered a perfectly viable end in itself, this political, magical elements became a genuine problem, because it meant that even those actors—the brokers, stock-jobbers, traders—who effectively

	made the system run had no convincing loyalty to anything, even to the system itself. … Having made incessant war on all remaining forms of the communism of the poor, even to the point of criminalizing credit, the masters of the new market system discovered that they had no obvious justification left to maintain even the communism of the rich—that level of cooperation and solidarity required to keep the economic system running. True, for all its endless strains and periodic breakdowns, the system has held out so far. but as 2008 dramatically testified, it has never been resolved.	This seems to be an argument about hegemony that by the 21st century, beccause the existence of a 1% is accepted as normal.
349–350	One of the most famous and disturbing [debt-chain fantasies] was the great Putumayo scandal of 1909–1911, in which the London reading public was shocked to discover that the agents of the subsidiary of a British rubber company operating in the Peruvian rainforest had created their very own Heart of Darkness, exterminating tens of thousands of Huitoto Indians—who the agents insisted on referring to only as “cannibals”—in scenes of rape, torture, and mutilation that recalled the very worst of the conquest four hundred years earlier. In the debates that followed, the first impulse was to lame everything on a system whereby the Indians were said to have been caught in a debt trap, made completely dependent on the company store. … The “cannibals,” who ended up flogged to death, crucified, tied up and used for target practice, or hacked to pieces with machetes for failure to bring in sufficient quantities of rubber, had, the story went, fallen into the ultimate debt trap; seduced by the wares of the company’s agents, they’d ended up bartering away their very lives. A later Parliamentary inquiry discovered that the real story was entirely different. The Huitoto had not been tricked into becoming debt peons at all. It was the agents and overseers sent into the region who were, much like the conquistadors, deeply indebted—in their case, to the Peruvian company that had commissioned them, which was ultimately receiving its own credit from London financiers. These agents had certainly arrived with every intention of extending that web of credit to include the Indians, but discovering the Huitoto to have no interest in the cloth, machetes, and coins they had brought to trade with them, they’d finally given up and just started rounding Indians up and forcing them to accept loans at gunpoint, then tabulating the amount of rubber they owed. Many of the Indians massacred, in turn, had simply been trying to do what any reasonable person would do under the circumstances: which was to run away. In reality, then, the Indians had been reduced to slavery; it’s just that, by 1907, no one could openly admit this. A legitimate enterprise had to have some moral basis, and the only morality the company knew was debt. When it became clear that the Huitoto rejected the premise, everything went haywire, and the company ended up, like Casimir, caught in a spiral of indignant terror that ultimately threatened to wipe out its very economic basis.	The persistent character of capit-alism is that it imposes itself on those who don’t wish to participate in it.

355 Speaking as someone brought up in that sort of working-class family [that came to consider themselves "respectable"] (my brother died at the age of 53, having refused to his dying day to acquire a credit card), I can attest to the degree that for those who spend most of their waking hours working at someone else's orders, the ability to pull out a wallet full of banknotes that are unconditionally one's own can be a compelling form of freedom. It's not surprising that so many of the economists' assumptions—most of those for which I have been taking them to task over the course of this book—have been embraced by the leaders of the historic workers' movements, so much so that they have come to shape our visions of what alternatives to capitalism might be like. The problem is not just—as I demonstrated in Chapter Seven—that it is rooted in a deeply flawed, even perverse, conception of human freedom. This is important to emphasize because one typical response to the sort of critical perspective I have presented here is to emphasize the political freedom, technological progress, and mass prosperity that this economic has also produced. There is no doubt that advances in productivity, hygiene, education, and the application of scientific understanding to everyday needs has produced an unprecedented improvement in the lives of billions in the 250 years or so since the industrial revolution, especially in their lives outside the workplace, but it is also by no means clear to me that all these improvements can be attributed to a single entity called "capitalism"—or whether it is more sensible to see capitalist economic relations, advances in scientific knowledge, and democratic politics as essentially independent phenomena, any one of which can occur in the absence of either of the others.

Community Quote Sheet

Metaphor Key: ★ (recurrent); ⊥ (contradictory); Ƶ (abstruse)

David Graeber	Debt: The First 5,000 Years	Chapter 12	Excerpted by Zach W.

<table>
<tr>
<td>363–364</td>
<td>Reality…has become so odd that it's hard to guess which elements of grand mythic fantasies are really fantasy, and which are true. The image of collapsed vaults, the melted bullion, of secret workers scurrying deep below Manhattan with underground forklifts evacuating the world economy—all this turns out not to be. But is it entirely surprising that people were willing to consider it?

In America, the banking system since the days of Thomas Jefferson has shown a remarkable capacity to inspire paranoid fantasies: whether centering on Freemasons, or Elders of Zion, or the Secret Order of the Illuminati, or the Queen of England's drug-money-laundering operations, or any of a thousand other secret conspiracies and cabals. It's the main reason why it took so long for an American central bank to be established to begin with. In a way there's nothing surprising here. The United States has always been dominated by a certain market populism, and the ability of banks to "create money out of nothing" and even more, to prevent anyone else from doing so—has always been the bugaboo of market populists, since it directly contradicts the idea that markets are a simple expression of democratic equality. Still, since Nixon's floating of the dollar, it has become evident that it's only the wizard behind the screen who seems to be maintaining the viability of the whole arrangement. Under the free-market orthodoxy that fol lowed, we have all being asked, effectively, to accept that "the market" is a self-regulating system, with the rising and falling of prices akin to a force of nature, and simultaneously to ignore the fact that, in the business pages, it is simply assumed that markets rise and fall mainly in anticipation of, or reaction to, decisions regarding interest rates by Alan Greenspan, or Ben Bernanke, or whoever is currently the chair man of the Federal Reserve.</td>
<td>What's interesting here is the develop. of conspiracies bec. of the complexiy of the market after the enactment of Bretton-Woods in 1971</td>
</tr>
<tr>
<td>368</td>
<td>If history holds true, an age of virtual money should mean a movement away from war, empire-building, slavery, and debt peonage (waged or otherwise), and toward the creation of some sort of overarching institutions, global in scale, to protect debtors. What we have seen so far is the opposite. The new global currency is rooted in military power even more firmly than the old was. Debt peonage continues to be the main principle of recruiting labor globally: either in the literal sense, in much of East Asia or Latin America, or in the subjective sense, whereby most of those working for wages or even salaries feel that they are doing so primarily to pay off interest-bearing loans. The new transportation and communications technologies have just made it easier, making it possible to charge domestics or factory workers thousands of dollars in transportation fees, and then have them work off the debt in distant countries where they lack legal protections. Insofar as overarching grand cosmic institutions have been created that might be considered in any way parallel to the divine kings of the ancient Middle East or the religious authorities of the Middle Ages, they have not been created to protect debtors, but to enforce the rights of creditors. The International Monetary Fund is only the most dramatic case in point here. It stands at the pinnacle of a great,</td>
<td>This paragraph is the key point on globalization in that what gets called globalization is the development of these large beauracratic forms that hold dictatorial power all over the globe</td>
</tr>
</table>

	emerging global bureaucracy-the first genuinely global administrative system in human history, enshrined not only in the United Nations, the World Bank, and the World Trade Organization, but also the endless host of economic unions and trade organizations and non-governmental organizations that work in tandem with them—created largely under U.S. patron age. All of them operate on the principle that (unless one is the United States Treasury), "one has to pay one's debts"—since the specter of default by any country is assumed to imperil the entire world monetary system, threatening, in Addison's colorful image, to turn all the world's sacks of (virtual) gold into worthless sticks and paper.	
376	In the new dispensation, wages would no longer rise, but workers were encouraged to buy a piece of capitalism. Rather than euthanize the rentiers, everyone could now become rentiers-effectively, could grab a chunk of the profits created by their own increasingly dramatic rates of exploitation. The means were many and familiar. In the United States, there were 401(k) retirement accounts and an endless variety of other ways of encouraging ordinary citizens to play the market; but at the same time, encouraging them to borrow. One of the guiding principles of Thatcherism and Reaganism alike was that economic reforms would never gain widespread support unless ordinary working people could at least aspire to owning their own homes; to this was added, by the 1990s and 2000s, endless mortgage-refinancing schemes that treated houses, whose value it was assumed would only rise, "like ATMs" as the popular catchphrase had it, though it turns out, in retrospect, it was really more like credit cards. Then there was the proliferation of actual credit cards, juggled against one another. Here, for many, "buying a piece of capitalism" slithered undetectably into something indistinguishable from those familiar scourges of the working poor: the loan shark and the pawnbroker. It did not help here that in 1980, U.S. federal usury laws, which had previously limited interest to between 7 and 10 percent, were eliminated by act of Congress. Just as the United States had managed to largely get rid of the problem of political cor ruption by making the bribery of legislators effectively legal (it was redefined as "lobbying"), so the problem of loan-sharking was brushed aside by making real interest rates of 25 percent, so percent, or even in some cases (for instance for payday loans) 120 percent annually, once typical only of organized crime, perfectly legal-and therefore, enforce able no longer by just hired goons and the sort of people who place mutilated animals on their victims' doorsteps, but by judges, lawyers, bailiffs, and police.	
381–383	For most of the last several centuries, most people assumed that credit could not be generated infinitely because they assumed that the economic system itself was unlikely to endure forever. The future was likely to be fundamentally different. Yet somehow, the anticipated revolutions never happened. The basic structures of financial capitalism largely remained in place. It's only now, at the very moment when it's becoming increasingly clear that current arrangements are not viable, that we suddenly have hit the wall in terms of our collective imagination. There is very good reason to believe that, in a generation or so, capitalism itself will no longer exist-most obviously, as ecologists keep reminding us, because it's impossible to maintain an engine of perpetual growth forever on a finite planet, and the current form of capitalism doesn't seem to be capable of generating the	

kind of vast technological breakthroughs and mobilizations that would be required for us to start finding and colonizing any other planets. Yet faced with the prospect of capitalism actually ending, the most common reaction—even from those who call themselves "progressives"—is simply fear. We cling to what exists because we can no longer imagine an alternative that wouldn't be even worse.

How did we get here? My own suspicion is that we are looking at the final effects of the militarization of American capitalism itself. In fact, it could well be said that the last thirty years have seen the construction of a vast bureaucratic apparatus for the creation and maintenance of hopelessness, a giant machine designed, first and foremost, to destroy any sense of possible alternative futures. At its root is a veri table obsession on the part of the rulers of the world—in response to the upheavals of the 1960s and 1970s—with ensuring that social movements cannot be seen to grow, flourish, or propose alternatives; that those who challenge existing power arrangements can never, under any circumstances, be perceived to win. To do so requires creating a vast apparatus of armies, prisons, police, various forms of private security firms and police and military intelligence apparatus, and propaganda engines of every conceivable variety, most of which do not attack alter natives directly so much as create a pervasive climate of fear, jingoistic conformity, and simple despair that renders any thought of changing the world seem an idle fantasy. Maintaining this apparatus seems even more important, to exponents of the "free market," even than maintaining any sort of viable market economy. How else can one explain what happened in the former Soviet Union? One would ordinarily have imagined that the end of the Cold War would have led to the dismantling of the army and the KGB and rebuilding the factories, but in fact what happened was precisely the other way around. This is just an extreme example of what has been happening everywhere. Economically, the apparatus is pure dead weight; all the guns, surveillance cameras, and propaganda engines are extraordinarily expensive and really pro duce nothing, and no doubt it's yet another element dragging the entire capitalist system down—along with producing the illusion of an endless capitalist future that laid the groundwork for the endless bubbles to begin with. Finance capital became the buying and selling of chunks of that future, and economic freedom, for most of us, was reduced to the right to buy a small piece of one's own permanent subordination.

The proliferation of surveillance cameras dramatically expand the presence of military eyes, meaning that the ramp-up of the security apparatus is demonsttrative of capitalism being in crisis.

In other words, there seems to have been a profound contradiction between the political imperative of establishing capitalism as the only possible way to manage anything, and capitalism's own unacknowledged need to limit its future horizons lest speculation, predictably, go haywire. Once it did, and the whole machine imploded, we were left in the strange situation of not being able to even imagine any other way that things might be arranged. About the only thing we can imagine is catastrophe.