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DEBT: THE FIRST 5,000 YEARS – 10 YEARS AFTER 2008[1]

by David Graeber

Book Review

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So… One decade on from the 2008 global financial crash and almost eight years after the first edition of David Graeber's *Debt: The First 5000 Years*, what is there left to say about this book – one of the most remarkable anthropological efforts of this new century and possibly the most famous thus far? One simple way of presenting the book is saying it provides a social and economic history of money – how it appeared, what were its original functions, how it evolved over time and, most importantly, what type of moral values came to be associated with it (a discussion obviously triggered by the 2008 crisis). The book contains two parts: in the first (chapters 1 to 7), the author discusses current perspectives on the origins of money, debt and the marketplace while proposing an alternative theory of exchange; in the second and more narrative part (chapters 8 to 12), Graeber attempts to rewrite the history of money and debt according to long-term cycles. This review will highlight the main arguments in each section before subsequently setting out an appreciation of the originality, and some shortcomings, of the book as a whole.

[1] Melville House, July, 2011. ISBN-10: 1933633867 - ISBN-13: 978-1933633862

Graeber starts out by stressing the strong links between debt and money, money and debt. The reader is thus taken back to ancient Mesopotamia, the site of the oldest discovered archaeological vestiges of money – corresponding to debt obligations recorded on clay tablets, with some of these transferrable from one creditor to another and functioning as promissory notes. This idea that money basically constitutes a form of debt may surprise many economists, especially those who believe coinage results from a trade complexification process beginning with barter and with large use value commodities such as salt acting as common denominators of exchange value somewhere in the middle. Such are the premises of what Graeber terms the 'Myth of Barter', which might serve as a means to justify both economics as a science and 'the economy' as its specific object – but certainly does not provide a convenient explanation of money.

However, locating monetary value in a debt relationship is not new and Graeber rightly acknowledges the significance of the credit and state theories of money first advanced by Alfred Mitchell-Innes in the early 20th century and later popularized by Keynes. But Graeber also takes this one step further and asks where does this idea of being indebted to someone or something come from? At this point, he turns on a second, less popular myth, that of 'Primordial Debt', which authors such as Michel Aglietta and André Orleán situate in some religious sentiment of gratitude towards the gods, nature or the cosmos. Graeber rejects the notion that this sentiment corresponds to some genuine feeling and rather perceives it as an expedient to legitimate the centralization of authority under certain rulers who correspondingly present themselves as intermediaries of the gods and duly acting as debt collectors on their behalf. The intermediation of a central authority, commonly backed up by armed force, is therefore as essential to the functioning of debt and money as it is to instituting market fairs as a means of monetizing exchanges and receiving back, in the form of the taxes paid by people, a proportion of the salaries advanced to soldiers. Viewed from a long-term historical perspective, debt, currency and the market are thus all essential cornerstones to a system of power dominated by the state (or some other powerful oligarchy) and backed by violence or at least the possibility of violence.

But what exactly is a debt relation? Graeber defines it as an unaccomplished transaction involving two persons or counterparties of equivalent status who find themselves in an unequal situation susceptible to resolution. Alongside monetary transactions and the market, debt refers to – while also constituting a sort of deviation from – the moral principle of 'exchange' that organizes the circulation of goods mostly on the basis of reciprocity and retribution. The other two moral principles organizing the circulation of goods are those of 'communism' (involving any form of sharing devoid of reciprocity, such as assistance in times of difficulty or hospitality towards strangers) and 'hierarchy' (involving transactions among persons with different statuses, such as parents and children). Graeber states that these three moral principles regulate the distribution of products and services in any society – from primitive tribes to modern capitalist corporations. All three focus on persons as highly valuable resources and constitute the basis of what he terms 'human economies', encompassing a variety of systems in which human lives are cherished and nurtured while also susceptible to being violently subdued and rendered into exchangeable commodities: indeed, "[i]f we have become a debt society, it is because the legacy of war, conquest, and slavery has never completely gone away" (p. 164).

The second part of the book comprises a world history of debt and money from the era of the Ancient Agrarian Empires through to modern times. According to Graeber, this history is marked by the alternation of long-term cycles in which money assumes either the form of an abstract credit sign or that of a highly valued commodity such as gold or silver. While in periods when credit prevails, the overall political context tends to be more peaceful, bullion periods foster conquest and warfare. Again, the cycle concept is hardly new whether in economics or in history and Graeber´s periodization follows widely accepted civilizational models even though the long-term scope of each period – ranging from 600 to 2700 years, that is, considerably lengthier than the Kondratiev waves popularized by Schumpeter or the *longue durée* capitalist cycles proposed by Braudel or Giovanni Arrighi – constitutes probably the most intrepid aspect of the whole book, promising a novel scale for economic history.

Though the argument clearly becomes more descriptive and less consistent in these later chapters, it nevertheless contains relevant *aperçus* which appear to mirror contemporary realities and possibilities, such as the idea of a general debt pardon, formerly applied in Ancient Mesopotamia as a means of restoring freedom and reducing extreme social inequalities (pp. 216-217), and which Graeber advocates should also be widely practiced today; or the notion that the development of regional credit systems in the India of the Middle Ages served as a means of reconstituting hierarchies with higher interest levied on lower castes and lower interest on higher castes (p. 256) in keeping with the inversely proportional logics that have long accompanied the history of credit and still remain rather common; or the idea that the Islamic Empire, although profusely commercial (pp. 278-282), never quite constituted a capitalist civilization in the modern sense, contrary to Buddhist China, whose temples acted as a sort of corporation, using donations to grant credit and prospering on the basis of the interest thereby charged (pp. 303-304); or, furthermore, the ideas that the extreme violence of Spanish *conquistadores* also stemmed from their being highly indebted (pp. 313-318), with most capitalist economies having established themselves primarily on the basis of debt bondage and slavery, rather than free labour (pp. 350-351).

The end, in 1971, of the post-World War II dollar-gold standard defines, says Graeber, the beginning of a new cycle of money under the debt sign and in which the values of currencies float freely. Money becomes increasingly virtual, though this evolution has thus far not been accompanied neither by the emergence of powerful institutions committed to the protection of debtors (the IMF and central banks basically protect creditor interests) nor by any reduction of warfare and imperialism. Graeber contends this arises both from the implementation of neoliberal policies from the 1980s onwards (which have successfully detached productivity indicators from salaries and subtracted a good deal of economic relevance from political rights) and from the downfall of socialist regimes in Eastern Europe (which represented a credible menace to advanced Western economies during the cold war period, forcing them not only to implement their own welfare policies but also held up as a bad example in order to reinforce the neoliberal agenda from 1989 onwards) (pp. 373-375).

To recapitulate, the major theoretical stances of this book are the three-pillared morality of transactions, with a strong focus on the nature of debt relations, and the idea of a human economy (first half); and the extra-long-term cyclicity of the history of debt (second half). One might add the kaleidoscopic view of history deployed here does turn out to reveal unexpected connections between distant times and spaces. For instance, what unites Mesopotamia clay tablets and modern banking deposits is the fact that both constitute debt-based money. The present and the most remote past are thus again brought together. Of course, debt relations have persisted down through history but there were also ages when money was mostly taken to be a coinage shaped commodity and indexed to gold and silver. Such was the case in the 1450-1971 capitalist age, when economics as a science was born (which may help explain the popularity of the barter myth…) and the ideas of Adam Smith, David Ricardo or Karl Marx became paramount.

An emphasis on morality and the human side of the economy might be something to expect from an anthropologist and, in the 2014 'Afterword', Graeber duly renders homage to Marcel Mauss who, alongside Malinowski, pioneered the attack against the idea of *homo economicus* as a rationalistic, self-interested, maximizing agent, and instead stressing the embedded character of all economic activities. Nevertheless, this book still stands in clear contrast with the dominant contemporary social science paradigm that combines the Actor-Network Theory / performativity of economics approach advanced by Bruno Latour and Michel Callon with the 'social life of things' perspective of Arjun Appadurai (see Gregory, 2014). Even if Graeber's tale of origins may account only for a small part of the story, as Bill Maurer suggests (2013), and his proverbial mistrust of credit, bankers and quantification sometimes sounds simplistic, this endeavor constitutes an invigorating breath of fresh air carrying with it new, critical and political-economic implications.

The most surprising aspect of the book is, however, its long-term cyclical perspective. As stated, the credit / bullion cycles endure between 600 and roughly 2700 years – a temporal scope presupposing a whole new scale for socioeconomic history. In fact, an even longer temporality might be hinted at, should one admit – following the suggestion of the title – that the second five thousand years will be different from the first and debt societies might eventually cease to exist. However, Graeber produces little reflection about the implications of such a grand scale of history (even the 2014 afterword is laconic in this respect…). This is unfortunate, given the tradition of debate around cyclical accuracy. At the end of *Civilisation materielle, economie, capitalisme*, Braudel ([1979] 1993: 528-535) reviewed the dispute around economic conjunctures, which French historians tended to see as an exogenous but influential force whereas British historians preferred to highlight the role of national events and processes in the formation of country-specific conjunctures. Braudel claimed he was convinced that the economic and material history of the world followed certain tidal movements, though the favorable or unfavorable thresholds engendered by such movements remained somewhat mysterious – he even established an analogy with climate cycles, whose existence could not be questioned even if their causes were uncertain. Such a discussion bears the merit of removing any strong messianic connotation from *longue durée* cycles and situating the debate on traditional scientific grounds. Similarly, regarding Graeber's credit / bullion cycles, one feels tempted to inquire just what kind of force is at stake in these millennial movements and how can people appropriate themselves of a history so super-human in scale. Nevertheless, no clear answers are provided…

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