

Everything you thought you knew about human history is wrong, and here's why

Book Review

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A review of *Debt: The First 5,000 Years* by David Graeber. Melville House Publishing, 534 pages, hardcover, \$32.00

It takes a particularly special kind of writer to tackle a subject as nebulous as the history of debt. However, none seems better suited to the task than David Graeber.

Debt, perhaps Graeber's most powerful and deeply subversive work to date, grapples with one of the oldest economic and moral conundrums in human history, that of money's unique capacity to "turn morality into a matter of impersonal arithmetic—and by doing so, to justify things that would otherwise seem outrageous or obscene."

When one looks at the historical record one finds that credit is the original form of money. "Credit systems, tabs, even expense accounts, all existed long before cash," Graeber writes. "These things are as old as civilization itself."

So, what is money, and where did it originate? Graeber examines two main theories of money, the commodity theory, and the credit theory. Commodity theory treats money as an object that serves to regulate exchange, but downplays the role of the state, not only in its creation of currency, but in its fostering and regulating of markets. The credit theory argues that money is not a commodity, but "an accounting tool," a unit of measurement of the worth of an object.

The rise of the state then, becomes critical to our understanding of how money and markets evolved. If money can only exist when everyone in society agrees to honor it at its prescribed value, how can currency be maintained and regulated without the coercive power of the state? Graeber makes the argument that such a situation is only possible in small, communal social groups—a sort of "baseline communism" where there is a relative amount of trust.

Liberal philosophers came to think of the need for the state to regulate markets and currency as part of the "social contract," an agreement between the governors and the governed in exchange for services. Historically, this has meant peasants paying tribute (taxes) to kings to provide armies for defense, and is used as one of the most frequent justifications for both states and taxes.

The moral justifications for this though, are based on the idea of what Graeber calls "Primordial Debt Theory." This theory draws its origins from the earliest human writings on debt, morality, and economics, the Indian Vedas. The argument here is that each of us owes what can only be termed a "cosmic debt" to the universe for our creation; a spiritual tab that can never be fully paid while we live, as our lives themselves are what is owed to that which created us.

It is on this basis by which tyrants and unscrupulous individuals have attempted to lay claim to structures of authority, like the state. Ancient societies, where Kings and religious leaders were considered intermediaries between god and man, or gods themselves, are an example. This leads to our cosmic debts becoming indistinguishable from societal debts, paid in the form of tribute and taxes, in essence assigning monetary values to human life. The social

contract then, is not really a contract at all, but a perversion of an old religious question into a justification for state authority.

Of the numerous eye-opening details of the foundations of our modern economy that Graeber reveals in *Debt*, the centrality of slavery is by far the most odious, and the most frequently overlooked by traditional economics and history text books. The exchange of people as currency, Graeber notes, exists even in the earliest legal codes. It is this process of making people exchangeable, Graeber writes, that “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”

Before the rise of market economies, there was another form of economy, which Graeber calls “human economies”, economies built on the exchange/alteration of social arrangements between people. What were exchanged were not goods between individuals, but something more abstract social standing. In a human economy “money is not a way of buying or trading human beings, but a way of expressing just how much one cannot do so.”

But this breaks down when humans become objects subject to exchange, starting with women and marriage, and leading to slavery. The intrusion of market economies only helps to further this breakdown. With the rise of powerful states based on war, currency, and conquest, the quantifying of human life makes slavery an integral part of the economic cycle.

Graeber focuses attention on what he calls The Axial Age, roughly 800 BC-600 AD, and on the Roman Empire in particular as the most important example of these early powerful states, because Roman property laws are the basis for our own. Indeed, much of our political and legal ideas come from the Romans, and many of these ideas have their roots in Roman debates over legal questions regarding slavery.

Much of western philosophy also has its roots here, couched comfortably within materialism. In western philosophy, we see the origin of “pure...self-interested market transactions,” or in other words, the desire for profit. This development continues into the Middle Ages, where we see the origins of modern capitalism, emerging first in the Arab world, and later in Italy. Interestingly, the Arab idea of the market, unlike the European idea, was an extension of mutual aid, not contrary to it. Such notions evaporated though as European capitalism took off.

In Italy, the merchant classes became so powerful that they ended up taking over and becoming the government. This allowed them control not only of the court systems, but as Graeber notes, “even more critically, their own armies.” “What jumps out,” he writes, “...are these links of finance, trade, and violence.” The Italians are also notable for the development of the joint-stock organization, the birth of the modern corporation.

It is the birth of the corporation which leads into what Graeber terms the Age of the Great Capitalist Empires, from 1450 AD-1971 AD. It is important to note that even as powerful nation-states and powerful corporations were rising in the early part of this period, much of the rural population of the world still operated mostly on ancient credit systems, based on honor and trust.

As states sought to impose their currencies, and market economies upon these rural communities, many resisted. In 1525 in Germany, there were massive peasant uprisings. “The rebels, in most cases, representing themselves as simple Christians aiming to restore the true communism of the Gospels,” Graeber writes.

Here, we again see his “baseline communism,” acting as the basis of society. Ultimately, these rebellions in Germany and elsewhere were viciously put down, and the ways of life they defended were destroyed, but the very existence of communities operating on such principles flies in the face of what economists and historians have been telling us is our history, and leads us to revise our understanding of the origins of modern society. Graeber writes:

“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.”

At the same time that the state was forcibly crushing such communities and practices, the intellectual elite were also rewriting the moral and intellectual frameworks of society, with a new perspective of self-interest over mutual aid and community.

Today, all our moral, economic, political, and even spiritual ideals are shaped by this perspective. “It is the peculiar feature of modern capitalism,” Graeber writes, “to create social arrangements that essentially force us to think

this way...the structure of the corporation is a telling case in point...it is a structure designed to eliminate all moral imperatives but profit.”

What we have then is a picture of capitalist society, with deep historical roots. Its practices, even its very laws are couched in systems of inherent inequality. The current period of human history, like each that preceded it, is part of a cycle of ebb and flow. It is here that Graeber makes a profound statement:

“In this book, I have largely avoided making concrete proposals, but let me end with one. It seems to me that we are long overdue for some kind of Biblical-style Jubilee: one that would affect both international and consumer debt.”

This call for Jubilee, for the destruction of the debt records and a return to economic equilibrium, is a powerful one, and on one level it is an appropriate place to end *Debt*. But for how well the book does at tracing our economic history back to its roots, I feel that Graeber could have ended on a much stronger note.

While *Debt* does an excellent job of tracing our economic history, my only major problem with it, is that it does nothing to propose alternatives to such arrangements, let alone how we might go about achieving some sort of biblical-style jubilee.

In many ways, what *Debt* needs is a sequel. *Debt* offered us a thorough guide through our economic history from the past to the present. What’s needed now is an exploration of what the future might look like, and concrete proposals on how we could get there.

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