What is Debt? – An Interview with Economic Anthropologist David Graeber

David Graeber currently holds the position of Reader in Social Anthropology at Goldsmiths University London. Prior to this he was an associate professor of anthropology at Yale University. He is the author of ‘Debt: The First 5,000 Years’ which is available from Amazon.

Interview conducted by Philip Pilkington, a journalist and writer based in Dublin, Ireland.

Philip Pilkington: Let’s begin. Most economists claim that money was invented to replace the barter system. But you’ve found something quite different, am I correct?

David Graeber: Yes there’s a standard story we’re all taught, a ‘once upon a time’ — it’s a fairy tale.

It really deserves no other introduction: according to this theory all transactions were by barter. “Tell you what, I’ll give you twenty chickens for that cow.” Or three arrow-heads for that beaver pelt or what-have-you. This created inconveniences, because maybe your neighbor doesn’t need chickens right now, so you have to invent money.

The story goes back at least to Adam Smith and in its own way it’s the founding myth of economics. Now, I’m an anthropologist and we anthropologists have long known this is a myth simply because if there were places where everyday transactions took the form of: “I’ll give you twenty chickens for that cow,” we’d have found one or two by now. After all people have been looking since 1776, when the Wealth of Nations first came out. But if you think about it for just a second, it’s hardly surprising that we haven’t found anything.

Think about what they’re saying here – basically: that a bunch of Neolithic farmers in a village somewhere, or Native Americans or whatever, will be engaging in transactions only through the spot trade. So, if your neighbor
doesn’t have what you want right now, no big deal. Obviously what would really happen, and this is what anthropologists observe when neighbors do engage in something like exchange with each other, if you want your neighbor’s cow, you’d say, “wow, nice cow” and he’d say “you like it? Take it!” – and now you owe him one. Quite often people don’t even engage in exchange at all – if they were real Iroquois or other Native Americans, for example, all such things would probably be allocated by women’s councils.

So the real question is not how does barter generate some sort of medium of exchange, that then becomes money, but rather, how does that broad sense of ‘I owe you one’ turn into a precise system of measurement – that is: money as a unit of account?

By the time the curtain goes up on the historical record in ancient Mesopotamia, around 3200 BC, it’s already happened. There’s an elaborate system of money of account and complex *credit* systems. (Money as medium of exchange or as a standardized circulating units of *gold*, silver, bronze or whatever, only comes much later.)

So really, rather than the standard story – first there’s barter, then money, then finally credit comes out of that – if anything its precisely the other way around.

PP: You say that by the time historical records start to be written in the Mesopotamia around 3200 BC a complex financial architecture is already in place. At the same time is society divided into classes of debtors and creditors? If not then when does this occur? And do you see this as the most fundamental class division in human history?

DG: Well historically, there seem to have been two possibilities.

One is what you found in Egypt: a strong centralized state and administration extracting taxes from everyone else. For most of Egyptian history they never developed the habit of lending money at interest. Presumably, they didn’t have to.

Mesopotamia was different because the state emerged unevenly and incompletely. At first there were giant bureaucratic temples, then also palace complexes, but they weren’t exactly governments and they didn’t extract direct taxes – these were considered appropriate only for conquered populations. Rather they were huge industrial complexes with their own land, flocks and factories. This is where money begins as a unit of account; it’s used for allocating resources within these complexes.

Interest-bearing loans, in turn, probably originated in deals between the administrators and merchants who carried, say, the woollen goods produced in temple factories (which in the very earliest period were at least partly charitable enterprises, homes for orphans, refugees or disabled people for instance) and traded them to faraway lands for metal, timber, or lapis lazuli. The first markets form on the fringes of these complexes and appear to operate largely on credit, using the temples’ units of account. But this gave the merchants and temple administrators and other well-off types the opportunity to make consumer loans to farmers, and then, if say the harvest was bad, everybody would start falling into debt-traps.

This was the great social evil of antiquity – families would have to start *pawning* off their flocks, fields and before long, their wives and children would be taken off into debt peonage. Often people would start abandoning the cities entirely, joining semi-nomadic bands, threatening to come back in force and overturn the existing order entirely. Rulers would regularly conclude the only way to prevent complete social breakdown was to declare a clean slate or ‘washing of the tablets,’ they’d cancel all consumer debt and just start over. In fact, the first recorded word for ‘freedom’ in any human language is the Sumerian *amargi*, a word for debt-freedom, and by extension freedom more generally, which literally means ‘return to mother,’ since when they declared a clean slate, all the debt peons would get to go home.

**PP:** You have noted in the book that debt is a moral concept long before it becomes an economic concept. You’ve also noted that it is a very ambivalent moral concept insofar as it can be both positive and negative. Could you please talk about this a little? Which aspect is more prominent?

**DG:** Well it tends to pivot radically back and forth.

One could tell the history like this: eventually the Egyptian approach (taxes) and Mesopotamian approach (usury) fuse together, people have to borrow to pay their taxes and debt becomes institutionalized.

Taxes are also key to creating the first markets that operate on cash, since coinage seems to be invented or at least widely popularized to pay soldiers – more or less simultaneously in China, India, and the Mediterranean, where governments find the easiest way to provision the troops is to issue them standard-issue bits of gold or silver and then demand everyone else in the kingdom give them one of those coins back again. Thus we find that the language of debt and the language of morality start to merge.

In Sanskrit, Hebrew, Aramaic, ‘debt,’ ‘guilt,’ and ‘sin’ are actually the same word. Much of the language of the great religious movements – reckoning, redemption, karmic accounting and the like – are drawn from the language of ancient finance. But that language is always found wanting and inadequate and twisted around into something completely different. It’s as if the great prophets and religious teachers had no choice but to start with that kind of language because it’s the language that existed at the time, but they only adopted it so as to turn it into its opposite: as a way of saying debts are not sacred, but forgiveness of debt, or the ability to wipe out debt, or to realize that debts aren’t real – these are the acts that are truly sacred.

How did this happen? Well, remember I said that the big question in the origins of money is how a sense of obligation – an ‘I owe you one’ – turns into something that can be precisely quantified? Well, the answer seems to be: when there is a potential for violence. If you give someone a pig and they give you a few chickens back you might think they’re a cheapskate, and mock them, but you’re unlikely to come up with a mathematical formula for exactly how cheap you think they are. If someone pokes out your eye in a fight, or kills your brother, that’s when you start saying, “traditional compensation is exactly twenty-seven heifers of the finest quality and if they’re not of the finest quality, this means war!”

Money, in the sense of exact equivalents, seems to emerge from situations like that, but also, war and plunder, the disposal of loot, slavery. In early Medieval Ireland, for example, slave-girls were the highest denomination of currency. And you could specify the exact value of everything in a typical house even though very few of those items were available for sale anywhere because they were used to pay fines or damages if someone broke them.

But once you understand that taxes and money largely begin with war it becomes easier to see what really happened. After all, every Mafioso understands this. If you want to take a relation of violent extortion, sheer power, and turn it into something moral, and most of all, make it seem like the victims are to blame, you turn it into a relation of debt. “You owe me, but I’ll cut you a break for now…” Most human beings in history have probably been told this by their debtors. And the crucial thing is: what possible reply can you make but, “wait a minute, who owes what to who here?” And of course for thousands of years, that’s what the victims have said, but the moment you do, you are using the rulers’ language, you’re admitting that debt and morality really are the same thing. That’s the situation the religious thinkers were stuck with, so they started with the language of debt, and then they tried to turn it around and make it into something else.

**PP:** You’d be forgiven for thinking this was all very Nietzschean. In his ‘On the Genealogy of Morals’ the German philosopher Friedrich Nietzsche famously argued that all morality was founded upon the extraction of debt under the threat of violence. The sense of obligation instilled in the debtor was, for Nietzsche, the origin of civilisation itself. You’ve been studying how morality and debt intertwine in great detail. How does Nietzsche’s argument look after over 100 years? And which do you see as primal: morality or debt?

**DG:** Well, to be honest, I’ve never been sure if Nietzsche was really serious in that passage or whether the
whole argument is a way of annoying his bourgeois audience; a way of pointing out that if you start from existing bourgeois premises about human nature you logically end up in just the place that would make most of that audience most uncomfortable.

In fact, Nietzsche begins his argument from exactly the same place as Adam Smith: human beings are rational. But rational here means calculation, exchange and hence, trucking and bartering; buying and selling is then the first expression of human thought and is prior to any sort of social relations.

But then he reveals exactly why Adam Smith had to pretend that Neolithic villagers would be making transactions through the spot trade. Because if we have no prior moral relations with each other, and morality just emerges from exchange, then ongoing social relations between two people will only exist if the exchange is incomplete – if someone hasn’t paid up.

But in that case, one of the parties is a criminal, a deadbeat and justice would have to begin with the vindictive punishment of such deadbeats. Thus he says all those law codes where it says ‘twenty heifers for a gouged-out eye’ – really, originally, it was the other way around. If you owe someone twenty heifers and don’t pay they gouge out your eye. Morality begins with Shylock’s pound of flesh.

Needless to say there’s zero evidence for any of this – Nietzsche just completely made it up. The question is whether even he believed it. Maybe I’m an optimist, but I prefer to think he didn’t.

Anyway it only makes sense if you assume those premises; that all human interaction is exchange, and therefore, all ongoing relations are debts. This flies in the face of everything we actually know or experience of human life. But once you start thinking that the market is the model for all human behavior, that’s where you end up with.

If however you ditch the whole myth of barter, and start with a community where people do have prior moral relations, and then ask, how do those moral relations come to be framed as ‘debts’ – that is, as something precisely quantified, impersonal, and therefore, transferrable – well, that’s an entirely different question. In that case, yes, you do have to start with the role of violence.

PP: Interesting. Perhaps this is a good place to ask you about how you conceive your work on debt in relation to the great French anthropologist Marcel Mauss’ classic work on gift exchange.

DG: Oh, in my own way I think of myself as working very much in the Maussian tradition. Mauss was one of the first anthropologists to ask: well, all right, if not barter, then what? What do people who don’t use money actually do when things change hands? Anthropologists had documented an endless variety of such economic systems, but hadn’t really worked out common principles. What Mauss noticed was that in almost all of them, everyone pretended as if they were just giving one another gifts and then they fervently denied they expected anything back. But in actual fact everyone understood there were implicit rules and recipients would feel compelled to make some sort of return.

What fascinated Mauss was that this seemed to be universally true, even today. If I take a free-market economist out to dinner he’ll feel like he should return the favor and take me out to dinner later. He might even think that he is something of a chump if he doesn’t and this even if his theory tells him he just got something for nothing and should be happy about it. Why is that? What is this force that compels me to want to return a gift?

This is an important argument, and it shows there is always a certain morality underlying what we call economic life. But it strikes me that if you focus too much on just that one aspect of Mauss’ argument you end up reducing everything to exchange again, with the proviso that some people are pretending they aren’t doing that.

Mauss didn’t really think of everything in terms of exchange; this becomes clear if you read his other writings besides ‘The Gift’. Mauss insisted there were lots of different principles at play besides reciprocity in any society – including our own.
For example, take hierarchy. Gifts given to inferiors or superiors don’t have to be repaid at all. If another professor takes our economist out to dinner, sure, he’ll feel that he should reciprocate; but if an eager grad student does, he’ll probably figure just accepting the invitation is favor enough; and if George Soros buys him dinner, then great, he did get something for nothing after all. In explicitly unequal relations, if you give somebody something, far from doing you a favor back, they’re more likely to expect you to do it again.

Or take communistic relations – and I define this, following Mauss actually, as any ones where people interact on the basis of ‘from each according to their abilities to each according to their needs’. In these relations people do not rely on reciprocity, for example, when trying to solve a problem, even inside a capitalist firm. (As I always say, if somebody working for Exxon says, “hand me the screwdriver,” the other guy doesn’t say, “yeah and what do I get for it?”) Communism is in a way the basis of all social relations – in that if the need is great enough (I’m drowning) or the cost small enough (can I have a light?) everyone will be expected to act that way.

Anyway that’s one thing I got from Mauss. There are always going to be lots of different sorts of principles at play simultaneously in any social or economic system – which is why we can never really boil these things down to a science. Economics tries to, but it does it by ignoring everything except exchange.

PP: Let’s move onto economic theory then. Economics has some pretty specific theories about what money is. There’s the mainstream approach that we discussed briefly above; this is the commodity theory of money in which specific commodities come to serve as a medium of exchange to replace crude barter economies. But there’s also alternative theories that are becoming increasingly popular at the moment. One is the Circuitist theory of money in which all money is seen as a debt incurred by some economic agent. The other – which actually integrates the Circuitist approach – is the Chartalist theory of money in which all money is seen as a medium of exchange issued by the Sovereign and backed by the enforcement of tax claims. Maybe you could say something about these theories?

DG: One of my inspirations for ‘Debt: The First 5,000 Years’ was Keith Hart’s essay ‘Two Sides of the Coin’. In that essay Hart points out that not only do different schools of economics have different theories on the nature of money, but there is also reason to believe that both are right. Money has, for most of its history, been a strange hybrid entity that takes on aspects of both commodity (object) and credit (social relation.) What I think I’ve managed to add to that is the historical realization that while money has always been both, it swings back and forth – there are periods where credit is primary, and everyone adopts more or less Chartalist theories of money and others where cash tends to predominate and commodity theories of money instead come to the fore. We tend to forget that in, say, the Middle Ages, from France to China, Chartalism was just common sense: money was just a social convention; in practice, it was whatever the king was willing to accept in taxes.

PP: You say that history swings between periods of commodity money and periods of virtual money. Do you not think that we’ve reached a point in history where due to technological and cultural evolution we may have seen the end of commodity money forever?

DG: Well, the cycles are getting a bit tighter as time goes by. But I think we’ll still have to wait at least 400 years to really find out. It is possible that this era is coming to an end but what I’m more concerned with now is the period of transition.

The last time we saw a broad shift from commodity money to credit money it wasn’t a very pretty sight. To name a few we had the fall of the Roman Empire, the Kali Age in India and the breakdown of the Han dynasty... There was a lot of death, catastrophe and mayhem. The final outcome was in many ways profoundly libratory for the bulk of those who lived through it – chattel slavery, for example, was largely eliminated from the great civilizations. This was a remarkable historical achievement. The decline of cities actually meant most people worked far less. But still, one does rather hope the dislocation won’t be quite so epic in its scale this time around. Especially since the actual means of destruction are so much greater this time around.

PP: Which do you see as playing a more important role in human history: money or debt?
DG: Well, it depends on your definitions. If you define money in the broadest sense, as any unit of account whereby you can say 10 of these are worth 7 of those, then you can’t have debt without money. Debt is just a promise that can be quantified by means of money (and therefore, becomes impersonal, and therefore, transferable.) But if you are asking which has been the more important form of money, credit or coin, then probably I would have to say credit.

PP: Let’s move on to some of the real world problems facing the world today. We know that in many Western countries over the past few years households have been running up enormous debts, from credit card debts to mortgages (the latter of which were one of the root causes of the recent financial crisis). Some economists are saying that economic growth since the Clinton era was essentially run on an unsustainable inflating of household debt. From an historical perspective what do you make of this phenomenon?

DG: From an historical perspective, it’s pretty ominous. One could go further than the Clinton era, actually – a case could be made that we are seeing now is the same crisis we were facing in the 70s; it’s just that we managed to fend it off for 30 or 35 years through all these elaborate credit arrangements (and of course, the super-exploitation of the global South, through the ‘Third World Debt Crisis’.)

As I said Eurasian history, taken in its broadest contours, shifts back and forth between periods dominated by virtual credit money and those dominated by actual coin and bullion. The credit systems of the ancient Near East give way to the great slave-holding empires of the Classical world in Europe, India, and China, which used coinage to pay their troops. In the Middle Ages the empires go and so does the coinage – the gold and silver is mostly locked up in temples and monasteries – and the world reverts to credit. Then after 1492 or so you have the return world empires again; and gold and silver currency together with slavery, for that matter.

What’s been happening since Nixon went off the gold standard in 1971 has just been another turn of the wheel – though of course it never happens the same way twice. However, in one sense, I think we’ve been going about things backwards. In the past, periods dominated by virtual credit money have also been periods where there have been social protections for debtors. Once you recognize that money is just a social construct, a credit, an IOU, then first of all what is to stop people from generating it endlessly? And how do you prevent the poor from falling into debt traps and becoming effectively enslaved to the rich? That’s why you had Mesopotamian clean slates, Biblical Jubilees, Medieval laws against usury in both Christianity and Islam and so on and so forth.

Since antiquity the worst-case scenario that everyone felt would lead to total social breakdown was a major debt crisis; ordinary people would become so indebted to the top one or two percent of the population that they would start selling family members into slavery, or eventually, even themselves.

Well, what happened this time around? Instead of creating some sort of overarching institution to protect debtors, they create these grandiose, world-scale institutions like the IMF or S&P to protect creditors. They essentially declare (in defiance of all traditional economic logic) that no debtor should ever be allowed to default. Needless to say the result is catastrophic. We are experiencing something that to me, at least, looks exactly like what the ancients were most afraid of: a population of debtors skating at the edge of disaster.

And, I might add, if Aristotle were around today, I very much doubt he would think that the distinction between renting yourself or members of your family out to work and selling yourself or members of your family to work was more than a legal nicety. He’d probably conclude that most Americans were, for all intents and purposes, slaves.

PP: You mention that the IMF and S&P are institutions that are mainly geared toward extracting debts for creditors. This seems to have become the case in the European monetary union too. What do you make of the situation in Europe at the moment?

DG: Well, I think this is a prime example of why existing arrangements are clearly untenable. Obviously the ‘whole debt’ cannot be paid. But even when some French banks offered voluntary write-downs for Greece, the others insisted they would treat it as if it were a default anyway. The UK takes the even weirder position that
this is true even of debts the government owes to banks that have been nationalized – that is, technically, that they owe to themselves! If that means that disabled pensioners are no longer able to use public transit or youth centers have to be closed down, well that’s simply the ‘reality of the situation,’ as they put it.

These ‘realities’ are being increasingly revealed to simply be ones of power. Clearly any pretense that markets maintain themselves, that debts always have to be honored, went by the boards in 2008. That’s one of the reasons I think you see the beginnings of a reaction in a remarkably similar form to what we saw during the heyday of the ‘Third World debt crisis’ – what got called, rather weirdly, the ‘anti-globalization movement’. This movement called for genuine democracy and actually tried to practice forms of direct, horizontal democracy. In the face of this there was the insidious alliance between financial elites and global bureaucrats (whether the IMF, World Bank, WTO, now EU, or what-have-you).

When thousands of people begin assembling in squares in Greece and Spain calling for real democracy what they are effectively saying is: “Look, in 2008 you let the cat out of the bag. If money really is just a social construct now, a promise, a set of IOUs and even trillions of debts can be made to vanish if sufficiently powerful players demand it then, if democracy is to mean anything, it means that everyone gets to weigh in on the process of how these promises are made and renegotiated.” I find this extraordinarily hopeful.

PP: Broadly speaking how do you see the present debt/financial crisis unravelling? Without asking you to peer into the proverbial crystal-ball – because that’s a silly thing to ask of anyone – how do you see the future unfolding; in the sense of how do you take your bearings right now?

DG: For the long-term future, I’m pretty optimistic. We might have been doing things backwards for the last 40 years, but in terms of 500-year cycles, well, 40 years is nothing. Eventually there will have to be recognition that in a phase of virtual money, safeguards have to be put in place – and not just ones to protect creditors. How many disasters it will take to get there? I can’t say.

But in the meantime there is another question to be asked: once we do these reforms, will the results be something that could even be called ‘capitalism’?

Topics: Credit markets, Free markets and their discontents, Guest Post, Social values, The dismal science

Email This Post Posted by Yves Smith at 5:00 am

290 Comments » Links to this post

As we see here, money and monetary debt arose not as anything economically necessary, but as instruments of domination. So not only is it false that today’s financialization performs any constructive social function – it’s false that finance in any form ever performed any such function. It’s never been anything but the weapon of empire, to subjugate its own population and force these domestic slaves to serve as the fuel of empire.

We also see how debt inexorably compounds to the point that it destroys all civilization. At this point, jubilee, one way or another, is the only possible outcome. (It’s a phenomenon similar to how capitalism naturally
stagnates and must repeat the primitive accumulation, i.e. the massive plunder grab to provide the seed capital, or else break down completely.)

So it is today, except that there’s zero chance of today’s elites dispensing that jubilee. It will have to be seized from the bottom up.

This also lays out how taxes serve no economic purpose but are only weapons to enforce this domination of the command economy of money and debt. (The MMTers, who wish to continue with all this but in a “reformed” version, are at least honest about using taxation as a mode of social control.)

Needless to say there’s zero evidence for any of this – Nietzsche just completely made it up. The question is whether even he believed it. Maybe I’m an optimist, but I prefer to think he didn’t.

Of course he didn’t, any more than Hobbes, Locke, etc. believed in the literal truth of what were meant to be foundation myths.

And, I might add, if Aristotle were around today, I very much doubt he would think that the distinction between renting yourself or members of your family out to work and selling yourself or members of your family to work was more than a legal nicety. He’d probably conclude that most Americans were, for all intents and purposes, slaves.

We don’t need Aristotle to see the clear truth of that.

In fact, the first recorded word for ‘freedom’ in any human language is the Sumerian amargi, a word for debt-freedom, and by extension freedom more generally, which literally means ‘return to mother,’ since when they declared a clean slate, all the debt peons would get to go home.

That’s highly evocative, and although I wouldn’t call that sufficient for freedom, it’s certainly necessary.

If however you ditch the whole myth of barter, and start with a community where people do have prior moral relations, and then ask, how do those moral relations come to be framed as ‘debts’ – that is, as something precisely quantified, impersonal, and therefore, transferrable – well, that’s an entirely different question. In that case, yes, you do have to start with the role of violence.

We have a vicious circle of money/debt backed by violence dominating all other relations, disintegrating community, civil society, and democracy. The liquidation of these in turn tends to generate ever more mercenary and nihilistic attitudes which intensify the horrors of the money/debt economy and accelerate its assault on all other relations, all human relations period.

One possible way to break free of the whole vicious cycle is by renouncing money and monetary debt in favor of an alternative measure like time dollars and time banking.

http://www.timebanks.org/

Time banking is a formal framework for organizing the true economy (everything devalued by money.debt system, including what’s disparagingly called the “informal economy”) along the lines of reciprocal gifting our work. It’s especially versatile for exchange of services, but can eventually be used for goods as well, if those goods are valued according to the time that went into manufacturing them.

This framework is enfolded within the concept of co-production, which is a transitional concept between capitalism and full economic democracy. Time banking as a framework and time dollars as a measure are part of this transition, until we evolve to the state of economic community and freedom that we can dispense with such measurement completely and restore the wholesome primal system of social credit which originally preceded money.
Vergniaud says:  
August 26, 2011 at 12:08 pm

The professor’s discussion of On the Geneology of Morals is very interesting, but it strikes me that he only read one of the three essays. As I recall, the initial question in the first essay was, ‘how was man made calculable?’ meaning, how did people become rational, in the modern, bourgeois sense. But then, in the other two essays, this economic rationality of calculable exchanges is revealed to be “slave” morality, the morality of ‘resentiment’ — a morality which is inherently destructive and ‘sick’ because it is merely reactive. It creates no values of it’s own, it exists only to devalue and reverse the values of the older morality of the ‘beasts of prey.’ Following that, Nietzsche postulates that older morality from his own prehistoric speculations — the morality of the value creating ubermensch.

Now, it also strikes me that Nietzsche’s little book has some bearing on your thinking, too. You seem to endorse a labor theory of value in your calls to get beyond money, but you also seem to want to avoid Marx’s embrace of modern industry and technology. The world you see beyond money seems to be a kind of libertarian utopia, where there will be no vast accumulations of finance capital, nor, as a consequence, will there be any industry. How is that going to work? Will we then be incalculable, value creating ubermenschen who have no need for money, or technology?

Conversely, if we’re still going to need modern technology in the future, won’t we also be unable to do without modern industry — and the money/finance capital which makes it all possible?

And if we’re not, really, likely to ever get to the utopia beyond money, aren’t the MMT’ers the next best thing, as a practical matter?

To Dan Duncan, I don’t think you’ve succeeded in showing that “wealth” and money are natural phenomena, as opposed to social constructs. Money can’t be just a technological “discovery” which allows the transmission of information about “wealth,” because it takes something more than mere information to get you safe “access to females and access to the best territory.” To get and keep your “wealth” without resorting to violence by passing about slips of paper or chips of yellow metal entails an enforceable claim of right. Law. Very much a social construct, it seems to me.

David Graeber says:  
August 26, 2011 at 12:28 pm

Short version: I believe it will be possible to have decentralized forms of technology that don’t require finance capital. The direction of technological development largely follows social imperatives, that’s why we don’t have Mars colonies and robots that can clean the bathroom – because financial capital in its current form doesn’t seem to want the former, and rich people can hire maids.

How might production be organized in a relatively decentralized, non-hierarchical society? No doubt there’s lots of ways it could be. We have absolutely no lack of extremely creative and intelligent people in the world. I’m sure they’ll figure something out.

Vergniaud says:  
August 26, 2011 at 2:20 pm

Dr. Graeber, thank you for being here to respond to comments. My previous post was responding to Attempter — he seems to be seeking a utopia beyond money or debt/finance — but you also indicate in your comment that you can envision a decentralized but still
modern economy which nonetheless has dispensed with the need for finance capital. Do you really see this happening? Or do you just think that something’s gotta give in near future to reduce the size and power of finance relative to the rest of the economy? An incremental swing away from hierarchical and deflationary money-as-object thinking and towards inflationary and re-distributive money-as-social-contract thinking, perhaps?

By the way, I remember reading somewhere that in one city — Tokyo? New York? London? — they’ve installed self cleaning public toilets. When you leave the little room, the whole thing washes itself. And, of course, there are robots on Mars right now..

- MyLessThanPrimeBeef says:
  August 26, 2011 at 3:43 pm


- sidelarge says:
  August 26, 2011 at 3:49 pm

  That kind of public toilets are almost a norm in many parts of Japan, not just in Tokyo.

- David Graeber says:
  August 27, 2011 at 3:09 am

  Yeah but I’m talking about androids that can not only wash out the bowl, but scrub the sink and tiles, and after that, do your laundry.

- MyLessThanPrimeBeef says:
  August 26, 2011 at 3:34 pm

  Do you want colonies on Mars?

- David Graeber says:
  August 26, 2011 at 3:59 pm

  Well I personally feel betrayed that we are not in outer space, not to mention the distinct lack of flying cars, anti-gravity sleds, teleportation devices, androids that can do my laundry, longevity drugs, or virtually everything else I was promised as a child would be around by now. I mean, kids who grew up reading Jules Verne in 1900 got almost all the stuff he predicted. We never got any of what we were supposed to get! But that’s kind of a different rant.

- Elihu says:
  August 26, 2011 at 11:51 pm

  They used to predict that poverty would be eliminated. Due to purely human beligerance, it has been exacerbated.

- Greg Colvin says:
I argue that we are not living in space, or on Mars, because the conditions are just too harsh. We haven’t even colonized the much more temperate Antarctica yet.

What you want/need is nanotech assemblers. What WE need is nanotech assemblers. These are nanoscale devices that manipulate atoms as singlets and as molecules and assembles them into…whatever. You provide raw feedstock in whatever form, the nano assemblers (and disassemblers) break down the feedstock into its constituent atoms/molecules and reassembles them into whatever thing you wanted made.

It is theoretical at this point and fraught with danger (the “grey goo” problem of weaponized disassemblers or out-of-control assembler/disassemblers). Such technology would render moot any and all the economy as it is now formed. Anyone could produce anything they want on demand. This would take a long, focused research program on par with the Apollo moon project (and might not actually ever work…like the Apollo project). We might well then promptly eradicate ourselves and most of the bioshere because humans are NOT rational creatures, merely creatures capable of boughts of emotion-tinted NEAR rationality, and so we would tend to destruction. SOMEONE(S) would want to take advantage of the tech at the expense of all others so they can be the new elite (or remain the self-annointed elite) and…hilarity would ensue.

Nonetheless, nanotech assemblers (otherwise referred to theoretically as “universal assemblers) is what we need, and placed into the hands of all.

For an interesting take on the effects of such tech on a fundamentally irrational human society, read “Singularity Sky” by Charle’s Stross. From a society locked into a totalitarian regime of artificial scarcity used for the benefit of a few elites to total mayhem when and outsider brings universal assemblers to the people.

I’d like to see that now because the so-called “advanced” neoliberal robber-baron nations of the free and democratic West really REALLY needs total disruption.

By the way, by “might not ever work…like the Apollo project” I simply meant that we undertook that program with no guarantee that it would end with us successfully putting someone one the moon. No “faked lunar landing” conspiracist here!

Sounds good to me!
Meanwhile, I guess we’ll just have to keep our fingers crossed with 3D printing.
On the topic of models of what you want from scifi/fiction…there is “Daemon” and its sequel “Freedom(tm)” which gets into the official response by the powers-that-be towards a successful start to decentralized and localized economies. The little people see a benefit and the criminals at the top must do whatever they can to squelch it to protect their robber-baron racket.

human mathematics says:
September 10, 2011 at 6:08 am

Tyler Cowen makes the point in his recent book that, with reduced cost to reading and publishing on the Internet, perhaps in the Great Stagnation which he claims is our immediate future, people will simply derive utility from spending their time editing Wikipedia and reading the Naked Capitalism blog.

attempter says:
August 26, 2011 at 4:15 pm

You seem to endorse a labor theory of value in your calls to get beyond money, but you also seem to want to avoid Marx’s embrace of modern industry and technology. The world you see beyond money seems to be a kind of libertarian utopia, where there will be no vast accumulations of finance capital, nor, as a consequence, will there be any industry. How is that going to work? Will we then be incalculable, value creating ubermenschen who have no need for money, or technology?

What I want is no utopia. It’s far more rational than the existing system and would be much more effective on a practical level, if the definition of what works is that we maximize the general prosperity and happiness.

It’s also an appeal to the healthiest mix of self-interest and altruism, as only true democracy fully distributes the power and the produce among those who are the sole creators of them. As I’ve said many times, capitalism’s “egoism for me, altruism for you” dichotomy, whereby it calls upon the workers to be true saints of sacrifice, is an infinitely more utopian proposition than true democracy. The only thing which maintains the current system in place is its power grip and the general brainwashing into fatalism regarding it. The moment any non-criminal realizes things can be very different, she wants them to be different and starts trying to figure out how to achieve that transformation.

The fact is, no one would choose what we have now over what I call for if he had to choose and then roll the dice to decide his own place in the hierarchy.

As for modern industry and technology, it’s a moot point. These were the offspring of cheap, plentiful fossil fuels, a one-off principal drawdown. Completely ahistorical. We’ll be returning to history’s normal level of energy consumption regardless of what we want to embrace or avoid. The only question is whether we use the knowledge and democratic consciousness we’ve attained (or should have attained) as our lasting heritage of modernity in order to render the post-oil age as prosperous as possible. Just as the people could have enjoyed reasonable comfort pre-oil if they had equitably and rationally distributed the produce, so it will be possible to enjoy it post-oil if we take what we’ve learned (including a vast store of agricultural knowledge, such that in principle it will be possible to feed ourselves without industrial agriculture if we do it democratically) and apply it to building human societies.

The other option is to surrender to post-human feudalism and slavery, permanent darkness.
Vergniaud says:
August 26, 2011 at 5:10 pm

To attempter. Ok, so peak oil leads to crisis, leads to massive reduction in living standards, leads to . . great leap forward? That’s where I’m losing you. You’re expecting a revolution, but you’re not really explaining how, politically, the expected crisis will produce your preferred outcome. You allow that increasing economic feudalism is a possibility. In fact, you believe that’s inevitable so long as there’s debt/money, am I right? Our only chance, then, is at some point to suddenly “choose” to go beyond money en mass. Well, fine, I’m all for an egalitarian utopia. I’m just not too optimistic that I’ll see one in my lifetime — no matter what the price of gas gets to.

The fact is, as professor Graeber points out in the interview, money debt is as old as civilization. He admits that it is virtually impossible even to conceive of human morality untainted by the concept of financial debt without positing the existence a mythical, prehistoric world before the advent of debt. A garden of Eden for which there seems to be no anthropological evidence. Given all this, it seems unrealistic to me to think that money is going to disappear any time soon. But if it isn’t, can you still simply dismiss MMT as accommodationist?

attempter says:
August 26, 2011 at 6:29 pm

I guess one of us must have poor reading comprehension, because I read Graeber as saying the exact opposite – community credit prevailed throughout most of civilization’s tenure, while the monetizing of that debt is a recent development imposed from the top down for power and domination purposes.

So really, rather than the standard story – first there’s barter, then money, then finally credit comes out of that – if anything its precisely the other way around. Credit and debt comes first, then coinage emerges thousands of years later and then, when you do find “I’ll give you twenty chickens for that cow” type of barter systems, it’s usually when there used to be cash markets, but for some reason – as in Russia, for example, in 1998 – the currency collapses or disappears.

(It’s also telling that what we call barter, picturing it as some inefficient version of mercenary exchange, is most likely to be something improvised post-cash, rather than a pre-cash doldrum which cash greatly improved upon. The real primeval “barter” was enfolded within ongoing community relations, and could proceed perfectly well under community debt auspices. Today co-production and time banking is an attempt to develop a new version of that ancient socioeconomic network.)

As for the massive reduction in living standards, that’s what will happen under debt slavery and restored serfdom. That will be a far greater absolute reduction than will occur with a transformation to cooperative democratic agroecology. Of course, the most important thing beyond meeting basic material needs is that the economic distribution be roughly equal, with no class stratification. As we see with the fact that neither middle class status nor even being truly rich has ever consistently made people happy, what matters isn’t any absolute level of material wealth, but only the imbalances, the class stratifications. Do away with those and we do away with most problems and sources of unhappiness. (I of course could not possibly care less about the nihilism and hedonism of high absolute levels of wealth. Without all the worthless
luxury trash, even post-oil we’ll still have all the material plenty we could want.)

Given all this, it seems unrealistic to me to think that money is going to disappear any time soon. But if it isn’t, can you still simply dismiss MMT as accommodationist?

I’m not here to think about how long money is likely to “be around” in some mysterious agentless way, and to seek to accommodate myself to this alleged fact. I’m here to be an agent toward abolishing it.

Maybe if more people stopped passively thinking and talking about “what is” and started thinking and acting toward what can be, all these what ises would stop looking so permanent to them.

attempter says:
August 27, 2011 at 11:01 am

Vergniaud, rereading your discussion of N’s master and slave morality above, I thought I’d link my post on the subject


I think it’s relevant to everything we’re discussing in this thread.

David Graeber says:
August 28, 2011 at 12:19 pm

Yes, Attempeter, on community credit etc you have me exactly right

Tiercelet says:
August 26, 2011 at 12:39 pm

Mmmkay.

I think I lose you at your apparent belief that money and debts are inherently horrible things in themselves.

The problem we are having now is that we have not acknowledged who actually owns the debts. Put very simply, what’s been going on since 2008 is that banks (and their representatives/owners, i.e. the class of incredibly rich people) made huge bets. (Gambling is a sin…) They lost those bets, racking up huge debts in the process. But the governments, being themselves or aspiring to be incredibly rich people, were horrified at the idea that astronomically rich people might stop being astronomically rich and instead owe a huge debt, so they declared that the people generally would take on the debt of the rich banks.

In other words, they got their jubilee by claiming that we will have to pay when the bills come due.

Much of the follow-on (servicer fraud, for instance) has fallen out of the new realization that, since laws of debt don’t apply to the astronomically rich, neither will any other laws — so they’re free to take whatever they want.

That doesn’t mean that all debt is evil. I would much rather live in the world where I can say “Nice cow!” and be given it, and then give back some of my chickens later, than the world in which I say “Nice cow!”
and the owner says “Isn’t she!” and my baby gets no milk until the chickens are, er, lactating or something. The problem arises when debts become unreasonable in quantity and when laws stop being equal to all.

i.e. when the creditor class views its position and the existence of debts as an absolute fact of the universe, rather than a contingent position based on social obligation from a nominal equal; when the creditor class insists that it shall always have all the money. In a sensible world, a functional world, an overburdened debtor would both (1) no longer be lent to and (2) receive a release from obligations out of pity and compassion.

But our modern creditor class, like our modern economics, admits of no such emotions.

- David Graeber says:
  August 26, 2011 at 1:02 pm

Actually as I say in another response, if money is just a way of measuring proportional values, then it will always be with us in some form or another. So I don’t think it’s intrinsically horrible.

As for debts, I’m defining these as moral obligations that can become precisely quantified, impersonal, and transferable. This is not true of the guy who says “nice cow” and then is in a vague sense of obligation to provide something roughly as nice as a cow to the other if that person needs it. So insofar as I think debt in that sense is dangerous (though not always insidious, in many communities it’s considered only right that everyone should owe everybody else at least a little, because that’s the essence of sociability), it’s because it goes way beyond the sense of moral commitments people will always have with one another.

- Foppe says:
  August 26, 2011 at 3:11 pm

Actually as I say in another response, if money is just a way of measuring proportional values, then it will always be with us in some form or another.

Given this statement, might I suggest you have a look at Latour & Lepinay’s exegetical work called *The Science of Passionate Interests: An Introduction to Gabriel Tarde’s Economic Anthropology*?

- David Graeber says:
  August 26, 2011 at 3:40 pm

Oh believe me I have. And Callon’s analysis of economics too. I mean, Latour’s a nice guy, I like him as a person, but I find them profoundly naive in completely ignoring the role of violence in creating and maintaining markets.

- Foppe says:
  August 26, 2011 at 3:50 pm

violence and ideology, yes. Basically everything having to do with what we usually call “politics”. It’s a very peculiar blind spot.

- Calgacus says:
Professor Graeber, you and Philip sometimes use the MMT/Chartalist outlook on money &
debt above, but it is sometimes badly stated IMHO. I tried to engage with Philip on some of
his prior misstatements of MMT.

Money is standardized, transferable debt, a measure of debt. Money is therefore a social
relationship, not a thing, not a measure of abstract value, which veers towards utterly wrong
commodity theories. One can dispute whether MMT is right or not, but it is indisputable that
the MMT position is that “commodity money” never existed anywhere. And also
indisputable is that the MMT/Chartalist position is the same as Circuitism’s -practically the
same theory – that money is always a form of debt. This may not be a genuine disagreement,
but I don’t think you and Philip are stating things strongly and clearly enough.

The statement “You can’t have debt without money” contradicts the dictionary definition of
debt & MMT and the accurate “the big question in the origins of money is how a sense of
obligation – an ‘I owe you one’ – turns into something that can be precisely quantified.” You
can’t have money-denominated debt without money, but that is obvious. Credit/Debt is the
primary concept. One can do economics leaving it undefined. Money is the derived concept.

Satisfactory expositions of these ideas in the Anglosphere go back at the latest to McLeod,
Mitchell-Innes, Commons, Keynes etc, long before the current crop of “heterodox” (i.e. non-
insane) economists. Ingham’s The Nature of Money is an excellent recent one outside core
MMTers.

David Graeber

August 27, 2011 at 1:55 am

Yes, I know, I cite most of those people in the text. When I say “you can’t have debt
without money” I am referring to money only as a method of calculating proportional
values, and debt not as any sort of material or moral obligation but as that kind of
obligation which can be precisely quantified through such means. So the statement is
axiomatic according to the definition I chose to employ. I know other people might
have compelling reasons to define “money” and “debt” otherwise, but since one of the
questions I am asking in the book is “how do moral obligations in the broad sense
come to be re-imagined specifically as “debts,” that is, through the lens of quantifiable
and transferrable monetary obligations, that was the obvious way to go.

Nathanael

September 1, 2011 at 7:29 pm

David, the three classic “functions of money” are “store of value”, “medium of
exchange” and “unit of account”.

What you mean is that you can’t have debt without a “unit of account”, but that debt
predates “medium of exchange”.

Store of value? Arguably debt IS “store of value”, in its most fundamental form, based
on the view that labor is the primary source of value — if someone “owes you”, that’s
labor value you can claim later when you need it, and what else is?
Socially speaking, debt — obligations incurred by prior actions — is a basic part of the social fabric. Even where it’s not explicit, it is induced by the basic human drive for fairness.

The concept of "transferrable debt" — I owe Bob, but Bob “sells” my debt to Joe — seems to be fundamentally unnatural, and even pernicious. It’s not clear that it should be allowed at all.

human mathematics says:
September 10, 2011 at 1:34 pm

Nathanael: Nice clear words. But do you really think that which is icky should be banned?

nick says:
August 27, 2011 at 11:00 pm

Thats a pretty insightful explanation, however the time money thing is debatable. Because although a doctors appointment can be completed in half an hour, it took that doctor many years to acquire the skills and education necessary to be a doctor. So what do you time trade to equal twelve years of education? In Thomas Sowell’s Basic Economics, he states a scenario where a painter on the side of the street paints a man in five minutes. The man says “wow, that is amazing, how much do i owe you?” the painter says “one hundred dollars”. the man says, “well thats a little overpriced seeing as how it only took you five minutes, but its very good, so ill pay you” the painter says “yes, twenty years ,and five minutes”.

attempter says:
August 28, 2011 at 1:55 am

While I’m not sure if I should bother answering someone whose idea of a moral or practical authority is Thomas Sowell, I’ll just point out that the same logic applies to everyone, doesn’t it? Name a worker who can’t give the same answer as that painter.

What about all the years and expense of feeding, clothing, raising, educating those employees? The vast majority of it relegated to the “informal economy”? As the inventor of time banking, Edgar Cahn, asks: How much is it worth to an employer that his employees were toilet trained? How much does the employer pay for all the work that went into that?

My, there’s a huge amount of stuff unaccounted for by “the market”, isn’t there?

So the answer is that there’s nothing which T$ “take for granted” which the formal money economy doesn’t take for granted far more. Your painter example tells far more against this economic system (Basic Larceny Economics) then against the alternative time banking proposes. On the contrary, T$ would go vastly further toward accounting for all real work.

(And if you were getting at some elitist valuation of the painter as opposed to, say, a manual laborer, by convenient coincidence I already disposed of the “time spent training” argument yesterday in the Ayn Rand thread. Of course, the evidence has conclusively proven that “elites” are never worth much, and in most cases we’d be better off without them.
Even a painter, if his main role is to serve as a more appealing justification for e.g. finance elites. Do we like having great artists? Sure. Do we need them, and should we tolerate their putting on airs if it’s harmful to the community? No.

http://www.writersmugs.com/books/books.php?book=89&name=Kafka&title=Josephine_the_Singer__or_the_Mouse_Folk

- nick says:
  August 28, 2011 at 7:11 am

  slow down rambo, i was quoting a text, not stating my lifelong philosophy. I understand your point, but wouldn’t that just provide incentives for jobs that need lower education? I mean, if a gardener who takes an hour to de weed your yard gets paid uniformly with a doctor who gives you an hourlong checkup, isn’t that a negative externality for society?

- attempter says:
  August 28, 2011 at 7:54 am

  “Only quoting a text”, which just by coincidence is written by one of the more low-rent B-list conservative columnists? Well, maybe you didn’t know. If you’re the same Nick as on the Stoller thread, then you’re also claiming to know nothing about Obama’s record.

  As for time banking and education, time dollars are often credited to those undertaking necessary but arduous education. So there’s no externality. A time dollar-based society, recognizing the mutuality between the education it gives and the benefits it receives from those who received the education, “compensates” the student as he goes. So unlike under the money system, the student is never impoverished. And conversely, the finished professional can never claim he’s “owed” some extractive portion.

- human mathematics says:
  September 10, 2011 at 1:46 pm

  If you’re judging the idea by the speaker, Einstein apparently used to tell a similar joke about a car mechanic: “$0.05 to turn the nut, and $20 to know which nut to turn.” The joke is repeated by Frank Wilczek here: http://www.youtube.com/watch?v=914jzZ4LXeU.

  But please. Thomas Sowell has made many good points. So what if he’s conservative and you’re not?

- Phoenix Woman says:
  September 12, 2011 at 11:07 am

  Thomas Sowell has made many good points? Name three.

- human mathematics says:
  September 14, 2011 at 3:38 pm

  I was just flipping through “Economic Facts & Fallacies” in the library the other day and I can think of two:
1) Race can be discussed as a social reality with a biological component. The consequences of that social reality have been very serious, however, and continue to be so.

So are the consequences of the fallacies surrounding race. Among these fallacies are that race was the basis of slavery….

There is often an implicit assumption that racism and discrimination are so closely linked that they go up and down together, when in fact … some times and places with more racism have been known to have less discrimination — and discrimination can exist without racism.

2) Fallacies are not simply crazy ideas. They are usually both plausible and logical — but with something missing.

Sometimes what is missing in a fallacy is simply a definition. Undefined words have a special power in politics, particularly when they engage people’s emotions. “Fair” is one [such word]. While the fact that the word is undefined is an intellectual handicap, it is a huge political advantage. People with very different views on substantive issues can be unified and mobilised behind a word that papers over their differing, and sometimes even mutually contradictory, ideas. Who, after all, is in favour of unfairness? Similarly with “social justice”, “equality”, and other undefined terms that can mean wholly different things to different individuals and groups.

3) I can’t find this interview with him talking about the principal-agent problems at Stanford, but he said intelligent things both about the dynamics of students v teachers and about faculty v administration. All very incentive-based, logical, true.

DDH says:  
August 28, 2011 at 1:05 am

I searched in vain for a definition and functional description of the T$ scheme. I assume it pertains to one’s time spent in producing some item, product or resource.

If all labor equally valued as time units, how is the relatively superior performance of one person’s labor distinguished from another’s relatively poor performance of the same task?

The criticism of debt in these discussions appears to conflate it certain human behavioral patterns often found short of the ideal type.

The definitions of money abounding here seem baseless in a physical sense. Although this view might seem alien to this forum, all life requires energy to survive, to compensate for the ineluctable subtractions (losses) due to entropy. Therefore, money is like energy or work, but is not convertible into physical energy (or work = force x distance) because it occurs in the human sociocultural domain. Therefore, money is the cultural analog of energy/work.

Money is most certainly NOT information. In fact, everything in the universe is information (pattern) of variously useful sorts, or not, and it takes many forms. The fact that some piece of information impacts us
outside of useful context doesn’t deny it of that characteristic (unless one chooses to parochially define information as that which is useful and contextually appropriate).

These discussions would seem to profit with the inclusion of more biologically based viewpoints, that is, those based on correlated behaviors that we witness and document, rather than sociopolitical ideals.

○ attempter says:
August 28, 2011 at 1:38 am

I’m not sure what you mean by “searched in vain”. Here’s a good link, the membership manual of a particular time bank.


And an introductory piece I wrote

http://attempter.wordpress.com/2011/04/30/time-banking/

Time banking is mostly used to organize reciprocal gifting of services, since to start with those are more easily measured in terms of time. But applying the labor measure of value, it could in theory be used for goods as well, though that hasn’t been tried much in practice yet.

If you’re looking for analysis, I’ve written many pieces on it at my blog.

If all labor equally valued as time units, how is the relatively superior performance of one person’s labor distinguished from another’s relatively poor performance of the same task?

The observed evidence is that people in time banks almost always do a good job at the tasks they undertake. It’s the same as the way that for tens of thousands of years, as well as in the great majority of true economic activities today (the “informal” economy), people without market incentives as a rule do a good job at what they undertake. So your objection refers to a problem that doesn’t exist. On the contrary, the fact of how well people generally perform who are not properly “incentivized” from the economists’ point of view is a major nightmare for their ideology.

Although this view might seem alien to this forum, all life requires energy to survive, to compensate for the ineluctable subtractions (losses) due to entropy. Therefore, money is like energy or work, but is not convertible into physical energy (or work = force x distance) because it occurs in the human sociocultural domain. Therefore, money is the cultural analog of energy/work.

That’s certainly not alien to my comments. Obviously a construct like money comes from just two things – natural resources and human labor. We know that it was developed to monopolize the former and subjugate and devalue the latter. So it follows that if the goal is for labor to resume its proper domain, which is the goal of all moral human beings, then we should abolish money if we don’t need it. History proves we do not need it, while T$ hold high promise as a transitional alternative to top-down command money as we evolve toward full economic democracy.

These discussions would seem to profit with the inclusion of more biologically based viewpoints, that is, those based on correlated behaviors that we witness and document, rather than sociopolitical ideals.

You’re in luck, since Graeber spends a good part of the post and most of this thread emphasizing the observed evidence.
skippy says:
August 26, 2011 at 6:31 am

I think I just had a “orgasmic intellectualism episode”…

Skippy…lite fag and revel in the moment…time…ahhhhh!

PS. thanks guys, well done!

Richard Kline says:
August 26, 2011 at 6:37 am

A very illuminating discussion, and Graeber is exceptionally lucid in summarizing complex relationships. I will be interested to read his text for the fine points. Thanks for the leg work on this, Philip.

While a tangential issue to some of the meatier sociological relationships raised in the discussion, it would be interesting to consider more fully oscillations in concentration and deconcentration of political power in relation to oscillations between credit and commodity money. Obviously, these move in parallel, but to what extent are they linked, and how do such linkages as are effective reinforce both oscillation and each trend’s dynamics? Hmmm. Much of interest . . . .

dearieme says:
August 26, 2011 at 6:44 am

“Then after 1492 or so you have the return world empires again; and gold and silver currency together with slavery, for that matter.” The Caliphate wasn’t a “world empire”: it didn’t have slaves?

David Graeber says:
August 26, 2011 at 10:45 am

The Caliphate is a fascinating anomaly. In the Middle Ages, almost all really significant empires were founded by nomads (Arabs, Mongols, Turks) and were differently organized than in Antiquity, not being based on peasant troop levies paid in coin. The Caliphate did take on some of the qualities of ancient empires – for instance, dirhams and dinars were by far the strongest metal currency of the period – and that was, significantly, the area of Eurasia that went least far in abolishing slavery (though Islamic law placed significant limits on the institution.) However, rather than the Classical military-coinage-slavery complex, where armies paid in coin reduced huge numbers of people to slavery, and those slaves became the main force of production, the Caliphate developed differently. Slaves were rarely used as factors of production (particularly after the Zanj revolt), but mainly as forms of display and, even more importantly, as soldiers in their own right. The habit of using slave armies under the Caliphate and its successor states is others virtually historically unprecedented – in most times and places, slaves are the very last people you’d allow near weapons, for obvious reasons – and had the effect of causing the military-coinage-slavery complex that did exist to form something of a bubble insulated from civil society, and particularly what we’d call ‘the market’ – since commercial relations are regulated largely by religious courts independent of the government and in fact the religious scholars who run them tend to avoid any entanglement in affairs of government entirely. The result was among other things the world’s first anti-government free-market populism. It’s a complicated story, described at greater length in the book, but suffice it to say that while it bore a superficial resemblance to ancient empires the fundamental dynamic was very different.
Mm, it would be quicker to say “It’s a fair cop, guv”.

Only if you take an aggressively literal reading of the words and ignore what the author is actually trying to say.

Your words are your tools. If you are not capable of using them to express “what the author is actually trying to say” you need to practise a bit more.

uh huh – anyone who can’t anticipate and preempt any possible objection raised by an uncharitable reader to anything they say in a five-sentence response in an interview can’t write.

That must be it.

Sounds like yet another conservative whose knowledge of Islam (not to mention history) comes from RedState.org or Stormfront or Gates of Vienna. (I admire the restraint exercised in not flinging the “dhimmi” word at Prof. Graeber.)

Wow nice read thanks.
A pretty damning indictment of the PTB.

Nice discussion.

I will point out again that common stock as money avoids the problem of usury (and several others) and is a democratic means to “share” wealth rather than reap it for the benefit of a few.

Another point: Modern banking, being essentially a government backed counterfeiting cartel, cheats savers and
consumers too as well as driving others into unservicable debts. Therefor debt forgiveness is not sufficient. Rather, the entire population should be bailed out.

I may order Mr. Graeber’s book if it is not too expensive. It sounds interesting.

Toby says:
August 26, 2011 at 7:57 am

Good interview.

“But in the meantime there is another question to be asked: once we do these reforms, will the results be something that could even be called ‘capitalism’?”

I think not, but the problem here is the psychological, emotional and cultural attachment to that word.

As to the distinction between commodity money and debt/credit money, I think it a false dichotomy. I started Graeber’s book this morning, so am not too deep into it, but can recommend Charles Eisenstein’s “Sacred Economics” (he gives good interview too, by the way!), which looks at money at a deeper level still, and does a good job of addressing this point, especially in the appendix. In my way of thinking about it, any money type must imply a debt/credit axis. For example, if I earn some silver coins they represent a debt to me by society generally. They are my claim on goods and services produced by society that I at some point will choose to buy. Payment by coin of whatever I sold (be it a service like labour or a good like grain) is made in money, not something I need, like a roof. Money is nothing I actually need in a direct way. I’m not going to build a house of silver coins, or curtain my windows with them, or plant them to grow potatoes. The coins are nothing more than promises, wee virtual stores, representing society’s debt to me. Soddy had it right:

“Money now is the NOTHING we get for SOMETHING before we can get ANYTHING.” (From “The Role of Money”).

Money’s historical bond with violence and monopoly-of-power control of hierarchical states over those the state exploits is a vital point made in this article. Warren Mosler has a revealing tale to tell:

“The British offered jobs to the local population, but none of them were interested in earning British coins. So the British placed a “hut tax” on all of their dwellings, payable only in British coins. Suddenly, the area was “monetized,” as everyone now needed British coins, and the local population started offering things for sale, as well as their labor, to get the needed coins. The British could then hire them and pay them in British coins to work the fields and grow their crops.”

Why pay the hut tax? The Brits had guns. The economy in a state is an extraction system forced upon peoples who had a different, likely more democratic way of doing things previously. “The Early State” (edited by Claessens and Skalnik), which is actually quite tame, has tons of evidence backing this up. The state emerged in very mafia-like style, is in fact a kind of protection racket using money (debt/credit) as its primary tool of control. Ideology (a.k.a propaganda) is another vital tool of control, since few want to pay taxes and work in fields or factories. “Work hard enough, and you too can be rich! If you’re poor, you didn’t work hard enough.”

A key part of this is recognition of another false dichotomy; private/public (the commons–any resource democratically organized and managed–is shrinked by private/public ownership; money destroys the commons. With fiat money and hierarchy you have a state system of fused (though warring) components together maintaining control of the distribution of that state’s surplus production in its own elite’s interest.

Anyway, one can go on and on about this so I’ll stop here. Indeed, it’s very revealing just how many interpretations of money there are, and how widely differing ‘expert’ pronouncements on it can be. It’s as if money is our collective blindspot, a mirror we look into unaware it is a mirror.
David Graeber says:
August 26, 2011 at 10:57 am

You really haven’t got very far in the book!

Another version of the same story appears on page 50-51, where I note that while Chartalist and State theories of money were rejected in theory in turn-of-the-century Europe, they were adopted in practice across the colonial world:

“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 hope-lessly 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.

“Most people are not stupid, and most Malagasy understood ex-actly what their conquerors were trying to do to them. Some were determined to resist. More than sixty years after the invasion, a French anthropologist, Gerard Althabe, was able to observe villages on the east coast of the island whose inhabitants would dutifully show up at the coffee plantations to earn the money for their poll tax, and then, having paid it, studiously ignore the wares for sale at the local shops and instead turn over any remaining money to lineage elders, who would then use it to buy cattle for sacrifice to their ancestors. Many were quite open in saying that they saw themselves as resisting a trap.”

Toby says:
August 26, 2011 at 2:52 pm

“You really haven’t got very far in the book!”

Exactly my point, and yet I am already recommending it to friends. David, what I’ve read of your work so far, including the forty or so pages of “Debt”, I regard highly. I was recommending your work to friends before your book came out. What’s interesting is that when I cracked it open again this evening you addressed exactly the kinds of points I raised in my comment. My comment was
not meant as an indication of some shortcoming in a book I had not yet read, it was meant
generally, as a contribution to the discussion. The reference to “Sacred Economics” was meant for
anyone interested.

David Graeber says:
August 26, 2011 at 3:42 pm

Yes I appreciate that – it was a good suggestion!
Really I just wanted an excuse to put in a neat quote I guess.

Toby says:
August 27, 2011 at 1:12 am

And a lovely quote it was. I was particular fond though of the British cheques in Hong
Kong circulating unredeemed as money. That really tickled me.
The language stuff is interesting too: Geld to guilt. The German word for guilt, Schuld,
is also their word for debt and obligation. Relating to that is Schulter, which is
shoulder, which can be used in English as a verb for carrying a load or burden, e.g. to
shoulder the blame. Fascinating (in my opinion).

David Graeber says:
August 27, 2011 at 1:58 am

Oh I didn’t know the “shoulder” part – that’s a good one!
My favorite is still that “free” goes back to the same root as “friend.”

attempter says:
August 26, 2011 at 11:20 am

Why pay the hut tax? The Brits had guns. The economy in a state is an extraction system forced upon
peoples who had a different, likely more democratic way of doing things previously. The state emerged in
very mafia-like style, is in fact a kind of protection racket using money (debt/credit) as its primary tool of
control.

Current examples include the Obama health racket Stamp mandate and commerce clause jurisprudence in
general (as enshrined to this day in Wickard v. Filburn). We can expect to see food examples arising out
of the recently passed Food Control bill and its parallel administrative corporatism.
As the relocalization and alternative economy movement gets rolling, we can expect to see more and
more attempts to force people to remain in the cash economy (even as the system seeks to abolish
physical cash in favor of electronic surveillance/toll booths).
Here’s my two main pieces on this:

http://attempter.wordpress.com/2011/02/23/relocalization-and-federalism-vs-the-commerce-clause-
wickard-v-filburn-and-peak-oil/

“For example, if I earn some silver coins they represent a debt to me by society generally. They are my claim on goods and services produced by society that I at some point will choose to buy.”

I think this is misguided. I am not aware of any society or moral compass in which your ownership of some pieces of silver obliges anyone to trade with you or to recognize them.

This is the kind of thinking that leads to the view that inflation is some uncountenanceable theft. Society doesn’t owe you anything just for having something recognized as money, and thinking of money as an inviolable social obligation from the world rather than as a store of value which is just as subject to rot as grain in a warehouse — that’s a misguidedly self-priviliging view of the world.

That’s absolutely not what I meant, that society owes me something. While the silver is recognized as money (or debt, take your pick), society owes it something of equivalent value. I could fall dead, some passer by could pick up the coins, and he would be the beneficiary of the ‘value’ of those coins.

The silver coins hold whatever bullion value society ascribes to them. More importantly if the state accepts them as taxes, then they hold that value as well. The word “owe” doesn’t seem appropriate. There’s certainly no obligation for anyone in trade to accept the coins, except the monarch if he chooses to recognize them for taxes.

Words like “owe” and “debt” are very slippery creatures, hard to use without generating plenty of room for disagreement as to what they actually mean. My comments on this post are not academic philosophical treatise where I cover every conceivable angle, they are quick ideas expressed briefly (though I do think about them a lot).

Nevertheless, “owe” is a good enough word in this context, especially when qualified by “While … recognized as money”. In a society where there were no concept of money and no use for silver I would not be able to do much with those silver coins, but seeing as I was talking about them as explicit payment for some service or good I provided the logic, and word choice, holds up well enough.

Personally I have all sorts of issues with explicitly registered/recorded debt and owing via some unit of account. I believe we are heading towards a way of seeing money, debt, obligation and work in very different ways to our current lexicon of these
What is Debt? – An Interview with Economic Anthropologist David Graeber « naked capitalism

matters. Like attempter, and David Graeber it seems, I foresee the end of money. The types of money that emerge, say, a century from now, will be almost unrecognizable as money to us today.

- *Goin' South* says:
  August 26, 2011 at 8:02 am

Wow. We Anarchists have moved from the comment threads right into the featured posts themselves. Graeber’s work in this area is quite enlightening.

If you’d like to see Graeber completely baffle the old servant of the elites, Charlie Rose, check out this video. When Graeber neatly distinguishes direct action from “protest,” Rose just can’t get a handle on it. You can see him thinking, “What? Don’t ask the elites for permission or favors? Just take the power to make change yourself?”

http://www.charlierose.com/view/interview/473

- *F. Beard* says:
  August 26, 2011 at 9:15 am

Mr Graeber thinks corporations are part of the problem but I disagree. Corporations are part of the solution ONCE they no longer have the government backed counterfeiting cartel, the banking system, to borrow from. Then it is very likely that corporations will be forced by competitive pressure to “share” wealth (use their common stock as money) rather than reap it.

Almost all our problems can be traced backed to government backed usury and counterfeiting. Abolish that and we will have eliminated the “root of all sorts of evil” (1 Timothy 6:10).

- *attempter* says:
  August 26, 2011 at 11:11 am

Mr Graeber thinks corporations are part of the problem but I disagree. Corporations are part of the solution ONCE they no longer have the government backed counterfeiting cartel, the banking system, to borrow from.

Since corporations are nothing but artificial extensions of the government, why would the government keep creating them but stop backing them with the rest of corporatism? It sounds like you, too, are picturing a Special Case “good government” that doesn’t exist.

- *F. Beard* says:
  August 26, 2011 at 11:21 am

It sounds like you, too, are picturing a Special Case “good government” that doesn’t exist.

attempter

I accept government as a given for now. What is not necessary though is a government backed and enforced counterfeiting cartel, the banking system. Certainly the government itself does not need the cartel since it can create, spend and tax its own fiat. As for the private sector, why should some, the so-called “credit-worthy” be allowed to steal purchasing power from everyone else?
Another teaser quote from the book:

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.

The idea of the corporation as an angelic being is not mine, incidentally. I borrowed it from the great Medievalist Ernst Kantorowicz, who pointed out that all this was happening right around the same time that Thomas Aquinas was developing the notion that angels were really just the personification of Platonic Ideas. “According to the teachings of Aquinas,” he notes, “every angel represented a species.”

“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. They are the most peculiarly European addition to that endless proliferation of metaphysical entities so characteristic of the Middle Ages—as well as the most enduring.

They have, of course, changed a great deal over time. Medieval corporations owned property, and they often engaged in complex financial arrangements, but in no case were they profit-seeking enterprises in the modern sense. The ones that came closest were, perhaps unsurprisingly, monastic orders—above all, the Cistercians—whose monasteries became something like the Chinese Buddhist ones, surrounded by mills and smithies, practicing rationalized commercial agriculture with a workforce of “lay brothers” who were effectively wage laborers, spinning and exporting wool. Some even talk about “monastic capitalism.”

Still, the ground was only really prepared for capitalism in the familiar sense of the term when the merchants began to organize themselves into eternal bodies as a way to win monopolies, legal or de facto, and avoid the ordinary risks of trade. An excellent case in point was the Society of Merchant Adventurers, charted by King Henry IV in London in 1407, who, despite the romantic-sounding name, were mainly in the business of buying up British woolens and selling them in the Flanders fairs. They were not a modern joint-stock company, but a rather old-fashioned Medieval merchant guild, but they provided a structure whereby older, more substantial merchants could...
simply provide loans to younger ones, and they managed to secure enough of an exclusive control over the woolen trade that substantial profits were pretty much guaranteed.172 When such companies began to engage in armed ventures overseas, though, a new era of human history might be said to have begun.

F. Beard says:
August 26, 2011 at 1:43 pm

All this is worth emphasizing because while we are used to assuming that there’s something natural or inevitable about the existence of corporations, … David Graeber

I think corporations are a brilliant invention since they allow many small owners to consolidate their capital for economies of scale without the need for borrowing conventional money.

MyLessThanPrimeBeef says:
August 26, 2011 at 3:50 pm

Can a corporation exclaim ‘No Taxation Without Representation’ and start a revolution?

MyLessThanPrimeBeef says:
August 26, 2011 at 4:54 pm

 Corporations can’t be allowed to vote for their congress-corporations or senators and they can’t be allow to run for public offices. For example, Goldman can’t be the president.

And yet, they are to be taxed, like a person.

The only solution to this contradiction is to do away with corporations, before corporations start shouting, ‘No Taxation Without Representation!’

reslez says:
August 26, 2011 at 9:25 pm

I think corporations are a brilliant invention since they allow many small owners to consolidate their capital for economies of scale without the need for borrowing conventional money.

How is this something a partnership cannot do? What makes the corporate form and its immoral avoidance of liability so necessary?

F. Beard says:
August 26, 2011 at 9:44 pm

How is this something a partnership cannot do? What makes the corporate form and its immoral avoidance of liability so necessary? reslez

Can a partnership issue common stock?
As for avoidance of liability, corporations should be liable for civil damages and the officers of the corporation (including the Board of Directors, imo) should be individually liable for criminal damages. As for the stockholders, they should not be individually liable.

Anonymous says:
August 26, 2011 at 8:18 pm

Thank you, F. Beard.

So many left allies want to counter our current early-stage fascism by swinging to other extremes. It is possible to have a left capitalism, and that should be our goal, so that we preserve the many gains of the current (ailing) system, but remove the elements that work against communities’ health and well-being. Corporations are one gain, because they not only enable individuals to build large stores of cash, like you said, which can lead to increased, and expanding, standards of living, but they also enable a high degree of autonomy, or tyranny, as Chomsky characterizes it (mostly correctly). This autonomy, and all the internal policy-making authority that come with, like Graeber mentions above, goes a long way in facilitating so much of the ingenuity, dynamism, speed, and wide spread of our current markets and the increased quality of life and expanding wealth those things have produced. The object should be to expand those things further and more quickly, with more easy and ready access for anyone and everywhere. That requires, like you said, the government going full hog on fiat money, instead of half-assing it like Graeber mentioned (and I think that requires the government issuing the cash as necessary to fund growth, even issuing it as debt, to banks and/or individuals, but then retiring the cash when repaid or taxed out of the markets, since cash is not the basis of the government’s authority, and the government doesn’t need it to fund its operations), in addition to maintaining a large social welfare state to support transitions from old work to new work for individuals in a dynamic, mature, and high pace market, and also effectively and unambiguously regulating markets as necessary to ensure the continual and near- and long-term health and well being of individuals.

I just can’t see how that those things together could be accomplished in some sort of system where the means of production was owned mostly or completely by the state or the community, or ‘collective,’ (though I think workers cooperatives are great, and not contradictory to my position). What happens when someone disagrees on a course of action, or decision-making, on operations? We take a vote, and if that someone loses, they suck it up? That’s mob rule. Give me companies — just regulate them seriously, keep the bulge brackets from canabalizing the mid- and small-caps, and issue cash as needed via the state.

Enjoyed reading your comment. Thanks.

F. Beard says:
August 26, 2011 at 8:48 pm

That requires, like you said, the government going full hog on fiat money, instead of half-assing it like Graeber mentioned (and I think that requires the government issuing the cash as neccessary to fund growth, even issuing it as debt, to banks and/or individuals, but then retiring the cash when repaid or taxed out of the markets, since cash is not the basis of the government’s authority, and the government doesn’t need it to fund its operations), Anonymous

Actually, I would limit government to simply creating, spending and taxing its own fiat; no borrowing, no lending, and no recognition of any other money either domestic or foreign.
And yes, the US Government could spend at will BUT with the allowance of genuine private currencies then ONLY government and its payees would suffer if the government overspent relative to taxation. In other words, the “stealth inflation tax” should be abolished.

*in addition to maintaining a large social welfare state to support transitions from old work to new work for individuals in a dynamic, mature, and high pace market, Anonymous*

I have no problem with any amount of social spending to counter the existing fascism we have suffered but I’d prefer it to be in the form of direct cash payments.

*and also effectively and unambiguously regulating markets as neccessary to ensure the continual and near- and long-term health and well being of individuals. Anonymous*

Agreed.

- **F. Beard** says:
  
  August 26, 2011 at 8:56 pm

  The rest of your comment I agree with (well said!) except “and issue cash as needed via the state.” The great thing about corporations is their common stock is an ideal private money form:

  1) Common stock as money requires no borrowing or lending. Assets and labor would simply be bought with new stock issue. Thus no PMs, usury, or fractional reserves are required. This is a huge benefit since PMs, usury (see Deuteronomy 23:19-20) and fractional reserves are all problematic.
  2) All price inflation is born by the owners of the corporation since every receiver of the new common stock money is by definition a part owner of the corporation. This is an important moral consideration.
  3) Without fractional reserves or even lending, then deflation is not a serious threat.
  4) Since all money holders are part owners of the corporation then they could vote on how much new money is issued and for what purposes. Thus price inflation is under the control of only those affected by it.
  5) The assets of a corporation are typically performing assets though PMs could easily be accommodated too.
  6) Common stock as money shares wealth at the same times as it consolidates it for purposes of economies of scale. Labor problems should be non-existent since the workers would be paid in common stock and thus be part owners. The number of those with a stake in capitalism would increase. The need and desire for socialism should decrease.

- **attempter** says:
  
  August 27, 2011 at 2:00 am

  I love it – we need centralized money and the liberal welfare state and big, aggressive government in general in order to counteract the “tyranny” (your word as well as mine) of corporations, which are also artificial creations of big government, and all in order to continue propagating the trickle-down lie

  (as you phrase the lie:

  *goes a long way in facilitating so much of the ingenuity, dynamism, speed, and wide spread*
of our current markets and the increased quality of life and expanding wealth those things have produced)

and all in order to “enable individuals to build large stores of cash”, which “large stores” are of course exactly what we need to abolish.

And then Beard, self-called “libertarian” and foe of “counterfeiting”, still wants the government to organize and concentrate power against the people in the form of corporations, and wants the even more pernicious form of counterfeiting called “stock” to replace money.

Why does he want to do this? The same criminal reason:

Assets and labor would simply be bought with new stock issue.

So he’s more specific about how “individuals”, i.e. armed robbers, are to “build” (steal) “large stores” of concentrated wealth – through stealing the assets of the earth and accumulated labor, and through stealing the labor power itself through the device of wage slavery.

I do like the gloss on the Ownership Society, though – the worker whose work is stolen gets compensated in the form of “stock” in the enterprise which enslaves him. Yay! We’re liberatetarianized now!

Even if anyone who proposes stuff like this is sincere about his reformist intent, it’s still building a kludge Tower of Babel in order to maintain the fundamental crimes. Why would anyone want to do that? We see how reformism by definition aids and abets organized crime. It’s a full collaborator.

Somehow, I think my alternative of shrinking government by abolishing from below its fake, aggressive powers (like the fabrication of derivatives, corporations, propertarianism, etc.), by refusing to accept the fraudulent legitimacy of those powers, is a far more elegant and rational solution.

It’s self-evidently infinitely superior on a moral level, as it restores political and economic sovereignty and 100% of the produce to the people who create 100% of these.

And on the practical level, contrary to the trickle-down lies espoused above, it would maximize both the aggregate produce and the equality of distribution. So we who actually work would be more prosperous. Parasites, meanwhile, would cease to exist. We human beings would also be far better off for that.

F. Beard says:
August 27, 2011 at 5:39 am

And then Beard, self-called “libertarian” and foe of “counterfeiting”, still wants the government to organize and concentrate power against the people in the form of corporations, and wants the even more pernicious form of counterfeiting called “stock” to replace money. attempter

Common stock is also called “shares” since it is a share in the ownership of the corporation. I don’t see how one can get more democratic or just with regard to money. Of course to each his own; some might prefer a shiny, somewhat useless scarce metal.
Somehow, I think my alternative of shrinking government by abolishing from below its fake, aggressive powers (like the fabrication of derivatives, corporations, propertarianism, etc.), by refusing to accept the fraudulent legitimacy of those powers, is a far more elegant and rational solution. attempter

Government cannot and should not be abolished overnight. Will you feed and house the old, disabled or otherwise needy if it is? Instead, we should realize what has caused government to grow to be so oppressive – its “partnership” (fascism) with bankers. Abolish that partnership and government should shrink to its proper size and function.

F. Beard says:
August 27, 2011 at 6:58 am

And on the practical level, contrary to the trickle-down lies espoused above, it would maximize both the aggregate produce and the equality of distribution. So we who actually work would be more prosperous. attempter

The genius of common stock companies is that they allow the consolidation of the capital of many small owners for economies of scale. How would you propose to do that without them?

attempter says:
August 27, 2011 at 7:18 am

Will you feed and house the old, disabled or otherwise needy if it is?

We’ll do it the same way the vast majority of communities throughout humanity’s tenure have done it, as a community and without centralized structures.

You are aware that today’s centralization and atomization is an extreme anomaly in our natural history, aren’t you?

The genius of common stock companies is that they allow the consolidation of the capital of many small owners for economies of scale. How would you propose to do that without them?

If many workers want to pool resources for a larger-scale project, they can do so cooperatively, again like was done in the vast majority of communities throughout our natural history. If many food growers want to join to farm a larger piece of land together, they can do so cooperatively. The same principle applies in every other sector. Where would “companies” and “stock” need to come into it? Those are only fabrications in order to facilitate robbery.

Our citizenship in the community and our contribution to the community’s work is all the stock we need.

F. Beard says:
August 27, 2011 at 7:25 am

Where would “companies” and “stock” need to come into it? Those are only fabrications in order to facilitate robbery. attempter
Common stock is a democratic, decentralized and just form of money. Its use as money should be encouraged. It is not a form of robbery; it is a means of “sharing” wealth and power widely.

The true enemy is the government backed usury and counterfeiting cartel. They are the robbers.

Nathanael says:
September 1, 2011 at 7:53 pm

Attempter, you are guilty of *severe magical thinking* when it comes to taking care of the sick, disabled, elderly, etc.

No magical “community” will spring up to magically take care of them. The traditional methods in traditional societies ranged from:
(1) Kill the deformed!
(2) Force the women, who are considered inferior, to take care of them, without compensation!

No thank you.

Once you come up with a more just and equitable system of taking care of the ill, disabled, elderly, etc., and making sure that those who do the bulk of the actual care get compensated for that obnoxious and unpleasant duty, and how to force everyone else in society to contribute to that compensation, *you have a system of government*. Ping.

Government is unavoidable if you have a society. What we want is good government, democratic government, government which creates fairness and equality and liberty and high standards of living… rather than abusive government.

But frankly the idea that one can have a society without government has simply been shown to be wrong. Government evolves to solve real problems, and it is the only solution to some such problems, and it is better to spend one’s time figuring out how to make it actually solve the problems and how to prevent it from turning into an abusive power elite, rather than to spend one’s time ranting about how it would be great if there were “no government”.

JTFaraday says:
August 27, 2011 at 7:54 am

“Corporations are one gain, because… they also enable a high degree of autonomy, or tyranny, as Chomsky characterizes it (mostly correctly). This autonomy, and all the internal policy-making authority that come with…”

I think this internal autonomy is one of the deep negatives of corporations as it is the means by which management seeks to cloak its actions from public scrutiny. Given how much of their lives people spend inside these increasingly ethically challenged structures, there is no way this can be a good thing.

And what happens when these seemingly independent and ostensibly competitive institutions themselves collectivize and capture the state that is alleged to regulate them?
It seems to me that the business of US/multinational corporations these days, say for the past 10-15 years, consists in little more than manipulating the government, not “innovating” and etc and competing with each other.

ie., the business model is that of executive class control fraud, looting the state, disassembling employee legal protections of various sorts (read: every sort) in order to better exploit them, looting benefits structures like pension plans, etc.

This thorough politicization of the corporation by a very specific class of people extends out to ideological and political support for looting the welfare state and undermining the rights of the citizenry. They’re not only parasitically exploiting the corporate structure, they are actively destroying the democratic republic itself.

It’s going to take quite a lot to turn this kind of corporate culture back into the liberal capitalism one might once have argued was of benefit to (some part) of the public.

Even the consuming public, at least that which purchases iProducts. I can’t think of anything else, except maybe designer psychoactive drugs which we could probably do without. And Steve Jobs just quit.

The End.

JTFaraday says:
August 27, 2011 at 8:17 am

And to relate that back to the “internal control” problem (and it is the problem), productive employees and the knowledge workers responsible for innovation do not benefit from looting.

Leaving the real talent stuck in a structure that cloaks management’s activities in secrecy is only good for management’s chosen activities of looting and politicking, not for “innovation” of any other sort.

Goin South says:
August 26, 2011 at 8:12 am

Graeber’s description of basic human concepts of gift and “I owe you one” reminded me of how differently the rich interact with others.

When I was in college, there was a classmate of mine who had also gone to high school with me. He was a banker’s son, very rich, now worth nine figures just by virtue of his inheritance. He was the only one of my college acquaintances who had a car, so when we wanted to go to an away football game, we proposed riding along with him. Now a roommate and I were scholarship kids. He was a shoe salesman’s son from Boston and I was a farm kid. We figured we’d buy this guy a tank of gas and lunch, no small feat for us because we had to earn our money in part time jobs. We didn’t say anything about our plan to this guy. That’s just the way we’d do things. It was the way we handled things between ourselves as well.

So this rich guy agrees to give us a ride, but he figured out in advance, to the tenth of a cent, a per mileage “charge” he was going to assess against us that included depreciation, insurance, etc.

Putting this in light of Graeber’s brief history of human relationships, it’s another example of how the rich are different from us—and not in a good way.
David Graeber says:
August 26, 2011 at 2:34 pm

Yes I think most of us have had this experience. Whereas normal people still go either with the broad sense of “I owe him one” (if it’s a person we’re not particularly close to), or, if it’s someone you are close to, “oh course I’ll let you ride in my car because I know if you had one you’d do the same for me.”

nikhil says:
August 26, 2011 at 2:34 pm

I don’t think this is universal for the rich. A few years back I was in grad school in very similar situation as you. I found my banker’s son friend and his parents to be some of the most generous people I have ever met. Not saying this is necessarily the norm but just something I had noticed.

MyLessThanPrimeBeef says:
August 26, 2011 at 4:22 pm

Can genuinely generous people still be rich?

F. Beard says:
August 26, 2011 at 4:36 pm

The generous man will be prosperous, and he who waters will himself be watered. Proverbs 11:25

MyLessThanPrimeBeef says:
August 26, 2011 at 4:56 pm

Spritually rich or materially rich?

F. Beard says:
August 26, 2011 at 5:20 pm

Both.

It is the blessing of the LORD that makes rich, and He adds no sorrow to it. Proverbs 10:22

Also read about Job, Abraham, Jacob, David, Solomon and other wealthy believers in the OT for examples of both spiritual and physical wealth.

MyLessThanPrimeBeef says:
August 26, 2011 at 6:50 pm

But He also made some spiritually rich people materially poor.

F. Beard says:
August 26, 2011 at 6:59 pm

Only for the greater good.

Maximilien says:
August 27, 2011 at 1:45 am

I don’t know about that, but I do know this: A completely HONEST person (honest with himself and with others) will never, ever grow to be rich.

Nathanael says:
September 1, 2011 at 7:55 pm

Nah. You can still get rich completely through accident, happenstance, luck, and chance. I believe this is how pretty much every honest, decent person got rich.

The power of chance in the world is huge and people systematically underestimate it (psychological studies bear this out: people routinely find and believe rationales for things which are truly, simply random).

russell1200 says:
August 26, 2011 at 8:38 am

I found another recent interview. I have not had time to read all of it, but it discusses different parts of his political views and views of world history.


Eleanor says:
August 26, 2011 at 8:49 am

Very interesting.

econoside says:
August 26, 2011 at 9:03 am

Current US Economic Data:
Econoside | Latest Economic Data

Philip Pilkington says:
August 26, 2011 at 9:07 am

Eh… best spam ever?

craazyman says:
August 26, 2011 at 9:09 am
Interesting and thank you Phil for the work.

Still, I think this overcomplicates things. At the risk of theoretical channeling without evidence (my hobby), consider a tribe of 200 members living 20,000 years ago.

Everyone has a job — craftsman, hunter, weaver, cook, doctor, priest — or several jobs (e.g. the Greek tragic playwright Sophocles was an Athenian military general).

Nobody in such a society is unemployed, but everyone is expected to pitch in for group survival. The obligation to pitch in may have been coerced by violence if the dude was lazy. If he didn’t perform the duty owed, he might have incurred a precursor of debt. And he might have been subject to censure by the group (you didn’t go fishing today because you were chasing so-and-so’s daughter around in the woods, so you owe double the fish to the tribe tomorrow).

One can read religious anthropology and see all sorts of pradations that even such societies visited on their constituents. And one can read analytical pyschology and see theories as to why. These forces are at the heart of money and debt, and to overlook them, I think, is an analytical mistake.

One can look at money as form of both enslavement and liberation, as all things bring forth their opposites. There fore debt is both an enslavement and potential agent of liberation, if freedom from persecution is the asset that the debt finances. One can say you shouldn’t need debt/money for freedom. but you can say lots of things that should be true but aren’t.

There were psychotic priest-kings then as now, and the logic of the flesh was as operative as a source of rebellion,

- David Graeber says:
  August 26, 2011 at 11:18 am

  Well that’s easy for us to imagine but the problem is if such societies existed we’d have found them. First of all the division of labor you describe, which would have made the laziness of one person a real problem, wouldn’t have existed in an isolated community of 200 people. Most everybody knew how to do everything – except men didn’t usually know how to do women’s tasks, women often did actually know how to do most of the male jobs if they really had to. So the “free rider problem” didn’t really show up as a practical problem, and as a moral problem, it seems to be more the product of an economic mind-set than anything that could have produced it. That is, in places without markets, if someone is lazy, they are ridiculed and are not seen as attractive partners by members of the opposite sex, which is usually sanction enough, but there seems no recorded example of this turning into any quantifiable sense of debt.

- Peter Džirkinje says:
  August 26, 2011 at 9:24 am

  Thanks for bringing this book to our attention!

- Thingumbob says:
  August 26, 2011 at 10:10 am

  While much of Mr Graeber’s work is unobjectionable and his criticism of the IMF, et al. is appreciated, the problem is that the entire field of academic “economics” itself is a fraud. It entirely leaves out of the question that there is a physical economy apart from money. And, it just so happens that that study of the improvements in that physical economy and how populations are sustained at increasing standards of living is the only way out of the current monetary crisis. Yes, debt moratoria are required, but then the question is what sorts of long term
investments are necessary to pull the world away from the last 50 years of looting the world’s physical economy?

- **David Graeber** says:
  August 26, 2011 at 11:31 am

  1) I’m not an economist and much of the book is a critique of the very most basic assumptions on which “academic economics” is built – for the very reason that it ignores human relations outside the formal “economy.”

  2) when did I say a debt moratorium would solve all problems?

- **Thingumbob** says:
  August 26, 2011 at 1:35 pm

  This quote, among others, from the interview implies that you would look favorably on a a moratorium(or perhaps jubilee):

  “When thousands of people begin assembling in squares in Greece and Spain calling for real democracy what they are effectively saying is: “Look, in 2008 you let the cat out of the bag. If money really is just a social construct now, a promise, a set of IOUs and even trillions of debts can be made to vanish if sufficiently powerful players demand it then, if democracy is to mean anything, it means that everyone gets to weigh in on the process of how these promises are made and renegotiated.” I find this extraordinarily hopeful.”

  From this I inferred that you would agree that trillions of worthless derivative “bucket shop” gambling debts created out of thin air by the very financial houses that were lately bailed out ought to be wiped off the slate… I certainly believe that that is a necessary prerequisite to the only way out of the crisis. I didn’t mean to imply that you were an academic economist, but in the interview, that which was left unasked was the most important issue facing us all today. That is, with what do we replace the bankrupt system?

- **David Graeber** says:
  August 26, 2011 at 3:08 pm

  Yes i do think it would be a good idea. But your response seemed to be phrased in such a way (“this is unobjectionable, but…”) as to imply that saying it would be not enough to cure what’s fundamentally wrong with our system was an objection to the piece, which would only make sense if you were assuming I thought it would be enough to cure what’s fundamentally wrong with the system.

  Of course it’s quite possible I misunderstood you.

- **Thingumbob** says:
  August 27, 2011 at 7:35 am

  Well, I was aiming to open the discussion to the larger arena of how to emerge from the current nightmarish monetary disease of unpayable and illegitimate derivatives debt since it was brought up in the piece. Now it is quite curious to me that we can speak of credit systems and Adam Smith and leave out of the conversation Smith’s most prominent adversary: Alexander Hamilton. Hamilton explicitly attacked Smith’s
doctrine in his Report to the Congress on Manufactures. Today, our nation is foundering because we have forgotten the principles that Hamilton used to develop our original prosperity. What needs to be done is to throw off monetarism as a rotten ideology and return to generating credit for nation building. For instance, the North American Water and Power Alliance plan and an Alaskan Siberian Aleutian rail connection for starters. We need credit for the development of the next generation of Thorium reactors. We require a NASA manned mission to Mars using fusion propulsion. Thus credit would be used to foster an increased standard of living based not the false belief that money is wealth, but rather that only increased technology in physically productive systems constitutes wealth.

David Graeber says:
August 27, 2011 at 11:14 am

Sounds good to me! As mentioned above, I am still bitter about the fact we’re not on Mars yet. As a child, they lied to me!

The Frenchie says:
August 26, 2011 at 10:18 am

You can also read the work of a Belgian born anthropologist, Paul Jorion.

He does very interesting works on money, debt and economics crisis: he is one of the few who see the Crisis came.

Unfortunately, most of his writting are in French.

But you can consult his blog: there are english translation of some articles.

http://www.pauljorion.com/blog/

Dan Duncan says:
August 26, 2011 at 10:21 am

Does David Graeber believe that Information is merely a “social construct”? If he does, then he’s wrong.

If DG doesn’t believe that Information is a “social construct”, and he thinks that Information is more basic—along the lines of say, gravity—then money is far more fundamental to humanity than something we invented.

Take wealth, for example. Wealth, clearly is not a human construct. Why, then, is money?

His statement on the relevance of violence, strikes at the heart of the matter.

All over the animal kingdom, wealth is identifiable and real in terms of access to females and access to the best territory. This kind of wealth is intimately realized and fought over. Consequently, they simply deal in the currency of brute force.

Evolving from wealth to money….money was not an invention by humans because of our complex reasoning in order to save of from brute force.
Money was a discovery. Only our embodiment in paper or gold was an innovation.

No doubt, we would not have discovered it if we didn’t possess complex reasoning, but the need for complex reasoning doesn’t mean we invented it.

Our ability to store, retrieve and mold information means that money is far closer to being an instinct—along the lines of language—than it is to being a mere social construct. As long humans value information and can store information, there will be money.

Money is far closer to Einstein’s Relativity than Edison’s light bulb.

Just because this money instinct was crude and undeveloped in early homo sapiens—as was language—it does not mean it didn’t exist.

Money is not something humans invented. Nor, incidentally, can it be “invented away”.

Money is information; it’s negative entropy. [Negentropy, being the ability to extract work from a process.]

When you realize that information is real—and it is real in truest, physical sense of word—then you’ll step out of the darkness into the realization that money, too, is indeed, far more basic and integral to humanity than something we just decided to develop.

[And it was a good interview, Phil. Why did you have to throw in the gratuitous reference to MMT...uhr...chartalism?]

- Philip Pilkington says: August 26, 2011 at 10:41 am

Because it was highly relevant and I hope to inspire some cross-pollination across the spheres whose research seems to buttress each other so strongly.

By the way, although I don’t want to put words in his mouth, I’m sure Graeber would agree with me in saying that money isn’t ‘negative entropy’ because ‘negative entropy’ is just a concept invented in the human mind — one invented, it should be noted, at a rather late stage in human development.

And of course money is something that humans invented — just like they invented the wheel. Yes, the wheel may be circular in shape and this shape may have existed prior to humans in some sense (while in another sense it didn’t), that doesn’t mean that they didn’t invent the wheel. That’s just mysticism. As if human inventions are given to us from the gods.

- pebird says: August 26, 2011 at 11:20 am

Philip:

Excellent interview. Thank you, I owe you one :)

- David Graeber says: August 26, 2011 at 11:34 am

You’re right! I would agree with you.
What is Debt? – An Interview with Economic Anthropologist David Graeber « naked capitalism

- craazyman says:
  August 26, 2011 at 10:42 am

  true.

- sidelarge says:
  August 26, 2011 at 4:06 pm

  I think you have entered Wittgenstein’s “Whereof one cannot speak, thereof one must be silent” territory there, whereby metaphysical reasoning is nothing more than a fallacy (or something that can’t even be called a fallacy, which is something can’t even be called a fallacy, ad infinitum, which *** drops dead ***).

- Nathanael says:
  September 1, 2011 at 8:00 pm

  You’re just arguing semantics — definitions of “discovery” vs. “invention”. Semantics of “real”. Irrelevant semantics.

  Information is not real in the sense that it is not tangible. It is real in the same sense that algebra is real (it has its own internal character).

  Money is likewise not real in the sense that it is a shared mental construct, not a tangible reality. It is real in the same sense that mathematics is real, however, and in the sense that all our psychological constructs (love, marriage, etc.) are real.

- Fog LIfter says:
  August 26, 2011 at 10:29 am

  Inspiring read.

- Lyle says:
  August 26, 2011 at 10:50 am

  Another example consider the Rai stones of Yap which were used as money. They were scarce because they were imported from other islands. The money arose long before Europeans appeared. So here is another civilization that invented money independently. As apparently also did the Meso-American civilizations such as the Maya, all be it in that case it was gold silver copper and apparently also Corn. So money appears to arise from human behavior appearing in many cultures independently.

- David Graeber says:
  August 26, 2011 at 11:48 am

  Maya mostly used cacao in historic times. I’m not sure we know what they were doing in the Classical period.

  I think the problem here is how you define “money.” If money is any quantitative system which allows you to compare proportional values – 2 of these equal 17 of those – then clearly it could have been “invented” a hundred times in different contexts, so there can be no single origin of money, any more
than there’s an single origin of, say, music, or astronomy, or the square knot. It is also likely money will always be with us in some form, as it’s hard to imagine a complex society in which no one ever wants to know how many of one thing are equivalent to how many of something else. However, how this general principle of proportionality relates to media of exchange, how many of those they are, what they’re used for, who controls their production and regulation, how many different sorts they are, what contexts they are used in and what they are not… – that’s really where the action is.

- **Maynard Handley** says:
  August 30, 2011 at 12:39 am

I think another way to look at it is to see how often alternative moneys are created when necessary. We all know about cigarettes in prison (and now, apparently cans of sardines) but let me give an alternative anecdote.

For pre-high school I went to a boarding school which, among other things, had the following features for meals:
- the children ate at the same place each meal, about ten to a table, all children at each table with the teachers at a separate table where they could see what we were doing, but not too clearly
- we were given a limited quantity of food — not starvation levels, but the food came out for each child, we ate it, and that was that. No buffet, no seconds.
- we were not allowed to talk during meals.

What developed as a natural result of all this, was a barter system in food — if you didn’t like fish, it made more sense to swap with the guy who loved fish, in return for his apple, than to force yourself to eat something you didn’t like (or worse subterfuges, like hiding what you hated in your napkin or your pocket). All this led to a sign language of pointing and gesturing as people tried to strike in- and cross-table deals for food at meals.

OK, that’s the standard economics story.
What is more interesting, IMHO, is that there was a very well established “price” system for items, which somehow had just evolved naturally. At the lowest level was a slice of bread, equivalent to a glass of milk, with other items denominated in slices of bread.

Second this all operated without a state and a “monopoly of legalized force”. I am unaware of any situation where anyone owed someone else and deliberately refused to pay. What would have happened in such a situation? I imagine, based on our general knowledge of the two disputants, we would have come to a largely general agreement as to who was in the wrong, and would have shunned him or her as someone we wanted nothing to do with. Of course it’s rather harder to operate a system like that in an anonymous society, ie the big city and modern times…

Third I think it’s interesting to note that this all happened under the eyes of, but (as far as I know) invisible to, the teachers. Certainly they were NEVER called in to resolve disputes.

Fourth some level of credit certainly did occur, with kids maintaining “balances” with other kids, though for obvious reasons (not least that this was all sub rosa and none of it written down, so there were limits to what anyone could keep track of), these balances never grew too large or too complex.

All of which, IMHO, lends credence to Graeber’s view of the original history.

- **Nathanael** says:
  September 1, 2011 at 8:02 pm
I think you should be clearer — the use of the word “money” confuses the issue, and scholars have already divided the functions of money into “medium of exchange”, “store of value”, and “unit of account”.

There is no particular reason the three should be “the same” and they often are quite separate.

EmilianoZ says:
August 26, 2011 at 11:01 am

“For example, take hierarchy. Gifts given to inferiors or superiors don’t have to be repaid at all. If another professor takes our economist out to dinner, sure, he’ll feel that he should reciprocate; but if an eager grad student does, he’ll probably figure just accepting the invitation is favor enough; and if George Soros buys him dinner, then great, he did get something for nothing after all. In explicitly unequal relations, if you give somebody something, far from doing you a favor back, they’re more likely to expect you to do it again.”

Was that sarcastic?

A few months later the eager grad will ask a letter of recommendation from the professor and the professor will take the dinner into account.

If Soros buys a professor dinner he expects an academic article supporting his worldview from that professor.

David Graeber says:
August 26, 2011 at 12:10 pm

I don’t think that’s necessarily true at all. The graduate student might just want to be able to say “I had dinner with Milton Friedman!” and George Soros certainly does not expect an academic article out of every time he buys someone dinner – mainly he just wants recognition as the sort of person who would be liberal with his money, or, maybe more accurately, not the sort of person who’s stingy with it. Now, sure, you can dress that up as an “exchange” if you want, but only insofar as you can dress anything up as an exchange if you’re absolutely determined, as is a regular practice in intro economics classes (“what about people who throw themselves on grenades to save others?” “well, they’re maximizing their feelings of being a good person for those few moments before they blow up…”) – but that tells you nothing other than that we’ve decided we want to view everything as an exchange and created utterly unfalsifiable circular models that basically say “if someone does something, it’s usually for a reason, and I can take whatever reason that is and define it as a good they are getting in exchange for doing it.” That’s an ideological exercise that tells you absolutely nothing either about people’s actual motivations (why they feel like a good person for sacrificing themselves, why Soros wouldn’t want to be seen as stingy) or about the actual logic of the transaction itself.

This is incidentally the reason Soros himself abandoned Austrian-style economistic theories of human behavior. As a student of Popper, he knew a circular argument when he saw one, and was aware that if you see such an illogical argument made consistently by powerful people and not being challenged, you are in the presence of a dangerous ideology.

Take for example the Medieval habit of demanding “writs of non-prejudice.” As Marc Bloch notes, in feudal Europe, if you give a gift to a superior, it is considered a precedent, and rather than ever being reciprocated, it is added to the web of custom and you are expected to do it again the next year. If the king runs out of wine and demands some monks send an emergency contribution, if they comply, the same will be expected every following year. The only way to head this off is to have the superior sign a document saying they will not expect it in the future. It’s easy to see how this principle of precedence underlies the real logic of most explicitly hierarchical relations. If you give money to a beggar, he’s not
going to reciprocate either, but he might well expect you to do it again. Etc etc.

- **Bill White** says:
  **August 26, 2011 at 5:33 pm**

  Don’t you sort of think that Soros mostly just wants to be compensated by hearing interesting thinking? Do you think he wouldn’t invite a really interesting thinker to dinner, or even to spend the weekend in Jackson Hole (or wherever Soros has a vacation home) or even to a TED talk or two, but he (Soros) would never invite a boring speaker even to Carl’s Jr.

- **Bill White** says:
  **August 26, 2011 at 5:35 pm**

  I should have read more carefully. I’m not saying Soros is motivated by the need for exchanges for every dinner he treats someone two. I’m just saying there are exchanges and exchanges, and having a thoughtful dinner companion is better than not.

- **David Graeber** says:
  **August 27, 2011 at 12:13 am**

  Sure – but why think of it as exchange. Maybe it’s a relation of micro-communism, “from each according to their abilities, to each according to their needs.” Soros has all sorts of money, so his ability to pay for dinner is almost unlimited. So he pays for that. Both are able to provide interesting conversation, and like to hear interesting conversation, so they both provide that. Both enjoy eating food together because eating food with someone else is almost invariably more pleasant than eating it by yourself. Obviously Soros isn’t communistic in all relations, or he wouldn’t stay rich for long, but in relations with people he knows or likes, he can be…

- **ReaderOfTeaLeaves** says:
  **August 26, 2011 at 10:02 pm**

  In an earlier phase of my life, I spent time among Aleuts, a subgroup of Eskimos, and happened to take some studies with an anthropologist who did extensive fieldwork with Aboriginal groups in N and E Australia. I also had some experiences with N Qld aboriginal kids.

  My experiences synch very much with the discussion of social status in regard to reciprocity.

  One example: Aleut man could not ‘shame’ his brother by offering extra meals to his nieces and nephews, so very cleverly he ensured implementation of a free lunch program in his village. Then, he made his own kids eat ‘free lunch’ so all village kids ate ‘equally’. (this was a huge benefit for student learning village wide.)

  Per Soros, he studied under Karl Popper. Coincidentally, while studying with the anthropologist, I happened on “Conjectures and Refutations” in the uni library. Loved it! But in my view, Soros brilliantly unpacked Popper’s fuzziness between social (soft) and natural (hard) sciences, and the dreadful problems that come from failing to distinguish the two. Soros strikes me as a philosopher in that he is very much interested in getting at the nature of things. In his own fashion, he reminds me of the wise (global) village elder.

  Econ studies completely, utterly fail to integrate social relationships with respect to reciprocity.
Hal says:
August 26, 2011 at 11:18 am

“One is what you found in Egypt: a strong centralized state and administration extracting taxes from everyone else. For most of Egyptian history they never developed the habit of lending money at interest. Presumably, they didn’t have to.”

The annual flooding of the Nile in a very narrow and controlled band of land allowed the Egyptian system versus the weather controlled and vast Mesopotamian...

If you invent and propagate modern debt peonage you need an accompanying guilt religion to accompany it so as to scare the flock into praying, paying and avoiding hell…the same folks that invented Christianity–and then repudiated it, invented modern debt peonage and central banking to live off the fat of the land.

Philip Pilkington says:
August 26, 2011 at 11:52 am

“If you invent and propagate modern debt peonage you need an accompanying guilt religion to accompany it so as to scare the flock into praying, paying and avoiding hell…”

Indeed. It’s called ‘neoclassical economics’!

John Emerson says:
August 26, 2011 at 11:26 am

Within the tradition Western Civilization, Solon’s liberation of the majority of Athenians from debt slavery is often taken as the staring point. It followed Drakon’s new homicide law, which replaced blood feud with exile and which also made homicide an offense against the state rather than merely an offense against the victim’s family. Both innovations reduced the power of the wealthy, large clans and freed the members of smaller weaker clans from oppression. In fact, the clans themselves were broken up and replaced by population subdivisions not based on kinship. Ultimately a state was set up which guaranteed the freedom and survival of all registered Athenians (though not resident foreigners or the slaves of Athenians). This was pretty much the beginning of democracy, and it involved severe restrictions on the market in several respects.

John Emerson says:
August 26, 2011 at 11:31 am

This (SOlon and Drakon) is an enormous topic and I’ve posted a sketchy summary of it at my link.

Hal says:
August 26, 2011 at 11:34 am

If obligations are a form of reversed credit, then Americans should feel fewer obligations toward their government.
since Nixon’s gold elimination move 40 years ago.

i.e. “if I’m not going to be given something real for my labor, if my ability to trade labor for something real through Reagan/Clintonesque job destruction, then I have fewer obligations toward my government…
“no taxation without representation”
>>>“no taxes paid if my interests are not represented”

● **John Emerson** says:
  August 26, 2011 at 11:53 am

*Does X believe that Y is merely a “social construct”??*

If you say “merely” in a sentence like that you show that you don’t understand social constructionism. However, that’s unfortunately not a straw man reading, because a lot of people who think that they’re social constructionists are really just relativists who don’t understand social constructionism either.

Same with the goldbug’s “if I’m not going to be given something real for my labor….” Gold is not “real” value, it’s got symbolic exchange value. Real value is the ongoing productivity of the economy, a tiny percent of which is gold. Goldbugs have this belief that if they had their wealth in gold they’d be safe from the ups and downs of the economy, but gold only protects you against a total social collapse, on only if you have the force necessary to protect it. A lot of the world’s gold is buried underground for safety, buried by people who did not survive to dig it up again.

One thing gold does not protect you against is fluctuations in the price of gold. People who bought gold in 1981 just started breaking even early this year. Their investment earned nothing, and at one point they’d lost half of it.

● **Dan The Man** says:
  August 26, 2011 at 9:20 pm

Your reasoning is extremely flawed. You took a historical perspective of an investment and picked its worst performing period as if that is relevant in some way. I agree If you invested in gold the day after the biggest gold boom and bust in history things would not have worked out well for you. Bad as that period might have been,gold never goes to zero as many stocks and bonds have. Lastly you mention that the people who buried gold died before they could cash in. Therefore their investment retained it’s value longer than their lifetime and this is somehow a bad thing.

● **John Emerson** says:
  August 27, 2011 at 4:10 pm

Yes, gold never goes to zero. That’s why it’s a hedge against the entire collapse of a nation or a world economic system. Otherwise it’s a crappy investment, by and large, and if the American economic system entirely collapses, there are going to be multiple other problems, such as civil disorder and chaos. So your gold will keep its value, but you may not keep your gold, any more than the people did who buried it and never came back for it.

● **F. Beard** says:
  August 27, 2011 at 4:20 pm

Yes, gold never goes to zero. John Emerson
Nor should the value of a debt-free corporation go to zero since its assets should have some scrap value.

- **Linus Huber** says:
  
  August 26, 2011 at 11:53 am

  Great interview!!! Thanks

- **Nathan** says:
  
  August 26, 2011 at 12:08 pm

  Everything in the universe tends to clump. So is money. Modern day fiat currency is blood of what is entity capitalism. Sort of like blowing a soap bubble, if too much air is blown into the bubble will pop, in contrast too little air the bubble will not expand. The money factory carefully regulates the amount of new money creation. All these money created out of thin air is debt to us humanity, and borrowed from mother nature. And there the money tends to clump to a few individual as money itself induces more accumulation. What we have today does not reflect any of past histories of money, and it is new. And this experimental economy will end with a big bang when the debt bubble collapses, but those with huge accumulated money will resist.

- **Keith** says:
  
  August 26, 2011 at 12:17 pm

  Interesting interview. Since the elites are not planning to forgive debts we probably need to take matters into our own hands and organize a debtors union and a mass default– debtors stop repaying everything from credit cards to student loans to mortgages. This will also end the current economic crisis. The crisis continues because there so many more paper claims on social wealth then really existing wealth. We should impose loses on the creditors from below and get the economy moving again.

- **F. Beard** says:
  
  August 26, 2011 at 12:25 pm

  Ironically, a universal bailout would fix the creditors too in nominal terms. And in real terms it need not harm them if:

  1) Further credit creation was forbidden pending fundamental reform.

  2) The bailout checks were metered to just replace existing credit as it is paid off.

- **za** says:
  
  August 26, 2011 at 12:17 pm

  Fascinating read… I’ll certainly be a while wrapping my head around it.

- **Linus Huber** says:
  
  August 26, 2011 at 12:20 pm

  when reading all these comments, well, it seems we are really in a hopeless situation; we have a democracy but it seems, people are so much disinformed that no one will ever be elected who will stop corruption and financial repression.
It is kind of depressing. On the other hand, I was also fed up with bush entering Iraq; and at the end of it, I think most Americans now understand that it was a mistake.

- **F. Beard** says:  
  **August 26, 2011 at 1:19 pm**

“**What is debt?**”

Certainly “debt” to counterfeiters is morally invalid and since our banks are essentially a government backed and enforced counterfeiting cartel then “debts” to them are morally invalid.

- **ScottA** says:  
  **August 26, 2011 at 1:44 pm**

Fascinating interview.

I did some googling and found another extensive essay by Mr. Graeber:


- **Adam2** says:  
  **August 26, 2011 at 1:56 pm**

How could MMTers (chartalists) interpret the Mesopotamia findings?

Crediting money to debtors is the same thing as government spending money.

Debtors paying interest to creditors is the same thing as taxing the money.

Debt jubilees is the same thing as fiscal stimulus. IE untaxing the debtors.

- **F. Beard** says:  
  **August 26, 2011 at 2:33 pm**

OK, Mr. Graeber. I ordered your book because:

1) It seems fascinating.

2) You seem smart.

3) I feel sorry you got fired.

4) I have anarchist sympathies

5) I can always take it out on Philip if I don’t like it. :)

- **David Graeber** says:  
  **August 26, 2011 at 3:10 pm**

  Thanks!  
  I hope you like it.
Getting fired from Yale puts you in pretty good company. Staughton Lynd, for example.

He got fired from Yale? Now I definitely have to read it.

It’s the ones that don’t get fired from Yale you have to watch out for *cough* Roach *cough*

Exactly. Mr Graeber used his academic freedom a little too freely for those who give and take away such freedom at the centre, and like Chomsky, Hudson, Steve Keen, etc who also have narratives unfriendly to established power, will have to settle for speaking truth to power from a long way away.

‘What’s that you say, can’t hear you through all this power-friendly conformity, you’re breaking up…’

He’s better off outa there.

Sadly typical of Charlie Rose that he seemed more intent on getting Mr Graeber to agree that he COULD have found out why he was no longer wanted (just as Charlie himself could, as if this were evidence of how open and transparent Yale is really, truly) rather than make any comment that might indicate that perhaps Mr G’s anarchist activities were outside the Ivy League’s Pale.

As I often say, the three great issues that shape our times are wealth inequality, kleptocracy, and class war. Graeber seems to skirt especially the last two of these. Kleptocracy is not theft in the system. It is theft as the system.

Much as while human history is full of thuggish, brutal, authoritarian, and dictatorial regimes, we never saw totalitarian ones until the 20th century, so it is that while there have been many instances of greedy, unequal economies, we have never seen kleptocracy until now. I have only a practical interest in the last 5,000 years of debt if it can help me confront this current threat.

Somehow I am not comforted by Graeber’s final statement:

...
rational actor. Both have failed. Liberalism in the political sphere and capitalism in the economic realm. Capitalism is already dead and gone, replaced by kleptocracy. So it seems very strange to me that Graeber thinks its future and not its past is what killed it.

solo says:
August 26, 2011 at 2:38 pm

Much madness here, but with a method. Graeber claims in his third para that research has unearthed not a single instance of barter. (His seventh para qualifies this to claim that barter occurs only after credit has been institutionalized.) – I suggest he google “Manhattan island” and “pieces of colored glass.” Then in his sixth para we read, “There’s an elaborate system of money of account and complex credit systems. (Money as medium of exchange or as a standardized circulating units of gold, silver, bronze or whatever, only comes much later.)” – Pray tell, Mr. Graeber, what precisely was the unit of account in the money-of-account credit system that preceded money that actually circulates (your “medium of exchange”)?

A bit later in the interview the topic of “Chartalism” is raised and it becomes clear that the whole priority-of-credit rigaramole is an advertisement for MMT (Modern Monetary “Theory,” starring “Chartalism”). Credit is purchase with delayed payment. For those serious about the topic, but who may have (understandably) given up on “economics,” consult the Oxford English Dictionary on the linked etymologies of “owe,” “own,” and “ought.” There is more good anthropology here than is dreamt of in the Graeber/Pilkington ad for MMT.

Adam2 says:
August 26, 2011 at 2:53 pm

Right.. The Native Manhattes were that stupid. They just sold Manhattan for beads.

The problem with your explanation is that the beads were a unit of account. IE money. It was not the intrinsic value of the beads they bought.

David Graeber says:
August 26, 2011 at 3:31 pm

Actually anyone who knows anything about Northeast Woodlands societies knows that whatever the settlers thought they were doing, the recipients didn’t think they were involved in an act of purchase, but rather, receiving a gift of rare exotica of the sort regularly presented in negotiating political treaties, which often, as, in this case, involved the transfer of usufruct rights.

I did not in fact claim that no example of barter has ever been documented – that would be silly, lots have. In fact in the book there’s a long description of two elaborate cases of barter between tribal groups in stateless societies, one in Amazonia, one in Australia. What I say is that there is no example of a society where barter – in the sense of the direct swapping of objects for one another – is the ordinary mode of economic transactions between other members in the same community, which the scenario assumed by barter theories of the origins of money.

As for the origin of the monetary system in the Mesopotamian case – all evidence is that it originated in an accounting system used inside large temple complexes, which established a formal equivalence between units of silver and bushels of grain. It seems to have started as a rationing system for provisioning temple personnel, which is why a shekel corresponds to – if I remember correctly – one month’s rations, calculated as a gur or bushel, on the basis of 2 meals daily, 7 days a week, etc etc. Our contemporary time-keeping system with it’s 12 hour days, 12 month year (as opposed to 13 which fits better with a lunar calendar) etc, goes back to the same administrative system. Since most people had some sort of economic interactions with the temples and palaces,
use of the units spread, and markets appeared pretty quickly – people argue over precisely when, but I’m willing to believe it was from the first period we have written records. But these markets did not operate mainly on cash it seems, though probably merchants came to actually weighed out silver for many (not all) major transactions, particularly between people who didn’t know each other. Minor local transactions were different, Sumerians had the technological means to do so, but did not in fact make scales accurate enough to measure out the tiny amounts of silver that would have been required to make everyday purchases like pots, belts, fried fish, and the like. It seems local markets operated – like so many similar ones in the world today – largely on credit.

MyLessThanPrimeBeef says:
August 26, 2011 at 4:16 pm

I did not in fact claim that no example of barter has ever been documented – that would be silly, lots have. In fact in the book there’s a long description of two elaborate cases of barter between tribal groups in stateless societies, one in Amazonia, one in Australia. What I say is that there is no example of a society where barter – in the sense of the direct swapping of objects for one another – is the ordinary mode of economic transactions between other members in the same community, which the scenario assumed by barter theories of the origins of money

What about going back 250,000 years?

Maybe the origin didn’t start only 5,000 years ago.

Instead of looking for bartering Neolithic farmers, try looking for bartering paleolithic hunter-gathers when your neighbors didn’t stay in one place long. They moved a lot, often never to be seen again.

‘Hey neighbor, I am migrating from Mongolia to Hungary tomorrow. I like your fur coat.’

‘Oh yeah? Take it!’

‘You sure you don’t want my obsedian surgical tools? Let’s barter!’

‘Good heavens no. Barter? What is that? Just remember you owe me. We Old Stone Agers are not that unsophisticated. We know credit came first before money and bartering is for when everything else fails.’

David Graeber says:
August 26, 2011 at 4:50 pm

You know there actually are, um, hunter/gatherer bands in existence, and the economic life of many, many have been carefully observed.

There’s nothing to stop you from making up a story if you’re absolutely determined to. I could also make up a story and say that money was brought by space aliens 25,000 years ago and that would be hard to disprove too. Of course, in either case, the paleolithic barterers inventing money, or the space aliens bringing it through an interdimensional wormhole, you’d still have to explain how just about all known human societies – including all known hunter/gatherers – somehow abandoned or forgot about the resulting money system over the course of the next 10 or 20 thousand
What is Debt? – An Interview with Economic Anthropologist David Graeber « naked capitalism

years except some guys in Mesopotamia who were using it instead for keeping temple accounts, and scattered groups of non-hunter/gatherers in places like New Guinea or Africa who decided to stop using money to buy and sell material objects but start using instead to arrange marriages and mediate blood-feuds.

- MyLessThanPrimeBeef says:
  August 26, 2011 at 5:05 pm

I think it is more natural to think credit was almost impossible among migrating hunter/gatherers.

So, bartering probably came first.

Somehow, when the curtain was lifted in the Middle East, we have gone from barter to credit, with or without the intermediate stage of money.

- MyLessThanPrimeBeef says:
  August 26, 2011 at 5:46 pm

I also believe that when the some hunter/gatherers first took up farming, all the everyday transactions between them and hunter/gatherers were based on bartering, and not on credit.

- craazyman says:
  August 26, 2011 at 5:54 pm

Beef I’m not a politician, but I think yer both right.

swapping is not the same as barter with a system of recorded prices. I’m sure those trades occurred daily, but at wildly varying “prices” depending on the situations and personalities, ad-hoc, random and unsystematized.

Also, if the tribe itself was moving from Mongolia to Hungary, there wouldn’t be barter among them. They’d each just pitch in to the best of their abilities and consider their work as a “moral obligation” at an instinctive level.

This moral obligation would not exist across tribal units. So in that case, a fixed price system would be employed.

Readings in historical cultural anthropology shows quite curious and at times absolutely repulsive mechanisms for allocation of work and duties within a growing tribe — totems and taboos and clans, with complex rituals. As you know, Freud & Frazer were big on this among others.

The development of money was a way of abstracting these relationships and liberating the individual from the prison of them, as the imagination became more evolved (we can toss a nod here to Julian Jaynes if we wish, if we don’t think he was a nut and a drunk).

Money is complicated and as the saying goes in academia (or went) I’m not sure — “overdetermined.” I think that’s the phrase for some thought construct with many fathers and many mothers, which is a strange notion, but so is money.
The other intersting thing about this overall topic is the historical reach. I agree if we go back to 50,000 BC it’s intersting indeed. Not much historical record, except for the paintings in the caves, which are so masterful and so redolent of life that anyone with a mind can’t be feel a fully formed and totally alive intelligence equal to our own, at least. These people were not stupid or naive. One wonders just what they knew that we do not. I’m sure it would be a gold mine.

ReaderOfTeaLeaves says:
August 26, 2011 at 11:56 pm

Mltpb, you are missing a key development in the period DG originates his analysis of debt: the creation and development of writing. In Mesopotamia. Writing in turn leads to new cognitive structures, as the earlier commenter who mentioned Solon’s innovations alluded to.

In Mesopotamia...well, up to the Arabs mathematicians and astronomers circa 600+ AD, letters also functioned as numerals. Think of pi.

MyLessThanPrimeBeef says:
August 27, 2011 at 1:06 pm

Reader, I’m trying to figure out which came first – bartering or borrowing, bith among tribal members and with outsiders. Money, here or from outerspace, or writing is assumed to have happened after one of those two.

readerOfTeaLeaves says:
August 27, 2011 at 6:12 pm

Good question.

Think of it this way: in a tribe, or clan, there are multiple kinship connections. Let’s say a woman, call her Anna, has 4 brothers and 3 sisters. Let’s say that in her clan you cannot marry into your mothers family.

Of her 4 brothers, let’s assume are married. Further assume that 2 of them are married to 2nd cousins. The other 2 are married to women of a neighboring clan.

Suppose one of the sisters-in-law came to the marriage with pots and pans. Suppose another sister-in-law came to her marriage with a supply of sewing and medicinal items. Sister-in-law 3 came to her marriage with a supply of cloth and art supplies. You get the idea.

Dinner must be cooked, outfits must be sewn, fevers must be treated, and ceremonial ornamentation must be created throughout the year by all of the women who are related by marriage to Anna.

It is lunacy to assume that the 1st sister-in-law is going to *barter* the pots and pans used for dinner in some kind of precise economic exchange that will obtain for her a fever medicine. When dinner needs to be cooked, it needs to be cooked well. One or more of the sisters will cook it on Monday, maybe another sister cooks on Tuesdays. Etc. But the pots are shared, because these women are connected by moral actions to each other; at some level, the survival of each rests on the survival of the group.
The notion that within kinship groups someone barters their pots and pans every single day is nuts. If you need to cook dinner, you borrow the pots and pans. If someone needs to treat a fever, unless you have no sense of self-interest, you give them the medicine.

Why?
Because fevers are contagious…
*The faster their fever is treated the less risk you yourself-or your children-will become sick.* It is in your interests to make sure that all members of your family are well and healthy. Anything other than that is self-defeating lunacy.

But fevers and medicines are an extreme example. However, I have seen more trivial items borrowed village-wide.

On a practical note, I have observed in more than one location in Alaska villages where one kid will ride a bike up to school. Another kid seeing the bike sitting at the school door will get on it and ride the few blocks through the village down to his house. Another cousin will spot the bike, get on it and ride it to the school again. These villages are pretty small and the bike rides take about 3 min. to get from one into the other. If you ask, “hey you kids, whose bike is this?” You will get blank looks of confusion. I remember a darling kid looking up at me like I was nuts. He sized me up as a dumb whitey for asking such a nonsense question. He shrugged and looked at me and said, “it’s just THE bike.”

Whoever needed THE bike when it was not in use, used it. You can see how these kids are at risk of being charged with theft in Anchorage… But failure to share and borrow is viewed as a moral flaw. Moral action is doing whatever helps the group.

Nobody *bartered* time on the bike. The bike was constantly being borrowed. When people are connected in community ties, borrowing is the norm from what I have seen and experienced.

One of the points DG makes but I believe is both brilliant, and needs much more discussion, is his point that **Adam Smith had to pretend that Neolithic villagers made transactions through this spot trade. Adam Smith assumed that people had no moral relations with each other, that morality only emerged out of the concept of exchange.** This was a core error.

One of the great, even momentous tragedies of our time is the appalling assumption that the relationships among human beings can be reduced merely to exchange value. This makes for a meaningless and pallid world. It explains a great deal about why we seem to be observing so much turmoil in political and economic realms; these exchanges lack meaning, far too often. That leads to looting, by banks and rioters. It’s lack of social cohesion; relationships are too weak to sustain the rigors of ethical conduct.

Had I not seen your comment I would not have had to think this through in order to respond. So I thank you very much. I hope that my response makes some sense.

Again, for me one of the key concepts in this wonderful post is the way that DG keys in on Adam Smith’s complete misunderstanding of actual human communities and the way that human interactions are based on borrowing and contributing as one is able. Adam Smith was writing in 1776. It was about that time that early convict ships were being sent to Australia, and at that time there was no such discipline as anthropology.
In the 1800s, aboriginals were hunted with guns as sport. The complex kinship networks and marvelously inventive marriage rules of tribes and clans were unknown to him. The reciprocity that makes tribal life possible is, at least in my observation, based on borrowing.

If you think about it, if all those sisters-in-law had to haggle and barter specific amounts of value every single time they needed to cook a meal or sew a skirt, they’d all go nuts. Borrowing and contributing what one has is more simple and efficient as long as the group norms are honored. For that to happen, there are inherent moral relationships built upon the family relationships within the community.

When Adam Smith missed the significance of orrowing and reciprocity — and substituted notions of exchange among Neolithic villagers — he enabled economic theory to run wild on the assumption moral behavior is not an economic factor. Posts like this one may help us come to our senses again.

— — — — — — — — — — — — — — — — — — — — — —

Writing and money too complicated; this comment is already scandalously long… 

Nathanael says:
September 1, 2011 at 8:20 pm

ReaderOfTeaLeaves, you describe the behavior within a tight-knit community well. A key point is that more formal contracts are created between

(a) people who don’t know each other well — strangers — who therefore worry about miscommunication and even abuse.

and

(b) people who have a *prior reason* to distrust each other. They may know each other very well, but there may be a long history of justified anger.

A while back I described the possible ways of keeping a society functioning peacefully, from smallest to largest.

(1) Consensus on “good behavior”.
(2) Expulsion of those who repeatedly violate “good behavior”. Only works with near-consensus….
(3) Consensus on *who* can adjudicate disputes about “good behavior”. (Judges!)
(4) Consensus on how to *choose* who can adjudicate disputes about “good behavior”. (Democracy, perhaps!)

In a similar fashion, debt, and eventually money, arises from the need to handle transactions among people you can’t trust, because you are in a group too large to have consensus.

craazyman says:
August 26, 2011 at 5:11 pm

Actually, Mr. Graeber, most of what you say in the interview makes complete sense to me, even though I acquire most of my information from channeling (usually after about 3 Chote du Rhone’s and a 0.5 mg Xanax, but that’s when the God Signal is clearest).
This thread is getting a bit long in the tooth, but so what.

Mr. Graeber says “What I say is that there is no example of a society where barter – in the sense of the direct swapping of objects for one another – is the ordinary mode of economic transactions between other members in the same community, which the scenario assumed by barter theories of the origins of money.”

That is entirely reasonable to me, because the group consciousness formed by the tribal unit does not easily trivialize itself by reductionisms such as defining and counting little flecks of its own nourishing spirit energy — which is what money is. This would be as laughable as deciding to charge yourself a fee every time you think a slightly undisciplined though, because it interferes with your efficiency. There is a singularity that can’t be divided.

Mr. Graeber’s belief that money arose with the interaction of different tribal units is entirely logical, in that two group consciousnesses are interacting, and they need ways to measure each other. You wouldn’t charge yourself for an addictive impulse, but if somebody pukes on you at a bar because they’re drunk as a frat boy, you may want them to pay for your laundry bill. QED

craazyman says:
August 26, 2011 at 5:18 pm

And just to ram this point home, say it was your girlfriend who puked on you, or say it was your best drinking buddy, its not likely you’d think to charge them, because they are part of your group consciousness and you know you’ll get paid back in some way that defies the trivia of counting, but if it was a stranger, then you’d probably take their business card and the cash. QED-squared. This is the libation theorem of Money, LTM.

MyLessThanPrimeBeef says:
August 26, 2011 at 6:01 pm

Even within the same tribal unit, I do not believe credit came first.

I believe sharing came first.

Somehow sharing was corrupted into borrowing.

Borrowing is sharing with a need-to-be-paid-back requirement.

So, again, credit did not come first.

Any primatologists around?

Skippy says:
August 27, 2011 at 12:49 am

@MLTPB…um you do have the aggressive primate troop leaders that hand out portions of *lesser species* after the kill. All fit members engage in the hunt but, the alpha delivers the coup de grâce, and the alpha male distributes its rewards… seemingly in a political act.
Skippy…ah the politics of the trees…sigh…cognitive evolution is a rough business…eh.

- **MyLessThanPrimeBeef** says:
  **August 27, 2011 at 12:50 pm**

  Skippy, I guess it happened that stealing by the Alpha male came first. Among the non-Alpha member though, it was sharing and then borrowing (possibly stealing from one non-Alpha member by another non Alpha member came before borrowing since there was a vivid, living example to copy from before them or maybe we were genetically programmed to do that. Primatologists can help us here. BTW, I have inquired here previously if people knew of any books on the complete history of kleptocracy or maybe even just 5,000 years of kleptocracy would do)

  With respect to outsiders travelling by, at that same early time, they would probably barter with each other. In fact, we might still do that tomorrow. Think how we might interact with visiting hunting/gathering space aliens when we meet for the first time – we probably will barter unless they are totally superior technologically to us. In that case, they might feel secure enough to lend to us any toys we might desire to buy on credit from them, with collaterals of course. But here we are talking about some sophisticated hunters from outerspace, not some primitive ones like we were thousands of years ago.

- **David Graeber** says:
  **August 26, 2011 at 6:18 pm**

  Fascinating. An endless series of speculations about what “must have” happened within hunter/gatherer bands, between them, between hunter/gatherers and farmers, etc etc, all with absolutely no reference or even as far as I can make out curiosity about what actual hunter/gatherers and farmers actually do in all these circumstances, since many many cases have been extensively documented. Instead the closest anyone comes to expressing curiosity about empirical evidence is one person who thinks it might help to ask about chimps.

  Karl Bucher incidentally did come up with the theory that money would emerge from inter-group barter, and Marx seemed to be of the same opinion. The problem is when you would have sufficiently regular and systematic interaction between such groups that money could emerge and be promulgated, and why, if such regular and systematic interactions did occur, there would still be a need to restrict things to the spot trade. It is of course correct that sharing comes before credit, but there are systems of exchange that can be observed in many societies without money or markets – just, they are not usually systems of exchange of material goods. It’s kind of a long story but a lot of it is covered in the book.

- **F. Beard** says:
  **August 26, 2011 at 6:36 pm**

  The Austrian Economists have a vested interest in the barter theory of money since gold, one of their chief fetishes (usury being another), is considered the ultimate barter item. See Mises’ “Regression Theory of Money.”

  But hypocritically, the smarter gold bugs desire government acceptance of gold as
money thus validating the Chartalists.

- **MyLessThanPrimeBeef** says:
  
  August 26, 2011 at 6:44 pm

  Yes, I thought it might help to ask about primates.

  So, lending and borrowing is just a corrupted form of sharing.

  And tomorrow, we might learn that chimps not only use tools, which we only not too long ago discovered, but borrow not just ideas but things as well.

- **Pwelder** says:
  
  August 26, 2011 at 8:45 pm

  OK OK, I see I have to buy this book.

  Thanks to all, and especially to DG for being here. A great read.

  Question for Dr. Graeber: Did you ever have occasion to bounce some of these ideas off Gillian Tett? She’s one of the few people I know of who might have enough anthropology to engage you on this, plus she’s a shrewd observer of contemporary finance.

- **David Graeber** says:
  
  August 27, 2011 at 12:17 am

  Gillian Tett: Actually no, while I’ve heard a lot about her, I’ve never actually met her, oddly.

  Primates: I was just curious why people seem to feel the behavior of monkeys and apes would have more relevance to the behavior of hunter/gatherers or agriculturalists than actual hunter/gatherers or agriculturalists.

- **solo** says:
  
  August 26, 2011 at 7:43 pm

  @Graeber reply to solo: Your original article’s 2d para exactly describes barter, and your third para denies same, with the vague addendum “everyday transactions”; by which latter you now, in your reply, and only in your reply, say that you meant only intrasystemic transactions. Sloppy writing is, I submit, a sloppy defense.
  
  Your reply’s 1st para exactly describes barter, irrespective of what the agents of same thought they were doing. Thank you.
  
  Sloppy writing then graduates into poor scholarship in your reply’s 2d para: Its 2d sentence describes intersystemic barter, but the 3d sentence describes intrasystemic barter and falsely attributes the latter to proponents of “barter theories of the origin of money.” (The 11th para of your interview is consistent with only the 2d sentence of the 2d para of your reply, by the way.) Your “intrasystemic” attribution in this connection is false, a straw man. For a correct synopsis of the intersystemic theory of origin of barter, thence money, see the last classical economist, K. Marx, Capital, v. 1, ch. 2.
  
  Your reply’s 3d para—silver qua unit of account—describes exactly money, contradicting your
money-of-account-before-money-as-circulation doctrine. (My original post quoted your article’s 6th para to this latter effect.) Presumably we are to believe that the silver money of account (which allegedly did not circulate) just so happened to coincide with the silver medium of exchange that supposedly developed “much later.” –Of course, the reductio ad absurdum of your doctrine comes when it is noted that, by your own rendition of “credit,” credit involved . . . payment, i.e., circulation of units of silver; “compensation,” your word. But when party A compensates party B by transferring to the B a “precise” (your term) quantity silver, that silver is circulating, Mr. Graeber.

David Graeber says:
August 27, 2011 at 12:19 am
Utterly tiresome play on words.
I could map out the twelve or thirteen fallacies and misunderstandings in your argument but you’d just willfully misinterpret what I said again and send it spinning around in meaningless circles.
Who cares?

David Graeber says:
August 28, 2011 at 1:37 am
Well ReaderofTeaLeaves’ post might have been long but he did really get the point I was driving at, and illustrated it beautifully

Nathanael says:
September 1, 2011 at 8:10 pm
More importantly, in the Manhattan case the Dutch famously were buying from the wrong tribe, namely the Brooklyn tribe. Who were perfectly happy to sell the territory of *their enemies*. The correct tribe, the one who actually occupied the Island — them the Dutch simply attacked, killed, and obliterated.

There was an “interesting”, shall we say, tradition during colonialism of creating claims to legality by dealing with the wrong person, and then using this as an excuse to obliterate the legitimate local government.

I think this is a variant of a classic fraud technique. We’re seeing a similar system being used again by the banks, actually, in their land frauds; fabricating documents, dealing with people who never owned the property, and generating a cloud of paper which they then use to have “color of law” for their attempts to steal property from the legitimate owners and residents.

Philip Pilkington says:
August 26, 2011 at 3:25 pm
“For those serious about the topic, but who may have (understandably) given up on “economics,” consult the Oxford English Dictionary on the linked etymologies of “owe,” “own,” and “ought.””

Best. Quote. Ever.
If only we were all as hard-working as ‘solo’. Oh, the intellectual adventures we might have.

Hey, solo, how about me and you do an interview. You can tell me about what you’ve learnt from, I dunno, Wikipedia and, erm, the History Channel. Now, you’ll just need a title… Hmmm…

- solo says:
  August 26, 2011 at 7:51 pm

@Pilkington. Your snide remarks do not address the criticisms that I offered of Graeber/Pilkington. Long before your Wikipedia/History Channel/MMT, Heraclitus well commented, “Dogs bark at what they don’t know.”

- Deus-DJ says:
  August 26, 2011 at 2:46 pm

But as most who have read about MMT realize, the chartalism aspect of MMT is one that is not disputed by anyone who actually cares to engage it. But this interview is useful for idiotic neoclassical economists who don’t want to engage MMT.

- Jack Parsons says:
  September 2, 2011 at 4:23 am

Oh, major intellectual woody. Definitely.

- Robert Callaghan says:
  August 26, 2011 at 2:58 pm

Holy fucking shit man. This is one of the most interesting and erudite interview I have read in years. I cannot believe the quality of ideas. The comments are actually interesting. What a shock. I’m bookmarking this interview for later reference. But, let’s get to the very heart of the matter by answering the eternal question… Who thinks Yves Smith is a super hot babe?

- sticks says:
  August 26, 2011 at 3:12 pm

debt don’t have no mercy in this land…..

- Freude Bud says:
  August 26, 2011 at 3:58 pm

Debt: The First 5,000 Years is going into my inbox, but not via Amazon, which refuses to pay its sales taxes and in pursuit of that feels comfortable putting tens of thousands of small sellers out of business. Sounds much more enlightening than The Ascent of Money.

- David Graeber says:
  August 26, 2011 at 4:05 pm

Yes I like to think of myself as the anti-Niall Ferguson
Elihu says:
August 27, 2011 at 12:06 am
The more anti-Nialls the better.

ReaderOfTeaLeaves says:
August 27, 2011 at 12:10 am
Note to Dg and PP: please amend top of post to note this is also available on iBook (iPad, iPhone). Bought it before reading the fun comments on the thread.

Not everyone likes Kindle or Amz mail…
Not sure about Nook availability, but many readers are moving rapidly to digital.

David Graeber says:
August 27, 2011 at 12:21 am
Yup you can get it for Nook.

Erik says:
August 26, 2011 at 4:21 pm
Fascinating.

rps says:
August 26, 2011 at 6:23 pm
I’m dumbfounded by the discussion of anthropologic economics with the omission of the underlying lynchpin; women’s labor. Women’s labor (other than the one sentence reference to Native American Women’s Council) is not calculated even today in the economic models unless there’s monetary compensation for services rendered.

Graber discusses barter, exchange, gifts, reciprocation, debt, coinage, morality’s interconnectedness to debt whilst ignoring the elephant in the room, women’s cooperative structures. Frankly, manmade economic systems rest upon the shoulders of women’s free labor. In the current economic structure, the value of free labor is dismissed. Therein lies the fallacy of economic models. Male economic doctrines ignore the single most important structure that is the platform of all economies; women’s labor.

How do women compensate for services rendered that are not computed in the debt/credit monetary GNP? Are there economic expectations amongst women and if so what are they? How do women barter their invested time and labor? If I help my neighbor, give birth, provide childcare, take care of extended family, daily nourishment to others, household maintenance, do repairs, and a multitude of services to family and community, what is the expectations and/or compensation? Is it monetary and/or reciprocation? Women’s labor is dismissed due to the fact that many labor out of love, compassion, kindness, caring, and necessity. They understand the big picture, without these daily acts that are not monetarily compensated in man world economics, civilizations would be extinct. Cooperativism is the female economic model. What keeps society’s healthy are women, they are the lynchpin of all civilization’s existence.

craazyman says:
August 26, 2011 at 9:10 pm
it’s called “bling” :)

(juss kydding)

**David Graeber** says:
August 27, 2011 at 12:30 am

This is true of the interview, and I’m sorry for that, but I don’t think it’s true of the book. The argument that all other social relations are based on a bedrock of “communism” is especially about the role of women’s labor, and I start moving from the economic to the anthropological/historical literature precisely by demonstrating the way that kinship, care-giving, sexual politics, and everything else that involves women is pushed about of the economic literature to make it seem like the essence of economic life is a bunch of guys swapping a bunch of material objects. In fact I start from the fact that in Medieval Ireland, female slaves _were_ the highest denominations money, and by asking how is it possible that so many (male) scholars just make note of this but don’t think it’s in any way interesting or significant. The analysis of the emergence of markets in Mesopotamia and also Greece focus on the fact that a shift from what I call “human economies” and commercial economies invariably leads to a crisis of debt peonage primarily effecting women, where again, units of women’s labor are the main chits being moved around, and that Biblical patriarchy – here following Gerda Lerner – seems to emerge, ironically enough, as a form of male popular resistance to such predatory lending practices. But it’s a long argument. I’m sorry none of this ended up in the interview.

**Susan the other** says:
August 27, 2011 at 2:10 pm

rps: I was waiting till I got to the end to make my comment. I am very impressed with this discussion. Mind-boggled even. But your comment stands out as one I instantly accept as the complete truth of evolution. And since we are talking about the origin of “debt” it is yet to be analyzed. Men took their chances and made their kills. Women did everything else. I believe we only survived and lived to evolve because women instinctively avoided danger. Maybe women thereby evolved to avoid “debt.” Up to the point that science and technology intervened.

**rps** says:
August 27, 2011 at 3:52 pm

“Maybe women thereby evolved to avoid “debt.”

Women’s evolution was/is based upon the primary directive; survival. Warring tribes brought with them death and destruction motivated by theft of resources. As well as the obliteration of tribes whose values and belief structures challenged others way of life. To survive the slaughter, women acquiesced their inherent rights of human equality. Female autonomy spiraled downward into human ownership and slavery. Women became property of the invaders as they witnessed the slaughter of their families and tribe. Thus the subjugation and oppression of women of the warring cultures. Today we witness around the world the domination of women as acceptable “cultural” practices.

Secondly, Women’s evolution exists due to the known known; to safeguard the survival of the offspring. Women and enlightened men understand the profound significance of Sharing of resources and Cooperativism. These two pivotal points are the anchors in the perpetuation of the species and stable societal systems are the byproduct. Many a time, the expectations in the exchange is appreciation of the simple act of sharing, ensuring the perpetuation of the common
good onto the next generation.

Today’s economic upheaval is intertwined with unwarranted risk; gambling in our economic systems, and wars purchased on the country’s credit card. The false belief structures of reward equated in monetary acquisition is the accepted exchange for services and labor rendered. Immense monetary and resource acquisition is the holy grail of hoarders that penalizes every level of human existence. Sharing and redistribution is our salvation.

David Graeber says:
August 28, 2011 at 12:29 pm

I’m not entirely sure what I think of an evolutionary perspective, but leaving that aside, I like the general direction. In most societies women are especially involved in those relations that cannot be reduced to debts. But the irony – and historical tragedy – of this is that (and the book contains detailed case studies here, notably the matrilineal Lele) is that it has made it easier for men to render women into units of account and exchange whereby debts can be measured and paid. It would be very interesting to see this angle developed further.

rps says:
August 29, 2011 at 4:33 pm

To understanding the complexities of debt/credit in prehistory, past as recorded by the victors, and present cultures, it’s necessary to delve into when, why, and how women have been priced as monetary units. The practice of bride price had been the custom in the USA well into the 20th century. Even today the cost of the wedding falls upon the bride’s family, a tradition that hasn’t disappeared. Maybe abbreviated, but still exists. However, in many cultures the bride price is today, the accepted custom. A longstanding tradition in many past and present cultures is the prerequisite bride dowry/trousseau also known as the bride price. The bride’s parents must provide the groom some form of monetary compensation to marry the daughter. It can be dependent on the culture of whether its cash, property, livestock or a combination thereof as well as the “virginity.” Virginity was/is deemed in many cultures as part of the monetary unit. If she’s been “deflowered” her value is less and the dowry must compensate. Whereas, the price settled on the bride herself by the groom at the time of marriage is a property transaction.

The flip side of the coin of the female dowry is that the groom must pay the bride’s family an agreed price. Again, the bride is a property transaction agreed upon by groom and the patriarch.

Many cultures refer to the dowry as a custom. In truth, the bride is a monetary unit. I lean toward the origins of women treated as monetary units from the invasions of barbaric tribes sweeping down and the obliteration of the tribes for ownership of the resources. Women’s autonomy was denied as she became captured property/monetary unit. Virginity was calculated as a monetary value. Thus denying the women ownership of her physical sexuality. Double standards are accepted but not questioned as it reveals the truth of how women were/are a commodity in the patriarchal construct.

Another aspect of the deflowered virgin in cultures is the family’s recourse to end her existence due to the perceived shame upon the family. And then there’s the unwed pregnancies. I remember even in the 60’s in the USA, the stigma of an illegitimate birth was a familial catastrophic event tagged with cultural shame. The child’s a
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bastard due to patriarchal dominance script. The prescribed male surname is a necessary attachment for legitimacy. Thus the woman’s maiden name was (is) deemed unworthy and she incurred the wrath of family, community, and religion. The father’s surname was the only validated proof of legitimacy to live within the societal norm of the community.

rps says:
August 29, 2011 at 7:41 pm

Consider the origin of the groom asking the father’s permission to marry his daughter. Or the father handing over his daughter to the groom at the ceremony. Today it appears as a quaint and innocuous tradition. The reality is women were the property of the father/patriarch. The exchange of ownership; who gives this woman?, or hand over to the groom was a property transaction. Women in many societies have regained the ownership of themselves but not in all world cultures. Today women are allowed to choose not to marry, live together with no contract, and/or the potential bride can set a transaction price if considering marriage; the engagement ring. The groom seals the deal with a wedding band; she’s married. Another version even today of ownership. Perhaps we’ve evolved toward partnership marriages as both are accepted equals in the relationship. However, dominate and subordinate marital paradigms exists in many of today’s marriages.

David Graeber says:
August 30, 2011 at 3:17 am

Debt plays a critical roles in this. One of the central arguments in the book has to do with bridewealth. The classic anthropological argument is this is not “brideprice”, a man or his family is not buying a bride, because they cannot resell her, only, at best, return her for a refund to her own natal family. This is true enough in what I call “human economies” (ones in which currency is used mainly to rearrange social relations, rather than to buy things), but with the rise of commercial economies, and particularly money-lending this changed – because if a male debtor defaulted, his wife and children could be taken away, as peons if not as slaves. The existence of slavery made things even more resemble a sale pure and simple, and in Nuzi, for example, the traditional bridewealth was exactly the same as the price of a female slave.

Gerda Lerner’s argument is that the obsession with premarital virginity, the invention of veils and sequestration of women – all of which are not at all in evidence in the very earliest Sumerian periods, when women in fact could be doctors, scribes, administrators, even sometimes rulers of city states – has to do with the effects of commercial markets that suddenly made a distinction between “good girls” (respectable married types) and “bad girls” (slaves and prostitutes) seem critical. It’s all much complicated by the existence of sexual rituals – sometimes termed “sacred prostitution” though that seems an inappropriate term – in many Sumerian cities. At first their practitioners were highly honored people, brides of the god. Eventually, actual sex-work, red light districts inhabited both by women and boys, seemed to form around the fringes of the temples, and the people who ended up working there were mostly debt peons. The whole image of “Babylon” as the place of both high finance, and place of whores – that you find in the Bible, Herodotus, through all the patriarchal religions – seems to go back to a popular reaction to this; basically, poor indebted fathers who fled the cities in fear of their daughters being taken away and joining semi-nomadic pastoral bands such as existed on the fringes of urban space – bands that
would indeed periodically come sweeping back into the cities again. Thus the conventional narrative, that it was waves of patriarchal Semites from the desert who overwhelmed Sumerian civilization and undermined the status of women is not entirely wrong, it’s just they managed to do so because thousands of refugees fleeing debt traps joined them, and the added this violent antipathy to women’s freedoms – in the guise of protecting “their” women from the dangers of debt peonage, “immorality”, etc – into the mix.

Lerner notes telling that the first reference to veils we have is a Middle Assyrian law that says respectable women have to go veiled, slaves and prostitutes are not allowed to wear veils, and all the penalties are not on the respectable women that don’t but on the slaves and prostitutes that do.

Athenian women were also expected to wear veils outside the house. Most people don’t realize this since it so flies in the face of our stereotypes.

Mattay
August 26, 2011 at 6:37 pm

Ok, yet another awesome post from Philip Pilkington (albeit this time with some help from David Graeber).

Philip, you are my new favorite contributor to NC, maybe after Yves and Marshall Auerback. Bring on the rest of the profits posts!

Also, I think I am going to have to read the book.

David Graeber
August 27, 2011 at 12:30 am

“Some” help??
I mean PP is great…

Mattay
August 27, 2011 at 11:34 am

More than a little help. ;)

F. Beard
August 26, 2011 at 8:02 pm

There is really no need to argue about the nature of money. Let us simply render to Caesar what is Caesar’s per Matthew 22:16-22 and settle private debts with whatever private money (or Caesar’s) that we mutually agree upon.

Personally, I would love to see the debt pushers and the shiny metal worshipers learn that neither usury nor idolatry can compete on a level playing field of private money creation.

F. Beard
August 26, 2011 at 8:07 pm
And of course I would love for Caesar to realize that it is in his best interest too to allow complete liberty in private money creation.

* Solar Hero says:
  August 26, 2011 at 8:07 pm

“The final outcome was in many ways profoundly liberatory for the bulk of those who lived through it – chattel slavery, for example, was largely eliminated from the great civilizations.”

liberatory, from libration – A very slow oscillation, real or apparent, of a satellite as viewed from the larger celestial body around which it revolves (libra-scale).

Although your essay has a world-historical sweep, from the context I think you meant:

liberatory – tending, or serving, to liberate.

Or was it a typo Phillip?

We anthropologists have to stick together...I was introduced to “Economic Anthropology” by Steven Sangren at Cornell – excellent work!

* rps says:
  August 26, 2011 at 9:29 pm

“chattel slavery, for example, was largely eliminated from the great civilizations.”

Human trafficking flourishes in all countries.

* David Graeber says:
  August 27, 2011 at 3:40 am

say “hi” to Steve for me

* Herman Sniffles says:
  August 26, 2011 at 8:52 pm

A wonderful interview. And it highlights the Big Lie that we humans are rational creatures. Animals weren’t domesticated for meat and milk, they were bred in temples for ritual sacrifice, the meat and milk came later. The wheel wasn’t invented to help move goods to market, its first recorded use was to pull a statue of the goddess around an Indian village. The plow wasn’t invented to improve agriculture, it was a phallic ritual device used to make love to mother earth. We are being run by a tribe of economic rationalists who are insane. It’s time for Solon’s soldiers to kick over the debt-stones in every farmer’s field.

* rps says:
  August 26, 2011 at 10:59 pm

My understanding of the origin of the wheel from the agrarian perspective was to crush grains into flour. Riane Eisler, author of The Chalice and The Blade, offers an illuminating perspective and reinterpretation of past archeological discoveries. The standard male narratives discounted matriarchal and equalitarian civilizations due to 19th and 20th century cultural bias that embraced the conventionally accepted view of
patriarchal dominant civilizations. Eisler challenges these narrow interpretational constructs.

Eisler references the ancient poet Hesiod who tells us there once was a “golden race. All good things, were theirs. The fruitful earth poured forth her fruits unbidden in boundless plenty. In peaceful ease they kept their lands with good abundance, rich in flocks and dear to the immortals.” But after this race, which Hesiod calls “pure spirits” and “defenders from evil,” came “a lesser race of silver,” who were in turn replaced by “a race of bronze, in no way like the silver, dreadful and mighty sprung from shafts of ash.” These were the Bronze Age Achaeans—brought with them war. “The all lamented sinful works of Ares were their chief care.” Unlike the two earlier peoples, they were not peaceful agrarians: “they ate no grain, but hearts of flint were theirs, unyielding and unconquered.”

In analyzing the origins of debt, we must consider prehistory civilizations that possibly practiced “sharing” of resources. Debt’s origins may have originated in the barbaric race of men who swept away the agrarian civilizations with their bronze weaponry as they enslaved and murdered the peaceful agrarian civilizations. Hesoid also speaks of the another race after the bronze, the “fifth race of men,” whom he descended from. Hesoid writes, “Would I had no share in this fifth race of men. would that I had died before or afterwards been born. For now one man will sack another’s city…Right shall depend on might and piety shall cease to be.” The fifth race were the Dorians, “who with their war technology; iron weaponry, destroyed the Mycenaean strongholds and took the land for themselves.”

Eisler points to the critical cultural transformation theory and chaos theory. She discusses what happened—critical systems branching or bifurcation points, when rapid transformation of a whole system may occur. The fifth race of men with their iron sticks was the turning point of sudden and fundamental change from a harmonious agrarian civilizations (Garden of Eden), to war driven civilizations that thrived upon male dominance, stealing of other’s resources, slavery of populations, women autonomy ends and become male property, children and elderly considered economic deadweights, and idolization of war as profit. As Eisler states in her book, “tells a story that begins thousands of years before our recorded or written history: the story of how the original partnership direction of western Culture veered off into a bloody five-thousand year dominator detour.”

There is an alternative breakthrough to new ways of structuring politics, economics, science, and spirituality into the era of a partnership world and leave the dominator model.

- **ReaderOfTealeaves** says:
  August 27, 2011 at 12:28 am

Absolutely loved this thread and post!
And comments.

Agree the current mess started in the 1970s, and that we are in a period of profound upheavals.

Money is a social construct, and the more that fact is openly discussed and unpacked, the faster the work of rethinking economics can proceed.

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Glad to see the book is also available on B&N Nook!

- **Mike B** says:
  August 27, 2011 at 1:11 am

Money also represents labour time embodied in a commodity, including labour power. The gold window was close by Nixon because $32 USD wasn’t really worth the socially necessary labour time embodied in an ounce.
of gold. Putting the USD in the money market made it more truly reflect its value. Not that there probably isn’t a speculative price boost in gold now, still at $1,800 an ounce, one can see how much less the USD is worth than it was back in the days of Marx when gold was going for $16 an ounce.

- **Septeus7** says:  
  **August 27, 2011 at 1:55 am**

So the basis of exchange value are moralistic judgements about the worth of an individual’s actions?

It hardly seems rational if the objective to human survival, comfort, and locomotion. On the other hand, one can hardly make a claims about what is the objective increase in human comfort without making moral claims and thus any pursuit of any economy must have competition between moral claims as to the priorities within human survival, comfort, and transport.

Since there must be prioritization there must be a hierarchy of morals claims about the proper mode of human existence and thus anarchy is impossible for it is impossible to act without regard to a system of priorities.

The only question that remains is how to determine between hierarchies politically without coming into conflict with the rule of nature i.e. the power and organizational requirements of a given population within a given changing physical environment needed to achieve an imagined future of necessary physical form. That is political economy and within it democracy is impossible.

Only a republic with an evolution between the balances of necessary power is a objective worth discussing.

- **David Graeber** says:  
  **August 27, 2011 at 2:10 am**

  Don’t really want to get into a long discussion on this one but my take would be that you seem to be conflating different meanings of “hierarchy” here.

- **Glenn Condell** says:  
  **August 27, 2011 at 2:06 am**

  ‘I believe sharing came first. Somehow sharing was corrupted into borrowing.’

  Could this have to do with the transition from hunter-gatherer to place-bound farming communities? From the situation where scarcity was the norm, plenty the exception, to one where seed was stored through winter, with plenty all year round? From a society where virtually everyone did the same things in order for the group to survive, gleaning no more than is ever required for survival (sometimes less) and therefore quite naturally sharing these meagre resources, to a society where plenty meant the freeing up of some or even many lives to pursue activities other than killing or digging up food. Hence religion, culture et al, but perhaps also the critical mass of production, the surplus, that requires units of measure to be adopted so that everyone is on the same page.

  ‘The problem is when you would have sufficiently regular and systematic interaction between such groups that money could emerge and be promulgated,’

  Perhaps that critical transition from sharing mutually produced and owned perishable necessities to lending/borrowing in order to distribute a centralised stock of agricultural surplus provided the ‘sufficiently regular and systematic interaction’ that could produce money. In fact, it seems as if it would have to result in money.
In the former system, any small debts of service or goods could be kept in one’s head, though most often there would be no need or incentive to do so. Once you have a whacking great silo full of grain from which you dole out rations for something in return, then you need agreed systems more reliable than what’s in various stakeholder’s heads.

- **David Graeber** says:
  August 27, 2011 at 2:15 am

That would actually pretty much conform with what we know from the archeological evidence – with the quibble that h/g societies aren’t really living in “scarcity,” they actually work very little to produce what they at least consider an abundance of food and other resources. Still, storage of grain seems to lead to the development of technologies – seals, standardized size vessels for distribution of uniform quantities of grain, oil, wine, etc, presumably, too, some sort of figurative accounting systems that would eventually lead to writing – that would culminate in the systems of monetary accounting we find in Sumer and then Egypt many thousands of years later.

- **Stefan** says:
  August 27, 2011 at 9:10 am

One of the interesting differences between h/g societies and agrarian societies is the conception of space. For instance, in hunter/gatherers we don’t necessarily see a clear sense of up and down, right-side up, etc. (Eskimo carvings with multiple readings, or Aboriginal paintings, Lascaux, nomadic ornament from the steppes are all examples); whereas in the earliest agricultural societies we see immediately see rectilinear foundations, right angles, straight lines that match (e.g., Jericho 10,000 bce) – all signs of quantified measurement. Perhaps planting inherently means counting beans in a line. And naturally, these storage places become memory places, whereas perhaps only rock art locations serve as memory places for paleolithic peoples.

So what I wonder is how does the concept or feeling of indebtedness relate to conceptions of space, storage, and memory?

- **Susan the other** says:
  August 27, 2011 at 2:27 pm

Interesting.

- **Cameron Murray** says:
  August 27, 2011 at 6:47 am

This is probably the most interesting thing I’ve read for months. Thanks. It makes the book appear to be mandatory reading for economists, so I guess I’ll have to get it.

- **Ellen Anderson** says:
  August 27, 2011 at 7:16 am

What a great interview and comments. I don’t have time to read them all now because of Irene preparations. However, I will print it all and look forward to reading by candle light while the winds are swirling around me. Then I will buy the book. Thank you all so much!
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JTFaraday says:
August 27, 2011 at 8:39 am

Yes, awesome post–thank you both.

joebhed says:
August 27, 2011 at 10:31 am

Wow ! Got here late.
Prepping for IRENE.

GREAT stuff, gang.
Right on down the line.
Thanks.

Gavin Kennedy says:
August 27, 2011 at 11:44 am

David Graeber develops his argument in his rather folksy way and runs Adam Smith’s concepts together in a misleading manner. And David had the benefit of over 250 of years of field research, not available to Adam Smith, and still seems to get some basics wrong. Plus, David believes in the substantial misrepresentation of Smith invented by modern attributions to Adam Smith of ideas he never expressed. Post-1870 neoclassical economists and advocates of so-called theories of Homo economicus of perfect rationality, ignore Smith’s clear stances on moral sentiments and his ‘other-regarding’, not purely ‘self regarding’, views on self-interest. David has had access to the works of the Adam Smith, born in 1723 in Kirkcaldy, and shows no signs of having read them, yet. The Kirkcaldy Adam Smith had a quite different persona to the 20th-century ‘Adam Smith’, invented in Chicago.

Adam Smith centred his historical method on the early propensity for humans to engage in exchange relations which was never limited to mere notions of ‘trade’ in the modern sense. Smith studied the origin of languages early in his career (1761). Two or more humans had to engage in exchange relationships to agree to common sounds and meanings, and signs, for understandable communications to commence – and continue. This is probably why Smith linked the origin of languages as “the necessary consequence of the emergence of the ‘faculties of reason of speech’” (WN, 1776). The widespread (and separate) exchange relationships in scattered early human societies had their early origins in human sociability (in the ‘first age of man’).

Building on the human propensity to exchange, and before the complex ‘gift’ propensities noted by Maus, the natural forms of reciprocity, practised by primates and other species, were rooted in that same sociability among con-specifics. Reciprocity can involve a notion of ‘debt’ in the sense implied by David; but it need not, at least for as long as a non-reciprocated act is tolerated (depending on local cultural norms). Reciprocation may not be the sole motive that initiates an exchange transaction, but a failure to ‘close’ the transaction can cause resentment, and a refusal can promote avoidance reprisals (including violence) that is still true today – though uncompleted obligations can remain ‘open’ for years (others must be ‘closed’ within hours).

Reciprocation exchanges – its rewards and penalties for non-reciprocation – are well-covered in anthropology and social psychology and by primatologists too. While people can be – and some are – beneficent (an important virtue for Smith) without expecting reciprocation, social life intrudes sometimes to make reciprocation mandatory (severe scarcity). In my research on ‘the pre-history of the bargain’, I have found that the exchange relation in these cases is in effect a progression, over many generations: ‘If you take the benefit, you ought to contribute in return’, albeit later. This becomes, under later social pressures of scarcity or danger: ‘If you take the benefit, you must contribute’ in return, albeit later. The giving and return were originally...
separated in time; gradually it became an obligatory ‘quasi-bargain’ form of exchange. And this goes on for millennia without the involvement of money. That came much later when ‘kingdoms’ formed (Mesopotamia, and all that). Kings issued coins as payment to their armies as symbols of their awesome power, and travellers exchanged their coins for local currency, via the temple networks across Euro-Asia, close to trade routes.

Bargaining (an instance of simultaneous exchange): ‘Give me that which I want, and you shall have this which you want” (Wealth Of Nations) evolved from social quasi-bargains in some places and times, while traditional quasi-bargains continued, as well as pure reciprocation obligations, in remnant societies of the kind that David and his colleagues investigate.

Taking a nursery-level approach to transferring the behaviours of remnant societies today across to commercial societies without exploring how one, in some places, but not others, evolved is not valid evidence against Adam Smith’s approach. He dealt with traded bargains in ‘nations’, not small bands.

Adam Smith did not postulate that exchange in “transactions took the form of: “I’ll give you twenty chickens for that cow” in the first ages of man. Far from such a wild generalisation, Smith’s thinking about the central role of exchange in human sociability was far more pointed than that, and of far earlier vintage (the ‘necessary consequence of the faculties of reason and speech’, Wealth Of Nations) than David’s folksy dismissive sounding ‘bunch of Neolithic farmers’ (and therefore long before ‘ancient Mesopotamia’ too). I agree with him: “it’s hardly surprising that we haven’t found anything” if that is what they are looking for.

The transactions that Smith mentions were illustrative of the ‘third and fourth ages on man’ – the ‘age of farming’, nearby to ports and towns, and the ‘age of commerce’. In the famous ‘beaver-deer’ parable, Smith referred to a possible method of finding a common value in the transaction without a common unit of money, primarily to illustrate his first stab at a ‘labour theory of value’, not as a comment on alleged anthropological facts, of which he, like his contemporaries, were bereft of field experience. David’s mocking, 230 years later, of Smith’s non-knowledge of the contents of ‘Anthropology 101’ is a cheap shot.

Hence, David’s image of ‘what anthropologists observe when neighbors do engage in something like exchange with each other, if you want your neighbor’s cow, you’d say, “wow, nice cow” and he’d say “you like it? Take it!” Indeed, modern observations speak of a native hunter taking his skins to a trading post in which the hunter denigrates his skins and praises the trader’s trade goods to the point of absurdity, and the trader mimics the hunter’s negotiating norms by denigrating his own trade goods, while praising the hunter’s skins, which is often a long prelude to their arriving at a ‘fair’ bartered exchange rate to complete their transaction, with both of them happy. Different forms of such parlaying evolve and occur in many societies. So what? Indeed, what has it got to do with the very long pre-history of exchange behaviour, going back to long before the ‘hydraulic societies’ of Egypt, Babylon, India and China, flourished briefly, leaving their stone detritus across the Eurasian continent for modern tourists.

When Smith does speak of modern bargaining, he witnessed in the 18th century, he directed our attention to a crucial aspect of it, melding Moral Sentiments with Wealth Of Nations. This too is often quoted – perhaps his most famous statement – but is seldom understood properly (again, from ignorance of Moral Sentiments, 1759).

“It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages” (WN, I.ii.2: 26-7).

Smith makes it clear we operate our self-interest by addressing the self-love (self-interests) of others. In exchange by bargaining we have to be ‘other-directed’ and not ‘self-directed’. Nothing about a mythical Homo economicus!

The rest of David’s hypotheses are similarly semi-spurious in content – jumping from Mesopotamia to Nixon’s presidency has an appealing “Huffington Post” feel about it. Some parts are interesting, others speculative, or stretched.
But I suggest that David first goes back to Adam Smith and gets his thinking right before embarking on these wider issues.

- skippy says:
  August 27, 2011 at 1:07 pm

Boffon, Lamarck, Smith and friends will suffer us all, until we deposit their arm chair thinking to the dustbin of antiquity.

Skippy…Mysticism favors the few over the many, authors bias writ large methinks.

- David Graeber says:
  August 27, 2011 at 4:28 pm

The fact that you refer to me as “David” despite not knowing me or being on sociable terms with me in any way belies the extraordinarily condescending nature of your intervention. Amazingly enough I have read the Theory of Moral Sentiments and some other of Smith’s work, and have even written about them approvingly elsewhere, have like so many others contemplated the notorious problem of how to integrate the two books, and have just come to different conclusions than your own.

Despite the fact that I have read Smith, Mr. Kennedy clearly hasn’t read a word of my own book, which makes many of his objections downright embarrassing – for instance, I do make specific note of the fact that Smith did not have access to proper ethnographic material, but that people like Jevons did, and chose to simply ignore it. I am objecting to the tradition that bases itself on Smith much more than Smith himself, who was a man of his time and a brilliant, fascinating and complex character. Similarly the process of mutual denigration is described in detail in the chapter on barter – but it’s also generally something that happens on rare occasions between people who otherwise who have nothing to do with one another, and there is no evidence that such occasional forms of interaction, even if they did give rise to some kind of trade money, would then give rise to the habit of using said trade money in interactions between members of the same society, nor is there any evidence that this happened.

Rather than bore everyone by going through all this point by point let me just take Mr. Kennedy’s first objection to show the man simply doesn’t know what he’s talking about. The paragraph where Smith talks about the origin of division of labor, using “a tribe of hunters or shepherds” as his example, is book 1, ch.2 para.3. He makes it clear that it was the propensity to truck and barter that makes this division of labor possible since people are swapping what come to be increasingly specialized products. The “Origin of Money” chapter is ch. 4 of the same book. Rather than specify that problems only cropped up in some later commercial age, Smith says that “when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations” (1.4.2). NB: “first began to take place.” The problem goes back to the origins of the division of labor itself. Note again later in that same paragraph:

“In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured 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 few people would be likely to refuse in exchange for the produce of their industry.”

Not in one later age. In “every period of society, after the first establishment of the division of labor.”

Should I go on?
And if he gets his apparent favorite, Smith so wrong, you can just imagine how accurate his takes will be on anything else.

- **Foppe** says:
  August 27, 2011 at 5:01 pm

  I’m sure it will provide little by way of comfort, but you seem at least to attract more grammatically coherent commentators than many heterodox economic theorists do. I mean, it’s undeniable that the non-right also has its share of illiterates and fanatics, but I have yet to really find the first person on the right whose arguments aren’t riddled with holes from the start — irksome, to say the least. But then — we have truth, they have the money, as Mark Ames points out quite neatly (stylistically, at least) [here](#).

- **craazyman** says:
  August 27, 2011 at 7:08 pm

  No, you don’t need to go on. Or even start.

  The truth is you deserve a big thank you for sharing your time and your thoughts with all of us anonymous arm chair intellectuals here in the peanut gallery.

  It looks like you’ve written a fascinating book which I (and many others here, who have said the same) look forward to reading and learning from.

  I hope the few boneheads among us won’t spoil the larger discussion for you. Would love to see your participation continue here in the future.

- **David Graeber** says:
  August 27, 2011 at 8:31 pm

  Thanks! For the most part it’s been delightful and you’ve been a great bunch to engage with (you should see what kind of bilious comments I get if my name is so much as mentioned at anarchistnews.org or other purportedly friendly venues.)

  The only really annoying posters are those who add nothing to the discussion, aren’t interested in even knowing what you’re actually trying to say, but only seem to want to score points against you – and there’s only really two of those I’ve noticed, an extremely low quotient. Writing that whole explanation of how the Caliphate fit into my model and having the guy not care because he didn’t care about the Caliphate, he just wanted to be able to say “nyah nyah nyah I caught you saying something that, if interpreted extremely literally, could be interpreted as inaccurate” and then telling me I was a bad writer, was probably the most annoying moment. That’s the kind of behavior that drives people away from forums. I did feel, for a moment, the temptation to quote one of those Sufi wise men I had heard as an adolescent: “everyone always says they want better leaders, but do they ever ask themselves if they are particularly good followers?” – similarly, such people never seem to ask if they are particularly good readers, or seem to feel any embarrassment if they are not. But who cares? It’s been a great conversation overall.

- **Foppe** says:
  August 28, 2011 at 1:20 am
The truth is you deserve a big thank you for sharing your time and your thoughts with all of us anonymous arm chair intellectuals here in the peanut gallery.

I concur. You have my — belated — thanks as well.

- Foppe says:
  August 28, 2011 at 1:44 am

To make up for it, perhaps a second suggestion: Have you read/are you familiar with David Harvey’s *Cosmopolitanism and the Geographies of Freedom*? I found it a most intriguing (and very well-written) work. Among many other things, the book teaches the reader to recognize the spurious conflation of the absolute conception of space with the political-geographical conception of the world separated into states.

- Gavin Kennedy says:
  August 28, 2011 at 6:08 am

Dr Graeber objects to my “condescending” habit of referring to him as “David” despite “not knowing me or being on sociable terms with me in any way”. Only referring to a person’s name after a formal introduction seems a bit too formal for a blog post, but to oblige for the same friendly motives, I shall defer to “Dr. David Graeber’s” “social requirements”. I am not upset that he refers to me unnecessarily as “Mr. Kennedy” and “Kennedy”. “Gavin” would do nicely…

Now to substance: Dr Graeber writes:

“I am objecting to the tradition that bases itself on Smith much more than Smith himself, who was a man of his time and a brilliant, fascinating and complex character.” And I am objecting to the modern, wholly invented presentation of Adam Smith as if he was in some way connected to the ideas of neoclassical economics, such as Homo economicus, perfect human rationality, the maximisation of utility hypothesis (MaxU), the welfare theorem, and General Equilibrium, and the wholly mythical Adam Smith “concept’, “theory”, “paradigm”, and so on, of the “invisible hand”. My comments on Dr Graeber’s too casual acquiescence with this mainly ideological overlay on top of what Adam Smith actually wrote, were written in this vein before I found out that Dr. Graeber claims to have separated the “Kirkcaldy” from the “Chicago” Adam Smith. If he had said so before revealing it in his reply, I would have taken a different tack, though I think (polite personal advice) he should clearly state his understanding of the neo-classical hijacking of Adam Smith’s name to give support to current policies and analysis that cannot be derived from his writings.

Dr Graeber is of the opinion that” “Mr. Kennedy’s first objection to show the man simply doesn’t know what he’s talking about.” Yet, I based my criticism not on a dispute about the division of labour. I wrote: “Adam Smith centred his historical method on the early propensity for humans to engage in exchange relations which was never limited to mere notions of ‘trade’ in the modern sense.” Dr Graeber, sees “truck, barter, and exchange” to fully fledged “trade” (an error made by Karl Polanyi too), when Smith’s main point was the notion of the early phenomenon of “exchange” that permeates all of human experience since the “first age of man” and it was from “exchange” relations in all aspect of social life that arose from “the necessary consequences of the faculties or reason and speech” (Wealth Of Nations, Book 1, Chapter 2, paragraph 1 (see also Smith’s “Lectures on Jurisprudence” [1762-3])).

The linkage from that to the “division of labour” is Smith’s well-known basic assertion, though I was not discussing that aspect on this occasion. I was exploring the consequence for human sociality of the “exchange” phenomenon, because it seems to me to be central to the compressed argument a mere 5,000 years (a good book title no doubt), was of less import historically in the...
200,000 years of human existence (and the 5 million before that of the hominid lines, let alone the Earlier and contemporary behaviours of related primates with “reciprocity” experiences and even primitive “bargaining” over meat-for-sex exchanges). [There is quite a literature on these topics.] The violent seizure and division of land as experienced in the middle years of the ‘ages of farming and shepherding’ (Mesopotamia, etc; – the “hydraulic despotisms”) accelerated the bartered/traded relationships of multiple divisions of labour, far beyond those imagined exchanges of Adam Smith (arrows for meat, etc.). Again, he had no field experience, only reports of anthropological travel, often partly fictional, in accounts of contemporaries visiting the Americas).

There were quite complex exchange relations over long distances long before money exchanges began, but exchange by barter probably played a part. Stone-age axes were exchanged within Britain and North America (I have a number of scholarly studies of such), and across Europe (marked by their non-local geological origins). Trade in goods featured in 8th century BCE in the eastern Mediterranean (again the literature is extensive – I am sure Dr. Graeber is familiar with it).

The problem with searching for barter trade arrangements in surviving societies that did not develop such practices is that using their non-existence in the surviving tribal societies as evidence that it never occurred in Europe and Near Asia because it didn’t occur in North America, Pacific Islands, parts of Africa, etc., may well be a false negative. Where it did occur, these places tended to develop from shepherd/farming civilizations to quasi-market societies over millennia; crudely those without barter exchanges, didn’t (most did not survive). And even those few that did develop, others have only partly developed recently.

Anyway, I hope Dr Graeber will accept I was trying to be friendly, not condescending, and that I am familiar enough with Adam Smith’s works to see that his account of them was somewhat flippant (“After all people have been looking since 1776…”, etc.). Some of them were – and often still are – looking in the wrong places.

Gavin Kennedy (Professor Emeritus).

Foppe says:
August 28, 2011 at 7:34 am

Dr Graeber objects to my “condescending” habit

I don’t think it was just your folksy-friendly decision to call him ‘david’ (although I suppose it is to your credit that you did not resort to ‘dave’). Rather, I suspect it had something to do with statements like this one:

The rest of David’s hypotheses are similarly semi-spurious in content – jumping from Mesopotamia to Nixon’s presidency has an appealing “Huffington Post” feel about it. Some parts are interesting, others speculative, or stretched. But I suggest that David first goes back to Adam Smith and gets his thinking right before embarking on these wider issues.

And this:
And this:

claims to have separated the “Kirkcaldy” from the “Chicago” Adam Smith. If he had said so before revealing it in his reply, I would have taken a different tack, though I think (polite personal advice) he should clearly state his understanding of the neo-classical hijacking of Adam Smith’s name to give support to current policies and analysis that cannot be derived from his writings.
You’re not really one for politeness yourself, are you? As Dr. Graeber already suggested: the book would have clarified this for you.

because it seems to me to be central to the compressed argument a mere 5,000 years (a good book title no doubt), was of less import historically in the 200,000 years of human existence (and the 5 million before that of the hominid lines, let alone the earlier and contemporary behaviours of related primates with “reciprocity” experiences and even primitive “bargaining” over meat-for-sex exchanges)

You do realize that most readers here can distinguish between ‘learned’ and ‘trying very hard to be seen as the socially dominant partner in an exchange’, right?

- Foppe says:  
  August 28, 2011 at 7:57 am  
  Whoops@duplicate ‘and this’.

- Foppe says:  
  August 28, 2011 at 8:02 am  
  (also: remove “yourself” from “politeness yourself”)

- skippy says:  
  August 28, 2011 at 8:47 am  
  http://www.adamsmithslostlegacy.com/

Gavin Kennedy has taught in universities for 32 years. An economist by education, he has published widely in negotiation behaviour and in defence economics.

“Following the fall of Warsaw Pact he took the ‘peace dividend’ and switched from addressing military, diplomatic and defence industry audiences to addressing business leaders and managers on negotiation.”

This book presents the authentic Adam Smith and explores his underlying approach and radical thinking, aiming to re-establish his original intentions. It questions modern interpretations, assumptions and attributions relating to Adam Smith’s works. Also, it contains Adam Smith’s unique understanding of what was really happening in the mid-18th century and what had happened in Western Europe since the 16th century and restores an authentic account of Adam Smith’s work in the 18th century both as a moral philosopher and a political economist. This book presents the authentic Adam Smith and explores his underlying approach and radical thinking, aiming to re-establish his original intentions. The book provides a crucial reminder of how relevant Adam Smith was in his own time, and how relevant he remains as we experience the worldwide spread of opulence today.

Skippy…negotiation behaviour w/ defense complex leaders and personnel topped with the *real authentic* Adam Smith view point. Ummmm personally, to me, those that use the language ++Authentic++ to add validity in opines give pause to doubt. Is Mr. Smith here, among us, to validate this empirical charge?
David Graeber says:
August 28, 2011 at 10:28 am

Yes and we must assume he knows too – he’s a professional authority on negotiating techniques, after all.

I suppose if I were to take a similar rhetorical strategy to his I would simply reply: “as a word of well-meant advice, Gavin, if you’re going to attack another scholar’s work as “spurious” and worthless because of what you claim that author hasn’t read or doesn’t know about, and a “search inside this book” function is available on Amazon, you might want to check if said books and facts are indeed cited so as not to make a fool of yourself.

David Graeber says:
August 28, 2011 at 10:42 am

Well one thing I did learn in Chicago is that when people refuse to attach significance at documented cases of what people actually do, no matter how rich and varied, but instead, insist on fealty to a model based on no empirical evidence but pure speculation by saying, effectively, “even though no one we’ve actually observed does it, but I bet you they were doing exactly that in all the periods where there’s no evidence so no way to disprove my argument” – and especially, when they start saying, “well, actually, to really understand why my a priori assumptions must be true, we must think about primates – i.e., a time of origins long long ago when current distinctions between humans and animals did not exist… you are dealing with a myth.

wimpy chalupa says:
August 28, 2011 at 6:22 pm

I’ve never encountered someone from Chicago who would defend these assumptions like that. From Chicago boys I’ve heard: “He was Adam Smith and you’re a nobody. You aren’t allowed to question the greats. If it seems wrong, it’s because your feeble mind just doesn’t understand his great mind.” And, “Of course the assumption is questionable, but let’s just pretend it isn’t and see where it gets us. By that time we will have forgotten the assumptions were all wrong.”

David Graeber says:
August 28, 2011 at 7:00 pm

Oh I’m talking about the Chicago anthropology department. They and the economics department were kind of enemies.

David Graeber says:
August 28, 2011 at 6:53 pm

With all due respect (calculated on the principle that you’re due just as much respect as you gave to me): no. Of course you weren’t being friendly. If one scholar wants to make a friendly intervention towards another scholar’s work that he has differences with, he starts by noting something he likes or agrees with, then maps out those areas on which he _knows_ he
disagrees. Above all, friendly interaction is characterized by intellectual generosity: giving the other person the benefit of the doubt for relevant knowledge, competence, understanding, etc, unless there is a specific reason not to. Your approach was the opposite, that which you would normally expect when someone is being maximally hostile: you told me all points I made in a wide-ranging interview were entirely wrong back to front, and in every case where you didn’t know whether I had checked some source, knew some basic fact, etc, about the subject I had written on, simply declared as a matter of fact that I was an incompetent scholar who had not. Even to the point of telling the world I was evidently not aware of Adam Smith’s second most-famous book, as if somehow no one who had read it could possibly endorse the standard interpretation of the “truck and barter” passage – despite knowing full well that many, many authorities have done both.

Use of the informal second person (indicated in English by adoption of the interlocutor’s first name) can, as in Romance languages, either indicate friendly equality, or an attempt to assert hierarchical superiority over one’s interlocutor. Since absolutely nothing else in your post indicated a posture of either friendliness or equality, it is perfectly obvious what the effect was meant to be.

Mr. Kennedy’s rhetorical approach, one of being maximally verbally aggressive but dressing that aggression up in a superficial language of civility, hoping to provoke something that might look like an intemperate reaction, and then, if one succeeds in doing so, immediately pouncing on it and denouncing one’s interlocutor’s reaction, as a way of questioning their character, is a technique most associated with the extreme right wing though it has, alas, been applied across the political spectrum. I assume that an authority on negotiating techniques such as Mr. Kennedy knew exactly what he was doing.

Susan the other says:
August 27, 2011 at 2:34 pm

I waited to read this because I thought it had been posed a week or so ago. Wow, what a mistake. Either I fluffed it off or there were no fascinating comments like there are now. I confess, halfway through I had to start drinking wine. It took energy to finish. I loved it. I could have been reading this for days. It was so good. I wish NC would arrange to post this kind of thought provoking stuff on a regular basis – actually I think it does. NC is the only place to park yourself. Like sitting in the corner and listening to a room full of contentious, articulate geniuses. And Skippy, Lamarck had a good idea, it just was not followed until lately.

Skippy says:
August 27, 2011 at 9:22 pm

Dear Mrs other, the Titans of Greek lore can be traced in its ensuing mythology, to fossilized bones of previous mega species. The extrapolation of this observation requiring a theory…cough…belief…led too..Gods defeat Titans and create Man, the rest is as they say History.

One must be careful upon the amount and quality of data they use before submitting a thesis…eh, alas since the time of lets say the Renaissance (self serving meld of early science and mysticism) poor methodology, fear of ones betters and quality issues have paved a road we now travel upon. Those that wish to revisit, excavate and repave these worn roads, do so at their own academic and personal hazard, me wonders why?

Skippy…Invisible Hands…ummm…reminds me of fresco’s painted up high…in houses built to induce bodily position of servitude…mental genuflection…disguise as beauty…self help books are a poor substitute for cognitive thinking…methinks.
I was so impressed by this interview, I went looking for other stuff by the same guy. This interview with Charlie Rose, from 2006, just after he’d been fired by Yale, is very, very good. I will definitely be reading this book.

Another impressive excerpt from the author (responding to an amazon review):

The curious thing is that one’s ability not to have to do this, not to have to prove one’s assumptions every single time one writes anything, is the luxury of power. Let me give an example. Economics – the great power discipline of the moment. Economic theory is based on certain assumptions about human action, how a “rational actor” will allocate resources under certain conditions. These are just premises, they were never originally tested, just assumed. Recently some psychologists decided to see if they were true, and created experimental tests. It turns out people almost never really act the way economists predict and the basic assumptions about human nature are actually wrong. What effect did this have on economics? None. The economists just ignored the empirical studies and carried on just as they had before. Where, on Amazon, do you have readers giving economic theory texts three-star reviews saying the material is interesting but they are based on flawed theories of human nature? As far as I can make out, nowhere. If you’re running the world, the fact that all your equations are based on premises that we know to be wrong is simply irrelevant. Meanwhile, if you’re challenging the prevailing orthodoxy, if you don’t prove every aspect of everything, you can just be rejected out of hand. So while I appreciate the reviewers’ efforts and am glad he found the overall historical argument compelling and interesting, I’m afraid in this way he really is playing the same role of ideological police as so many others – setting standards for non-mainstream views that no one ever sets for other ones.

It reminds me of Ali Farzat, a Syrian cartoonist. He drew a picture of a dictator screaming ’1+1=5’ into a microphone, while a citizen objects, ’1+1=2’, as he is dragged away by the police.

Of course, Ali Farzat was attacked a few days ago, and his hands and face were severely beaten. We in the US never do this sort of thing…. although we did try to put Thomas Drake in jail for 35 years for talking with a reporter about a billion-dollar boondoggle at the NSA.

I am reminded even more of Carl Sagan’s series “Cosmos”. It was not simply about Astronomy, it was about the eternal battle between evidence and science vs the ‘priesthoods’ of the powerful, whether they are the Catholic Church torturing Galileo to produce a confession… or whatever.
human mathematics says:
September 16, 2011 at 5:39 pm

I liked that interview too. I live in a community with a lot of anarchists, but I didn’t really understand the intellectual basis for it until I saw Graeber talk on Charlie Rose.

Panga says:
August 27, 2011 at 5:32 pm

Thank-you for an wonderful article. There is something very heart-warming here.

I too am waiting for my jet-pack & personal space ship.

David Graeber says:
August 27, 2011 at 7:43 pm

You're very welcome.

Courtney Ostaff says:
August 28, 2011 at 1:47 pm

I bought and read this book on the basis of this interview, and I must admit, I found it vastly illuminating. I’d be very interested to read more on the history of the relationship between the status of women and debt.

David Graeber says:
August 29, 2011 at 12:38 pm

Gerda Lerner was the only source I could find that directly approached it, historically. It’s kind of scandalous there isn’t more. But if you dig anything up, do tell me.

Courtney Ostaff says:
August 29, 2011 at 8:30 pm

Thank you. I’ll do that.

Courtney Ostaff says:
August 29, 2011 at 9:20 pm

Actually, you might find Sarah Blaffer Hrdy’s work to be interesting, in a sort of tangential vein. I keep giving away copies of Mother Nature: Maternal Instincts and How They Shape the Human Species by Dr. Hrdy to see if anyone else will read it. ;) Mothers and Others: The Evolutionary Origins of Mutual Understanding is fascinating, as well. I’ve never looked at what she’s written from the standpoint of debt, but I can certainly see Kristen Hawke’s “grandmother” hypothesis in those terms.

I’m working my way through the Evolution of Childhood by Melvin Konner, but it’s slow going.

Sex at Dawn: The Prehistoric Origins of Modern Sexuality by
Christopher Ryan and Cacilda Jethá might make for some interesting reading as well.

I think some of Jared Diamond’s work might be tangentially interesting, as well, as he also describes those egalitarian hunter-gatherer bands.

Women’s Work: The First 20,000 Years Women, Cloth, and Society in Early Times by Elizabeth Wayland Barber might be revealing. I’ll pick it up — she relies heavily on Klaas Veenhof’s, but I neither read German, nor have $100+ handy to buy “Mesopotamia the Old Assyrian Period”

- David Graeber says:
  September 3, 2011 at 12:42 am

  Are you the person who mysteriously sent me Hrdy’s new book in the mail? (And if so how did you get my address?) Somebody did!

  looks like a great book

- Apikoros says:
  August 28, 2011 at 10:45 pm

  Dr. Graeber,

  I am very late to this conversation but I am quite curious….

  You state in the post, “In Sanskrit, Hebrew, Aramaic, ‘debt,’ ‘guilt,’ and ‘sin’ are actually the same word.” I cannot think of a word in Hebrew or Aramaic that has the same root for all three concepts, but I know that, at least as far as “sin” is concerned, both languages have a rich vocabulary :-) Could you let me know which root word you were thinking of when you wrote that?

- David Graeber says:
  August 29, 2011 at 1:26 am

  You know, I definitely have plenty of evidence for the Aramaic and Sanskrit, but Hebrew… I left my notes in the UK, but I remember it was slightly more tenuous. The Aramaic word hoba (sorry can’t do diacritics on this thing) is used regularly for both debt and sin, and that’s the origin of the usage in the Lord’s Prayer (“forgive us our debts” – translated “trespasses” in the Anglican version). It is derived from the Hebrew hobah, which is mostly used just for debt, but I’m pretty sure is used in the OT for guilt or sin on certain occasions – though admittedly not nearly so much, and mainly in the later texts. But this is as far as I can go with what I have on hand right now. It’s possible in the Hebrew case “same word” might be overstated, since some would say using hobah for guilt or sin is just metaphorical, and anyway, came fairly late in the day.

- Apikoros says:
  August 29, 2011 at 9:09 am

  Thank you. I asked my Rabbi this same question last night and he also suggested the hebrew “chiyuv” as the word you were referring to. He pointed me to this post (which you may find interesting):

I found your post interesting because I remembered reading (somewhere, a long time ago) that cuneiform writing was originally developed to mark the outside of clay “envelopes” containing counter pieces that recorded commercial transactions so that the “envelope” did not have to be broken to count the tokens contained therein each time it changed hands. With time, the tokens were deleted, the envelope became a slab and the cuneiform marks became the record of the transaction.

David Graeber says:
August 29, 2011 at 12:36 pm

Thanks for checking that!

Yes, the Mesopotamian bullae are a great mystery, there’s all sorts of theories about them, but they were clearly credit instruments of some kind. The question is how far they circulated. I hadn’t heard the theory that writing itself derived from their use. Fascinating.

wolfbird says:
August 29, 2011 at 4:13 pm

This?

http://ebookee.org/How-Writing-Came-About-By-Denise-Schmandt-Besserat_998279.html

wolfbird says:
August 29, 2011 at 4:32 pm

Sorry that’s rather a rubbish link. She had a video I watched, showing examples, but I can’t find it.

http://www.austinchronicle.com/books/1999-12-10/74962/

(Excellent work, btw, Dr. Graeber, and very interesting comment thread, I’ve ordered your book)

wolfbird says:
August 29, 2011 at 4:36 pm

Quote:
“What she found was that the tokens comprised an elaborate system of accounting that was used throughout the Middle East from approximately 8000 to 3000 B.C.E. Each token stood for a specific item, such as a sheep or a jar of oil, and was used to take inventory and keep accounts. Ancients sealed the tokens in clay envelopes, which were marked with the debtor’s personal “cylinder seal” (which acted as a kind of signature). After using this system for some time, a new one emerged: People began to impress the tokens into the side of the envelope before sealing them up, so they wouldn’t have to break the seal (and thus the bargain) to check the envelope’s contents. Eventually, it occurred to people that they didn’t actually need to put the tokens in an envelope at all, and could just impress the tokens onto the clay in order to keep track of the account. Then still another transformation occurred — the ancient Sumerians realized it was possible to simply inscribe with a stylus the image of the token. This served as the
earliest type of written sign. Schmandt-Besserat had found her answer to the conundrum of how writing began: from counting. And slowly. Very, very slowly.”

- Courtney Ostaff says:
  August 29, 2011 at 9:31 pm

You might find this interesting:

The oldest cave paintings, at the Chauvet cave in southern France, for instance (33,000 years before the present), already bear evidence of sophisticated graphic forms. Very early on, the first Homo sapiens discovered that they could evoke the recognizable image of an object or an animal by a few strokes on a bone, in clay, on a cliff or a cave wall—and that drawing the major contours was enough.

Dating from the same period are Paleolithic bones engraved with series of lines. These tally marks most probably served as elementary counting or calendar devices.


Corroborating Leroi-Gourhan’s statement, in Mesopotamia (present-day Iraq), the birthplace of writing, number symbols played an essential role in the emergence of the written code. At many sites dating back to 8000 BC, archaeological excavation has unearthed small clay objects bearing abstract shapes of cones, cylinders, spheres, half-spheres, and tetrahedrons. According to Denise Schmandt-Besserat, they are “calculi,” small markers used for counting and calculation. Some represent units, others multiples of the arithmetic bases 10 and 60 (10, 60, 600, 3600 . . .). A sophisticated accounting system was in use in the Middle East over an extended period of at least five thousand years going from 8000 to 3000 BC. At the city of Susa, in around 3300 BC, an intriguing transitional form appeared with the calculi placed inside hollow clay envelopes bearing notches of various shapes. The shape and number of these notches often matched the calculi found inside, thus constituting a full-blown symbolic notation of number. Progressively, the contents of the envelope, which only served as proof of the accuracy of the accounts, disappeared while the notation remained. The carving of a numerical token, followed by a symbolic portrayal of the object, was enough to guarantee the transmission of a message (“twenty goats”). And thus the idea of writing was born. Counting also played a role in the birth of an independent writing system in pre-Columbian South America. Here, the calculation of time cycles in a calendar system served as the major incentive. As early as 2000 BC, the Òlmec used carved symbols called glyphs to represent units of time such as days, years, and other important ritual cycles. The Zapotec culture, around 600 BC, extended the system by using signs for dates, places, and celebrities involved in historical events. In brief, as suspected by André Leroi-Gourhan, the coding of abstract ideas such as number or time played an essential role in the emergence of writing. They perhaps also contributed to the very idea that concepts could be put in writing. The first symbols were often abstract geometric shapes devoid of any pictorial content. They only provided access to a small visual lexicon. In ancient Sumeria and Egypt, pictography appeared, at least transitorily, as a simple way of enriching the lexicon of written forms. Its main asset was that it was easy to read. No scribe was needed to explain that the drawing of an ear of wheat was the symbol for harvest.

The concept of a universal pictographic system that men and women of all cultures could understand without training is utopian. In the evolution of writing, the pictographic stage was so brief that one can even wonder if it ever existed at all. From the start, writing was used to express abstract ideas. To serve this purpose, it adopted a great many arbitrary conventions that required a lot of learning. As a result, writing and reading were rapidly reserved to an elite. The early scribes faced a number of concrete problems. The first was to write as quickly as possible. In the tombs of some wealthy Egyptians, hieroglyphs were amazingly detailed sculptures, including superb portrayals of bird and flower species. Creating these minute works of art was, however, too slow for everyday use. A faster and simplified writing system now known as “demotic” (literally, the scripture of the people) was soon introduced. In all countries where writing was widespread, stylization led to a quick move away from pictography to a simpler set of conventional symbolic characters. The forms of writing that were adopted depended in part on the materials available. The Sumerians wrote on soft clay tablets with a finely sharpened reed pen. The only shape they could easily produce was a wedge (called cuneus in Latin). Their script, made of various arrangements of this basic wedge form, evolved into “cuneiform” writing. By arranging the wedges in different ways, they created dozens of characters so stylized that the initial pictogram became unrecognizable (figure 4.3). The symbol for an expanse of water, for instance, was initially two parallel waves. In cuneiform script, it became a large wedge and two smaller ones, a pure convention that every scribe had to commit to memory. Chinese followed on a similar track. In their earliest known inscriptions, dating back to the Shang dynasty (1000 BC), characters were incised on bone or tortoiseshell for oracular divination. The character for “horse” resembled the noble quadruped: Quickly, however, stylization took over. Who could tell that there is a horse behind the present-day character, which converged onto its final shape as early as the third century and was further simplified recently into ? It is estimated today that only 2 percent of Chinese characters contain a recognizable pictographic content.199 The stylization underlying all existing writing systems is at the root of orthography, which literally means “drawing right.” As long as writing was based on drawing a recognizable picture, its exact shape could vary. Once written symbols became a matter of convention, there was only a single way to spell them properly, or a single “orthography.”


Onyomi says:
August 29, 2011 at 5:49 am

I don’t understand why the solution to the problem of “government has been historically biased in favor of one group” is always “we have to write new laws that favor the other group in order to hopefully even out the bias” instead of just “let’s get rid of the special treatment for that first group.” In this case, the proper response to the fact that governments have made it artificially easy to get into debt and artificially hard to discharge debt should be to stop doing that, not add another layer of bureaucracy designed to protect debtors against the artificial advantages of creditors.

The problem right now is really pretty simple. People like easy credit because it lets them buy stuff they can’t really afford. Politicians get elected by promising stuff people like, like easy credit—i.e. subsidized loans for housing, education, etc. Artificially easy credit bids up the prices of things because people have more purchasing power. The more prices go up, the more impossible it is to afford the thing without the subsidized loans and the more people start investing too much into the assumption that prices will never fall. Finally it becomes apparent that no one can really pay off all the debts they’ve incurred and prices start to plummet—
unless of course those who stand to lose a lot, i.e. bankers and investors, can manage to convince the powers that be to prop up whatever part of the economy is threatening to deflate. This keeps the debt bubble inflating for a while, but it can’t go on forever.

More government interventions, protections, etc. are not the solution to a problem caused by government in the first place. Stop giving out the housing loans and the price of housing will fall and people will once again be able to afford housing without taking on such a burdensome level of debt.

It all goes back to the Keynesian interpretation of the Great Depression which says that deflation is the greatest of all economic evils. Under no circumstances must prices be allowed to fall. This is the fallacy that is causing our current over-indebtedness. Corporate profits can only be sustained at inflated price points and people can only afford the high prices by going into debt. The bubble needs to burst and the bad investments to be liquidated and the inflated prices to come down and then there can be stable growth.

David Graeber says:
August 29, 2011 at 12:28 pm

This assumes that government isn’t responsible for the initial situation. Why were labor unions accepted or even encouraged, and increases of productivity, in the period 1945-c1975, always met by increases in wages? Why after the ’70s crisis were unions everywhere under attack and in retreat, and productivity increases no longer met by wage increases, leading to the need of working people to borrow more and more to maintain basically the same standard of living? All of this has to do with government policy, and more specifically, political power of various blocs in relation to governments. Your post seems to assume that markets act autonomously of these power arrangements but in fact they never do.

Furthermore, governments are not the only game in town – the various institutions i mentioned, like the IMF or S&P, are not governments. Yet they are obviously not just neutral market mechanisms. They are two bits of a giant global administrative bureaucracy that is not directly connected to any particular government but which regulates what we call “the world market.” The regulatory mechanisms are already there but they are aggressively biased in favor of finance capital.

PQuincy says:
August 29, 2011 at 7:29 am

“If another professor takes our economist out to dinner, sure, he’ll feel that he should reciprocate; but if an eager grad student does, he’ll probably figure just accepting the invitation is favor enough…”

I had _NO_ idea economists were this immoral. As anyone in a civilized discipline knows, graduate students are never to be allowed to take professors out to dinner, under any circumstances. The professor’s correct response if she wants to accept the student’s invitation will be to go to dinner but insist on paying herself for both professor and student.

If economists do it any differently, it’s no surprise they continue to lead us in such utterly bizarre directions.

David Graeber says:
August 29, 2011 at 10:48 am

Good point! Obviously it depends on where you are, but mostly, you are of course correct. I was thinking about relations of superiors/inferiors in general. Still, doing it in the way you describe would equally demonstrate my point – that it wouldn’t be a tit-for-that reciprocal exchange of gifts.
Merijn Knibbe says:
August 29, 2011 at 9:47 am

This is the longest thread I’ve ever followed to the end….

and I still might have two points to add to the arguments above.

1. On markets and prices and human behavior. A number of economist indeed try to explain all human behavior in terms of rational behavior on ‘explicit’ markets (used cars) as well as ‘implicit markets’ (marriage, crime, education), without however ever giving a clear definition of the concept ‘market’ (you don’t believe me? Search in the textbooks for such a definition!). One of the defining qualities of explicit, real world markets is however that prices (or at least the way the eventual price will be set) are agreed upon before a transaction is concluded, explicitly (buying a house) or implicitly (buying groceries in a supermarket). And though ‘shadow’ prices can be calculated for some of the ‘implicit’ markets of these economists (i.e. monetary income foregone by students spending time on their education (or pretending to do so…)). Such a ‘shadow price’ is not known in advance (which of course disables all attempts at rational calculation) – and the ‘implicit markets’ of (neo-classical) economists turn out not to be markets at all. Rational behavior in real markets is already questionable, but in what’s called ‘implicit markets’ it’s fundamentally impossible.

2. On credit. Economists have difficulties with recognizing ‘credit’ as a kind of money. Weird. Every company selling something ‘on credit’ is in fact creating money, as is born out by the fact that the debts owned to the company often can be sold to specialized banks. Once a monetary system exists, every individual or company can create purchasing power, by accepting a ‘You Owe Me’ denominated in the unit of account from a customer. And it’s not too long ago that such systems were the main kind of monetary exchange systems, in the villages and cities of at least Europe – the tally stick system. When one studies nineteenth and eighteenth and seventeenth century accounts and probate inventories, he or she cannot but be surprised by the amount and level of debts characteristic of the economies of these centuries.

David Graeber says:
August 29, 2011 at 12:32 pm

Thanks for the contribution – the first point was very illuminating.
As for the second: I suspect you’ll really like the book. Did you know, for instance, that the word for “symbol” in both English and Chinese ultimately traces back to words for tally sticks?

Jim says:
August 29, 2011 at 2:15 pm

Agreed. I remember one of the times I really got what Warren Mosler was on about was when he said, in refuting the whole idea of the “fractional reserve” banking system: “it not some sort of law or special power that allows banks to create money; it’s just accounting.”

MNP says:
August 29, 2011 at 9:13 pm

I have to say I am not optimistic. Increasingly I think the rich would simply hire the poor to kill each other. Looking at how the super-rich think of themselves in America, as better BECAUSE they are rich, as MORAL because they are rich, of the Master Morality of Nietzsche writ large, I think the only way out is a great deal of bloodshed.
When thousands of people begin assembling in squares in Greece and Spain calling for real democracy what they are effectively saying is: “Look, in 2008 you let the cat out of the bag. If money really is just a social construct now, a promise, a set of IOUs and even trillions of debts can be made to vanish if sufficiently powerful players demand it then, if democracy is to mean anything, it means that everyone gets to weigh in on the process of how these promises are made and renegotiated.”

Meanwhile, in America, the hoi polloi would rather see the country burned to the ground than see their neighbor have a single dollar of their mortgage forgiven.

Bizarre.
Appreciated. That being said, I find your counter-speculation wrt spot trading more convincing than the historical and anthropological accounts. You claim (and I will accept) that the earliest history of money among our progenitor civilizations is Mesopotamia c 5000 ya. I could accept an inference that the unknown antecedents of the Mesopotamian system answered to any hypothetical description only if that description applied to the historical and anthropological record with very few exceptions. (Only what is effectively “universal” may be applied with any confidence.) Thus, your inference that whatever it was that preceded the Mesopotamian system, it wasn’t spot trade, does bear some weight; however, because this is a negative description, that weight is diminished by the inherent instability of such a putative system as described by its proponents. Absence of evidence of a phenomenon is evidence of absence only to the extent that the hypothesized phenomenon would be expected to yield evidence, and in this case that expectation is low, because our stone-age contemporaries do not live in the distant past. So in this case I am more persuaded by speculation, and that only goes so far. However, all that being said, I find your claim that credit preceded currency (or currency equivalents) to be more interesting than the question of whether spot trading preceded either, and I do appreciate the perspective overall that we should assume that any hypothetical economic system in the past must be imagined to inhere to a society already formed, with strong social relations among its members already, rather than to any putative ancestral race of autonomous agents ideally rationalized for selfish advantage.

- **David Graeber** says:
  September 1, 2011 at 7:59 pm

Then I suspect we largely agree. I actually claim there is no single origin of money, it’s a confluence of different innovations in different contexts converging around a single logical principle of proportionality. I can describe what existed at the time of our earliest records and give reasons why it would not have emerged from barter (spot trade), but I don’t have a single story of what must have happened over the proceeding probably several thousand years that laid the groundwork.

- **TGGP** says:
  September 1, 2011 at 10:40 am

Bob Murphy responds on the origins of money here: [http://mises.org/daily/5598/Have-Anthropologists-Overturned-Menger](http://mises.org/daily/5598/Have-Anthropologists-Overturned-Menger)

- **David Graeber** says:
  September 1, 2011 at 8:00 pm

Yup – and be sure to catch my 5-page response in the “comments” section!

- **Skippy** says:
  September 1, 2011 at 8:14 pm

Classic[!!!] arm chair rebuttal, the quasi religious temerity is breath taking.

Skippy…to whit:

It is notorious temerity to pass sentence upon grounds uncapable of evidence. –Barrow.

Her rush hand in evil hour Forth reaching to the fruit, she plucked, she eat. –Milton.
PS. preasts

• Skippy says:
  September 1, 2011 at 8:22 pm

Classic[!!!] arm chair rebuttal, the quasi religious temerity is “””breath taking”””.

Skippy…to whit:

It is notorious temerity to pass sentence upon grounds uncapable of evidence. –Barrow.

Her rush hand in evil hour Forth reaching to the fruit, she plucked, she eat. –Milton.

PS. Priests of all stripes are an anchor around humanity’s neck, when will we cast them off[?????], whence you argue with an idiot…the time passed to differentiate…is not far away.

  ○ Skippy says:
    September 1, 2011 at 8:24 pm

    anger induced dbl post, ensue self flagellation…sigh.

• JTFaraday says:
  September 1, 2011 at 9:01 pm

“At the same time, Neighbor B’s camel dies so he asks Neighbor C if he can borrow one of his spare ones. Neighbor C agrees to this. Finally, Neighbor C needs a pig, which he borrows from Neighbor A.

Thus Neighbor A owes 10 bushels of corn to Neighbor B, but he in turn owes a camel to Neighbor C, who in turn owes a pig to Neighbor A.”

The answer is: We’ll get to Grandmother’s house in ten minutes.

This guy would make a great junior high school algebra teacher. When the hedge funds are done charterizing the public school system in Flushing, Queens so they can siphon off the gummint camels they’re not giving to the teaching staff so they can get to work on time, they should give this guy a call.

He’d be perfect!

• Richard says:
  September 2, 2011 at 4:37 am

Great article, really interesting.

The problem with the nationalised banks owning debt of the Government that owns them is an interesting one. The trouble is that a large part of the banks’ reglatory capital is held as Government debt so if they reduce the value of that debt by forgiving some or all of it, the nationalised banks become even more insolvent and require the Government to use more taxpayers’ money to prop them up.

In that case, debt forgiveness doesn’t make the problem go away, it just changes the nature of the liability.

I don’t think that there’s an easy solution to this. If you forgive the Government’s and private individual’s debt
you enter a realm of moral hazard. Why would anybody save if their savings are going to be written off: savings are just debts to a bank after all. If there are no savings there can be no credit in the banking system as savings are what is lent out. We would have to go back to a system of vendor financing.

- Brett says:
  September 2, 2011 at 7:16 am

Sorry bro, bob murphy refuted the crap out of you.

http://mises.org/daily/5598/Have-Anthropologists-Overturned-Menger

- Skippy says:
  September 2, 2011 at 8:04 am

bob refuted the crap out of you[????]. like rubber and glue? Make your case besides Ithunkit so it must be, feels, smells right gnostic mysticism.

Skippy…bob and many others (you) need to take a trip to the horizon of morte, all that stuff you call thinking, is just lead in some ones head, literary, it kills people and for what? How many pasts must we relive, redo, till we get it.

- David Graeber says:
  September 3, 2011 at 12:27 am

To refute someone’s argument you’d have to know what that argument is. He didn’t even get that far. Absolute, comprehensive failure on every possible level.

- human mathematics says:
  September 2, 2011 at 5:06 pm

This is really interesting. Reminds me of a class I took with Richard Wilk.

If I could ask Professor Graeber another question, it would have been: How did “shocks” permeate through the system?

Say one of my cows is eaten so I can’t “sell” as much milk — would I still be able to get food, oil, &c? Or say my crops do really well — do I have to give it away at the same “price”? What is the “elasticity of demand” if you get my drift.

- David Graeber says:
  September 3, 2011 at 12:26 am

Completely depends on the community – though the one thing you can be relatively sure of in a stateless, moneyless economy is that the sort of motivations assumed by economists (calculated maximization of material benefit) would normally be considered some bizarre form of anti-social pathology.

- human mathematics says:
  September 8, 2011 at 11:33 pm
Sure — as they are in most circles today — except people who took their Econ classes too seriously (or just use the normative theory to justify their high paycheck).

Thanks for responding to my question. Could you point to further reading about an example of a crisis that hit a moneyless society?

- HistorySquared says:
  September 2, 2011 at 5:54 pm

According to Krugman, every piece of debt is someone else’s asset. Thus, the government can withstand unlimited deficit spending.

Unfortunately for his theory, defaults and unpaid loans are no longer assets, they are liabilities.

- human mathematics says:
  September 8, 2011 at 11:34 pm

It’s only a liability if you booked a profit beforehand. You could just say that assets diminish or disappear in bankruptcy proceedings.

- human mathematics says:
  September 8, 2011 at 11:30 pm

Where can I read more about the “Iroquois women’s councils” that divvied up the goods? It sounds vaguely Communist.

- human mathematics says:
  September 10, 2011 at 4:00 am

since coinage seems to be invented or at least widely popularized to pay soldiers – more or less simultaneously in China, India, and the Mediterranean, where governments find the easiest way to provision the troops is to issue them standard-issue bits of gold or silver

I thought soldiers were first paid in salt?

- Hesiod says:
  September 14, 2011 at 4:09 pm

The simple solution to the problem is:

1) tax the crap out of wealth

2) Stiffly regulate debt

3) Wipe out a significant portion of all private debt when you are in the middle of a de-leveraging liquidity trap economy crisis — which apparently has happened many times over throughout history.

in every single circumstance, the creditors resisted the alleviation of debtor obligations until such time as the majority — i.e. the debtors — decided to threaten or use violence in lieu of paying the debts. Its ultimately about power.
Some classic cases arose in Solonic Athens and Rome at the time of the adoption of the 12 tables.

Unless the money’d creditor class decides to change the system and forgive a lot of this private debt — the masses are eventually going to get medieval on their asses. Literally and figuratively.
New Study: Long-Term Debt May Overwhelm US
Jamie Dimon Tells Staff: Brace for More Scrutiny
Poverty Remains High Under Obama
Study: Spice Alters Diabetes, Acts Like Insulin
AAA: Gas Over $3 a Gallon for 1,000 Days
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