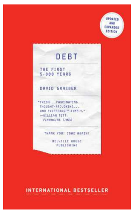

Graeber D. Debt. The first 5.000 years

The assumption that debt have to be repaid isn't true even according to standard economic theory. It's only a moral statement. A lender is supposed to accept a certain degree of risk. We don't know what debt really is, the concept is very flexible and there is no better way to justify relations founded on violence to make such relations seem moral, it seems that it's victim who is doing something wrong. There is profound moral confusion, human beings hold simultaneously that paying back money one has borrowed is a simple matter of morality and that anyone who has the habit of lending money is evil. The money has the capacity to turn morality into impersonal arithmetic to justify things otherwise seem outrageous or obscene; violence and quantification are intimately linked.

The difference between a debt and an obligation is that a debt can be precisely quantified and require money. There is no evidence that the barter even happened, an enormous amount of evidence suggest it didn't. The barter occur only between people who are strangers who feel no sense of mutual responsibility or trust. In small communities everyone simply keep track of who owes what to whom. Most transactions were based on credit. Credit system preceded the invention of coinage of thousands of years. Conventional story on debt is based on false assumptions. What we now call virtual money came first. Barter appeared as a kind of byproduct.

According the Credit Theory of money it is not a commodity but an account tool, an abstract unit of measurement who emerged long before the use of any token of exchange. A coin is effectively an IOU, a promise to pay something. Gold coin and paper coin is a promise to pay something else of equivalent amount to a gold coin one accept because assumes other people will, measures the trust in the other human beings. According State Theory, physical stuff became money as the State is willing to accept it in payment of taxes to finance armies. Money is an IOU as long as the State never pay its debt. Money and market don't emerge spontaneously: money sprang up around ancient armies; tax policies created markets. Money isn't a thing at all, it is a way of comparing things as proportions. States don't create money, money is credit created by contractual agreements the State merely enforce it and define its legal terms. Any attempt to separate monetary policy from social policy is ultimately wrong. The debt is the essence of the society itself. States created market, markets require States.

The logic of the marketplace has insinuated itself even into the thinking of those opposed to it. Human relations are based on some kind of reciprocity and therefore all human interaction can be understood as a kind of exchange. If so, debt is at the root of morality when some balance has not yet been restored. There are three main moral principle on witch economic relations can be founded. 1) Communism, that applies the principle "from each according their abilities, to each according to their needs"; The sociality, interdependence and everyday morality imposes the obligation to share food and whatever is considered basic necessity without any account. 2) Exchange means tending toward equivalence, in which each of the two sides gives as good as it gets and the object being traded are seen as equivalent. Often there is elements of competition but there has to be minimal element of trust. Exchange develops between people or groups who perceive themselves to be more or less equivalent in status but not between friends or relatives. Allow us to cancel out our credit, hence to end the relation. 3) Hierarchy tends to work in terms of customs and precedent when the line of superiority is well drawn and accepted. Things given on each side is considered different in quality and impossible to quantify. Some degree of reciprocity is potentially present in any situation but certain principles tend to slip into others. Debt require relationship between two people who consider each other potential equals, whit equal legal standing. Legal debt can be forgiven, which is impossible for moral debt. During the time that the debt remain unpaid, the logic of hierarchy takes hold. When money changes hands, the debt is canceled and the equality is restored. Debt is what happen in between. A debt is just an exchange that is not been brought to completion.

Conventional economics reduces all human life to exchange shunting aside all other forms of economic experiences (hierarchy and communism). The primitive money is used as a recognition that one cannot pay a debt (life-debt, blood-debt, woman for marriage, etc.), is a nexus of relation with others. To make a human being an object of exchange require to ripple him from his context, a certain violence. He becomes subjected to the logic of debt. Slavery, the exclusion from social context, from morality, from honor is the logical point of end.

If we become a debt society it is because the legacy of war, of the conquest. It's lodged in our most intimate conception of honor, property and freedom. Some form of ancient money has been used as measures of honor and degradation. Honor price is the quantification of person's dignity. Family members became property right. Conquests lead to taxes, the way to create markets and debts. Coinage was first used from government to pay soldiers and then used for everyday transactions and to measure everything else and a way to avoid to be dependent of other's whim. Honor becomes the ability to pay one's promise and money seemed capable to turn morality into an quantifiable science, encouraging all sort of worst behaviors. Annihilation of any possibility of equality also eliminates any question of debt, of any relation other than power. Kings and slaves are mirror images. Formal slavery has been eliminated but endures the idea that you can alienate your liberty through your work, because we're no longer able to imagine e world based on social arrangements.

Bullion predominate in period of war and generalized violence. Credit systems tend to dominate in period of relative social peace.

In the Axial Age (800 BC - 600 AD) money, markets, states and military affairs were all intrinsically connected. Money was needed to pay armies to capture slaves to mine gold to produce money. This is the birth of materialist philosophies, a world made of material forces rather than divine power. The human ultimate end became accumulation of material wealth. Philosopher reacted with new foundation of morality. The ultimate effect was the ideal division between market and religion.

The Middle Age (600 AD - 1400 AD) were marked by a general move toward abstraction, commodity markets and universal religions (Judaism, Christianity, Buddhism and Islam) began to merge and it was a return to virtual credit money. The destruction of the Roman war machine meant that Romans coin went out of circulation, reputation was crucial. Markets were totally independent from government and were the highest expression of human freedom and community solidarity protected from State intrusion. Money was an abstraction, employed in virtual form. Debt dissolved into the hierarchy, became a sin, usury, a form of fraud only truly legitimate when directed against enemies. Monastic orders were the medieval corporations, owned property but in no way they were profit seeking. Slavery declined, trades picked up and so did the pace of technological innovation.

The Age of Great Capitalist Empires (1400 AD - 1971 AD) saw the rise of modern science, capitalism and humanism and of the nation State. The return of bullion was accompanied by vast empires, professional army, predatory warfare, untrammeled usury, debt peonage, materialist philosophies and scientific creativity. Global economy caused a collapse of living standard. Governments and banks ended up in control of the bullion through violence and caused inflation. Relationship between daring adventurers, gamblers willing to take any sort of risk, careful financiers lie at the heart of what we now call capitalism. The origins of capitalism is the story of how economy of credit was converted into an economy of interest and the transformation of moral network by the intrusion of the State. In the small community everyone was both lender and borrower. The violence transformed what was the essence of sociality into a suspect, credit became a bad name. The use of cash, before used with strangers, became normal. Relation of trust disappeared in favor of paper money produced from nothing by saying it was there. That inevitably produced periodical scam and panic. The bullions were loaned to the emperor to fund military operations in exchange for papers entitling the bearer of interest from government that could be traded. The new credit money founded on gold, multiplied very quickly. Everyone concluded that there had to be material foundation or the entire system would go insane. At the dawn of capitalism a gigantic financial apparatus is entangled with war, trade of slaves, drugs and arms. Market became an objective reality whose dictate we must obey.

Modern money is based on government debt to finance wars (Nixon floated the dollar in order to pay the costs of a war). The creation of central banks became the foundation of financial capitalism. The U.S. predominance in the world holds the entire world monetary system organized around the dollar; American imperial power is based on debt. World institutions were created to enforce the right of creditors, paying one's debt became the very definition of morality. IMF policies insist that debts must be repaid from the pockets of the poor. Creditors feel they are in position to demand their political agenda. Money is a matter of political contention. A pernicious alliance of warrior and financiers created the crash of 2008, a incredibly sophisticated Ponzi scheme designed to collapse in the full knowledge that the perpetrator would be able to force the victims to bail out them. The masses of people have become creditors, the rich companies and the governments are now the debtors. To be in debt is empowering, but this is a reason to believe that capitalism cannot maintain an engine of perpetual growth. A return to virtual money would limit the depredation of creditors.