GEOFFREY INGHAM

O sacred hunger of pernicious gold! What bands of faith can impious lucre hold?

Virgil, Aeneid, book iii, trans. John Dryden, 1697.

David Graeber[1] displays impressive erudition across a vast range of material; his book is crammed with bold generalisations and fascinating tangential observations. Audacious connections between matters rarely, if ever, brought together under the same rubric are to be found on almost every page. Copious and scholarly footnotes bear witness to the vast number of sources that Graeber has devoured. There is much to admire; but there is also much with which to disagree and much more that demands further elaboration and explanation. Even a lengthy review cannot possibly deal with the breadth and complexity of the book – especially the subsidiary, at times tangential, arguments and conjectures. For example, the idiosyncratic sketch of the rise of modern capitalism and of US hegemony would require a separate assessment. I shall therefore focus critically on what I take to be the underlying threads – his analysis of the nature of money, its relationship to debt, and the moral bases of economic life.

Despite the vaunted iconoclasm and the need to "create a new theory, pretty much from scratch" (p. 90), this monumental essay is in fact quite conventional in one important respect. Despite protestations to the contrary (p. 95), Graeber belongs to those broad and diverse traditions which believe that in forging our history we have lost or perverted the very traits that make us truly human.[2] World religions describe a fall from grace and some later philosophies see alienation from our "species being"; but for Graeber immersion in the social anthropology of premodern or stateless social forms has led him to

[1] David Graeber 2011. *Debt: The First 5000 Years* (Brooklyn New York, Melville House).

[2] His position is subtly different from what he refers to as "mythic" or "primitive" communism – that is, the belief that a society based on "from each according to abilities to each according to need" actually existed in the past and can be resurrected (p. 95).

Geoffrey Ingham, Christ's College, Cambridge [gki1000@cam.ac.uk].
European Journal of Sociology, LIV, 1 (2013), pp. 127–146—0003-9756/13/0000-900$07.50per art + $0.10 per page

believe that humanity possesses a fundamental sociability of "baseline communism".[3] This has been steadily eroded – but, as we shall see, not eliminated – by the creation of money and the subsequent displacing of the social bond of enduring and binding "obligation" by "debt".

"The central question" of the book is "what precisely does it mean [...] when we reduce moral obligations to debts" (p. 13)? The answer has two parts. On the one hand, the ubiquitous reading of our history through the distorting prism of the theory of impersonal market exchange has blinded us to the fact that our fall from grace is and can never be absolute. Rather, an underlying morality of the communism of favours and obligations "exists right now – to some degree, in any human society" (p. 95).[4] On the other hand, in an ironic paradox, world religions have committed the same error as Adam Smith's economics in leading us to conflate debt and moral obligation. Thus, we mistakenly believe that the repayment of debt is a moral obligation. But, Graeber argues, things are, or should not be, quite as simple as this injunction insists. First, "even according to standard economic theory" all loans are not retrievable in so far as lenders are supposed to accept the risk of default; otherwise there would be no reason not to make a stupid loan with disastrous consequences (p. 3). Second, debt amnesties – such as the Biblical Jubilee – were commonplace in the past and should be revived with the abolition of Third World debt and the International Monetary Fund. Finally, the bogus moral obligation in today's capitalism is not universal; not everyone has actually to repay debt – only the poor are compelled to do so.

Debts differ from obligations because they "can be precisely quantified" (p. 13). Money has the "capacity to turn morality into a matter of impersonal arithmetic" (p. 14) and therefore lies at the heart of the historical transition from obligation to debt. Violence plays a central part in this process and the way it "turns human relations into mathematics will crop up again and again in the course of this book" (p. 14). Indeed, it is claimed that the "very principle of exchange emerged largely from the effect of violence" (p. 19). In particular, slavery has forcibly ripped people "from the context" of the moral obligations of "baseline communism" and thereby rendered "unique human individuals" as saleable commodities (p. 146).

[3] I hesitate to refer to "society" as Graeber insists that this term is only applicable to nation states.

[4] However, as we shall see, this is immediately qualified: there has "never been a society in which everything has been organised in that way, and it would be difficult to imagine how there could be" (p. 95).

The nature of money and debt

The analysis begins by "puncturing" a series of myths about the origin and role of money and debt which, in turn, have formed the basis for the distorted conceptual reduction of all human relations to exchange – "as if our ties to society, even to the cosmos itself can be imagined in the same terms as a business deal" (p. 18).[5] A wider ambition is also intended by using the history of debt "as a way to ask fundamental questions about what human beings and human society are or could be like – what we actually do owe each other, what it even means to ask that question" (p. 18). This forms the groundwork for the presentation of an alternative view of the moral basis of economic life, drawn from anthropological research. The "actual history of the last five thousand years of debt and credit" occupies the second half of the book and contains the promise of "a fresh approach" to the capitalist empires of the last five hundred years and how this might inform our understanding of the present critical juncture in world history.

Graeber's "stunning reversal of conventional wisdom" begins with a rejection of mainstream economics' creation myth that money emerged spontaneously to overcome the inefficiencies of barter, as put forward by Adam Smith and later succinctly expressed by Menger (1892). Traders rationally maximise their barter exchange opportunities by carrying the most tradable commodity which becomes the dominant medium of exchange – that is to say, money is the commodity that is exchangeable for all others. Graeber's "stunning reversal" of this understanding of money is in fact based entirely on work in heterodox economics and sociology and adds nothing new (Wray 1998; Wray 2004; Ingham 2004; Ingham 2005). Even this is not quite as novel as Graeber implies, but is part of an older although admittedly neglected tradition of monetary analysis which dates from the seventeenth century (see the accounts of these earlier periods in Schumpeter's monumental A *History of Economic Analysis* 1994 [1954]). This critique of the conception of money as a mere "convenient medium of exchange" is clearly presented by Keynes in the first few pages of *A Treatise on Money* (1930). As Graeber outlines, Keynes argued that money has an abstract or virtual nature as a measure of value (money, or unit,

[5] It is surprising that arguably the greatest contribution to this question is not mentioned. In the entire book, there is only a single oblique reference to Simmel in a footnote criticizing the German Historical School's erroneous "barter-money-credit" evolutionary sequence (p. 394, note 14), but *The Philosophy of Money* does not appear in the thirty-seven page bibliography.

of account). This is evident in ancient Mesopotamia which did not have coined circulating currency (medium of exchange), but used an abstract money of account for bureaucratic budgetary administration and the denomination of debt contracts. Graeber concludes: "what we now call virtual money came first" and "credit systems [...] actually preceded the invention of coinage by thousands of years" (p. 38). He also makes extensive use of A. Mitchell Innes's essays on the credit theory of money first published in 1913 and 1914 and excavated from the obscurity of New York's *Banking Law Journal* by Randall Wray (Wray 2004). Money is not a "thing" but an abstract unit of measurement (money of account) and, paraphrasing Mitchell Innes, Graeber accurately observes that one can no more touch a dollar or a deutschmark (sic) than an hour or a centimetre (p. 46). Money is not a "thing", but an abstract measure of value and a token credit.

However, there are indications throughout the book that Graeber has not fully grasped the significance of Keynes's conclusion that nominal money of account is "the primary concept of a theory of money" (Keynes 1930, p. 3) nor fully understood Innes's argument that *all* money is virtual credit. This theory of money contends that all money is credit, regardless of its form or substance, in the sense that it is accepted as settlement for all debts that are denominated in the same money of account (Wray 1998; Ingham 2004). Rather than following the precise import of these arguments, Graeber simply reiterates the commonsense understanding of credit as deferred payment and the closely associated distinction between cash and credit – "exchange, unless it's an instantaneous cash transaction, creates debts" (p. 226, *passim*). In this everyday usage, credit simply means "trust" that the deferred debt will eventually be settled. However, for the credit theory of money, the duration of debt is irrelevant; indeed, cash transactions cannot be "instantaneous". Rather, spot transactions with cash involve debt contracts of short duration – the offer of goods at a price and the cancelling of the debt, incurred by the acceptance of the goods, with a credit token. Monetary systems comprise actual and potential debt contracts denominated in a common monetary notation (money or unit of account) awaiting settlement (sooner or later) with a token credit.

As Graeber outlines at considerable length, there is no historical or anthropological evidence to support mainstream economics' continued acceptance of the nineteenth century myth that money originated spontaneously from the most tradable commodity in barter. However, he fails to register that there are other, perhaps more compelling, reasons for rejecting the mythical barter-money transition. In expressing the diverse and changing preferences of the bi-lateral traders, commodity media of exchange – bullion, salt, beans, tobacco, and so on – will have quite widely varying exchange ratios with each other and other commodities. In other words, a common unit of account is unlikely to emerge spontaneously from barter exchange. Except for a very simple system with very few commodities, where in fact the use of money would be unnecessary, barter could not produce a uniform common money of account which enables debt contracts and price lists. A hundred commodities could produce 4950 exchange ratios (Ingham 2004, p. 25).

None the less, Graeber does agree that "money is just a yardstick" and asks the pertinent question: what does it measure? But the answer he gives is a tautology – money measures debt (p. 46). This is logically similar to the circular argument in mainstream economic theory that value is established in barter exchange (2 apples = 1 orange) and that money is merely a number that is assigned to the most exchangeable commodity.[6] However, for the credit theory, money of account is established *outside* the sphere of commodity exchange – it is abstract value *sui generis*.[7] Money "is one of those normative ideas that obey the norms that they themselves represent" (Simmel 1978 [1907], p. 122).[8] The fundamental question is how is the monetary measure, which renders the credit and debt a *monetary* relation, created? "To establish a proportion between two quantities, not by direct comparison, but in terms of the fact that each of them relates to a third quantity" Simmel argued, was one of humanity's greatest accomplishments (Simmel 1978 [1907], p. 146). For example, the Mesopotamian unit of account (shekel) was an authoritatively established ratio between a particular weight of silver and an *ideal* field of barley – that is, one that would hypothetically feed a worker's family for a month. As it is highly improbable that myriad barter exchanges using different commodities as media could produce a single stable money of account as economic theory suggests, the question is how was this "great accomplishment" achieved.

Having rightly dismissed the economists' barter myth, Graeber's critical attention is then turned to the arguments that he has used in his refutation – that is, the credit, state and primordial debt theories of money. Despite his general agreement with much of what these

[6] Here, values are established by barter exchange in the so-called "real" (that is, non-monetary) economy. See Schumpeter's succinct formulation: 1994 [1954], p. 277). In economics' Walrasian general equilibrium model one commodity is arbitrarily given the value of 1.

[7] See Orléan 2011.

[8] Also in Orléan's terms, money is *autoréferentielle*; it carries the value that it measures (Orléan 1998).

alternatives have to say about the "virtual" nature of money, Graeber somehow manages to corral them into what he believes are untenable positions. In doing so, I would argue that he renders himself incapable of providing a coherent answer to this question of how the very idea and practice of measuring value originated. We are told that this is a futile quest, as all sensible anthropologists have realised: if money is nothing other than a way of comparing things then it "was no more 'invented' than music or mathematics" (p. 52). (Somewhat contradictorily, he also avers that in contrast to the economists' barter myth, credit theorists "have long been hobbled by the lack of an equally compelling narrative" p. 52.) Aside from the fact that none of those who could be loosely categorised as credit theorists have ever suggested that money originated in an "invention", Graeber does not appear to see the force and significance of the question. If money is simply a way "of saying one of X is equivalent to six of Y" then it is "as old as human thought" (p. 52). As I have already noted, this gets us no further than the economists' solution in which the ratio of 1X: 6Y is established on the basis of traders' preferences in bilateral barter exchange. To repeat: without the prior existence of a commonly held unit of account, myriad bilateral trades with many commodities will produce many different, varied and unstable ratios. Monetary systems are based on the construction of a "working fiction of an invariant value" (Mirowski 1991) against which all others are measured and which consequently enables multilateral exchange in genuine markets with price lists. This cannot be achieved by simply adding numbers to exchange ratios.

Graeber's critique tends to conflate these "alternative narratives" and shift abruptly from one to the other, making it difficult to disentangle and reconstruct his argument. Whatever their differences, however, Keynes's and Knapp's state theory and French "primordial debt" theory are in accord that a stable and uniform measure of value can only be produced by an authority outside the sphere of exchange – usually, but not necessarily a state. Graeber begins with what appears to be approval of Keynes's endorsement of Knapp's *State Theory of Money* in *A Treatise on Money*: for some four thousand years "money has been peculiarly a creation of the state" (Keynes 1930 p. 4).[9] However, with a contradictory non sequitur, Graeber adds that this does not mean that "the state necessarily *creates* money" because money is credit and can be produced by private contract (p. 54). If the credit theory had been understood correctly Graeber would have realised that

[9] *A Treatise on Money* is described somewhat eccentrically as his "most famous work" (p. 54), which is of course *The General Theory of Employment, Interest and Money.*

it contends that *all* money – private and state – is credit.[10] (This is followed by a contextually irrelevant discussion of Keynes's analysis of twentieth century bank money which is to be found in a later chapter of *A Treatise on Money*.) Keynes is then exonerated – he was not "much of a mythmaker" (p. 55). In what I take to be a reference to Wray and his associates (Wray 1998; Wray 2004), Graeber asserts that it is rather modern neo-Keynesians "who were not afraid to follow some of the more radical suggestions as far as they would go" in constructing an alternative to the barter myth (p. 55). I find difficulty summarising the loosely structured critique of what is taken to be the neo-Keynesian position; I will therefore let a representative passage speak for itself.

"The real weak link in state-credit theories of money was always the element of taxes. It is one thing to explain why early states demanded taxes (in order to create markets). It's another to ask 'by what right?' Assuming that early rulers were not simply thugs, and that taxes were not simply extortion – and no Credit Theorist, to my knowledge took such a cynical view even of early government – one must ask how they justified this sort of thing" (p. 55).

No credit theorist has argued that states "demanded taxes *to create* markets", and the question of "by what right" is surely quite irrelevant – or at least tangential – to the question of the origin of modern money.[11] State theory is very simple: states paid for their goods and services in tokens that were accepted because they were required to pay taxes (one might add that indeed some "thuggery" was often required). The Roman Empire provides a clear example of the mechanism, as Keith Hopkins explained: "money taxes were exacted in the core provinces (such as Gaul, Spain and Asia) and were mostly spent in Italy or on army pay in the frontier provinces; core provinces had to export goods to the centre in order to buy back the money with which to pay the taxes" (Hopkins 1978, p. 94).

Nowadays, Graeber continues, we know that states justify their for demand taxes in terms of the services they provide for us.

"All of this is said to go back to some sort of original contract that everyone somehow agreed upon, though no one really knows exactly when or by whom, or why we should be bound by the decisions of distant ancestors on this matter when we don't feel particularly bound by the decisions of our ancestors on anything else. All this makes sense if you assume that markets come before governments, but the whole argument totters quickly once you realize that they don't" (p. 55).

[10] Private authorities can establish their own money of account (see Boyer-Xambeu *et al*. 1994).

[11] Throughout the book Graeber suddenly inserts such ethical questions into discussions of historical fact.

In short, Graeber speciously attributes arguments to the state-credit theory of money – existence of some distant social contract and that markets preceded states – in order to dismiss them. Given his acceptance of the state and credit theory's critiques of the barter myth, it is difficult to avoid the conclusion that Graeber's dismissal of their alternative theories of money is not based entirely on intellectual grounds.

Similar unwarranted attributions and further non sequiturs are employed in an attempt to dismiss what he sees merely as another alternative myth – "primordial debt" theory (Aglietta and Orléan 1998). In the absence of documentary evidence in pre-literate society, "primordial debt" theory can offer no more than a conjecture that the origin of the conception of abstract value, which is later embodied in money, derives from the most sacred elements of society. "Primordial debt is that owed by the living to the continuity and durability of the society that secures their individual existence" (Ingham 2004, p. 90 quoted by Graeber p. 58). The debt was settled by human sacrifice or sacrificial privation by offers of food and valued materials to the gods. A further step towards the creation of money occurred with the calculation of specific debts to society in fines and penalties. With reference to Grierson's classical work on the legal codes governing fines and compensation in post-Roman Europe, Graeber concedes "that there is something very compelling in all this" (p. 62).

But in a fundamental misunderstanding, Graeber seems to think that primordial debt theorists claim to have "discovered a profound truth of the human condition that has existed in all societies" (p. 62) and believe that "states were first conceived as guardians of some sort of cosmic, primordial debt" (p. 64). In his interpretation, the plausibility of the primordial debt theory rests on its applicability to how people today attribute meaning to debts and obligations – that is to say, he implies that primordial debt theory explicitly posits a trans-historical universal cultural mindset. It is true, he concedes, that we owe everything we are to others, "most of them long dead [...] our habits and opinions [...] the knowledge that makes our lights switch on and toilets flush" (p. 62). "Does it make sense to think of this as a debt? Would we want to be square with all humanity? And is this desire really a fundamental feature of human thought?" (p. 62). Of course it is not; and to my knowledge none of the scholars he assigns to the state theory of money and to primordial debt theory have suggested anything of the kind. Pushing his critique to further extremes with a blatant misconstruction, Graeber "translates their formulation into more contemporary language" in order to show that it "begins to undermine its very premise" (pp. 67-68).

The debt to humanity as a whole which we repay "by generosity to strangers, by maintaining that basic communistic ground of sociality that makes human relations, and hence human life, possible" is nothing like a commercial debt [because] "one is not generally thought to have repaid one's creditors if one lends the cash to someone else" (p. 68).

Finally, with further legerdemain, Graeber announces that primordial debt theorists are inventing a myth of their own which is based on the false assumption that "we begin with an infinite debt to something called 'society'" (p. 62). However, "if there is no natural unit called 'society' – then who or what exactly do we owe it to?" (p. 66). It is only with the advent of modern states with "elaborate border controls and social policies" that we are able to imagine "society" "as a single bounded entity" and therefore as a synonym for "nation" (p. 69). Is this the "mortal blow" to primordial debt theory that he admits he could not deliver earlier in his discussion of Roman taxation (p. 63)? We are told that the predominantly French primordial debt theorists are projecting backwards to early societies the idea of the modern nation state which, following the French Revolution, we imagine as a secular god to which we owe a debt (p. 69). Thus, the conjecture that the origins of the concept of debt might have played a role in the historical evolution of money cannot be taken seriously – it is, rather, "the ultimate nationalist myth" (p. 71). The lives we once thought we owed to the gods are now owed to the nation in defence of which we are called on to offer our life. Despite Graeber's intention, this unjustified elaboration, of course, does not in itself refute the historical conjecture that a long developmental sequence which eventually produced money began with "primordial" conceptions of social value and debt.[12]

In a later chapter, Graeber returns to the question and this time enlists French theory (Rospabé's *La Dette de Vie: aux origines de la monnaie sauvage*) to argue that "primitive money" did not settle debts but rather was a device to acknowledge the existence of the life-debt that cannot possibly be paid (p. 131).[13] Similarly, "primitive money" such as bridewealth was not a means of discharging debt but rather of acknowledging an enduring relationship (p. 133). Surprisingly, but quite correctly, Graeber observes that this is "very reminiscent of primordial debt theory: money emerges from the recognition of an

[12] In contrast to Graeber's interpretation of their work Aglietta and Orléan state explicitly that is only when the economic sphere becomes separated from the rest of society that money takes on its exceptional role in private contracts (Aglietta and Orléan 1998, p. 15).

[13] Settling a debt returns the participants to equality. One can never be equal to deities or our mothers for giving birth to us. Therefore, we cannot owe them a debt but are instead eternally obligated to them.

https://doi.org/10.1017/S0003975613000052 Published online by Cambridge University Press

absolute debt to that which has given you life" (p. 136). But having earlier dismissed this as mere myth, Graeber cannot now accept it. Therefore we are told that in the "human economies" such as the Tiv and Nuer studied by anthropologists, "instead of imagining such debts as between an individual and society, or perhaps the cosmos, here they are imagined as a kind of network of dyadic relations: almost everyone in such societies was in a relation of absolute debt to someone else" (p. 136). Leaving aside the hermeneutic question of how debts might be imagined in different societies, I would have thought that there is ample ethnographic evidence to show how social relations ("networks of dyadic relations") are reified and worshiped, as Durkheim and others have argued. Reification might well be exposed and deprecated; but it exists.

The essential point at issue is, however, not merely the origin of the concept of debt but, rather, the origin of the concept of value and how this came to be expressed in such a way that transgressions of the value could be quantified. For the classical economists, the ultimate value was "in nature" – commodities such as precious metal.[14] But value is a social construct and I have argued elsewhere that Grierson's analysis of the Dark Age legal codes lends itself to a Durkheimian interpretation whereby *wergeld*, or "worthmoney", could be seen as a "collective representation" of the structure of society whose "worth" lay in its moral and utilitarian elements which could be transgressed as insult and injury (Ingham 1996, p. 519; Ingham 2004, p. 92). At some stage in a long evolutionary process of "descent with modification" number was added to scale the transgressions and produce the prototype for money as a measure of value – that is, money of account. After a brief detour into the foundations of moral economy and violence (chapters 5 and 6), Graeber returns again to this very question: money as a measure of value (chapter 7, "Honor and Degradation"). This is discussed imaginatively in relation to slavery and patriarchy in early medieval Ireland, ancient Mesopotamia, and classical Greece and Rome; but I cannot see how his analysis differs from the one that I outlined above. "'Honor price', Graeber now tells us, "referred to both to the glory of the warrior and the compensation paid as damages in case of injury or insult" (p. 176).[15]

[14] Ricardo saw the problem clearly, but of course gave the wrong answer. "There can be no unerring measure of either length, of weight, of time or of value unless there be some object in nature to which the standard itself can be referred" (SRAFFA 1951, p. 401).

[15] Graeber is able to separate his own analysis from the ones on which it is based with the questionable assertion that there is an absolute difference between "honor price" and "wergild" (p. 173).

Despite his general endorsement of the credit theory of money – that money is "virtual" token credit – Graeber further betrays an unsure grasp of its implications. Referring to an unresolved debate between those "who see money as a commodity and those who see it as an IOU", he tells us that it "should be obvious that it's both" (p. 73). This conclusion is based on a telling misinterpretation of Keith Hart's seminal article "Heads or Tails? Two Sides of the Coin" (Hart 1986). "Heads" is the state's guarantee of the token's validity, but "tails" does not express the "commodity" status of money, as Graeber seems to think. On the contrary, "tails" indicates nominal abstract value. Immediately and in contradiction of this interpretation of Hart, Graeber notes that Roman silver coins circulated at a higher value than that of their silver content. (As of course have the vast majority of all precious metal coins in order to avoid the situation described in Gresham's Law.) None the less, he concludes that "money is something hovering between a commodity and a debt token" which is "probably why coins – pieces of silver and gold [...] still sit in our heads as the quintessential form of money" (p. 75). "Hovering between" does not accurately describe the relationship between the "description of money" and the thing which "answers the description" (Keynes 1930, p. 4). This imprecise conclusion provides the springboard for another imaginative leap and a further non sequitur:

"Our two origin stories – the myth of barter and the myth of primordial debt – may appear to be as far apart as they could be, but in their own way, they are also two sides of the same coin. One assumes the other. It's only once we can imagine human life as a series of commercial transactions that we are capable of seeing our relation to the universe in terms of debt" (p. 75).

The nature of money and historical periodization

There are indeed two incompatible theories of money which, as Schumpeter observed (cited *in* Ellis 1934, p. 3), cannot be held simultaneously – that is, money as value based on material intrinsic value or money as token credit value denominated in an abstract unit of account. Graeber's inability to deal with the antinomy is reflected in the seriously flawed generalisations in Chapter 8 "Credit versus Bullion". The tacit acceptance of both incompatible theories provides the template for his historical periodization: "[t]he moment we begin to map the history of money across the last five thousand years of

https://doi.org/10.1017/S0003975613000052 Published online by Cambridge University Press

Eurasian history, startling patterns begin to emerge" (p. 212). There is "a broad alternation between periods dominated by credit money and periods in which gold and silver come to dominate – that is, those during which at least a large share of transactions were conducted with pieces of valuable metal being passed from hand to hand" (p. 213).[16] The cycle begins with the "virtual credit money" of the "Age of the First Agrarian Empires (3500-800 BC)" followed by the rise of coinage and a "general shift to coinage and metal bullion" in the "Axial Age (800 BC – 600 AD)". "Virtual credit money" returns in the "Middle Ages (600 AD – 1450 AD)" and the cycle turns again in the "Age of the Capitalist Empires" which began in around 1450 "with a massive planetary shift back to gold and silver bullion" and ended in 1971 when Nixon abandoned the Bretton Woods gold-dollar linchpin. Since then we have embarked on another phase of virtual money "whose ultimate contours are, necessarily, invisible" (p. 214). War is the single most important factor in explaining these cycles – "bullion predominates in periods of generalized violence" because "gold and silver coins are distinguished from credit arrangements by one spectacular feature: they can be stolen" (p. 213).

Close inspection of the "startling pattern" reveals factual and interpretive errors which I believe are the result of the failure fully to understand the credit theory of money and that money, as opposed to commodity bullion, is specified by its abstract nominal value as a unit of account. First, with the exception of the period since the collapse of the gold standard in 1931 and 1971, all genuine monetary systems have combined symbols or tokens without intrinsic value with precious metals as the standard of value. Babylon's "virtual credit money" was denominated in the shekel silver-barley standard. (But, it is absolutely essential to understand that this was an abstraction – *an arbitrarily constructed ratio between the two commodities* – silver and barley, not the value of these commodities established in market exchange.) During Graeber's "Middle Ages", final settlement of the private credit-debt contracts, using bills of exchange in trade networks that developed in the East and spread to the West, was made in precious metal coinage.

This co-existence is especially important for the understanding of modern capitalist bank money which was a fusion or hybridisation of mercantile credit instruments with states' precious metal as the standard of value. The expansion of the money supply that fuelled economic growth and financed international trade during Graeber's "Age of

[16] This is simply untrue. Throughout the coinage era the vast majority of petty transactions were made with base metal or drastically debased coins and not precious metal.

https://doi.org/10.1017/S0003975613000052 Published online by Cambridge University Press

Capitalist Empires" was generated by banks – not the circulation of precious metal (for a recent review see Rousseau and Sylla 2006). Graeber pays a good deal of attention to the importance of bullion for Spain and China in this period; but significantly these are two of the countries that were left behind as the pace of economic development increased. In this supposedly "massive planetary shift", both failed to develop capitalist banking. China had a fragmented and unstable monetary system which was largely due to the existence of chaotically diverse units of account across the empire. This prevented the assignment of a stable monetary value to the silver that was received in barter exchange for its exports. At this time, it was a source of immense pride to the Ottoman Empire that it issued full-bodied gold currency (bezant); however, as a direct consequence, its economy remained one of the most economically backward (Bernstein 2000).

Second, the generalisation is factually open to question especially in the modern capitalist period in so far as warfare has been financed by national debts – not bullion. Britain's defeat of Napoleon, for example, actually required the temporary suspension of gold convertibility. Graeber's simple correlation is also based on the conflation of warfare and "generalized violence" (p. 213). If bullion does play a prominent part in periods of "generalized violence", it is precisely because it has ceased to be money. It is a clear indication that states have disintegrated when they lose the ability to tax and thereby their power to impose the "virtual" money of account on all transactions. (This is evident, for example, in the widespread use of uncoined silver bullion in essentially barter exchange property transactions in the later stages of the Roman Empire's decline.)

Despite the misidentification of the capitalist age with bullion, Graeber cannot fail to see the glaringly obvious fact that non-metallic forms of money became more important and indeed were capitalism's central dynamic component. However, we are told that these new forms of money in no way undermined the age old assumption that money is founded on the "intrinsic" value of precious metal – "in fact they reinforced it" (p. 337). "Scams and confidence games" caused "the guardians of the system to periodically panic" and find ways "to latch the forms of paper back on to gold and silver" (p. 337). As I see it, the process was less haphazard than periodic panic – as indeed some of Graeber's passages demonstrate (pp. 336-345). The uniqueness of the capitalist era lies in the successful hybridisation of chronically fragile and unstable private mercantile credit networks with public currency based on the increasing security of stable states' metallic standards.[17] This Faustian pact persists as an axial relationship of the modern world. But this does not mean that "one cannot speak of a state monopoly of force" because states depend on the sale of bonds (*n.b. not* bullion) for their "very ability to marshal military force" (p. 345). On the contrary, successful sovereign states create the money with which the bonds can be bought.[18]

Debts and obligations

The precise relationship between the long discursive history of money and Graeber's underlying theme of the perversion of "baseline communism" is not entirely clear – apart from the fact that exchange relations and debt could not have occurred without the means for monetary calculation.[19] However, let us now return to what is a linchpin of Graeber's whole endeavour – the distinction between "obligation" and "debt". The pervasive power of the "language of the market place" has been so great that it has been able to infect even Vedic and Christian theology with the absurd and contradictory conflation of debt and morality. As far as I am able to understand the argument, debt can be settled, but the existence of unpayable debts demonstrates the absurdity of reducing morality to debt: "morality *must* be grounded in something else" (p. 89). We have to conduct "thought experiments" to understand that there are obligations which unlike debt relations cannot be settled in the sense that the obligated are not expected to terminate the relationship by some kind of

[17] Arab traders' private money and Islamic states' currencies remained separate to the material detriment of both.

[18] However, the anarchy of private financial markets and the ideological misconception that states merely interfere with market efficiency might lead them catastrophically to forget their absolute existential interdependence.

[19] This raises the question of the "hypostasis"' of money and debt – that is, "a conception of money as an entity endowed once and for all with some intrinsic properties [...][which] would convey more or less similar effects on social relations, regardless of the society in question. Specifically, it is often held that money by itself tends to erode personal relationships and bring to an end most traditional social bonds" (CARTELIER 2007, p. 218). In short, is money and its capacity to denominate payable debt an autonomous force or does it express antecedent changes in social structure that have allowed "debts to become simple, cold and impersonal" (p. 13)? Graeber confronts this question indirectly in his account of the development of coinage in the "Axial Age 800 BC – 600AD" (pp. 224-250). The transition from Ancient to Classical Greece provides a good example of a power struggle between two elites and their competing systems – one based on citizenship and money relations and the other on kinship bonds and gift exchange. For a thorough and lucid review of this literature see PEACOCK 2006 which can be instructively compared with Graeber's account in Chapter 9.

repayment (p. 94). Like the character in Margaret Attwood's novel we would not expect to receive a bill from our parents on our twenty-first birthday for expenses incurred during our upbringing (p. 92). In contrast to such instrumental reciprocity, Graeber believes that "fundamental moral principles [...] exist everywhere, and will always tend to be invoked, wherever people transfer objects back and forth or argue about what other people owe them" (p. 89). Today, these are evident in "gestures so tiny (passing the salt, bumming a cigarette) that we ordinarily never stop to think about them" (p. 89). However, anthropology provides abundant evidence of "remarkable commonalities" that differ from the debt relation; for example, in egalitarian hunting societies there is a refusal to make precise calculations of debt relations. After his own fruitless hunt, the author of *Book of the Eskimo*, Peter Freuchen, profusely thanked the successful hunter from whom he had received a large quantity of walrus meat. The gratitude was indignantly rebuffed with the words that "since we are human we help each other", which Graeber takes to indicate an alternative conception of human relations that cannot be reduced to the calculus of credit and debt (p. 79).

In this and further examples, Graeber explicitly uses anthropological accounts as proxies for pre-history – as Durkheim did in *Elementary Forms of Religious Life* – in order to avoid having to make unfounded conjectures (see 60, p. 243). In his view, theories of the origins of money "almost completely ignore" anthropological evidence on how economies in stateless societies actually work.[20] Here, "primitive money" is only rarely used to buy things; its main role is to "rearrange relations between people" – marriages and the settling of disputes (p. 60). I agree that commonly accepted tokens of uniform value – that is, money – perform different functions in non-market and market based societies. However, I would argue that this is not a basis for arguing that the notion of a payable debt is alien to non-market society.

Is Graeber's interpretation of moral sensibilities in these proxies good reason completely to reject the idea that Neolithic hunters and farmers, for example, believed that they owed a debt to the gods and the social order that they represented? Of course, to some extent it is a question of hermeneutics.[21] If Graeber followed his own injunction that we have no way of really knowing what was really going on in people's minds he might have been less dismissive. Alternatively,

[20] This is an exaggeration; for example, many of the chapters in Aglietta and Orléan 1998, cited frequently by Graeber, are based on anthropological studies.

[21] I would have been more convinced by this method if Graeber had made a more explicit comparison between the social structures of pre-history and those of today's stateless societies.

would his problem disappear if primordial debt theory were to be recast as primordial *obligation* theory?

Furthermore, I am not convinced by Graeber's insistence that the "fallen star" Levi-Strauss, together with Homans, Blau and others were simply following a misguided "craze" in trying to understand social life in terms of *different forms* of exchange (p. 91).[22] For Blau, social exchange differs from economic exchange as it "involves favors that create diffuse future obligations, not precisely specified ones, and the nature of the return cannot be bargained about but must be left to the discretion of the one who makes it" (Blau 1964, pp. 91-93). I can see no reason to jettison this well-established distinction between different kinds of exchange. Surely, the successful Inuit hunter was drawing attention to the fact that, faced with stark uncertainty and scarcity, norms of diffuse obligation were important for survival – that is to say, that they had to be permanently and continuously indebted to each other. A simple hermeneutic observation of the Inuit's indignation at the expression of gratitude does not tell us everything about survival strategies in the Arctic winter.[23]

"Rough and ready communism"

Having rejected the view that all social life can be understood as "a kind of exchange" (p. 91), Graeber maps out "the three main moral principles on which economic relations can be founded, all of which occur in any human society [...] communism, hierarchy, and exchange" (p. 94). These are not meant to refer to types of society; indeed, Graeber is rather disdainful of the conventional notion that humanity has ever actually been organised into "discrete 'societies'" (p. 113). Rather, the three "modalities" of morality occur in all human interaction at all times and in all places – "we are all communists with our closest friends and feudal lords when dealing with small children" (p. 114).[24] Communism – "from each according to their abilities, to each according to their needs" exists in the fabric of capitalism. Indeed, it is "one of the scandals of

[22] Graeber believes that Marcel Mauss considered that gifts incur debts and consequently he is given short shrift – only two short appearances in the main text and a few footnotes.

[23] What would happen if the recipient of walrus meat failed to reciprocate? Would this be possible? If not, why not? Is this an absolute moral conviction or a calculation of self interest which, given the absence of alternative means of subsistence is, rather, an absolute exigency.

[24] It is most surprising that there is no reference here to Polanyi's similar classification of reciprocity; exchange; and redistribution.

capitalism that most capitalist firms, internally, operate communistically" (p. 96). When asked to pass a wrench, co-workers rarely ask what they get for complying (pp. 95-96). "Rough and ready communism" is evident in the wake of great disasters – it is "*the foundation of all human sociability*" (p. 96).[25] As we noted earlier, Graeber is careful not to argue that communism could ever become the basis for the operation of an entire society – this is just another utopian "myth" (p. 95). I have to confess that I find difficulty in grasping the argument. Is it simply that the world would be a better place if this communism were to be more widely acknowledged and practiced *within capitalism*? [26] Is it a universal morality that exists *sui generis*, or does it require specific structural underpinning? The division of labour makes exchange relations necessary, and hierarchy rests on a monopolisation of coercive and/or ideological power – what about baseline communism? Conversely, we might ask a Durkheimian question: can baseline communism exist effectively in systems based on the division of labour? In contrast to any universal communistic "wrench passing", there is abundant evidence in the industrial sociology of the 1950s and 1960s to show that the level of work-group cooperation is shaped by the socio-technical structure of the division of labour and payment systems. (The level of self-interested opportunism on Wall Street, for example, varies by market and organizational structure to such an extent that traders in some – but not all – markets do indeed display traits that Graeber might see as "rough and ready communism" (Abolafia 1996).)

Unlike relations grounded in communism which "partake of a certain notion of eternity" (p. 103), participants in exchange relations keep accounts and can cancel the entire relationship if it fails to meet calculated expectations. To be sure, they might be exploited and enslaved; but, following Durkheim, I would contend that they are free from the tyranny of eternal and enduring obligations. I would argue that this freedom is as "real" as Graeber's "real" freedom invoked in the final paragraph of his book. However, this is a philosophical question that cannot be resolved by an appeal to the ethnography of stateless societies.

As I have implied, the possibility of this kind of freedom consists in the existence of alternative courses of action which are to be found in

[25] We might note that looting is also prevalent in these circumstances.

[26] Graeber does not discuss the stark reality of violence between groups that practise his version of communism. This is surely just as universal as "baseline communism". See Weber's discussion of the "ethical dualism" of internal charity and external hostility (Weber 1981 [1927], p. 313; p. 356). The world view that informs Graeber's work would make an interesting comparison with Schmitt's concept of the political.

https://doi.org/10.1017/S0003975613000052 Published online by Cambridge University Press

social systems that differ from Graeber's interpretation of the Inuit, Tiv, and Nuer. Complex social systems based on the division of labour can only operate with exchange as Adam Smith explained. In their different ways, Durkheim and Marx sought to find a morality that was appropriate for such impersonal interdependence. Their failures are instructive. Unlike Graeber, they understood that more was involved than a belief in the existence of suppressed human sociability and baseline communism. Durkheim rightly argued that the scale and differentiation of modern society could not form a basis for a return to the normative order of traditional society – that is, his "mechanical solidarity". Modern society required a moral basis that was appropriate for its complex "organic" structure in which individuals would be aware that their independence and individuality based on their mutual interdependence. Marx believed that the estrangement and alienation of modern society inherent in capitalist property relations obscured the embryonic communism that was immanent in the objective co-operative interdependence of the true social relations of capitalist production.

Ultimately, however, Durkheim recast "organic solidarity" as a state-coordinated network comprising myriad nodules of "mechanical solidarity" grounded in the homogeneity of occupational groups, where doubtless one could find much communistic wrench passing. Marx never gave a satisfactory answer to the fundamental question of how to retain the productive capacity of industrialism, which was necessary to sustain socialism, and simultaneously to expunge the deleterious effects of capitalism relations of production. Whilst agreeing with Marx that one cannot write the cookbooks of the future, it is significant that he never got beyond the early simple description of communism in *The German Ideology* where the division of labour would be transcended, freeing us to do one thing today and another tomorrow, to hunt, fish and criticise as we pleased without ever becoming hunters, fishermen, or critics.

I have no wish to appear to offer an apologia for capitalism; but I feel that it is necessary in some small way to counter the simplistically one-sided indictment of debt. To be sure, money and debt can be sources of power, exploitation, cold impersonal relations and so on; but they are at one and the same time a means of enabling and projecting human endeavour through time and space as Simmel – one of the notable absentees in this book – explained.[27] Leaving aside all the

[27] Throughout the book Graeber refers to the "criminalization of debt [which] was the criminalization of the very basis of human society" (p. 334). Surely, it was default that was criminalized – not the institution.

complexities and qualifications, it is undeniable that deficit finance, for example, has helped to provide greater material security and better health for millions. The crises and dislocations of a world dominated by the overweening power of Schumpeter's capitalist "merchants of debt" should not blind us to the fact that these cannot simply be attributed to the mere existence of debt. This would be further to hypostasise money and its denomination of debt (see note 16). This unqualified condemnation of money and debt does not allow for other possibilities – however improbable and unlikely they might be. Graeber does not even mention the widely held conviction that the currencies of local exchange trading schemes, credit unions and other grass roots developments could form the basis for democratic money and the alleviation of poverty (for a survey of these alternatives, see Mellor 2010).

The "big question" Graeber believes that he has confronted surely cannot be answered with the mere claim that "a debt is just a perversion of a promise" [...] a promise corrupted by math and violence" (p. 391). Rather, the big questions concern power – the power to control the production of money and the creation of debt finance and to dictate the terms and conditions of repayment. It is not that Graeber is unaware of this – on the contrary, the themes of power and violence pervade his work. But "putting in a good word for the non-industrious poor [who] aren't hurting anyone" by taking off time from work and spending it with loved ones offers nothing whatsoever towards the exit from our current parlous condition (p. 390). Unless the "non-industrious poor" come to grips with radical political economy during their absence from work they will remain as far as it is possible to be from becoming "pioneers of a new economic order" (p. 390). The perpetuation of the system of which Graeber is so rightly and eloquently critical will persist by default. As he says, a Jubilee is overdue, but how could it possibly be achieved? For the most part, those of the past were decreed in authoritarian command economies that surely would not meet with Graeber's approval. After the pyrotechnics I must confess to feeling a little disappointed with the platitude that "new ideas won't emerge without the jettisoning of much of our accustomed categories of thought" (p. 384). If we are to replace capitalist credit and debt with something better, I would like to have a better idea of what this might be.

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