# DEBT, VIOLENCE, AND IMPERSONAL MARKETS: POLANYIAN MEDITATIONS

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If *The Great Transformation* will be remembered for anything a century from now, it will be as the definitive rejoinder to the great liberal myth. This is, of course, the assumption that there is something natural about what Polanyi called "self-regulating markets", that they arise of their own accord as long as state interference doesn't prevent them. Polanyi examined the very period when this ideology first emerged, and managed to demonstrate just how crucial government interference was in creating "the self-regulating market" to begin with—just as it has continued to be necessary to maintain it.

One need hardly point out that in the current, neoliberal age, Polanyi's insights are more relevant than ever. The ideology that Polanyi felt was gone forever in the '40s has returned with a vengeance—returned to reap a terrible vengeance, in fact, on the most vulnerable of the people of the earth. Yet at the same time the intellectual landscape has shifted dramatically. Among what passes as the intellectual opposition, grand sweeping theory in the Polanyian tradition has fallen largely out of favor. At the same time, the high theorists of neoliberalism—at least, the most sophisticated of them—often appear more than happy to incorporate many of Polanyi's insights. Most will, if pressed, be happy to admit that "the market" isn't really an empirical object at all, that when they refer to "markets" they are really talking about abstract models, constructed by selecting only certain features of reality and intentionally ignore all others; and that of course one needs constant political work to maintain conditions where those models will take on any semblance of empirical form. Of course, when giving policy advice, these same economists will then turn around and declare that "the market"—now transformed from an abstract model to a quasi-deity—will punish those who disregard its sovereign dictates.

When arguments don't even have to make logical sense, critique might well seem to lose its point. Nonetheless, it strikes me that new theoretical tools would be helpful here—if only because how we conceptualize the moment has everything to do with how we imagine alternatives. Polanyi wrote at an historical moment when it seemed that the very governments that had created self-regulating markets seemed to be in the process of transcending them. Today we've seen those same social democratic regimes often leading the way in stripping away social protections, and anti-capitalist movements increasingly moving away from any notion that the state—which is, after all, basically a means of organizing violence—can help solve anything.

What I would like to do in this essay then is to make a few suggestions about how we might begin to reconceptualize Polanyi's approach to economic history from this, rather different, historical perspective. This means coming up with new terms to supplement, and to some degree supplant, Polanyi's distinctions between reciprocity, redistribution, and market, special and general purpose monies, and introduce distinctions between what I will call "human economies" and different sorts of market, some dominated by credit institutions, others by anonymous exchange of metal bullion. In both cases, I want at least to consider the importance of war and violence as critical elements in allowing the transformations of one form into the other.[1] The easiest way to begin to reconstruct this history, I think, is by looking at the history of money.

**1: Value versus Debt**

The approach to economic history I will propose here has larger theoretical implications. While this is not the place to develop them in any detail, it seems to me that we have come to the point where we have largely moved past the hoary opposition between individual and society, and might better begin instead from an opposition between value and debt: that is, between webs of dyadic relations based on various forms of (usually mutual) obligation, and the creation of virtual arenas for the realization of human creativity.

This point may seem obscure. Perhaps the best way to explain it is to explain how I came to it.

In 2001, I wrote a book which among other things tried to develop a new approach to some of the intricate problems of Marxian value theory. My key point was that our distinction between "value" (in the economic sense) and "values" (in the social sense) really turns on the commoditization of labor. Where human energies are directed at profit, or wages, we are in the domain of "the economy" or "the market", which operates according to the law of value. When we enter into other pursuits, such as domestic life (housework being probably the most important form of unremunerated labor in industrialized societies), or religion, politics, and so on, we are suddenly said to jump into the domain of "values": this is precisely where people begin to talk about "family values", religious faith, political ideals, the pursuit of beauty, patriotism and so on. All these are seen as commitments that ought to be uncorrupted by the market. At the same time, they are also seen as utterly unique, effectively, incommensurable. It would be absurd to search for a mathematic formula that could allow one to calculate just how much personal integrity it is right to sacrifice in the pursuit of art, or how to balance responsibilities to God and to your family.

The entire argument here turns on money being an impersonal abstraction. "Value" is that which money measures. Money is a generic substance whose only quality is that is can be precisely counted; aside from its denomination, one banknote is precisely the same as any other. Therefore no particular dollar bill can develop a unique history. It is pure potentiality. Without such a generic medium, one is left with a series of unique historical crystallizations.

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[1] This might be considered an extension of an argument about the similarities between impersonal market relations and violence itself as forms of radical simplification (Graeber 1996).

Marx as we all know saw the value of money as ultimately rooted in human capacities for creative action, or “labor power”. He also argued that it was only through the institution of wage labor that such creative potential itself becomes a commodity. One interesting concomitant is that as a result, wage laborers—who are after all working in order to get money—are effectively working in order to obtain symbolic tokens that represent the importance of their own work. Money, then, is a symbol that effectively brings into being the very thing it represents. As such it comes to seem the source of the value of the labor, rather than something having been produced by it. The premise of the book was that any system of value tends to operate this way. Value is simply the way that we represent the meaning or importance of our own actions to ourselves. Our actions become meaningful and important by becoming part of some larger social totality, real or imagined; this must also necessarily happen through some material medium: if not money, then treasures, tokens, performances, privileges, and so on. The medium can be almost anything, but its nature has very definite implications as to how this realization of value takes place. With a quantifiable abstraction like money, one can develop systems of abstract value; when the most important tokens of value are unique but permanent heirlooms, betokening “fame”, one might end up with something more like a kula system (Munn 1986); when they are elaborate, but ephemeral, ritual performances that express “beauty”, one can end up with something more like the Kayapo rituals described by Turner (1984, 1985, 1987). Nonetheless, there are always certain constants. One is that since value can only be realized in the eyes of others, what we think of as “society” largely emerges as the audience for different projects for the realization of value. From the perspective of the actor, at least, “society” is simply all those whose opinions he actually cares about. It is always to a certain degree an imaginary totality. Another is that the tokens through which they are realized tend to become fetishized, in the sense that from the point of view of the actors, they are seen as the source of that which they motivate. The desire to acquire tokens of honor inspires honorable behavior; the desire to attain tokens of faith, or certificates of educational attainment, comes to inspire piety or learning, even to organize the form such actions take. The result, as in the case of money, is that it often seems as if these tokens, rather than the human actions aimed at acquiring them, are what brings piety or learning into being in the world to begin with—since, from the point of view of the actors, this often might as well be true.

Value theory then is about how desire becomes social. It is about how our actions become meaningful by being reflected back at us in the form of representations—ultimately, of those very actions—that come to seem their aim and origin. And this is about how different conceptions of “society” are constantly being thrown up, like shadows on a wall, as a necessary part of that process.

The main weakness in this approach, I soon discovered, was its treatment of money. Like Marx, I emphasized the anonymous, impersonal qualities of money. These do exist. There’s absolutely no way to know where a dollar bill in one’s pocket has been; the result is that the history of objects bought and sold by dollar bills tend to be effaced as well. This is of course, the key to Marx’s conception of fetishism, where objects come to seem to embody the intentions of their designers and producers, since one has no way of knowing who those people actually were.

The problem is that, while this may be true of cash, most transactions in contemporary societies do not employ cash; and the largest, most significant transactions almost never do—unless, that is, they are criminal in nature. There is a reason why bank robbers and drug kingpins are the only people who prefer to operate with suitcases full of hundred dollar bills. Ordinary monetary transactions do indeed leave a history, since they usually operate through credit and, as law enforcement agents are well aware, it is quite possible to keep exact and detailed tabs on the movements of any citizen simply by monitoring their bank and credit card transactions. While this does not change Marx's main point about commodity fetishism—I still don't have the slightest idea who was involved in creating and assembling my cell phone or my toaster—it means that money is a far more complex object than we might otherwise assume. Where some see money as wiping away the possibility of memory, Keith Hart, for example, insists instead that money "is mainly… an act of remembering, a way of keeping track of the exchanges which we enter into with the rest of humanity" (1999:234).[2]

It seems to me Hart is a good place to start on a reconsideration of this problem because he's one of the few authors who looks at money neither as a means of recording history nor as a means of effacing history, but rather sees the peculiar quality of money as lying in the fact that it is an unstable suspension of both:

> Look at a coin from your pocket. On one side is 'heads'—the symbol of the political authority which minted the coin; on the other side is 'tails'—the precise specification of the amount the coin is worth as payment in exchange. One side reminds us that states underwrite currencies and the money is originally a relation between persons in society, a token perhaps. The other reveals the coin as a thing, capable of entering into definite relations with other things, as a quantitative ratio independent of the persons engaged in any particular transaction. In this latter respect money is like a commodity and its logic is that of anonymous markets (Hart 1986:638).

Marx, of course, made the famous argument that in fetishism, what are actually relations between persons are displaced and made to appear as if they were relations between things. Mauss' distinction between gifts and commodities actually works by an analogous logic: a transaction is a gift if it is largely concerned with the relations between persons, a commodity exchange, if what is being established is instead equivalence between things. What Hart is pointing out is that this distinction is inscribed into the very nature of money itself, so much so that economists have produced completely contradictory theories as to what money even is. On the one hand we find the familiar "Metallist" or "commodity" theory of money (what Hart would call the "tails" approach), that sees money as having first emerged from the inconveniences of barter. We've all heard this story.[3] At first human beings bartered useful objects directly one for another; after a while, they came to realize that it would be much easier simply to denominate a single commodity as a means to pay for every other one. For various reasons, precious metals seemed the most convenient choice. According to this view (e.g., Samuelson 1947), modern economies are still really just elaborate systems of barter, a way for economic actors to trade useful commodities for others, with money merely serving as a convenient technology of exchange. This view is, effectively, economic orthodoxy: the overwhelming majority of

[2] In fact, the very word is derived from memory: the English "money" ultimately derives from the temple of Juno Moneta in ancient Rome, where coins were struck during the Punic Wars—Moneta being the goddess of Memory and mother of the muses (1999:15, 256).
[3] This theory of the origin of money already appears in Adam Smith, though in its canonical version it was most famously laid out by Jevons (1875) and Menger (1892).

professional economists accept it, despite there being virtually no evidence that anything like this ever happened.

Ranged against it is a variety of heretical, "Chartalist" approaches that rely on the other side of Hart's coin. These assume that money did not arise from individual actors trying to maximize their material advantage, but rather, from public institutions aiming to calculate and manage social obligations: that money arises, in effect, from debt. The paradigm is Knapp's "State Theory of Money" (1928), where he argued that money arose not as a medium of exchange but as a unit of account (and secondarily, means of payment), specifically, as a means of assessing and levying tax payments. Money, here, is a way of managing debt, starting with the debt that subjects or citizens were assumed to have to their sovereign. In order to do so, the state must establish the nominal units of account, and fixes the conversion rates between commodities.

Moreover, as colonial regimes were to rediscover in the 18th and 19th centuries, demanding cash payments from one's subjects is the most effective way to encourage a market in goods and services, and this might often have been at least half the point. It is in fact much easier, from the point of view of a government, to create a market for goods and services, and then buy what it needs, than to requisition everything directly, either in kind or in labor. The key point though is, as Michael Innes (1913, 1914) originally put it, that "money is debt": the state issues tokens of its own obligations that become validated and go into general use by citizens seeking to cancel their debts with one another, because the state is willing to accept them to cancel debts which (it has declared) citizens owe to it.[4]

The Chartalist view has always been in a minority among professional economists—even though almost all the historical evidence seems to support it. Still, it has its exponents, especially amongst the followers of John Maynard Keynes. However, the two camps have always, as Hart noted, tended to state their positions in absolute terms, arguing money is purely one thing or the other. Hence Keynesians end up arguing for state-managed manipulation of the money supply as a tool of policy, while "monetarists" insist the government's role is simply to back up a stable currency but otherwise let the market do its work, and policy tends to swing back and forth wildly between them.

As Hart observes, for the most part anthropologists have simply ignored these debates. They have had especially little to say about the phenomenon of debt. This is in a way surprising, since anthropologists have over the years had a great deal to say about social obligation. Structural functionalist anthropology was, more than anything else, an elaborate system of mapping out "rights and duties" (two concepts which are, like credit and debt, themselves two sides of the same coin.) In fact, it seems to me that such oppositions between theories of value and theories of debt open up a much more interesting set of theoretical problems than more familiar (and increasingly sterile) divisions between "individual" and "society". The Metallist view, for example, doesn't begin with one individual who confronts society: it begins with a series of dyadic relations (mainly buyer-seller) and then tries to see how an endless network of such relations can gradually produce an imaginary totality it calls "the market". The Chartalist

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[4] Innes also noted that banks, which specializing in the canceling credits against debts, developed as intermediaries with the state: in every case we know about, it was governments (even, in the case of Medieval Europe, no longer existing governments: see Einaudi 1953) that were seen as establishing the abstract units of exchange, just as they were seen as establishing systems of weights and measures.

view starts from the state—an entity that I have argued always begins primarily as a utopian project (Graeber 2003)—and works its way down to the regulation of networks of obligation. The state in this view creates money in much the same way as it regulates justice: as a means of balancing moral accounts.

This in turn raises two particularly sticky conceptual questions. The first is about the origin of the idea of debt. How do social obligations, rights and duties that people have with one another, end up becoming attached themselves to objects of material wealth, so that the mere transfer of such objects can often render one person entirely at another's command? The second is even larger: how *does* one relate a theory of value to a theory of debt? It is possible to conceive what we call "societies" as an endless web of inter-personal relations; it is possible to conceive them as imaginary totalities that serve as arenas for the realization of value. It is very difficult to understand them as both at the same time.

I cannot solve all these problems here. But I want to attempt an outline of what a theory of debt might look like, because I think it should be critical to the larger task of conceptualizing the current historical moment in a way that allows for alternatives. Certainly the problem is profoundly under-theorized. The modern state, after all, is often said to have emerged with deficit financing; the economies of wealthy countries are now driven largely by consumer debt; international relations are increasingly dominated by the debt bondage of the poor to the IMF and World Bank and by the debt of the United States to East Asia. Yet there is remarkably little written about the nature of debt itself. It's a question of particular political interest, it seems to me, since debt has long been one of the chief ways in which relations based on exploitation and even violence have come to seem moral in the eyes of those living inside them. Throughout history, there have been classes of people who essentially live off the labors of others; in a remarkably large number of cases, they appear to have managed to convince the latter that it is they who are somehow in their debt. Yet they do not do this, normally, as a class. They do so through an endless multiplication of individual—or, more accurately, dyadic—ties.

## 2: On infinite debt and transactional logics

The logical place to begin a theoretical inquiry into the nature of debt would seem to be Marcel Mauss' essay on the "the Gift" (1925). Mauss wrote it, ostensibly, to explain why it was that those who receive feel obliged to make a return present: it was in this sense of debt, he argued, that one could find the origins of the current notion of contractual obligation. It should then be a foundational work for any theory of debt. Still, Mauss never develops this connection explicitly; even worse, on those few occasions that he does, he assumes that commercial principles like credit and interest can already be found within gift economies in almost in exactly the same form. Michael Hudson (2004:100, 2002:9), complains that, as a result, Mauss' work has long stood in the way of any attempt to understand the actual history of credit institutions—and particularly, the development of money lent at interest. The practice of charging interest for debts, he argues, appears to have been invented in 3rd millennium Mesopotamia, and spread quite slowly. It does not appear to have ever been practiced in Pharaonic Egypt, for instance, and Tacitus claims the Germans of his day were still unaware of the institution. It is hardly universal. Hudson in fact suggests Mauss was actually observing practices inspired by European influence and simply assumed that they were a traditional part of gift economies.

There is every reason to believe that he is right. Mauss only really mentions debt and credit explicitly when discussing the potlatch:[5] for example, in claiming that that unlike Melanesians, Northwest Coast societies appear to have developed a system of credit (1925 [1990]: 35-36), or that potlatches "must be reciprocated with interest, as must indeed every gift. The rate of interest generally ranges from 30-100 per cent a year" (ibid: 42).

> The obligation to reciprocate worthily is imperative. One loses face for ever if one does not reciprocate, or if one does not carry out destruction of objects of equivalent value (1925 [1990]:42)

The problem with these statements is that, except for the last, they turn out not to be true. Boas' claim that items given at potlatches had to be repaid at 100% interest was simply a mistake (see Graeber 2001:209-210): in reality, gifts given at potlatches do not have to be reciprocated at all. When two aristocrats are dueling over a title, they will sometimes try to outdo each other in generosity, which can lead to tit-for-tit battles of one-up-manship. But the only gifts that had to be paid back double were those presented as a means of assembling resources from allies or followers before a potlatch. These were really just ways of soliciting contributions, though, and the specification of an exact interest rate even for these was so unusual that later ethnographers (Drucker and Heizer 1967:78) suggested the idea was probably originally inspired by the example of an early trading post loan shark.

Actually, there is only one reference to "debt" anywhere in "the Gift", and it follows immediately on the above-cited line about interest rates.

> The punishment for failure to reciprocate is slavery for debt. At least, this functions among the Kwakiutl, the Haïda, and the Tsimshian. It is an institution really comparable in nature and function to the Roman nexum. The individual unable to repay the loan or reciprocate the potlatch loses his rank and even his status as a free man. Among the Kwakiutl, when an individual whose credit is poor borrows, he is said to 'sell a slave'. There is no need to point out the identical nature of this and the Roman expression (1925 [1990:42])

Now, this isn't true either. While the societies in question did have an institution of chattel slavery (in fact they were among the few Native American societies that kept slaves in any numbers), these appear to have been war captives. Debt bondage of the Roman variety appears to be limited to commercial economies: though, significantly, it appears around the same time as lending at interest itself. We appear to be dealing instead with the notorious Kwakiutl flair for the dramatic (Testart 2001).

Still, it is a constant metaphor—repeated, for instance, in the famous Inuit proverb that "gifts make slaves like whips make dogs"—and we might do well to begin by asking why it

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[5] He appears to draw his material here mainly from the researches of Robert Davy, who he mentions was his co-researcher on a more general project to investigate the origins of contractual obligation. Only one other work appears to have come out of this project, Davy's *Foi Jurée* (1922) on the potlatch complex of the Northwest Coast, and Mauss cites it frequently in the text,

should occur to anyone that receiving gifts one cannot repay, and therefore feeling that one is in another's debt, should be considered comparable to being in the condition of a war captive.

In order to do so, I think, we must first of all reexamine what is meant by "the gift". The term is actually used to lump together a very wide range of different forms of economic interaction that in fact proceed by very different logics. For present purposes allow me a highly abbreviated list—which among other things may give the reader a sense of just how varied what I've been calling "dyadic relationships" actually can be:

**1) Communistic relations**

I use "communistic" in the sense of relations that operate on Louis Blanc's famous principle "from each according to his abilities, to each according to his needs." While there has almost certainly never been a society in which everyone interacts on this basis all the time, in any social system there is always a baseline communism, at least for certain basic needs (i.e., you offer directions to strangers because you assume any stranger would do it for you; in some societies, no one would normally refuse a request for food), or for help in dire emergencies. Sometimes communistic relations are institutionalized: two clans might each have responsibility for, say, burying the other's dead. Here the responsibilities are rigorously specified, but no accounts are kept: obviously no one would keep count of who has buried more. In relations between very close kin, close friends, "blood brothers" and the like, the range of responsibilities can become so wide as to encompass almost anything: hence Mauss (1947:106) suggested that most societies can be seen as threaded with relations of what he called "individualistic communism."

Communistic relations are reciprocal only in the sense that both sides are equally disposed to help one another; there is no feeling that accounts ought to balance out at any given moment—in part, because there's no assumption such relations will ever end.

**2) Reciprocal Exchange**

Here falls the exchange of compliments, or favors, or rounds of drinks. Such relationships can be broken off after every round because the return is considered to be a more or less exact equivalent to the initial gift. Often relations are kept up by delaying the response in time: I buy dinner for a friend, he will likely feel in my debt until he is able to reciprocate. Or people make a point of ensuring the response is not quite an equivalent (if he buys me a much more expensive dinner, or a much cheaper one, the feelings of debt do not quite cancel out. There are numerous variations here, ways of testing the limits. The critical thing is that unlike communistic relations, these are by no means assumed to be permanent and in fact can usually be broken off at any point. Reciprocity of this sort is about maintaining one's personal autonomy in a relatively equal relationship.

**3) Hierarchical Relations**

Relations between masters and slaves, patrons and clients, parents and children, and so on, do not tend to operate in terms of reciprocity but rather by a logic of precedent. If one gives money to a beggar (or to a charity fund), they will almost certainly not feel obliged to return something of equal value; rather, they will be likely to ask for more. Similarly, if parents allow a child an indulgence, that child is likely to expect the same in the future. The converse is equally the case: if a medieval serf or vassal presented an unusual gift to a feudal superior, it was likely to be treated as a precedent, added to the web of custom, and thus, expected to be treated as an obligation in the future (Bloch 1961:114). There are endless variations here too—from institutionalized plunder or ritualized theft to redistribution, inheritance or other gifts that pass the superior status to former inferiors—but, except for the last, they all presume a permanent or at least ongoing relation that has nothing to do with reciprocal exchange because it is not assumed to have anything to do with equality.

**4) The Agonistic or Heroic Gift**

Tit-for-tat exchange can also mount into contests of one-upmanship, where each party tries to present a gift or counter-gift so lavish their rival cannot reciprocate; in these the equal standing of the two parties is up for grabs at any moment, with the danger is that they might degenerate at any moment—at least symbolically—into subordination and hierarchy.

None of these is in any way peculiar to what those following Mauss have called “gift economies”. We are all communists with closest friends, and feudal lords when interacting with small children. What varies is how they knit together, and, when present, with more impersonal commercial relations. It’s also clear that such transactions are by no means uniformly governed by principles of reciprocity, and communistic and hierarchical relations are not even really forms of exchange.

Mauss’ text deals first and foremost with the agonistic or heroic gift. As a public institution, this seems to reach its fullest flowering in heroic societies—that is, stateless aristocratic societies like Vedic India, Homeric Greece, or Celtic or Germanic Europe, or for that matter the Maori of New Zealand or the peoples of the Northwest Coast. Such contests could occasionally descend into contests of destruction of property, or even outright violence. The stakes here can be very high. Mauss (1925a) cites a Greek text about Celtic festivals where noblemen engaged in public duels that could occasionally turn deadly, and at the same time, vied to outdo each other with gifts of gold and silver treasures. If any were presented with a gift so magnificent he could not possibly repay it, the only honorable response was to kill oneself (and distribute the wealth to one’s entourage.)

One might, again, wonder if this every really happened, or how often. But, if nothing else, it makes the “slave” metaphor easier to understand. According to Roman law, for example, a slave is first and foremost person captured in war who, spared by his captor, therefore effectively owes his life to him. He therefore stands in a relation of unlimited debt or obligation. This is what is referred to in the literature on slavery as “social death”; all previous rights and obligations held by the slave (citizenship, kinship ties, and so on) are voided; the only relationship remaining is that with his new master, and the demands that new master can place on him are in principle limitless. Clearly, the stakes in the most dramatic gift transactions between aristocratic rivals can be equally high: this is why in Posidonius’ Celtic festivals, duels and contests of generosity are treated as variations on a theme, and their consequences, potentially at least, are equally fatal. To best an opponent completely in a contest of liberality, then, becomes equivalent to defeat in war: it too establishes an infinite debt and, if it does not lead to actual death (which presumably is rather exceptional), it leads to something very much like “social death”, at the very least, the destruction of one’s honor and social standing, rendering one the hierarchical inferior of the giver.

In *Primitive Mentality* (1923), Lucien Lévy-Bruhl devotes a whole chapter to the apparently inexplicable responses of Africans and Melanesians whose lives were saved by modern medicine: rather than seeking to repay their benefactors in any way, many appear to have reacted by demanding to be fed, given clothing, knives, or other valuables.

> You save a person's life, and you must expect to receive a visit from him before long; you are now under an obligation to him, and you will not get rid of him except by giving him presents (Bulléon in Levy-Bruhl 1923:425).

Accounts like this became something of a cliché: how many of us have not heard the rumor that among some exotic people (in my childhood I heard it variously ascribed to Inuit, Buddhists, and Chinese) if one saves someone's life, you have to take care of them forever. Such stories are striking because they seem entirely inexplicable in terms of the norms of reciprocity, as the missionaries in question were invariably quick to point out. But, as I remarked, not all such relations are governed by reciprocity. These accounts make a great deal of sense if one assumes that those whose lives were saved therefore concluded that they were, in fact, now within a relation of complete hierarchical dependency. Hierarchies operate in terms of precedent, rather than reciprocity, so that the terms of this new relation had now to be negotiated. The fact is, they assumed they were negotiating the terms of their newfound dependence with alien creatures of apparently infinite wealth. And anyway, to abandon the assumption of equality with a stranger is no little thing; it is hardly surprising many were shocked when they discovered they were dealing with such apparently niggardly patrons.

**3: On "Primordial Debts" and the State**

So the analogy between debt and slavery seems to occur to people because slavery itself is conceived of as a permanent, absolute, and unpayable debt, a life-debt. This is presumably why, in commercial economies, defaulting on a cash loan can reduce one to the same status as a war captive. In either case a situation of formal equality (combat, market exchange) is converted to one of absolute subordination. It is only in retrospect, when one is trying to justify such unequal relations, that one tries to demonstrate that they are really reciprocal after all.

All of this is critical, I think, to understanding debates about money itself and particularly the Chartalist approach.

Anyone who wishes to seek the origin of money in tax debts immediately runs into at least two conceptual problems. One is the question why, if the state creates money, it would need to levy taxes in the first place. What is the point of minting coins, distributing them, and then demanding that subjects deliver them back? The answer, as I've already observed, is that by doing so the authorities create a market in goods and services—based on the exchange of these same debt-tokens—that makes it much easier for them to acquire the things they need than by systems of direct requisition. The other question is on what basis does the state collect taxes? That is, if one does not see taxes simply as a system of institutionalized plunder, a conclusion Chartalists, being for the most part social democrats, generally wish to avoid.

Insofar as theorists of money address themselves to this question, the usual solution is to see the state as having simply adopted a much more fundamental or "primordial" debt that everyone could be said to owe to society.

> At the origin of money we have a "relation of representation" of death as an invisible world, before and beyond life – a representation that is the product of the symbolic function proper to the human species and which envisages birth as an original debt incurred by all men, a debt owing to the cosmic powers from which humanity emerged... Payment of this debt, which can however never be settled on earth – because its full reimbursement is out of reach – takes the form of sacrifices which, by replenishing the credit of the living, make it possible to prolong life and even in certain cases to achieve eternity by joining the Gods. But this initial belief-claim is also associated with the emergence of sovereign powers whose legitimacy resides in their ability to represent the entire original cosmos. And it is these powers that invented money as a means of settling debts – a means whose abstraction makes it possible to resolve the sacrificial paradox by which putting to death becomes the permanent means of protecting life. Through this institution, belief is in turn transferred to a currency stamped with the effigy of the sovereign – a money put in circulation but whose retour (sic) is organised by this other institution which is the tax/settlement of the life debt. So money also takes on the function of a means of payment which makes it possible to "settle" a debt, in other words to "finance" it (Théret 1999:60-61).

This argument has developed largely within France, spearheaded by the work of economist Michel Aglietta (Aglietta & Orléan 1992, Aglietta et al 1998). It's largely inspired by certain texts in the Vedas that, as Charles Malamoud (1983, 1988, 1998) have shown, do propose a theory of existential debt. As one typical text puts it, "in being born every being is born as a debt owed to the gods, the saints, the Fathers and to men" (in 1983:27). The word used is not the same as that for a duty or obligation, but what one would use for a borrowed object or a commercial loan. Ultimately the gods will reclaim this loan by taking back your life; in the meantime, one can offer the lives of cows and sheep in sacrificial rituals, as a kind of interest payment.

There are a number of problems here, however. First of all the notion of an existential debt might appear in the Vedas, but there's no hint of it in Near Eastern or Classical theories of sacrifice. Even more serious: the very idea of a universal sovereign inventing money by transforming cosmic debt into tokens of value seems contradicted by the historical evidence.

It's telling that primordial debt theorists almost never consider the example of Mesopotamia, even though Mesopotamia saw both the world's first states and the world's first money. This is all the more striking since the Mesopotamian evidence in many ways confirms Chartalist assumptions. For example, it confirms that money did indeed begin as a unit of account, and existed as such for thousands of years before the creation of a uniform medium of exchange. It also confirms that money developed within large public institutions: specifically, in Sumerian and Babylonian palaces and temples. These institutions did indeed establish standards of conversion, starting with a conversion rate between silver and barley. One *shekel* of silver was made equivalent to one *gur* or "bushel" of barley, considered an adequate month's ration. Hence one silver mina, 1/60 of a shekel, was equivalent to one of two allotted two daily meals—since the year, for ease of calculation, was divided into months of exactly 30 days. The state also set price schedules, interest rates, and so forth (Hudson 2002, 2003, 2004; cf. Henry 2004 on Egypt). All this is precisely as Chartalist theory would predict. The problem is that there does not appear to have been a single unified state; and there was no generalized system of taxation.

Palaces and temples operated autonomously, were major landholders, maintained craft workshops, and collected revenues from renting their land, selling merchandise, and (in their own capacity, or via officials working in a private capacity) lending out money at interest. However neither palaces nor temples imposed taxes. The ruler of a given city-state might impose tribute on the citizens of conquered rivals, but their own citizens were not subjected to uniform state levies, for the very reason that it would imply servile status. Even more strikingly, insofar as rulers did intervene in their cosmological capacity as universal sovereigns, it was not to impose debts, but rather, to eliminate them. While the precise origins of making interest-bearing loans are not entirely clear,[6] by c. 2400 BC it already appears to have been common practice on the part of palace or temple local officials, or other wealthy individuals, to provide such loans to needy farmers—particularly during times of famine or other disasters—and then to appropriate lands, family members, and ultimately, the farmers themselves. Often, in fact, debt peons appear to have ended up as dependents in temple workshops. The social dislocation so caused was such that it became customary for each new sovereign, on taking the throne, to wipe the slate clean, voiding all outstanding consumer loans, returning all land to its original owners and sending all debt peons back to their families. Hudson suggests that is was precisely because Sumerian and Babylonian rulers saw themselves as sacred kings that they could make such gestures of cosmic renewal. Societies lacking sovereigns of such universal pretensions, he notes, were much less able to contain the dangers inherent in the creation of widespread structures of monetarized debt when these diffused from the ancient Near East. In ancient Israel, prophets substituted the notion of a periodic "jubilee", but in the Classical Mediterranean,[7] sacred kings had long since vanished. As a result, periodic debt crises led to endless social dislocation and movements for reform or revolution. When the latter were stymied, the results were often catastrophic.

What I hope comes through from all this is that the very notion that there must always be something that one can label "society"—a single totality to which everyone is born with a set of obligations—is not itself primordial. True, imaginary totalities must be created in the process of creating value. But these often take an infinite variety of overlapping forms. The logic of debt, however, is not totalizing in this way. It is inherently dyadic. Even Malamoud notes that, in the actual Vedic texts, there is a strong tendency in most contexts to emphasize not the universal debt to the gods but the more particular debt of a man to his father, one that can only be repaid by oneself bearing a son (1983:32). It seems to me that, like so many theories of "primitive society", one wonders if what really lurks here is in fact the shadow of the nation-state.

It is quite likely in fact that, when one does find the notion of primordial debts, it arises in reaction to the logic of the market. Egoism and altruism, as Maussian theory has repeatedly taught us, are terms that only make sense in relation to one another; they are themselves "two sides of the same coin" that appear to have only become conceptually possible with the advent of commercial logic. It's quite possible that the early Vedic texts are attempts to work out the morality of this new situation. So, in a different way, is the ideology of the modern nation-state.

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[6] Hudson (2002) hypothesizes that the custom of lending money at interest originated in officials' loaning handicrafts produced in Temple or Palace workshops to merchants engaged in long-distance trade, so as to collect a share of the proceeds (though others—e.g. Steinkeller 1981, Mieroop 2002:64—suspect it might have originated in rental fees).
[7] Where "classical Greeks", incidentally, also "looked upon direct taxes as tyrannical and avoided them whenever possible" [Finley 1981:90]

It seems significant, in this context, to contemplate the fact that the word "altruism" was coined by Auguste Comte, who also appears to be one of the first European authors to really articulate a notion of primordial debt.

In his *Catechisme Positiviste*, Comte completely rejected the notion of rights on this basis:

> Positivism will never admit anything other than duties of all to all. For its social point of view cannot tolerate the notion of rights, for such notion rests on individualism. We are born under a load of obligations of every kind, to our predecessors, to our successors, to our contemporaries. After our birth these obligations increase or accumulate before the point where we are capable of rendering anyone any service. On what human foundation could one thus seat the idea of "rights"….? (1891:295)

The "final state" would consist only of duties, which in turn, could be boiled down into the famous imperative "to live for others" (ibid:47): altruistically.[8]

Comte's proposal that we are all born in debt to society appears to have been picked up, at the end of the century, by French political thinkers like Alfred Fouillé and Léon Bourgeois, who called it the "social debt". They in turn provided much of the political inspiration for Durkheim. It is essentially a nationalist notion. Nationalist doctrines almost everywhere are based on appropriating the emotional intensity of very local and particular forms of commitment—for instance, of debt to fathers—and attaching to them some conception of a social whole. In this way, one might even suggest that what theorists of primordial debt have in fact produced is something of a nationalist myth, the Chartalist counterpoint, one might say, to the notorious "myth of barter". A less idealized theory of the state might express the matter of absolute debt—when indeed it was invoked—in terms of a much simpler logic. Sovereignty, after all, is the power of life and death. Ultimately, then, governments claim the same power over their subjects as victorious warriors do over their prisoners, and their (usually, in principle, unlimited) right to extract resources from them follows for exactly the same reason.[9]

**4: less totalizing alternatives: marriage and vengeance**

All this seems very far from anthropological writings on the origin of money, which, such as they exist, tend to focus on what Polanyi called "special purpose monies", and early ethnographers referred to as "primitive currencies" (e.g., Quiggin 1949, Einzig 1949). These latter tended to be employed in societies without strong states, and they were used neither primarily for taxes nor for buying and selling commodities, but first and foremost in matrimonial transactions.

There's been surprisingly little theoretical reflection on such currencies in recent anthropological literature. One of the great exceptions is a book by Philippe Rospabé called *La*

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[8] The fact that Comte developed this notion in the course of proposing a new religion, broadly modeled on Catholicism, strongly suggests that the real origin of such notions goes back less to Vedic ideas than to Christian doctrines of original sin.

[9] This appears to be the reason centralizing states almost always try to limit or even eliminate forms of private slavery—see Testart 2002.

*Dette de Vie* (1995). Based on a survey of the literature from North and East Africa and Melanesia, he makes a compelling argument that such tokens, too, typically represent recognition of an infinite (or at least, unpayable) debt. Rospabé's central point is that such goods always seem to given "as a substitute for life, as a pledge by which givers promise to render a life for one which they have taken from another group" (1993:35). That is, "savage money", as he prefers to call it, is first of all a means of payment but never of purchase, and second, that what it "pays" for is ultimately life itself.

There is no room here to summarize the entire argument, but it starts from marriage payments, which Rospabé argues is the paradigmatic case. The only equivalent to a woman given in marriage is another one. Bridewealth is only paid when this does not happen: and, though it consists of objects of wealth, this wealth is never treated as the equivalent of a woman (or more precisely, her fertility). In many cases people are quite explicit that we are dealing here with a mere acknowledgement. In other words, in paying bridewealth you are recognizing the existence of a debt—a debt of life, since what bridewealth really secures is the paying clan's right to claim any of the woman's children as their descendants—that can only be expunged in later generations when one gives one of one's own daughters as a bride in her turn.

As Rospabé emphasizes, the power to generate life is an incommensurable, an ultimate value. It cannot be purchased because there is no possible material equivalent. Certainly no amount of, say, shell money is considered to be such—even if the womb-like symbolism that so often surrounds objects like shell money itself seems to refer to this. They are tokens representing the very thing for which they are an inadequate substitute: the immutable abstraction of generative power.

The logic of bloodwealth, he argues, can be seen as a kind of variation: again, the price of a life (in this case, a life taken) can never really be repaid, unless, perhaps, by the gift of a woman as compensation.[10]

What this suggests is that, insofar as one can speak of primordial or absolute debts, life-debts in Rospabé's sense, they take the form not of cosmic but of dyadic relationships—or, to be more accurate, they are cosmic relationships that can only take dyadic form. The question of course is how tokens meant to express recognition of a debt that cannot be paid eventually become the means of settling debts; how such inherently unique dyadic ties can eventually knit together to create a uniform system for the measurement of value. Rospabé does not attempt to answer this question. Even so, he seems to imply that commodity money simply could not have

[10] Occasionally, compensation can be paid in the form of a woman whose children will then be considered replacement for a murder victim (sometimes they will even be given the same name); in other cases, as most famously with the Nuer, the rate of compensation is exactly that required to obtain a wife who can then be "married" to the victim's ghost, in parts of North Africa to the "owner of the blood", again, in order to secure progeny. This is as close to true compensation as one might come. According to Rospabé, the logic of ceremonial exchange, such as the tee or moka rituals of Highland Papua New Guinea, would seem to be the result of a gradual process of abstraction where the tokens, in circulating, gradually achieve a kind of autonomy from the powers of life to which they ultimately refer.

arisen from such a system: it had to develop from outside.[11] But there are examples of such currencies (in parts of Melanesia, for example, or aboriginal California) where the use of tokens that in certain places are restricted to matrimonial transactions and the like are, in other places, extended to buying fish, houses, pots, and so forth.

The closest I know to a proposed solution is the theory of the origins of money developed by a numismatist named Philip Grierson (1977, 1978). It is often referred to as the "*wergeld* theory", as it focused not on bridewealth but on bloodwealth. It is largely based on his reading of what are often referred to as the Barbarian Law Codes, or "the laws of the Germanic peoples who settled within or along the old frontiers of the Roman empire in the fifth and sixth centuries A.D." (1977:19). These legal systems were generally meant to provide a series of scale compensation payments for death or serious injury intended to head off blood feuds. Generally they were calculated according to a single unit of account: cattle in Wales, gold in Germany, furs in Russia. These payments were never imagined to be material equivalents to the loss of life or limb—such injuries were seen as incalculable—but emerged from "the need to assuage the anger of the injured party and make good his loss in public reputation" (op cit).

He adds:

> The conditions under which these laws were put together would appear to satisfy, much better than any market mechanism, the prerequisites for the establishment of a monetary system. The tariffs for damages were established in public assemblies, and the common standards were based on objects of some value which a householder might be expected to possess of which he could obtain from his kinsfolk. Since what is laid down consists of evaluations of injuries, not evaluations of commodities, the conceptual difficulty of devising a common measure for appraising unrelated objects is avoided (ibid:20-21).[12]

Grierson, and those who have taken up his argument, provides a good deal of compelling linguistic evidence that, just as the English word "to pay" is ultimately derived from the Latin *pacere*, "to pacify", many terms for "debt" or even "money" in European languages appear to be

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[11] This, certainly, was the conclusion reached by any number of theorists, who concluded that what Polanyi called "general purpose money" did indeed emerge from barter, but that barter occurred between societies, and not within them. Marx (1858, 1867) was already suggesting in the mid-19th century that commerce, and therefore commercial money, had first emerged "in the pores" of the ancient world, only later to be adopted within. Karl Bücher (1904) adopted this position, as did Max Weber (1961). One could argue that Polanyi agreed (1968). My own position is that, since money does not have a single origin, both the internal and the external theories of the origin of money are likely to be in some part correct.

[12] Note here that Grierson carefully avoids any suggestion that these schedules of tariffs were created by rulers, even though most were, in fact, attributed to individuals who considered themselves kings. Presumably he is more interested in using this early Medieval records as a way of reconstructing an earlier, presumably more egalitarian period, more like that described by Tacitus, in which standards of value were not imposed by worked out in "communal assemblies".

derived from terms for "sin", or "fault", or "guilt" (see also Hudson 2002:102-3, Ingham 2004:90).

This does allow one to imagine how the system could expand to a more general system of currency: 2 gold plates for a broken knee, 5 for a severed arm, and so on. Still, it doesn't really resolve the fundamental conceptual problem. If weregeld is originally a recognition of the incommensurable value of a human life, how then does it ultimately become the measure of a man's "worth", or "price"—which is, in fact, what the word appears to mean etymologically? Even more, how one can move from such profoundly dyadic relations (tokens, in effect, of the recognition of and desire to assuage another's justifiable anger) to a systematic measure of the value of pots and chickens and the like? Grierson does not think it was likely to have occurred through attempts to systematize the value of the objects used in payment. Instead, he is forced to fall back on the longstanding earlier involvement of most of these barbarian populations in the Roman slave trade (1977:23). Roman slave traders, he notes, were familiar figures beyond the Rhine and Danube in the centuries immediately before these laws were recorded, and etymological evidence again suggests that most of the terms for buying and selling in Germanic languages originally referred to trade in people: many of the victims being precisely those sold because they were unable to pay some fine or compensation. This became a very common pattern all over Africa and Southeast Asia as well as in zones where powerful commercial economies came into contact with those organized on a very different basis: legal systems, even bridewealth systems, are converted from ways of regulating relations between people into ways of turning human beings themselves into commodities. A slave, as I've noted, is considered to owe an absolute life-debt to his owner. But at the same time a slave can be traded for a specific amount of money. The conversion of a recognition of unpayable debt into the "price" of a man or woman, then, appears to have been affected principally through an alchemy of violence.

## 5: On the Relation of Human Economies to Market Economies

Scholars studying the rise of impersonal market relations—even those who see them as arising first between societies, and only later extending to relations within—rarely pay adequate attention to the role of violence, and particularly, the formative role of the slave trade.

Here I have space to propose only the barest outlines of a theory; but let me begin by suggesting that there are in fact two possible ways to make the jump between absolute debt and the logic of the market. One is the power of social creativity. As I often point out (Graeber 2001), the central concern of any social system is creation, and that means first and foremost, the creation of human beings and social relations. Here one might suggest that, just as for Marx the value of money in a capitalist society is ultimately the value of the human creative powers invested in creating marketable commodities, so in the societies that Grierson or Rospabé describe—I would venture to call them "human economies"—the predominant forms of currency are invariably representations of the powers of social creativity. Women's reproductive powers are merely the concrete symbol for the more general power to nurture, shape, and foster human beings. That is why, as I have suggested elsewhere (Graeber 1996), money tends to be symbolically identified with the owner's inner capacities, the "promise of power" they embody.

The phrase appeals in part because it is so obviously paradoxical. One might object: are not all economies, ultimately, human economies? Obviously so. They are, above all, because they are always, ultimately, concerned with the creation of (certain valued sorts of) human beings. What is unusual about market economies is, perhaps, that at least in certain contexts, they can pretend to be about anything else. Commodity money would appear to be one of the principle instruments by which they do so. Substituting the phrase "human economies", at least in this context, for "gift economies" therefore seems a nice way to capture the paradox. It also helps to underline Mauss' most important point about gift economies: that outside of commercial markets, even in what might seem to us to be economic transactions, it is always the status of human beings, and relations between them, that is ultimately at stake. There is also a relatively easy way to identify a human economy: one need merely check to see whether the main form of currency is used primarily to rework relations between people, or primarily, to purchase things like noodles, furniture, or shoes.

This does suggest a common conceptual basis to all forms of currency. Creative capacities are, precisely like credit, a potential for future productivity. Debt is a claim on future creativity. It is only the monetarization of debt that allows anyone to specify the depth of this future, in fact, to charge for each unit of time by which this creation is delayed. In terms of human production, however, any such calculation seems entirely absurd. In general, the gulf between human economies and market systems would seem to be such that any attempt to move directly from one to the other would at the very least have profoundly jarring effects on the entire system of social production. This is, indeed, precisely what happens the moment impersonal markets begin to develop—usually, I suspect, in at least tangential relation to the spread of new forms of predatory violence. The moment the same forms of wealth that were once used exclusively for arranging marriages, paying fines, and so on can be used for buying and selling goats and leather pouches, one invariably starts to witness intense social struggles over the dangers of the potential commoditization of human beings—specifically, over prostitution and slavery. All this is quite apparent in the ancient Near East and Mediterranean, where elites strove to define themselves specifically as those whose daughters' reputations were in no sense to be sullied by the market (Lerner 1983, 1986; Kurke 2002). But one sees the same thing on the fringes of the system, wherever commercial and human economies meet. The history of the expansion of the slave trade into Africa and Southeast Asia, as I've mentioned, is in almost every case a story of the abusive manipulation of forms of debt, of the abusive transformation of obligations into commodities.

## 6: Notes On the History of Monetary Instruments: Commodity, Credit, Trust and Violence

Predatory violence, I would suggest, has been the main instrument enabling the conceptual leap from a human to a commodity economy, of transforming tokens that served as acknowledgements of one's inability to repay acts of cosmic creativity into instruments for the marketing of people. Ideologies of debt, in turn, have been and continue to be the single most effective way of making human relationships created and maintained by violence appear to be rooted in morality. Most of the arguments marshaled in this essay, from the discussion of hierarchical versus egalitarian modes of gift exchange, to the various ideologies of absolute or primordial debt, have been ultimately aimed at trying to understand how it is possible for them to do so.

Let me now turn from the peripheries to the centers of great civilizations, and offer the tentative outline of a new historical architecture, constructed around the shifting relations between credit and commodity monies. The historical evidence, it seems to me, strongly confirms that, as Geoffrey Gardiner succinctly put it, "bullion is the accessory of war, and not of peaceful trade" (2004:139). Commodity money, particularly in the form of gold and silver, is distinguished from credit money most of all by one spectacular feature: it can be stolen. An ingot of gold or silver is indeed an object without a pedigree; throughout much of history it has served the same role as the drug dealer's suitcase full of dollar bills, an object without a history that will be accepted in exchange for other valuables just about anywhere, with no questions likely to be asked. As a result, credit systems seem to arise in periods of relative social peace, across networks of trust, whether created by states or, in most periods, international institutions; precious metals replace them in periods characterized by widespread plunder. Predatory lending systems certainly exist at every period; but they seem to have the most damaging effects in periods when money was most easily convertible into cash.

The story is too long to tell in any great deal but one might suggest a very tentative breakdown of Eurasian history along the following lines:

**I Age of the First Agrarian Empires (3500-800 BCE)**
**Dominant form: Virtual credit money**

Our best information on the origins of money goes back to ancient Mesopotamia, but there seems no particular reason to believe matters were radically different in Pharaonic Egypt, Bronze Age China, or the Indus Valley. The Mesopotamian economy was dominated by large public institutions (Temples and Places) whose bureaucratic administrators essentially created money of account by establishing a fixed equivalent between silver and the staple crop, barley; debts were calculated in silver, but silver was rarely used in transactions: payments were made in barley or in anything else that happened to be handy and acceptable. Major debts were recorded on cuneiform tablets kept as sureties by both parties to the transaction.

Markets, certainly, did exist. Prices of certain commodities that were not produced within Temple or Palace holdings, and thus subject to administered price schedules, would tend to fluctuate according to the vagaries of supply and demand. Even here, though, such evidence as we have (e.g., Hudson 2002:25, 2004:114) suggests that everyday purchases, such as beer advanced by "ale women", or local innkeepers, appear to have been on credit, with tabs accumulating to be paid, typically, at harvest time.

Interest rates, fixed at 20%, remained stable for two thousand years. This was not a sign of government control of the market: at this stage, institutions like this were what made markets possible. Insofar as governments did intervene, it was to deal with the effects of debt. In bad years the poor tended to become hopelessly indebted to the rich and would often have to surrender their lands and ultimately, family members into debt peonage; hence, it became customary for each new ruler to wipe the slate clean, cancel debts, and return bonded laborers to their families.

**II Axial Age (800 BCE - 600 CE)**
**Dominant form: Coinage and Metal Bullion**

This is the age that saw the emergence of coinage, as well as the birth, in China, India, and the Middle East, of all major world religions.[13] It was a period of spectacular creativity and in much of the world, of almost equally spectacular violence, from the Warring States period in China, fragmentation in India, to the carnage and mass enslavement that accompanied the expansion (and later, dissolution) of the Roman Empire.

Coined money, the actual use of gold and silver as a medium of exchange, allowed markets in the now more familiar, impersonal sense of the term. Precious metals were also far more appropriate for an age of generalized warfare, for the obvious reason that they can be stolen. Coinage, certainly, was not invented to facilitate trade (the Phoenicians, the consummate traders of the ancient world, were among the last to adopt it). It appears to have first been invented to pay soldiers.

Throughout antiquity one can continue to speak of what Ingham (2004:99) has dubbed the "military-coinage complex". He might better have called it a "military-coinage-slavery complex", since the diffusion of new military technologies (Greek hoplites, Roman legions) was closely tied to the capture and marketing of slaves, and the other major source of slaves was debt: now that states no longer periodically wiped the slates clean, those not lucky enough to be citizens of the major military city-states were fair game. The credit systems of the Near East did not crumble under commercial competition; they were destroyed by Alexander's armies—armies that required half a ton of silver bullion per day in wages. The tax systems of the Hellenistic and Roman empires, that demanded payment in coins the state itself had mined and minted, were designed to force their subjects to abandon other modes of circulation and enter into market relations, so that soldiers (and government officials) would be able to buy things with that money. The effects of the constant wars conducted by those legions, in turn, guaranteed that much of the consequent trade was in fact in human beings, or in the products of slave-labor.

However tawdry the origins of coinage, the creation of new media of exchange appears to have had profound intellectual effects. Some (Shell 1978, 1982, Seaford 2004) have even gone so far as to argue that early Greek philosophy only became possible due to conceptual innovations introduced by the technology of coinage. Certainly, it seems significant that this was precisely the age that saw, in India, China, and the Eastern Mediterranean, the emergence of all major philosophical trends and all major world religions. What's more, they appear to have been almost exactly the times that also saw the emergence of coined money. While the precise links are yet to be fully explored, one thing is clear. Ideals of charity, altruism, and selfless giving typically promoted within these new World Religions of the time appear to have arisen in direct reaction to the logic of the market. As Mauss liked to point out, in a gift economy, either

[13] The phrase the "Axial Age" was originally coined by Karl Jaspers to describe the relatively brief period between 800 BCE – 200 BCE in which, he believed, just about all the main philosophical traditions we are familiar with today arose simultaneously in China, India, and the Eastern Mediterranean. Here, I am using it in Lewis Mumford's more expansive use of the term as the period that saw the birth of all existing world religions, stretching roughly from the time of Zoroaster to that of Mohammed (see e.g., Mumford 1966:268).

pure selfishness, or pure selflessness, would be almost inconceivable. To put the matter crudely: it would seem that, if one relegates a certain social space simply to the selfish acquisition of material things, it is almost inevitable that one should soon come to set aside another domain in which to preach that, from the perspective of ultimate values, material things are unimportant, and selfishness—or even the self—illusory. The fact that these markets were, in fact, based on coinage, which allowed for far more impersonal, and hence, potentially violent, forms of market behavior than earlier credit relations presumably made the distinction all the more compelling.

## III The Middle Ages (600 CE – 1500 CE)[14]
## Return of Virtual Credit-Money

If the Axial Age saw the emergence of complementary ideals of egoism and altruism, commodity markets and universal world religions, the Middle Ages was the period in which those two institutions began to merge, so that monetary transactions increasingly came to be carried out through social networks defined and regulated by those same world religions. This enabled in turn the return, throughout Eurasia, of various forms of virtual credit-money.

In Europe, where all this took place under the aegis of Christendom, coinage was only sporadically, and unevenly, available. Prices after 800 AD were calculated largely in terms of an old Carolingian currency that no longer existed (it was referred to at the time as "imaginary money" - Einaudi 1953), but ordinary day-to-day buying and selling was mainly carried out with tally-sticks, notched pieces of wood that were broken in two as records of debt, with half being kept by the creditor, half by the debtor. Such tally-sticks were still in common use in much of England well into the 16$^{th}$ century (Innes 1913, 1914, MacIntosh 1988). Larger transactions were handled through bills of exchange, with the great commercial fairs serving as their clearing-houses. The Church, meanwhile, provided a legal framework, enforcing strict controls on the lending of money at interest and prohibitions on debt bondage.

The real nerve center of the Medieval world economy though was the Indian Ocean, that along with the Central Asia caravan routes, connected the great civilizations of India, China, and the Middle East. Here trade was conducted through the framework of Islam, which not only provided a legal structure highly conducive to mercantile activities (while absolutely forbidding the lending of money at interest), but allowed for peaceful relations between merchants over a remarkably large part of the globe, allowing the creation of a variety of sophisticated credit instruments. China in this same period saw the rapid spread of Buddhism, the invention of paper money, and the development of even more complex forms of credit and finance.

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[14] I am here relegating most what is generally referred to as the "Dark Ages" in Europe into the earlier period, characterized by predatory militarism and the consequent importance of bullion: the Viking raids, and the famous extraction of *danegeld* from England, might be seen as one the last manifestations of an age where predatory militarism went hand and hand with hoards of gold and silver bullion.

All this is not to say that this period did not see its share of carnage and plunder (particularly during the great nomadic invasions) or that coinage was not, in many times and places an important medium of exchange. Still, what really characterizes the period appears to be a movement in the other direction. Money, during most of the Medieval period, was largely delinked from coercive institutions. Money-changers, one might say, were invited back into the temples, where they could be monitored; the result was a flowering of institutions premised on a much higher degree of social trust.

## IV Age of European Empires (1500-1971)
## Return of Precious Metals

With the advent of the great European empires—Iberian, then North Atlantic—the world saw both a reversion to the use of chattel slavery, plunder, and wars of destruction, and the consequent rapid return of gold and silver bullion as the main form of currency. Historical investigation will probably end up demonstrating that the origins of these transformations were more complicated than we ordinarily assume. One of the main factors of the movement back to bullion, for example, was the emergence of popular movements during the early Ming dynasty, in the 15th and 16th centuries, that ultimately forced the government to abandon not only paper money but any attempt to impose its own currency. This led to reversion of the vast Chinese market to an uncoined silver standard. Since taxes were also gradually commuted into silver, it soon became the more or less official Chinese policy to try to bring as much silver into the country as possible, so as to keep taxes low and prevent new outbreaks of social unrest. The sudden enormous demand for silver had effects across the world. Most of the precious metals looted by the conquistadors and later extracted by the Spanish from the mines of Mexico and Potosi, (at almost unimaginable cost in human lives) ended up in China. These new global-scale connections have of course been documented in great detail. The crucial point is that the delinking of money from religious institutions, and its relinking with coercive ones (especially the state), was here accompanied by an ideological reversion to "Metallism".[15] Credit, in this context, was on the whole an affair of states that themselves ran largely by deficit financing, a form of credit which was, in turn, invented to finance increasingly expensive wars. Internationally the British Empire was steadfast in maintaining the gold standard even through the 19th and early 20th centuries.

## V Current Era (1971 onwards)
## The Empire of Debt

The current era might be said to have been initiated on August 15, 1971, when US President Richard Nixon officially suspended the convertibility of the dollar into gold and effectively created the current floating currency regimes (Gregory 1997). We have

[15] The myth of barter and commodity theories of money was of course developed in this period.

returned, then, to an age of virtual money, in which consumer purchases in wealthy countries rarely involve even paper money, and national economies are driven largely by consumer debt. All this has been accompanied by what's often called a "financialization" of capital, with speculation in currencies and financial instruments becoming a domain unto itself, detached from any immediate relation with production or even commerce (e.g., Arrighi 1994, Harvey 2005). What remains to be seen is whether, as in previous ages dominated by virtual credit money, there will arise overarching institutions prepared to impose some sort of social controls over the human consequences of spiraling debt. So far, the trend has been the opposite: such overarching institutions as have emerged—for instance, the IMF or World Bank—have been more concerned with enforcing debts, leaving poorer nations locked in a kind of permanent debt peonage.

Historically, as we have seen, ages of virtual, debt-money have also involved controls of some sort on the destructive social consequences that ensue when debt spirals entirely out of control. So far the movement this time has been if anything in the other direction: we have begun to see the creation of the first effective planetary administrative system, operating through the IMF, World Bank, corporations and other financial institutions, largely in order to protect the interests of creditors against debtors. However the age has only just begun and the long-term consequences of this shift back to virtual money are entirely unclear.

**7: Conclusions**

To conclude, let me turn briefly to the question of debt versus value: or, to be more specific, society seen as a network of dyadic relations of obligation and society viewed as an imaginary forum for the realization of some conception of the Good.

In section 2 above I noted that hierarchical relations, for example within feudal or patronage systems, operate in practice on a principle of precedent that is in many ways the exact opposite of reciprocity. An unexpected gift is likely to be taken as a precedent and similar gestures will be expected in the future. However, the moment theorists of feudalism felt the need to represent society in the abstract, they would almost invariably argue that relations between the different ranks and statuses of society were, ultimately, based on reciprocity after all: nobles provide protection, peasants provide food, and so forth. The reason would seem simple enough. While reciprocity may or may not be the basis of any particular transactional logic, it would appear that it is everywhere the basis of conceptions of justice.

The list of transactional logics in section 2 was really meant to make clear that what we call social or economic systems are, in reality, an endless interweaving of dyadic relations that operate, often, on completely different grounds. Some are based on forms of pragmatic communism, some on a hierarchical logic of precedent, some on principles of balanced exchange—which may in turn be relatively personal or relatively impersonal, ephemeral or sustained. Others are based on outright theft or extortion. In no case—even assuming one could draw a bounded circle and call it a "society"—do accounts all balance out. And of course, any such drawing of circles is itself an ideological gesture: there are no natural boundaries; real social relations always overflow any such bounds.

However, it is an extremely important ideological gesture. For much of its history social anthropology has wrestled with the problem of how to square these abstract representations with what one actually finds on the ground: for example, in the famous problem of "circulating connubium", how to reconcile the endlessly complex networks of hierarchical marriage relations that actually exist with the universal insistence that really, society is organized into a simple series of clans that marry in a circle, clan A giving women to clan B, B to C, C to D, and D back to A again. Edmund Leach (1954) seems to have been the first to recognize that all such claims are merely abstract images of totality; they are ways of conceiving the endless messiness of social life as pieces of a single "society". Such representations are always created by plucking certain dyadic relations—dyads based, as they are, on a certain notion of mutual indebtedness—from that infinitely complicated reality and creating an image of justice, an imaginary sphere in which all accounts perfectly balance out.

The market is, of course, the same. "Markets", as I pointed out at the beginning of this essay, don't really exist. Economists are perfectly happy to admit this. The market is a model. The question is what kind of model? At this point I think we can answer: it is a model created by isolating certain principles within a complex system (in this case by fixing on a certain form of immediate, balanced, impersonal, self-interested transaction that we call "commercial exchange", which is almost never found in isolation but always surrounded by and drawing on other logics—hierarchical, communistic…) and then creating a totalizing model within which the books all balance and all debts and credits ultimately cancel one another out. In reality no such bounded entity could ever exist, either in time or in space. Nonetheless, such bounded entities are endlessly invoked: in part, so as to create theaters for the realization of certain forms of value, and in part, in order to make ideological statements about the legitimacy of existing social relations. One needs *a* market to exist in some immediate concrete form when one needs to determine the value of one's house or art collection, especially if one wishes to realize that value by selling it. One needs "*the*" market to exist, at least on the level of rhetoric, when one wishes to represent capitalism as ultimately just.

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