Chapter Three

PRIMORDIAL DEBTS

> *In being born every being is born as debt owed to the gods, the saints, the Fathers and to men. If one makes a sacrifice, it is because of a debt owing to the gods from birth . . . If one recites a sacred text, it is because of a debt owing to the saints . . . If one wishes for offspring, it is because of a debt due to the fathers from birth . . . And if one gives hospitality, it is because it is a debt owing to men.*
>
> —*Satapatha Brahmana* 1.7.12, 1–6

> *Let us drive away the evil effects of bad dreams, just as we pay off debts.*
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> —*Rig Veda* 8.47.17

THE REASON THAT economics textbooks now begin with imaginary villages is because it has been impossible to talk about real ones. Even some economists have been forced to admit that Smith's Land of Barter doesn't really exist.[1]

The question is why the myth has been perpetuated, anyway. Economists have long since jettisoned other elements of *The Wealth of Nations*—for instance, Smith's labor theory of value and disapproval of joint-stock corporations. Why not simply write off the myth of barter as a quaint Enlightenment parable, and instead attempt to understand primordial credit arrangements—or anyway, something more in keeping with the historical evidence?

The answer seems to be that the Myth of Barter cannot go away, because it is central to the entire discourse of economics.

Recall here what Smith was trying to do when he wrote *The Wealth of Nations*. Above all, the book was an attempt to establish the newfound discipline of economics as a science. This meant that not only did economics have its own peculiar domain of study—what we now call "the economy," though the idea that there even was something called an "economy" was very new in Smith's day—but that this economy operated according to laws of much the same sort as Sir Isaac Newton had so recently identified as governing the physical world. Newton had represented God as a cosmic watchmaker who had created the physical machinery of the universe in such a way that it would operate for the ultimate benefit of humans, and then let it run on its own. Smith was trying to make a similar, Newtonian argument.[2] God—or Divine Providence, as he put it—had arranged matters in such a way that our pursuit of self-interest would nonetheless, given an unfettered market, be guided "as if by an invisible hand" to promote the general welfare. Smith's famous invisible hand was, as he says in his *Theory of Moral Sentiments*, the agent of Divine Providence. It was literally the hand of God.[3]

Once economics had been established as a discipline, the theological arguments no longer seemed necessary or important. People continue to argue about whether an unfettered free market really will produce the results that Smith said it would; but no one questions whether "the market" naturally exists. The underlying assumptions that derive from this came to be seen as common sense—so much so that, as I've noted, we simply assume that when valuable objects do change hands, it will normally be because two individuals have both decided they would gain a material advantage by swapping them. One interesting corollary is that, as a result, economists have come to see the very question of the presence or absence of money as not especially important, since money is just a commodity, chosen to facilitate exchange, and which we use to measure the value of other commodities. Otherwise, it has no special qualities. Still, in 1958, Paul Samuelson, one of the leading lights of the neoclassical school that still predominates in modern economic thought, could express disdain for what he called "the social contrivance of money." "Even in the most advanced industrial economies," he insisted, "if we strip exchange down to its barest essentials and peel off the obscuring layer of money, we find that trade between individuals and nations largely boils down to barter."[4] Others spoke of a "veil of money" obscuring the nature of the "real economy" in which people produced real goods and services and swapped them back and forth.[5]

Call this the final apotheosis of economics as common sense. Money is unimportant. Economies—"real economies"—are really vast barter systems. The problem is that history shows that without money, such vast barter systems do not occur. Even when economies "revert to barter," as Europe was said to do in the Middle Ages, they don't actually abandon the use of money. They just abandon the use of cash. In the Middle Ages, for instance, everyone continued to assess the value of tools and livestock in the old Roman currency, even if the coins themselves had ceased to circulate.[6]

It's money that had made it possible for us to imagine ourselves in the way economists encourage us to do: as a collection of individuals and nations whose main business is swapping things. It's also clear that the mere existence of money, in itself, is not enough to allow us see the world this way. If it were, the discipline of economics would have been created in ancient Sumer, or anyway, far earlier than 1776, when Adam Smith's *The Wealth of Nations* appeared.

The missing element is in fact exactly the thing Smith was attempting to downplay: the role of government policy. In England, in Smith's day, it became possible to see the market, the world of butchers, ironmongers, and haberdashers, as its own entirely independent sphere of human activity because the British government was actively engaged in fostering it. This required laws and police, but also, specific monetary policies, which liberals like Smith were (successfully) advocating.[7] It required pegging the value of the currency to silver, but at the same time greatly increasing the money supply, and particularly the amount of small change in circulation. This not only required huge amounts of tin and copper, but also the careful regulation of the banks that were, at that time, the only source of paper money. The century before *The Wealth of Nations* had seen at least two attempts to create state-supported central banks, in France and Sweden, that had proven to be spectacular failures. In each case, the would-be central bank issued notes based largely on speculation that collapsed the moment investors lost faith. Smith supported the use of paper money, but like Locke before him, he also believed that the relative success of the Bank of England and Bank of Scotland had been due to their policy of pegging paper money firmly to precious metals. This became the mainstream economic view, so much so that alternative theories of money as credit—the one that Mitchell-Innes advocated—were quickly relegated to the margins, their proponents written off as cranks, and the very sort of thinking that led to bad banks and speculative bubbles in the first place.

It might be helpful, then, to consider what these alternative theories actually were.

State and Credit Theories of Money

Mitchell-Innes was an exponent of what came to be known as the Credit Theory of money, a position that over the course of the nineteenth century had its most avid proponents not in Mitchell-Innes's native Britain but in the two up-and-coming rival powers of the day, the United States and Germany. Credit Theorists insisted that money is not a commodity but an accounting tool. In other words, it is not a "thing" at all. You can no more touch a dollar or a deutschmark than you can touch an hour or a cubic centimeter. Units of currency are merely abstract units of measurement, and as the credit theorists correctly noted, historically, such abstract systems of accounting emerged long before the use of any particular token of exchange.[8]

The obvious next question is: If money is a just a yardstick, what then does it measure? The answer was simple: debt. A coin is, effectively, an IOU. Whereas conventional wisdom holds that a banknote is, or should be, a promise to pay a certain amount of "real money" (gold, silver, whatever that might be taken to mean), Credit Theorists argued that a banknote is simply the promise to pay *something* of the same value as an ounce of gold. But that's all that money ever is. There's no fundamental difference in this respect between a silver dollar, a Susan B. Anthony dollar coin made of a copper-nickel alloy designed to look vaguely like gold, a green piece of paper with a picture of George Washington on it, or a digital blip on some bank's computer. Conceptually, the idea that a piece of gold is really just an IOU is always rather difficult to wrap one's head around, but something like this must be true, because even when gold and silver coins were in use, they almost never circulated at their bullion value.

How could credit money come about? Let us return to the economics professors' imaginary town. Say, for example, that Joshua were to give his shoes to Henry, and, rather than Henry owing him a favor, Henry promises him something of equivalent value.[9] Henry gives Joshua an IOU. Joshua could wait for Henry to have something useful, and then redeem it. In that case Henry would rip up the IOU and the story would be over. But say Joshua were to pass the IOU on to a third party—Sheila—to whom he owes something else. He could tick it off against his debt to a fourth party, Lola—now Henry will owe that amount to her. Hence is money born. Because there's no logical end to it. Say Sheila now wishes to acquire a pair of shoes from Edith; she can just hand Edith the IOU, and assure her that Henry is good for it. In principle, there's no reason that the IOU could not continue circulating around town for years—provided people continue to have faith in Henry. In fact, if it goes on long enough, people might forget about the issuer entirely. Things like this do happen. The anthropologist Keith Hart once told me a story about his brother, who in the '50s was a British soldier stationed in Hong Kong. Soldiers used to pay their bar tabs by writing checks on accounts back in England. Local merchants would often simply endorse them over to each other and pass them around as currency: once, he saw one of his own checks, written six months before, on the counter of a local vendor covered with about forty different tiny inscriptions in Chinese.

What credit theorists like Mitchell-Innes were arguing is that even if Henry gave Joshua a gold coin instead of a piece of paper, the situation would be essentially the same. A gold coin is a promise to pay something else of equivalent value to a gold coin. After all, a gold coin is not actually useful in itself. One only accepts it because one assumes other people will.

In this sense, the value of a unit of currency is not the measure of the value of an object, but the measure of one's trust in other human beings.

This element of trust of course makes everything more complicated. Early banknotes circulated via a process almost exactly like what I've just described, except that, like the Chinese merchants, each recipient added his or her signature to guarantee the debt's legitimacy. But generally, the difficulty in the Chartalist position—this is what it came to be called, from the Latin *charta*, or token—is to establish why people would continue to trust a piece of paper. After all, why couldn't anyone just sign Henry's name on an IOU? True, this sort of debt-token system might work within a small village where everyone knew one another, or even among a more dispersed community like sixteenth-century Italian or twentieth-century Chinese merchants, where everyone at least had ways of keeping track of everybody else. But systems like these cannot create a full-blown currency system, and there's no evidence that they ever have. Providing a sufficient number of IOUs to allow everyone even in a medium-sized city to be able to carry out a significant portion of their daily transactions in such currency would require millions of tokens.[10] To be able to guarantee all of them, Henry would have to be almost unimaginably rich.

All this would be much less of a problem, however, if Henry were, say, Henry II, King of England, Duke of Normandy, Lord of Ireland, and Count of Anjou.

The real impetus for the Chartalist position, in fact, came out of what came to be known as the "German Historical School," whose most famous exponent was the historian G.F. Knapp, whose *State Theory of Money* first appeared in 1905.[11] If money is simply a unit of measure, it makes sense that emperors and kings should concern themselves with such matters. Emperors and kings are almost always concerned to established uniform systems of weights and measures throughout their kingdoms. It is also true, as Knapp observed, that once established, such systems tend to remain remarkably stable over time. During the reign of the actual Henry II (1154–1189), just about everyone in Western Europe was still keeping their accounts using the monetary system established by Charlemagne some 350 years earlier—that is, using pounds, shillings, and pence—despite the fact that some of these coins had never existed (Charlemagne never actually struck a silver pound), none of Charlemagne's actual shillings and pence remained in circulation, and those coins that did circulate tended to vary enormously in size, weight, purity, and value.[12] According to the Chartalists, this doesn't really matter. What matters is that there is a uniform system for measuring credits and debts, and that this system remains stable over time. The case of Charlemagne's currency is particularly dramatic because his actual empire dissolved quite quickly, but the monetary system he created continued to be used, for keeping accounts, within his former territories for more than 800 years. It was referred to, in the sixteenth century, quite explicitly as "imaginary money," and derniers and livres were only completely abandoned, as units of account, around the time of the French Revolution.[13]

According to Knapp, whether or not the actual, physical money stuff in circulation corresponds to this "imaginary money" is not particularly important. It makes no real difference whether it's pure silver, debased silver, leather tokens, or dried cod—provided the state is willing to accept it in payment of taxes. Because whatever the state was willing to accept, for that reason, became currency. One of the most important forms of currency in England in Henry's time were notched "tally sticks" used to record debts. Tally sticks were quite explicitly IOUs: both parties to a transaction would take a hazelwood twig, notch it to indicate the amount owed, and then split it in half. The creditor would keep one half, called "the stock" (hence the origin of the term "stock holder") and the debtor kept the other, called "the stub" (hence the origin of the term "ticket stub.") Tax assessors used such twigs to calculate amounts owed by local sheriffs. Often, though, rather than wait for the taxes to come due, Henry's exchequer would often sell the tallies at a discount, and they would circulate, as tokens of debt owed to the government, to anyone willing to trade for them.[14]

Modern banknotes actually work on a similar principle, except in reverse.[15] Recall here the little parable about Henry's IOU. The reader might have noticed one puzzling aspect of the equation: the IOU can operate as money only as long as Henry never pays his debt. In fact this is precisely the logic on which the Bank of England—the first successful modern central bank—was originally founded. In 1694, a consortium of English bankers made a loan of £1,200,000 to the king. In return they received a royal monopoly on the issuance of banknotes. What this meant in practice was they had the right to advance IOUs for a portion of the money the king now owed them to any inhabitant of the kingdom willing to borrow from them, or willing to deposit their own money in the bank—in effect, to circulate or "monetize" the newly created royal debt. This was a great deal for the bankers (they got to charge the king 8 percent annual interest for the original loan and simultaneously charge interest on the same money to the clients who borrowed it), but it only worked as long as the original loan remained outstanding. To this day, this loan has never been paid back. It cannot be. If it ever were, the entire monetary system of Great Britain would cease to exist.[16]

If nothing else, this approach helps solve one of the obvious mysteries of the fiscal policy of so many early kingdoms: Why did they make subjects pay taxes at all? This is not a question we're used to asking. The answer seems self-evident. Governments demand taxes because they wish to get their hands on people's money. But if Smith was right, and gold and silver became money through the natural workings of the market completely independently of governments, then wouldn't the obvious thing be to just grab control of the gold and silver mines? Then the king would have all the money he could possibly need. In fact, this is what ancient kings would normally do. If there were gold and silver mines in their territory, they would usually take control of them. So what exactly was the point of extracting the gold, stamping one's picture on it, causing it to circulate among one's subjects—and then demanding that those same subjects give it back again?

This does seem a bit of a puzzle. But if money and markets do not emerge spontaneously, it actually makes perfect sense. Because this is the simplest and most efficient way to bring markets into being. Let us take a hypothetical example. Say a king wishes to support a standing army of fifty thousand men. Under ancient or medieval conditions, feeding such a force was an enormous problem—unless they were on the march, one would need to employ almost as many men and animals just to locate, acquire, and transport the necessary provisions.[17] On the other hand, if one simply hands out coins to the soldiers and then demands that every family in the kingdom was obliged to pay one of those coins back to you, one would, in one blow, turn one's entire national economy into a vast machine for the provisioning of soldiers, since now every family, in order to get their hands on the coins, must find some way to contribute to the general effort to provide soldiers with things they want. Markets are brought into existence as a side effect.

This is a bit of a cartoon version, but it is very clear that markets did spring up around ancient armies; one need only take a glance at Kautilya's *Arthasasatra*, the Sassanian "circle of sovereignty," or the Chinese "Discourses on Salt and Iron" to discover that most ancient rulers spent a great deal of their time thinking about the relation between mines, soldiers, taxes, and food. Most concluded that the creation of markets of this sort was not just convenient for feeding soldiers, but useful in all sorts of ways, since it meant officials no longer had to requisition everything they needed directly from the populace, or figure out a way to produce it on royal estates or royal workshops. In other words, despite the dogged liberal assumption—again, coming from Smith's legacy—that the existence of states and markets are somehow opposed, the historical record implies that exactly the opposite is the case. Stateless societies tend also to be without markets.

As one might imagine, state theories of money have always been anathema to mainstream economists working in the tradition of Adam Smith. In fact, Chartalism has tended to be seen as a populist underside of economic theory, favored mainly by cranks.[18] The curious thing is that the mainstream economists often ended up actually working for governments and advising such governments to pursue policies much like those the Chartalists described—that is, tax policies designed to create markets where they had not existed before—despite the fact that they were in theory committed to Smith's argument that markets develop spontaneously of their own accord.

This was particularly true in the colonial world. To return to Madagascar for a moment: I have already mentioned that one of the first things that the French general Gallieni, conqueror of Madagascar, did when the conquest of the island was complete in 1901 was to impose a head tax. Not only was this tax quite high, it was also only payable in newly issued Malagasy francs. In other words, Gallieni did indeed print money and then demand that everyone in the country give some of that money back to him.

Most striking of all, though, was language he used to describe this tax. It was referred to as the "*impôt moralisateur*," the "educational" or "moralizing tax." In other words, it was designed—to adopt the language of the day—to teach the natives the value of work. Since the "educational tax" came due shortly after harvest time, the easiest way for farmers to pay it was to sell a portion of their rice crop to the Chinese or Indian merchants who soon installed themselves in small towns across the country. However, harvest was when the market price of rice was, for obvious reasons, at its lowest; if one sold too much of one's crop, that meant one would not have enough left to feed one's family for the entire year, and thus be forced to buy one's own rice back, on credit, from those same merchants later in the year when prices were much higher. As a result, farmers quickly fell hopelessly into debt (the merchants doubling as loan sharks). The easiest ways to pay back the debt was either to find some kind of cash crop to sell—to start growing coffee, or pineapples—or else to send one's children off to work for wages in the city, or on one of the plantations that French colonists were establishing across the island. The whole project might seem no more than a cynical scheme to squeeze cheap labor out of the peasantry, and it was that, but it was also something more. The colonial government was were also quite explicit (at least in their own internal policy documents), about the need to make sure that peasants had at least some money of their own left over, and to ensure that they became accustomed to the minor luxuries—parasols, lipstick, cookies—available at the Chinese shops. It was crucial that they develop new tastes, habits, and expectations; that they lay the foundations of a consumer demand that would endure long after the conquerors had left, and keep Madagascar forever tied to France.

Most people are not stupid, and most Malagasy understood exactly what their conquerors were trying to do to them. Some were determined to resist. More than sixty years after the invasion, a French anthropologist, Gerard Althabe, was able to observe villages on the east coast of the island whose inhabitants would dutifully show up at the coffee plantations to earn the money for their poll tax, and then, having paid it, studiously ignore the wares for sale at the local shops and instead turn over any remaining money to lineage elders, who would then use it to buy cattle for sacrifice to their ancestors.[19] Many were quite open in saying that they saw themselves as resisting a trap.

Still, such defiance rarely lasts forever. Markets did gradually take shape, even in those parts of the island where none had previously existed. With them came the inevitable network of little shops. And by the time I got there, in 1990, a generation after the poll tax had finally been abolished by a revolutionary government, the logic of the market had become so intuitively accepted that even spirit mediums were reciting passages that might as well have come from Adam Smith.

Such examples could be multiplied endlessly. Something like this occurred in just about every part of the world conquered by European arms where markets were not already in place. Rather than discovering barter, they ended up using the very techniques that mainstream economics rejected to bring something like the market into being.

In Search of a Myth

Anthropologists have been complaining about the Myth of Barter for almost a century. Occasionally, economists point out with slight exasperation that there's a fairly simple reason why they're still telling the same story despite all the evidence against it: anthropologists have never come up with a better one.[20] This is an understandable objection, but there's a simple answer to it. The reasons why anthropologists haven't been able to come up with a simple, compelling story for the origins of money is because there's no reason to believe there could be one. Money was no more ever "invented" than music or mathematics or jewelry. What we call "money" isn't a "thing" at all, it's a way of comparing things mathematically, as proportions: of saying one of X is equivalent to six of Y. As such it is probably as old as human thought. The moment we try to get any more specific, we discover that there are any number of different habits and practices that have converged in the stuff we now call "money," and this is precisely the reason why economists, historians, and the rest have found it so difficult to come up with a single definition.

Credit Theorists have long been hobbled by the lack of an equally compelling narrative. This is not to say that all sides in the currency debates that ranged between 1850 and 1950 were not in the habit of deploying mythological weaponry. This was true particularly, perhaps, in the United States. In 1894, the Greenbackers, who pushed for detaching the dollar from gold entirely to allow the government to spend freely on job-creation campaigns, invented the idea of the March on Washington—an idea that was to have endless resonance in U.S. history. L. Frank Baum's book *The Wonderful Wizard of Oz*, which appeared in 1900, is widely recognized to be a parable for the Populist campaign of William Jennings Bryan, who twice ran for president on the Free Silver platform—vowing to replace the gold standard with a bimetallic system that would allow the free creation of silver money alongside gold.[21] As with the Greenbackers, one of the main constituencies for the movement was debtors: particularly, Midwestern farm families such as Dorothy's, who had been facing a massive wave of foreclosures during the severe recession of the 1890s. According to the Populist reading, the Wicked Witches of the East and West represent the East and West Coast bankers (promoters of and benefactors from the tight money supply), the Scarecrow represented the farmers (who didn't have the brains to avoid the debt trap), the Tin Woodsman was the industrial proletariat (who didn't have the heart to act in solidarity with the farmers), the Cowardly Lion represented the political class (who didn't have the courage to intervene). The yellow brick road, silver slippers, emerald city, and hapless Wizard presumably speak for themselves.[22] "Oz" is of course the standard abbreviation for "ounce."[23] As an attempt to create a new myth, Baum's story was remarkably effective. As political propaganda, less so. William Jennings Bryan failed in three attempts to win the presidency, the silver standard was never adopted, and few nowadays even remember what *The Wonderful Wizard of Oz* was originally supposed to be about.[24]

For state-money theorists in particular, this has been a problem. Stories about rulers using taxes to create markets in conquered territories, or to pay for soldiers or other state functions, are not particularly inspiring. German ideas of money as the embodiment of national will did not travel very well.

Every time there was a major economic meltdown, however, conventional laissez-faire economics took another hit. The Bryan campaigns were born as a reaction to the Panic of 1893. By the time of the Great Depression of the 1930s, the very notion that the market could regulate itself, so long as the government ensured that money was safely pegged to precious metals, was completely discredited. From roughly 1933 to 1979, every major capitalist government reversed course and adopted some version of Keynesianism. Keynesian orthodoxy started from the assumption that capitalist markets would not really work unless capitalist governments were willing effectively to play nanny: most famously, by engaging in massive deficit "pump-priming" during downturns. While in the '80s, Margaret Thatcher in Britain and Ronald Reagan in the United States made a great show of rejecting all of this, it's unclear how much they really did.[25] And in any case, they were operating in the wake of an even greater blow to previous monetary orthodoxy: Richard Nixon's decision in 1971 to unpeg the dollar from precious metals entirely, eliminate the international gold standard, and introduce the system of floating currency regimes that has dominated the world economy ever since. This meant in effect that all national currencies were henceforth, as neoclassical economists like to put it, "fiat money" backed only by the public trust.

Now, John Maynard Keynes himself was much more open to what he liked to call the "alternative tradition" of credit and state theories than any economist of that stature (and Keynes is still arguably the single most important economic thinker of the twentieth century) before or since. At certain points he immersed himself in it: he spent several years in the 1920s studying Mesopotamian cuneiform banking records to try to ascertain the origins of money—his "Babylonian madness," as he would later call it.[26] His conclusion, which he set forth at the very beginning of his *Treatise on Money*, his most famous work, was more or less the only conclusion one could come to if one started not from first principles, but from a careful examination of the historical record: that the lunatic fringe was, essentially, right. Whatever its earliest origins, for the last four thousand years, money has been effectively a creature of the state. Individuals, he observed, make contracts with one another. They take out debts, and they promise payment.

> The State, therefore, comes in first of all as the authority of law which enforces the payment of the thing which corresponds to the name or description in the contract. But it comes doubly when, in addition, it claims the right to determine and declare *what thing* corresponds to the name, and to vary its declaration from time to time—when, that is to say it claims the right to re-edit the dictionary. This right is claimed by all modern States and has been so claimed for some four thousand years at least. It is when this stage in the evolution of Money has been reached that Knapp's Chartalism—the doctrine that money is peculiarly a creation of the State—is fully realized . . . To-day all civilized money is, beyond the possibility of dispute, chartalist.[27]

This does not mean that the state necessarily *creates* money. Money is credit, it can be brought into being by private contractual agreements (loans, for instance). The state merely enforces the agreement and dictates the legal terms. Hence Keynes' next dramatic assertion: that banks create money, and that there is no intrinsic limit to their ability to do so: since however much they lend, the borrower will have no choice but to put the money back into some bank again, and thus, from the perspective of the banking system as a whole, the total number of debits and credits will always cancel out.[28] The implications were radical, but Keynes himself was not. In the end, he was always careful to frame the problem in a way that could be reintegrated into the mainstream economics of his day.

Neither was Keynes much of a mythmaker. Insofar as the alternative tradition has come up with an answer to the Myth of Barter, it was not from Keynes' own efforts (Keynes ultimately decided that the origins of money were not particularly important) but in the work of some contemporary neo-Keynesians, who were not afraid to follow some of his more radical suggestions as far as they would go.

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.

Nowadays, we all think we know the answer to this question. We pay our taxes so that the government can provide us with services. This starts with security services—military protection being, often, about the only service some early states were really able to provide. By now, of course, the government provides all sorts of things. All of this is said to go back to some sort of original "social contract" that everyone somehow agreed on, though no one really knows exactly when or by whom, or why we should be bound by the decisions of distant ancestors on this one matter when we don't feel particularly bound by the decisions of our distant ancestors on anything else.[29] All of this makes sense if you assume that markets come before governments, but the whole argument totters quickly once you realize that they don't.

There is an alternative explanation, one created to be in keeping with the state-credit theory approach. It's referred to as "primordial debt theory" and it has been developed largely in France, by a team of researchers—not only economists but anthropologists, historians, and classicists—originally assembled around the figures of Michel Aglietta and Andre Orléans,[30] and more recently, Bruno Théret, and it has since been taken up by neo-Keynesians in the United States and the United Kingdom as well.[31]

It's a position that has emerged quite recently, and at first, largely amidst debates about the nature of the euro. The creation of a common European currency sparked not only all sorts of intellectual debates (does a common currency necessarily imply the creation of a common European state? Or of a common European economy or society? Are these ultimately the same thing?) but dramatic political ones as well. The creation of the euro zone was spearheaded above all by Germany, whose central banks still see their main goal as combating inflation. What's more, tight money policies and the need to balance budgets having been used as the main weapon to chip away welfare-state policies in Europe, it has necessarily become the stake of political struggles between bankers and pensioners, creditors and debtors, just as heated as those of 1890s America.

The core argument is that any attempt to separate monetary policy from social policy is ultimately wrong. Primordial-debt theorists insist that these have always been the same thing. Governments use taxes to create money, and they are able to do so because they have become the guardians of the debt that all citizens have to one another. This debt is the essence of society itself. It exists long before money and markets, and money and markets themselves are simply ways of chopping pieces of it up.

At first, the argument goes, this sense of debt was expressed not through the state, but through religion. To make the argument, Aglietta and Orléans fixed on certain works of early Sanskrit religious literature: the hymns, prayers, and poetry collected in the Vedas and the Brahmanas, priestly commentaries composed over the centuries that followed, texts that are now considered the foundations of Hindu thought. It's not as odd a choice as it might seem. These texts constitute the earliest known historical reflections on the nature of debt.

Actually, even the very earliest Vedic poems, composed sometime between 1500 and 1200 BC, evince a constant concern with debt—which is treated as synonymous with guilt and sin.[32] There are numerous prayers pleading with the gods to liberate the worshipper from the shackles or bonds of debt. Sometimes these seem to refer to debt in the literal sense—Rig Veda 10.34, for instance, has a long description of the sad plight of gamblers who "wander homeless, in constant fear, in debt, and seeking money." Elsewhere it's clearly metaphorical.

In these hymns, Yama, the god of death, figures prominently. To be in debt was to have a weight placed on you by Death. To be under any sort of unfulfilled obligation, any unkept promise, to gods or to men, was to live in the shadow of Death. Often, even in the very early texts, debt seems to stand in for a broader sense of inner suffering, from which one begs the gods—particularly Agni, who represents the sacrificial fire—for release. It was only with the Brahmanas that commentators started trying to weave all this together into a more comprehensive philosophy. The conclusion: that human existence is itself a form of debt.

> A man, being born, is a debt; by his own self he is born to Death, and only when he sacrifices does he redeem himself from Death.[33]

Sacrifice (and these early commentators were themselves sacrificial priests) is thus called "tribute paid to Death." Or such was the manner of speaking. In reality, as the priests knew better than anyone, sacrifice was directed to all the gods, not just Death—Death was just the intermediary. Framing things this way, though, did immediately raise the one problem that always comes up, whenever anyone conceives human life through such an idiom. If our lives are on loan, who would actually wish to repay such a debt? To live in debt is to be guilty, incomplete. But completion can only mean annihilation. In this way, the "tribute" of sacrifice could be seen as a kind of interest payment, with the life of the animal substituting temporarily for what's really owed, which is ourselves—a mere postponement of the inevitable.[34]

Different commentators proposed different ways out of the dilemma. Some ambitious Brahmins began telling their clients that sacrificial ritual, if done correctly, promised a way to break out of the human condition entirely and achieve eternity (since, in the face of eternity, all debts become meaningless.)[35] Another way was to broaden the notion of debt, so that all social responsibilities become debts of one sort or another. Thus two famous passages in the Brahmanas insist that we are born as a debt not just to the gods, to be repaid in sacrifice, but also to the Sages who created the Vedic learning to begin with, which we must repay through study; to our ancestors ("the Fathers"), who we must repay by having children; and finally, "to men"—apparently meaning humanity as a whole, to be repaid by offering hospitality to strangers.[36] Anyone, then, who lives a proper life is constantly paying back existential debts of one sort or another; but at the same time, as the notion of debt slides back into a simple sense of social obligation, it becomes something far less terrifying than the sense that one's very existence is a loan taken against Death.[37] Not least because social obligations always cut both ways. Especially since, once one has oneself fathered children, one is just as much a debtor as a creditor.

What primordial-debt theorists have done is to propose that the ideas encoded in these Vedic texts are not peculiar to a certain intellectual tradition of early Iron Age ritual specialists in the Ganges valley, but that they are essential to the very nature and history of human thought. Consider for example this statement, from an essay by French economist Bruno Théret with the uninspiring title "The Socio-Cultural Dimensions of the Currency: Implications for the Transition to the Euro," published in the *Journal of Consumer Policy* in 1999:

> 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 return is organized 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.[38]

If nothing else, this provides a neat illustration of how different are standards of debate in Europe from those current in the Anglo-American world. One can't imagine an American economist of any stripe writing something like this. Still, the author is actually making a rather clever synthesis here. Human nature does not drive us to "truck and barter." Rather, it ensures that we are always creating symbols—such as money itself. This is how we come to see ourselves in a cosmos surrounded by invisible forces; as in debt to the universe.

The ingenious move of course is to fold this back into the state theory of money—since by "sovereign powers" Théret actually means "the state." The first kings were sacred kings who were either gods in their own right or stood as privileged mediators between human beings and the ultimate forces that governed the cosmos. This sets us on a road to the gradual realization that our debt to the gods was always, really, a debt to the society that made us what we are.

The "primordial debt," writes British sociologist Geoffrey Ingham, "is that owed by the living to the continuity and durability of the society that secures their individual existence."[39] In this sense it is not just criminals who owe a "debt to society"—we are all, in a certain sense, guilty, even criminals.

For instance, Ingham notes that, while there is no actual proof that money emerged in this way, "there is considerable indirect etymological evidence":

> In all Indo-European languages, words for "debt" are synonymous with those for "sin" or "guilt", illustrating the links between religion, payment and the mediation of the sacred and profane realms by "money." For example, there is a connection between money (German *Geld*), indemnity or sacrifice (Old English *Geild*), tax (Gothic *Gild*) and, of course, guilt.[40]

Or, to take another curious connection: Why were cattle so often used as money? The German historian Bernard Laum long ago pointed out that in Homer, when people measure the value of a ship or suit of armor, they always measure it in oxen—even though when they actually exchange things, they never pay for anything in oxen. It is hard to escape the conclusion that this was because an ox was what one offered the gods in sacrifice. Hence they represented absolute value. From Sumer to Classical Greece, silver and gold were dedicated as offerings in temples. Everywhere, money seems to have emerged from the thing most appropriate for giving to the gods.[41]

If the king has simply taken over guardianship of that primordial debt we all owe to society for having created us, this provides a very neat explanation for why the government feels it has the right to make us pay taxes. Taxes are just a measure of our debt to the society that made us. But this doesn't really explain how this kind of absolute life-debt can be converted into *money*, which is by definition a means of measuring and comparing the value of *different* things. This is just as much a problem for credit theorists as for neoclassical economists, even if the problem for them is somewhat differently framed. If you start from the barter theory of money, you have to resolve the problem of how and why you would come to select one commodity to measure just how much you want each of the other ones. If you start from a credit theory, you are left with the problem I described in the first chapter: how to turn a moral obligation into a specific sum of money, how the mere sense of owing someone else a favor can eventually turn into a system of accounting in which one is able to calculate exactly how many sheep or fish or chunks of silver it would take to repay the debt. Or in this case, how do we go from that absolute debt we owe to God to the very specific debts we owe our cousins, or the bartender?

The answer provided by primordial-debt theorists is, again, ingenious. If taxes represent our absolute debt to the society that created us, then the first step toward creating real money comes when we start calculating much more specific debts to society, systems of fines, fees, and penalties, or even debts we owe to specific individuals who we have wronged in some way, and thus to whom we stand in a relation of "sin" or "guilt."

This is actually much less implausible than it might sound. One of the puzzling things about all the theories about the origins of money that we've been looking at so far is that they almost completely ignore the evidence of anthropology. Anthropologists do have a great deal of knowledge of how economies within stateless societies actually worked—how they still work in places where states and markets have been unable to completely break up existing ways of doing things. There are innumerable studies of, say, the use of cattle as money in eastern or southern Africa, of shell money in the Americas (wampum being the most famous example) or Papua New Guinea, bead money, feather money, the use of iron rings, cowries, spondylus shells, brass rods, or woodpecker scalps.[42] The reason that this literature tends to be ignored by economists is simple: "primitive currencies" of this sort is only rarely used to buy and sell things, and even when they are, never primarily to buy and sell everyday items such as chickens or eggs or shoes or potatoes. Rather than being employed to acquire things, they are mainly used to rearrange relations between people. Above all, to arrange marriages and to settle disputes, particularly those arising from murders or personal injury.

There is every reason to believe that our own money started the same way—even the English word "to pay" is originally derived from a word for "to pacify, appease"—as in, to give someone something precious, for instance, to express just how badly you feel about having just killed his brother in a drunken brawl, and how much you would really like to avoid this becoming the basis for an ongoing blood-feud.[43]

Debt theorists are especially concerned with this latter possibility. This is partly because they tend to skip past the anthropological literature and look at early law codes—taking inspiration here, from the groundbreaking work of one of the twentieth century's greatest numismatists, Philip Grierson, who in the '70s, first suggested that money might first have emerged from early legal practice. Grierson was an expert in the European Dark Ages, and he became fascinated by what have come to be known as the "Barbarian Law Codes," established by many Germanic peoples after the destruction of the Roman Empire in the 600s and 700s—Goths, Frisians, Franks, and so on—soon followed by similar codes published everywhere from Russia to Ireland. Certainly they are fascinating documents. On the one hand, they make it abundantly clear just how wrong are conventional accounts of Europe around this time "reverting to barter." Almost all of the Germanic law codes use Roman money to make assessments; penalties for theft, for instance, are almost always followed by demands that the thief not only return the stolen property but pay any outstanding rent (or in the event of stolen money, interest) owing for the amount of time it has been in his possession. On the other hand, these were soon followed by law codes by people living in territories that had never been under Roman rule—in Ireland, Wales, Nordic countries, Russia—and these are if anything even more revealing. They could be remarkably creative, both in what could be used as a means of payment and on the precise breakdown of injuries and insults that required compensation:

> Compensation in the Welsh laws is reckoned primarily in cattle and in the Irish ones in cattle or bondmaids (*cumal*), with considerable use of precious metals in both. In the Germanic codes it is mainly in precious metal . . . In the Russian codes it was silver and furs, graduated from marten down to squirrel. Their detail is remarkable, not only in the personal injuries envisioned—specific compensations for the loss of an arm, a hand, a forefinger, a nail, for a blow on the head so that the brain is visible or bone projects—but in the coverage some of them gave to the possessions of the individual household. Title II of the Salic Law deals with the theft of pigs, Title III with cattle, Title IV with sheep, Title V with goats, Title VI with dogs, each time with an elaborate breakdown differentiating between animals of different age and sex.[44]

This does make a great deal of psychological sense. I've already remarked how difficult it is to imagine how a system of precise equivalences—one young healthy milk cow is equivalent to exactly thirty-six chickens—could arise from most forms of gift exchange. If Henry gives Joshua a pig and feels he has received an inadequate counter-gift, he might mock Joshua as a cheapskate, but he would have little occasion to come up with a mathematical formula for precisely how cheap he feels Joshua has been. On the other hand, if Joshua's pig just destroyed Henry's garden, and especially, if that led to a fight in which Henry lost a toe, and Henry's family is now hauling Joshua up in front of the village assembly—this is precisely the context where people are most likely to become petty and legalistic and express outrage if they feel they have received one groat less than was their rightful due. That means exact mathematical specificity: for instance, the capacity to measure the exact value of a two-year-old pregnant sow. What's more, the levying of penalties must have constantly required the calculation of equivalences. Say the fine is in marten pelts but the culprit's clan doesn't have any martens. How many squirrel skins will do? Or pieces of silver jewelry? Such problems must have come up all the time and led to at least a rough-and-ready set of rules of thumb over what sorts of valuable were equivalent to others. This would help explain why, for instance, medieval Welsh law codes can contain detailed breakdowns not only of the value of different ages and conditions of milk cow, but of the monetary value of every object likely to be found in an ordinary homestead, down to the cost of each piece of timber—despite the fact that there seems no reason to believe that most such items could even be purchased on the open market at the time.[45]

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There is something very compelling in all this. For one thing, the premise makes a great deal of intuitive sense. After all, we do owe everything we are to others. This is simply true. The language we speak and even think in, our habits and opinions, the kind of food we like to eat, the knowledge that makes our lights switch on and toilets flush, even the style in which we carry out our gestures of defiance and rebellion against social conventions—all of this, we learned from other people, most of them long dead. If we were to imagine what we owe them as a debt, it could only be infinite. The question is: Does it really make sense to think of this as a debt? After all, a debt is by definition something that we could at least imagine paying back. It is strange enough to wish to be square with one's parents—it rather implies that one does not wish to think of them as parents any more. Would we really want to be square with all humanity? What would that even mean? And is this desire really a fundamental feature of all human thought?

Another way to put this would be: Are primordial-debt theorists *describing* a myth, have they discovered a profound truth of the human condition that has always existed in all societies, and is it simply spelled out particularly clearly in certain ancient texts from India—or are they *inventing* a myth of their own?

Clearly it must be the latter. They are inventing a myth.

The choice of the Vedic material is significant. The fact is, we know almost nothing about the people who composed these texts and little about the society that created them.[46] We don't even know if interest-bearing loans existed in Vedic India—which obviously has a bearing on whether priests really saw sacrifice as the payment of interest on a loan we owe to Death.[47] As a result, the material can serve as a kind of empty canvas, or a canvas covered with hieroglyphics in an unknown language, on which we can project almost anything we want to. If we look at other ancient civilizations in which we do know something about the larger context, we find that no such notion of sacrifice as payment is in evidence.[48] If we look through the work of ancient theologians, we find that most were familiar with the idea that sacrifice was a way by which human beings could enter into commercial relations with the gods, but that they felt it was patently ridiculous: If the gods already have everything they want, what exactly do humans have to bargain with?[49] We've seen in the last chapter how difficult it is to give gifts to kings. With gods (let alone God) the problem is magnified infinitely. Exchange implies equality. In dealing with cosmic forces, this was simply assumed to be impossible from the start.

The notion that debts to gods were appropriated by the state, and thus became the bases for taxation systems, can't really stand up either. The problem here is that in the ancient world, free citizens didn't usually pay taxes. Generally speaking, tribute was levied only on conquered populations. This was already true in ancient Mesopotamia, where the inhabitants of independent cities did not usually have to pay direct taxes at all. Similarly, as Moses Finley put it, "Classical Greeks looked upon direct taxes as tyrannical and avoided them whenever possible.[50] Athenian citizens did not pay direct taxes of any sort; though the city did sometimes distribute money to its citizens, a kind of reverse taxation—sometimes directly, as with the proceeds of the Laurium silver mines, and sometimes indirectly, as through generous fees for jury duty or attending the assembly. Subject cities, however, did have to pay tribute. Even within the Persian Empire, Persians did not have to pay tribute to the Great King, but the inhabitants of conquered provinces did.[51] The same was true in Rome, where for a very long time, Roman citizens not only paid no taxes but had a right to a share of the tribute levied on others, in the form of the dole—the "bread" part of the famous "bread and circuses."[52]

In other words, Benjamin Franklin was wrong when he said that in this world nothing is certain except death and taxes. This obviously makes the idea that the debt to one is just a variation on the other much harder to maintain.

None of this, however, deals a mortal blow to the state theory of money. Even those states that did not demand taxes did levy fees, penalties, tariffs, and fines of one sort or another. But it *is* very hard to reconcile with any theory that claims states were first conceived as guardians of some sort of cosmic, primordial debt.

It's curious that primordial-debt theorists never have much to say about Sumer or Babylonia, despite the fact that Mesopotamia is where the practice of loaning money at interest was first invented, probably two thousand years before the Vedas were composed—and that it was also the home of the world's first states. But if we look into Mesopotamian history, it becomes a little less surprising. Again, what we find there is in many ways the exact opposite of what such theorists would have predicted.

The reader will recall here that Mesopotamian city-states were dominated by vast Temples: gigantic, complex industrial institutions often staffed by thousands—including everyone from shepherds and barge-pullers to spinners and weavers to dancing girls and clerical administrators. By at least 2700 BC, ambitious rulers had begun to imitate them by creating palace complexes organized on similar terms—with the exception that where the Temples centered on the sacred chambers of a god or goddess, represented by a sacred image who was fed and clothed and entertained by priestly servants as if he or she were a living person. Palaces centered on the chambers of an actual live king. Sumerian rulers rarely went so far as to declare themselves gods, but they often came very close. However, when they did interfere in the lives of their subjects in their capacity as cosmic rulers, they did not do it by imposing public debts, but rather by canceling private ones.[53]

We don't know precisely when and how interest-bearing loans originated, since they appear to predate writing. Most likely, Temple administrators invented the idea as a way of financing the caravan trade. This trade was crucial because while the river valley of ancient Mesopotamia was extraordinarily fertile and produced huge surpluses of grain and other foodstuffs, and supported enormous numbers of livestock, which in turn supported a vast wool and leather industry, it was almost completely lacking in anything else. Stone, wood, metal, even the silver used as money, all had to be imported. From quite early times, then, Temple administrators developed the habit of advancing goods to local merchants—some of them private, others themselves Temple functionaries—who would then go off and sell it overseas. Interest was just a way for the Temples to take their share of the resulting profits.[54] However, once established, the principle seems to have quickly spread. Before long, we find not only commercial loans, but also consumer loans—usury in the classical sense of the term. By c2400 BC it already appears to have been common practice on the part of local officials, or wealthy merchants, to advance loans to peasants who were in financial trouble on collateral and begin to appropriate their possessions if they were unable to pay. It usually started with grain, sheep, goats, and furniture, then moved on to fields and houses, or, alternately or ultimately, family members. Servants, if any, went quickly, followed by children, wives, and in some extreme occasions, even the borrower himself. These would be reduced to debt-peons: not quite slaves, but very close to that, forced into perpetual service in the lender's household—or, sometimes, in the Temples or Palaces themselves. In theory, of course, any of them could be redeemed whenever the borrower repaid the money, but for obvious reasons, the more a peasant's resources were stripped away from him, the harder that became.

The effects were such that they often threatened to rip society apart. If for any reason there was a bad harvest, large proportions of the peasantry would fall into debt peonage; families would be broken up. Before long, lands lay abandoned as indebted farmers fled their homes for fear of repossession and joined semi-nomadic bands on the desert fringes of urban civilization. Faced with the potential for complete social breakdown, Sumerian and later Babylonian kings periodically announced general amnesties: "clean slates," as economic historian Michael Hudson refers to them. Such decrees would typically declare all outstanding consumer debt null and void (commercial debts were not affected), return all land to its original owners, and allow all debt-peons to return to their families. Before long, it became more or less a regular habit for kings to make such a declaration on first assuming power, and many were forced to repeat it periodically over the course of their reigns.

In Sumeria, these were called "declarations of freedom"—and it is significant that the Sumerian word *amargi*, the first recorded word for "freedom" in any known human language, literally means "return to mother"—since this is what freed debt-peons were finally allowed to do.[55]

Michael Hudson argues that Mesopotamian kings were only in a position to do this because of their cosmic pretensions: in taking power, they saw themselves as literally recreating human society, and so were in a position to wipe the slate clean of all previous moral obligations. Still, this is about as far from what primordial-debt theorists had in mind as one could possibly imagine.[56]

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Probably the biggest problem in this whole body of literature is the initial assumption: that we begin with an infinite debt to something called "society." It's this debt to society that we project onto the gods. It's this same debt that then gets taken up by kings and national governments.

What makes the concept of society so deceptive is that we assume the world is organized into a series of compact, modular units called "societies," and that all people know which one they're in. Historically, this is very rarely the case. Imagine I am a Christian Armenian merchant living under the reign of Genghis Khan. What is "society" for me? Is it the city where I grew up, the society of international merchants (with its own elaborate codes of conduct) within which I conduct my daily affairs, other speakers of Armenian, Christendom (or maybe just Orthodox Christendom), or the inhabitants of the Mongol empire itself, which stretched from the Mediterranean to Korea? Historically, kingdoms and empires have rarely been the most important reference points in peoples' lives. Kingdoms rise and fall; they also strengthen and weaken; governments may make their presence known in people's lives quite sporadically, and many people in history were never entirely clear whose government they were actually in. Even until quite recently, many of the world's inhabitants were never even quite sure what country they were supposed to be in, or why it should matter. My mother, who was born a Jew in Poland, once told me a joke from her childhood:

> There was a small town located along the frontier between Russia and Poland; no one was ever quite sure to which it belonged. One day an official treaty was signed and not long after, surveyors arrived to draw a border. Some villagers approached them where they had set up their equipment on a nearby hill.
>
> "So where are we, Russia or Poland?"
>
> "According to our calculations, your village now begins exactly thirty-seven meters into Poland."
>
> The villagers immediately began dancing for joy.
>
> "Why?" the surveyors asked. "What difference does it make?"
>
> "Don't you know what this means?" they replied. "It means we'll never have to endure another one of those terrible Russian winters!"

However, if we are born with an infinite debt to all those people who made our existence possible, but there is no natural unit called "society"—then who or what exactly do we really owe it to? Everyone? Everything? Some people or things more than others? And how do we pay a debt to something so diffuse? Or, perhaps more to the point, who exactly can claim the authority to tell us how we can repay it, and on what grounds?

If we frame the problem that way, the authors of the Brahmanas are offering a quite sophisticated reflection on a moral question that no one has really ever been able to answer any better before or since. As I say, we can't know much about the conditions under which those texts were composed, but such evidence as we do have suggests that the crucial documents date from sometime between 500 and 400 BC—that is, roughly the time of Socrates—which in India appears to have been just around the time that a commercial economy, and institutions like coined money and interest-bearing loans were beginning to become features of everyday life. The intellectual classes of the time were, much as they were in Greece and China, grappling with the implications. In their case, this meant asking: What does it mean to imagine our responsibilities as debts? To whom do we owe our existence?

It's significant that their answer did not make any mention either of "society" or states (though certainly kings and governments certainly existed in early India). Instead, they fixed on debts to gods, to sages, to fathers, and to "men." It wouldn't be at all difficult to translate their formulation into more contemporary language. We could put it this way. We owe our existence above all:

- To the universe, cosmic forces, as we would put it now, to Nature. The ground of our existence. To be repaid through ritual: ritual being an act of respect and recognition to all that beside which we are small.[57]
- To those who have created the knowledge and cultural accomplishments that we value most; that give our existence its form, its meaning, but also its shape. Here we would include not only the philosophers and scientists who created our intellectual tradition but everyone from William Shakespeare to that long-since-forgotten woman, somewhere in the Middle East, who created leavened bread. We repay them by becoming learned ourselves and contributing to human knowledge and human culture.
- To our parents, and their parents—our ancestors. We repay them by becoming ancestors.
- To humanity as a whole. We repay them by generosity to strangers, by maintaining that basic communistic ground of sociality that makes human relations, and hence life, possible.

Set out this way, though, the argument begins to undermine its very premise. These are nothing like commercial debts. After all, one might repay one's parents by having children, but one is not generally thought to have repaid one's creditors if one lends the cash to someone else.[58]

Myself, I wonder: Couldn't that really be the point? Perhaps what the authors of the Brahmanas were really demonstrating was that, in the final analysis, our relation with the cosmos is ultimately nothing like a commercial transaction, nor could it be. That is because commercial transactions imply both equality and separation. These examples are all about overcoming separation: you are free from your debt to your ancestors when you become an ancestor; you are free from your debt to the sages when you become a sage, you are free from your debt to humanity when you act with humanity. All the more so if one is speaking of the universe. If you cannot bargain with the gods because they already have everything, then you certainly cannot bargain with the universe, because the universe *is* everything—and that everything necessarily includes yourself. One could in fact interpret this list as a subtle way of saying that the only way of "freeing oneself" from the debt was not literally repaying debts, but rather showing that these debts do not exist because one is not in fact separate to begin with, and hence that the very notion of canceling the debt, and achieving a separate, autonomous existence, was ridiculous from the start. Or even that the very presumption of positing oneself as separate from humanity or the cosmos, so much so that one can enter into one-to-one dealings with it, is itself the crime that can be answered only by death. Our guilt is not due to the fact that we cannot repay our debt to the universe. Our guilt is our presumption in thinking of ourselves as being in any sense an equivalent to Everything Else that Exists or Has Ever Existed, so as to be able to conceive of such a debt in the first place.[59]

Or let us look at the other side of the equation. Even if it is possible to imagine ourselves as standing in a position of absolute debt to the cosmos, or to humanity, the next question becomes: Who exactly has a right to speak for the cosmos, or humanity, to tell us how that debt must be repaid? If there's anything more preposterous than claiming to stand apart from the entire universe so as to enter into negotiations with it, it is claiming to speak for the other side.

If one were looking for the ethos for an individualistic society such as our own, one way to do it might well be to say: we all owe an infinite debt to humanity, society, nature, or the cosmos (however one prefers to frame it), but no one else could possibly tell us how we are to pay it. This at least would be intellectually consistent. If so, it would actually be possible to see almost all systems of established authority—religion, morality, politics, economics, and the criminal-justice system—as so many different fraudulent ways to presume to calculate what cannot be calculated, to claim the authority to tell us how some aspect of that unlimited debt ought to be repaid. Human freedom would then be our ability to decide for ourselves how we want to do so.

No one, to my knowledge, has ever taken this approach. Instead, theories of existential debt always end up becoming ways of justifying—or laying claim to—structures of authority. The case of the Hindu intellectual tradition is telling here. The debt to humanity appears only in a few early texts, and is quickly forgotten. Almost all later Hindu commentators ignore it and instead put their emphasis on a man's debt to his father.[60]

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Primordial-debt theorists have other fish to fry. They are not really interested in the cosmos, but actually, in "society."

Let me return again to that word, "society." The reason that it seems like such a simple, self-evident concept is because we mostly use it as a synonym for "nation." After all, when Americans speak of paying their debt to society, they are not thinking of their responsibilities to people who live in Sweden. It's only the modern state, with its elaborate border controls and social policies, that enables us to imagine "society" in this way, as a single bounded entity. This is why projecting that notion backwards into Vedic or Medieval times will always be deceptive, even though we don't really have another word.

It seems to me that this is exactly what the primordial-debt theorists are doing: projecting such a notion backwards.

Really, the whole complex of ideas they are talking about—the notion that there is this thing called society, that we have a debt to it, that governments can speak for it, that it can be imagined as a sort of secular god—all of these ideas emerged together around the time of the French Revolution, or in its immediate wake. In other words, it was born alongside the idea of the modern nation-state.

We can already see them coming together clearly in the work of Auguste Comte, in early nineteenth-century France. Comte, a philosopher and political pamphleteer now most famous for having first coined the term "sociology," went so far, by the end of his life, as actually proposing a Religion of Society, which he called Positivism, broadly modeled on Medieval Catholicism, replete with vestments where all the buttons were on the back (so they couldn't be put on without the help of others). In his last work, which he called a "Positivist Catechism," he also laid down the first explicit theory of social debt. At one point someone asks an imaginary Priest of Positivism what he thinks of the notion of human rights. The priest scoffs at the very idea. This is nonsense, he says, an error born of individualism. Positivism understands only duties. After all:

> 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, then, could one seat the idea of "rights"?[61]

While Comte doesn't use the word "debt," the sense is clear enough. We have already accumulated endless debts before we get to the age at which we can even think of paying them. By that time, there's no way to calculate to whom we even owe them. The only way to redeem ourselves is to dedicate ourselves to the service of Humanity as a whole.

In his lifetime, Comte was considered something of a crackpot, but his ideas proved influential. His notion of unlimited obligations to society ultimately crystallized in the notion of the "social debt," a notion taken up among social reformers and, eventually, socialist politicians in many parts of Europe and abroad.[62] "We are all born as debtors to society": in France the notion of a social debt soon became something of a catchphrase, a slogan, and eventually a cliché.[63] The state, according to this view, was merely the administrator of an existential debt that all of us have to the society that created us, embodied not least in the fact that we all continue to be completely dependent on one another for our existence, even if we are not completely aware of how.

These are also the intellectual and political circles that shaped the thought of Emile Durkheim, the founder of the discipline of sociology that we know today, who in a way did Comte one better by arguing that all gods in all religions are always already projections of society—so an explicit religion of society would not even be necessary. All religions, for Durkheim, are simply ways of recognizing our mutual dependence on one another, a dependence that affects us in a million ways that we are never entirely aware of. "God" and "society" are ultimately the same.

The problem is that for several hundred years now, it has simply been assumed that the guardian of that debt we owe for all of this, the legitimate representatives of that amorphous social totality that has allowed us to become individuals, must necessarily be the state. Almost all socialist or socialistic regimes end up appealing to some version of this argument. To take one notorious example, this was how the Soviet Union used to justify forbidding their citizens from emigrating to other countries. The argument was always: The USSR created these people, the USSR raised and educated them, made them who they are. What right do they have to take the product of our investment and transfer it to another country, as if they didn't owe us anything? Neither is this rhetoric restricted to socialist regimes. Nationalists appeal to exactly the same kind of arguments—especially in times of war. And all modern governments are nationalist to some degree.

One might even say that what we really have, in the idea of primordial debt, is the ultimate nationalist myth. Once we owed our lives to the gods that created us, paid interest in the form of animal sacrifice, and ultimately paid back the principal with our lives. Now we owe it to the Nation that formed us, pay interest in the form of taxes, and when it comes time to defend the nation against its enemies, to offer to pay it with our lives.

This is a great trap of the twentieth century: on one side is the logic of the market, where we like to imagine we all start out as individuals who don't owe each other anything. On the other is the logic of the state, where we all begin with a debt we can never truly pay. We are constantly told that they are opposites, and that between them they contain the only real human possibilities. But it's a false dichotomy. States created markets. Markets require states. Neither could continue without the other, at least, in anything like the forms we would recognize today.

Chapter Four

CRUELTY AND REDEMPTION

We will buy the poor for silver, the needy for a pair of sandals.

—*Amos* 2:6

THE READER MAY have noticed that there is an unresolved debate between those who see money as a commodity and those who see it as an IOU. Which one is it? By now, the answer should be obvious: it's both. Keith Hart, probably the best-known current anthropological authority on the subject, pointed this out many years ago. There are, he famously observed, two sides to any coin:

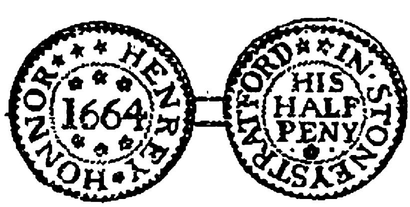
> Look at a coin from your pocket. On one side is "heads"—the symbol of the political authority which minted the coin; on the other side is "tails"—the precise specification of the amount the coin is worth as payment in exchange. One side reminds us that states underwrite currencies and the money is 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.[1]

Clearly, money was not invented to overcome the inconveniences of barter between neighbors—since neighbors would have no reason to engage in barter in the first place. Still, a system of pure credit money would have serious inconveniences as well. Credit money is based on trust, and in competitive markets, trust itself becomes a scarce commodity. This is particularly true of dealings between strangers. Within the Roman empire, a silver coin stamped with the image of Tiberius might have circulated at a value considerably higher than the value of the silver it contained. Ancient coins invariably circulated at a value higher than their metal content.[2] This was largely because Tiberius's government was willing to accept them at face value. However, the

Persian government probably wasn't, and the Mauryan and Chinese governments certainly weren't. Very large numbers of Roman gold and silver coins did end up in India and even China; this is presumably the main reason that they were made of gold and silver to begin with.

What's true for a vast empire like Rome or China is obviously all the more true for a Sumerian or Greek city-state, let alone anyone operating within the kind of broken checkerboard of kingdoms, towns, and tiny principalities that prevailed in most of Medieval Europe or India. As I've pointed out, often what was inside and what was outside were not especially clear. Within a community—a town, a city, a guild or religious society—pretty much anything could function as money, provided everyone knew there was *someone* willing to accept it to cancel out a debt. To offer one particularly striking example, in certain cities in nineteenth-century Siam, small change consisted entirely of porcelain Chinese gaming counters—basically, the equivalent of poker chips—issued by local casinos. If one of these casinos went out of business or lost its license, its owners would have to send a crier through the streets banging a gong and announcing that anyone holding such chits had three days to redeem them.[3] For major transactions, of course, currency that was also acceptable outside the community (usually silver or gold again) was ordinarily employed.

In a similar way, English shops, for many centuries, would issue their own wood or lead or leather token money. The practice was often technically illegal, but it continued until relatively recent times. Here is an example from the seventeenth century, by a certain Henry, who had a store at Stony Stratford, Buckinghamshire:



This is clearly a case of the same principle: Henry would provide small change in the form of IOUs redeemable at his own store. As such, they might circulate broadly, at least among anyone who did regular business at that shop. But they were unlikely to travel very far from Stony Stratford—most tokens, in fact, never circulated more than a few blocks in any direction. For larger transactions, everyone, including Henry, expected money in a form that would be acceptable anywhere, including in Italy or France.[4]

Throughout most of history, even where we do find elaborate markets, we also find a complex jumble of different sorts of currency. Some of these may have originally emerged from barter between foreigners: the cacao money of Mesoamerica or salt money of Ethiopia are frequently cited examples.[5] Others arose from credit systems, or from arguments over what sort of goods should be acceptable to pay taxes or other debts. Such questions were often matters of endless contestation. One could often learn a lot about the balance of political forces in a given time and place by what sorts of things were acceptable as currency. For instance: in much the same way that colonial Virginia planters managed to pass a law obliging shopkeepers to accept their tobacco as currency, medieval Pomeranian peasants appear to have at certain points convinced their rulers to make taxes, fees, and customs duties, which were registered in Roman currency, actually payable in wine, cheese, peppers, chickens, eggs, and even herring—much to the annoyance of traveling merchants, who therefore had to either carry such things around in order to pay the tolls or buy them locally at prices that would have been more advantageous to their suppliers for that very reason.[6] This was in an area with a free peasantry, rather than serfs. They were in a relatively strong political position. In other times and places, the interests of lords and merchants prevailed instead.

Thus money is almost always something hovering between a commodity and a debt-token. This is probably why coins—pieces of silver or gold that are already valuable commodities in themselves, but that, being stamped with the emblem of a local political authority, became even more valuable—still sit in our heads as the quintessential form of money. They most perfectly straddle the divide that defines what money is in the first place. What's more, the relation between the two was a matter of constant political contestation.

In other words, the battle between state and market, between governments and merchants is not inherent to the human condition.

▮▮▮▮▮

Our two origin stories—the myth of barter and the myth of primordial debt—may appear to be about 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're capable of seeing our relation to the universe in terms of debt.

To illustrate, let me call a perhaps surprising witness, Friedrich Nietzsche, a man able to see with uncommon clarity what happens when you try to imagine the world in commercial terms.

Nietzsche's *On the Genealogy of Morals* appeared in 1887. In it, he begins with an argument that might well have been taken directly from Adam Smith—but he takes it a step further than Smith ever dared to, insisting that not just barter, but buying and selling itself, precede any other form of human relationship. The feeling of personal obligation, he observes,

> has its origin in the oldest and most primitive personal relationship there is, in the relationship between seller and buyer, creditor and debtor. Here for the first time one person moved up against another person, here an individual *measured himself* against another individual. We have found no civilization still at such a low level that something of this relationship is not already perceptible. To set prices, to measure values, to think up equivalencies, to exchange things—that preoccupied man's very first thinking to such a degree that in a certain sense it's what thinking *itself* is. Here the oldest form of astuteness was bred; here, too, we can assume are the first beginnings of man's pride, his feeling of pre-eminence in relation to other animals. Perhaps our word "man" (*manas*) continues to express directly something of *this* feeling of the self: the human being describes himself as a being which assesses values, which values and measures, as the "inherently calculating animal." Selling and buying, together with their psychological attributes, are even older than the beginnings of any form of social organizations and groupings; out of the most rudimentary form of personal legal rights the budding feeling of exchange, contract, guilt, law, duty, and compensation was instead first *transferred* to the crudest and earliest social structures (in their relationships with similar social structures), along with the habit of comparing power with power, of measuring, of calculating.[7]

Smith, too, we will remember, saw the origins of language—and hence of human thought—as lying in our propensity to "exchange one thing for another," in which he also saw the origins of the market.[8] The urge to trade, to compare values, is the very thing that makes us intelligent beings, and different from other animals. Society comes later—which means our ideas about responsibilities to other people first take shape in strictly commercial terms.

Unlike with Smith, however, it never occurred to Nietzsche that you could have a world where all such transactions immediately cancel out. Any system of commercial accounting, he assumed, will produce creditors and debtors. In fact, he believed that it was from this very fact that human morality emerged. Note, he says, how the German word *schuld* means both "debt" and "guilt." At first, to be in debt was simply to be guilty, and creditors delighted in punishing debtors unable to repay their loans by inflicting "all sorts of humiliation and torture on the body of the debtor, for instance, cutting as much flesh off as seemed appropriate for the debt."[9] In fact, Nietzsche went so far as to insist that those original barbarian law codes that tabulated so much for a ruined eye, so much for a severed finger, were not originally meant to fix rates of monetary compensation for the loss of eyes and fingers, but to establish how much of the debtor's body creditors were allowed to take! Needless to say, he doesn't provide a scintilla of evidence for this (none exists).[10] But to ask for evidence would be to miss the point. We are dealing here not with a real historical argument but with a purely imaginative exercise.

When humans did begin to form communities, Nietzsche continues, they necessarily began to imagine their relationship to the community in these terms. The tribe provides them with peace and security. They are therefore in its debt. Obeying its laws is a way of paying it back ("paying your debt to society" again). But this debt, he says, is also paid—here too—in sacrifice:

> Within the original tribal cooperatives—we're talking about primeval times—the living generation always acknowledged a legal obligation to the previous generations, and especially to the earliest one which had founded the tribe [. . .] Here the reigning conviction is that the tribe only *exists* at all only because of the sacrifices and achievements of its ancestors—and that people have to *pay them back* with sacrifices and achievements. In this people recognize a *debt* which keeps steadily growing because these ancestors in their continuing existence as powerful spirits do not stop giving the tribe new advantages and lending them their power. Do they do this for free? But there is no "for free" for those raw and "spiritually destitute" ages. What can people give back to them? Sacrifices (at first as nourishment understood very crudely), festivals, chapels, signs of honor, above all, obedience—for all customs, as work of one's ancestors, are also their statutes and commands. Do people ever give them enough? This suspicion remains and grows.[11]

In other words, for Nietzsche, starting from Adam Smith's assumptions about human nature means we must necessarily end up with something very much along the lines of primordial-debt theory. On the one hand, it is because of our feeling of debt to the ancestors that we obey the ancestral laws: this is why we feel that the community has the right to react "like an angry creditor" and punish us for our transgressions if we break them. In a larger sense, we develop a creeping feeling that we could never really pay back the ancestors, that no sacrifice (not even the sacrifice of our first-born) will ever truly redeem us. We are terrified of the ancestors, and the stronger and more powerful a community becomes, the more powerful they seem to be, until finally, "the ancestor is necessarily transfigured into a god." As communities grow into kingdoms and kingdoms into universal empires, the gods themselves come to seem more universal, they take on grander, more cosmic pretentions, ruling the heavens, casting thunderbolts—culminating in the Christian god, who, as the maximal deity, necessarily "brought about the maximum feeling of indebtedness on earth." Even our ancestor Adam is no longer figured as a creditor, but as a transgressor, and therefore a debtor, who passes on to us his burden of Original Sin:

> Finally, with the impossibility of discharging the debt, people also come up with the notion that it is impossible to remove the penance, the idea that it cannot be paid off ("*eternal* punishment") . . . until all of a sudden we confront the paradoxical and horrifying expedient with which a martyred humanity found temporary relief, that stroke of genius of *Christianity*: God sacrificing himself for the guilt of human beings, God paying himself back with himself, God as the only one who can redeem man from what for human beings has become impossible to redeem—the creditor sacrificing himself for the debtor, out of *love* (can people believe that?), out of love for his debtor![12]

It all makes perfect sense if you start from Nietzsche's initial premise. The problem is that the premise is insane.

There is also every reason to believe that Nietzsche knew the premise was insane; in fact, that this was the entire point. What Nietzsche is doing here is starting out from the standard, common-sense assumptions about the nature of human beings prevalent in his day (and to a large extent, still prevalent)—that we are rational calculating machines, that commercial self-interest comes before society, that "society" itself is just a way of putting a kind of temporary lid on the resulting conflict. That is, he is starting out from ordinary bourgeois assumptions and driving them to a place where they can only shock a bourgeois audience.

It's a worthy game and no one has ever played it better; but it's a game played entirely within the boundaries of bourgeois thought. It has nothing to say to anything that lies beyond that. The best response to anyone who wants to take seriously Nietzsche's fantasies about savage hunters chopping pieces off each other's bodies for failure to remit are the words of an actual hunter-gatherer—an Inuit from Greenland made famous in the Danish writer Peter Freuchen's *Book of the Eskimo*. Freuchen tells how one day, after coming home hungry from an unsuccessful walrus-hunting expedition, he found one of the successful hunters dropping off several hundred pounds of meat. He thanked him profusely. The man objected indignantly:

> "Up in our country we are human!" said the hunter. "And since we are human we help each other. We don't like to hear anybody say thanks for that. What I get today you may get tomorrow. Up here we say that by gifts one makes slaves and by whips one makes dogs."[13]

The last line is something of an anthropological classic, and similar statements about the refusal to calculate credits and debits can be found through the anthropological literature on egalitarian hunting societies. Rather than seeing himself as human because he could make economic calculations, the hunter insisted that being truly human meant *refusing* to make such calculations, refusing to measure or remember who had given what to whom, for the precise reason that doing so would inevitably create a world where we began "comparing power with power, measuring, calculating" and reducing each other to slaves or dogs through debt.

It's not that he, like untold millions of similar egalitarian spirits throughout history, was unaware that humans have a propensity to calculate. If he wasn't aware of it, he could not have said what he did. Of course we have a propensity to calculate. We have all sorts of propensities. In any real-life situation, we have propensities that drive us in several different contradictory directions simultaneously. No one is more real than any other. The real question is which we take as the foundation of our humanity, and therefore, make the basis of our civilization. If Nietzsche's analysis of debt is helpful to us, then, it is because it reveals that when we start from the assumption that human thought is essentially a matter of commercial calculation, that buying and selling are the basis of human society—then, yes, once we begin to think about our relationship with the cosmos, we will necessarily conceive of it in terms of debt.

■ ■ ■ ■ ■

I do think Nietzsche helps us in another way as well: to understand the concept of redemption. Niezsche's account of "primeval times" might be absurd, but his description of Christianity—of how a sense of debt is transformed into an abiding sense of guilt, and guilt to self-loathing, and self-loathing to self-torture—all of this does ring very true.

Why, for instance, do we refer to Christ as the "redeemer"? The primary meaning of "redemption" is to buy something back, or to recover something that had been given up in security for a loan; to acquire something by paying off a debt. It is rather striking to think that the very core of the Christian message, salvation itself, the sacrifice of God's own son to rescue humanity from eternal damnation, should be framed in the language of a financial transaction.

Nietzsche might have been starting from the same assumptions as Adam Smith, but clearly the early Christians weren't. The roots of this thinking lie deeper than Smith's with his nation of shopkeepers. The authors of the Brahmanas were not alone in borrowing the language of the marketplace as a way of thinking about the human condition. Indeed, to one degree or another, all the major world religions do this.

The reason is that all of them—from Zoroastrianism to Islam—arose amidst intense arguments about the role of money and the market in human life, and particularly about what these institutions meant for fundamental questions of what human beings owed to one another. The question of debt, and arguments about debt, ran through every aspect of the political life of the time. These arguments were set amidst revolts, petitions, reformist movements. Some such movements gained allies in the temples and palaces. Others were brutally suppressed. Most of the terms, slogans, and specific issues being debated, though, have been lost to history. We just don't know what a political debate in a Syrian tavern in 750 BC was likely to be about. As a result, we have spent thousands of years contemplating sacred texts full of political allusions that would have been instantly recognizable to any reader at the time when they were written, but whose meaning we now can only guess at.[14]

One of the unusual things about the Bible is that it preserves some bits of this larger context. To return to the notion of redemption: the Hebrew words *padah* and *goal*, both translated as "redemption," could be used for buying back anything one had sold to someone else, particularly the recovery of ancestral land, or to recovering some object held by creditors in way of a pledge.[15] The example foremost in the minds of prophets and theologians seems to have been the last: the redemption of pledges, and especially, of family members held as debt-pawns. It would seem that the economy of the Hebrew kingdoms, by the time of the prophets, was already beginning to develop the same kind of debt crises that had long been common in Mesopotamia: especially in years of bad harvests, the poor became indebted to rich neighbors or to wealthy moneylenders in the towns, they would begin to lose title to their fields and to become tenants on what had been their own land, and their sons and daughters would be removed to serve as servants in their creditors' households, or even sold abroad as slaves.[16] The earlier prophets contain allusions to such crises, but the book of Nehemiah, written in Persian times, is the most explicit:[17]

> Some also there were that said, "We have mortgaged our lands, vineyards, and houses, that we might buy corn, because of the dearth."
>
> There were also those that said, "We have borrowed money for the king's tribute, and that upon our lands and vineyards.
>
> "Yet now our flesh is as the flesh of our brethren, our children as their children: and, lo, we bring into bondage our sons and our daughters to be servants, and some of our daughters are brought unto bondage already: neither is it in our power to redeem them; for other men have our lands and vineyards."
>
> And I was very angry when I heard their cry and these words.
>
> Then I consulted with myself, and I rebuked the nobles, and the rulers, and said unto them, "Ye exact usury, every one of his brother." And I set a great assembly against them.[18]

Nehemiah was a Jew born in Babylon, a former cup-bearer to the Persian emperor. In 444 BC, he managed to talk the Great King into appointing him governor of his native Judaea. He also received permission to rebuild the Temple in Jerusalem that had been destroyed by Nebuchadnezzar more than two centuries earlier. In the course of rebuilding, sacred texts were recovered and restored; in a sense, this was the moment of the creation of what we now consider Judaism.

The problem was that Nehemiah quickly found himself confronted with a social crisis. All around him, impoverished peasants were unable to pay their taxes; creditors were carrying off the children of the poor. His first response was to issue a classic Babylonian-style "clean slate" edict—having himself been born in Babylon, he was clearly familiar with the general principle. All non-commercial debts were to be forgiven. Maximum interest rates were set. At the same time, though, Nehemiah managed to locate, revise, and reissue much older Jewish laws, now preserved in Exodus, Deuteronomy, and Leviticus, which in certain ways went even further, by institutionalizing the principle.[19] The most famous of these is the Law of Jubilee: a law that stipulated that all debts would be automatically cancelled "in the Sabbath year" (that is, after seven years had passed), and that all who languished in bondage owing to such debts would be released.[20]

"Freedom," in the Bible, as in Mesopotamia, came to refer above all to release from the effects of debt. Over time, the history of the Jewish people itself came to be interpreted in this light: the liberation from bondage in Egypt was God's first, paradigmatic act of redemption; the historical tribulations of the Jews (defeat, conquest, exile) were seen as misfortunes that would eventually lead to a final redemption with the coming of the Messiah—though this could only be accomplished, prophets such as Jeremiah warned them, after the Jewish people truly repented of their sins (carrying each other off into bondage, whoring after false gods, the violation of commandments).[21] In this light, the adoption of the term by Christians is hardly surprising. Redemption was a release from one's burden of sin and guilt, and the end of history would be that moment when all slates are wiped clean and all debts finally lifted when a great blast from angelic trumpets will announce the final Jubilee.

If so, "redemption" is no longer about buying something back. It's really more a matter of destroying the entire system of accounting. In many Middle Eastern cities, this was literally true: one of the common acts during debt cancelation was the ceremonial destruction of the tablets on which financial records had been kept, an act to be repeated, much less officially, in just about every major peasant revolt in history.[22]

This leads to another problem: What is possible in the meantime, before that final redemption comes? In one of his more disturbing parables, the Parable of the Unforgiving Servant, Jesus seemed to be explicitly playing with the problem:

> Therefore, the kingdom of heaven is like a king who wanted to settle accounts with his servants. As he began the settlement, a man who owed him ten thousand talents was brought to him. Since he was not able to pay, the master ordered that he and

his wife and his children and all that he had be sold to repay the debt.

The servant fell on his knees before him. "Be patient with me," he begged, "and I will pay back everything." The servant's master took pity on him, canceled the debt, and let him go.

But when that servant went out, he found one of his fellow servants who owed him a hundred denarii. He grabbed him and began to choke him. "Pay back what you owe me!" he demanded.

His fellow servant fell to his knees and begged him, "Be patient with me, and I will pay you back."

But he refused. Instead, he went off and had the man thrown into prison until he could pay the debt. When the other servants saw what had happened, they were greatly distressed and went and told their master everything that had happened.

Then the master called the servant in. "You wicked servant," he said, "I canceled all that debt of yours because you begged me to. Shouldn't you have had mercy on your fellow servant just as I had on you?" In anger his master turned him over to the jailers to be tortured, until he should pay back all he owed.[23]

This is quite an extraordinary text. On one level it's a joke; in others, it could hardly be more serious.

We begin with the king wishing to "settle accounts" with his servants. The premise is absurd. Kings, like gods, can't really enter into relations of exchange with their subjects, since no parity is possible. And this is a king who clearly *is* God. Certainly there can be no final settling of accounts.

So at best we are dealing with an act of whimsy on the king's part. The absurdity of the premise is hammered home by the sum the first man brought before him is said to owe. In ancient Judaea, to say someone owes a creditor "ten thousand talents" would be like now saying someone owes "a hundred billion dollars." The number is a joke, too; it simply stands in for "a sum no human being could ever, conceivably, repay."[24]

Faced with infinite, existential debt, the servant can only tell obvious lies: "a hundred billion? Sure, I'm good for it! Just give me a little more time." Then, suddenly, apparently just as arbitrarily, the Lord forgives him.

Yet, it turns out, the amnesty has a condition he is not aware of. It is incumbent on his being willing to act in an analogous way to other humans—in this particular case, another servant who owes him (to translate again into contemporary terms), maybe a thousand bucks. Failing the test, the human is cast into hell for all eternity, or "until he should pay back all he owed," which in this case comes down to the same thing.

The parable has long been a challenge to theologians. It's normally interpreted as a comment on the endless bounty of God's grace and how little He demands of us in comparison—and thus, by implication, as a way of suggesting that torturing us in hell for all eternity is not as unreasonable as it might seem. Certainly, the unforgiving servant is a genuinely odious character. Still, what is even more striking to me is the tacit suggestion that forgiveness, in this world, is ultimately impossible. Christians practically say as much every time they recite the Lord's Prayer, and ask God to "forgive us our debts, as we also forgive our debtors."[25] It repeats the story of the parable almost exactly, and the implications are similarly dire. After all, most Christians reciting the prayer are aware that they do not generally forgive their debtors. Why then should God forgive them their sins?[26]

What's more, there is the lingering suggestion that we really couldn't live up to those standards, even if we tried. One of the things that makes the Jesus of the New Testament such a tantalizing character is that it's never clear what he's telling us. Everything can be read two ways. When he calls on his followers to forgive all debts, refuse to cast the first stone, turn the other cheek, love their enemies, to hand over their possessions to the poor—is he really expecting them to do this? Or are such demands just a way of throwing in their faces that, since we are clearly not prepared to act this way, we are all sinners whose salvation can only come in another world—a position that can be (and has been) used to justify almost anything? This is a vision of human life as inherently corrupt, but it also frames even spiritual affairs in commercial terms: with calculations of sin, penance, and absolution, the Devil and St. Peter with their rival ledger books, usually accompanied by the creeping feeling that it's all a charade because the very fact that we are reduced to playing such a game of tabulating sins reveals us to be fundamentally unworthy of forgiveness.

World religions, as we shall see, are full of this kind of ambivalence. On the one hand they are outcries against the market; on the other, they tend to frame their objections in commercial terms—as if to argue that turning human life into a series of transactions is not a very good deal. What I think even these few examples reveal, though, is how much is being papered over in the conventional accounts of the origins and history of money. There is something almost touchingly naïve in the stories about neighbors swapping potatoes for an extra pair of shoes. When the ancients thought about money, friendly swaps were hardly the first thing that came to mind.

True, some might have thought about their tab at the local alehouse, or, if they were a merchant or administrator, of storehouses, account books, exotic imported delights. For most, though, what was likely to come to mind was the selling of slaves and ransoming of prisoners, corrupt tax-farmers and the depredations of conquering armies, mortgages and interest, theft and extortion, revenge and punishment, and, above all, the tension between the need for money to create families, to acquire a bride so as to have children, and use of that same money to destroy families—to create debts that lead to the same wife and children being taken away. "Some of our daughters are brought unto bondage already: neither is it in our power to redeem them." One can only imagine what those words meant, emotionally, to a father in a patriarchal society in which a man's ability to protect the honor of his family was everything. Yet this is what money meant to the majority of people for most of human history: the terrifying prospect of one's sons and daughters being carried off to the homes of repulsive strangers to clean their pots and provide the occasional sexual services, to be subject to every conceivable form of violence and abuse, possibly for years, conceivably forever, as their parents waited, helpless, avoiding eye contact with their neighbors, who knew exactly what was happening to those they were supposed to have been able to protect.[27] Clearly this was the worst thing that could happen to anyone—which is why, in the parable, it could be treated as interchangeable with being "turned over to the jailors to be tortured" for life. And that's just from the perspective of the father. One can only imagine how it might have felt to be the daughter. Yet, over the course of human history, untold millions of daughters have known (and in fact many still know) exactly what it's like.

One might object that this was just assumed to be in the nature of things: like the imposition of tribute on conquered populations, it might have been resented, but it wasn't considered a moral issue, a matter of right and wrong. Some things just happen. This has been the most common attitude of peasants to such phenomena throughout human history. What's striking about the historical record is that in the case of debt crises, this was *not* how many reacted. Many actually did become indignant. So many, in fact, that most of our contemporary language of social justice, our way of speaking of human bondage and emancipation, continues to echo ancient arguments about debt.

It's particularly striking because so many other things do seem to have been accepted as simply in the nature of things. One does not see a similar outcry against caste systems, for example, or for that matter, the institution of slavery.[28] Surely slaves and untouchables often experienced at least equal horrors. No doubt many protested their condition. Why was it that the debtors' protests seemed to carry such greater moral weight? Why were debtors so much more effective in winning the ear of priests, prophets, officials, and social reformers? Why was it that officials like Nehemiah were willing to give such sympathetic consideration to their complaints, to inveigh, to summon great assemblies?

Some have suggested practical reasons: debt crises destroyed the free peasantry, and it was free peasants who were drafted into ancient armies to fight in wars.[29] No doubt this was a factor; clearly it wasn't the only one. There is no reason to believe that Nehemiah, for instance, in his anger at the usurers, was primarily concerned with his ability to levy troops for the Persian king. It is something more fundamental.

What makes debt different is that it is premised on an assumption of equality.

To be a slave, or lower-caste, is to be intrinsically inferior. We are dealing with relations of unadulterated hierarchy. In the case of debt, we are dealing with two individuals who begin as equal parties to a contract. Legally, at least as far as the contract is concerned, they are the same.

We can add that, in the ancient world, when people who actually were more or less social equals loaned money to one another, the terms appear to have normally been quite generous. Often no interest was charged, or if it was, it was very low. "And don't charge me interest," wrote one wealthy Canaanite to another, in a tablet dated around 1200 BC, "after all, we are both gentlemen."[30] Between close kin, many "loans" were probably, then as now, just gifts that no one seriously expected to recover. Loans between rich and poor were something else again.

The problem was that, unlike status distinctions like caste or slavery, the line between rich and poor was never precisely drawn. One can imagine the reaction of a farmer who went up to the house of a wealthy cousin, on the assumption that "humans help each other," and ended up, a year or two later, watching his vineyard seized and his sons and daughters led away. Such behavior could be justified, in legal terms, by insisting that the loan was not a form of mutual aid but a commercial relationship—a contract is a contract. (It also required a certain reliable access to superior force.) But it could only have felt like a terrible betrayal. What's more, framing it as a breach of contract meant stating that this was, in fact, a moral issue: these two parties *ought* to be equals, but one had failed to honor the bargain. Psychologically, this can only have made the indignity of the debtor's condition all the more painful, since it made it possible to say that it was his own turpitude that sealed his daughter's fate. But that just made the motive all the more compelling to throw back the moral aspersions: "Our flesh is as the flesh of our brethren, our children as their children." We are all the same people. We have a responsibility to take account of one another's needs and interests. How then could my brother do this to me?

In the Old Testament case, debtors were able to marshal a particularly powerful moral argument—as the authors of Deuteronomy constantly reminded their readers, were not the Jews all slaves in Egypt, and had they not all been redeemed by God? Was it right, when they had all been given this promised land to share, for some to take that land away from others? Was it right for a population of liberated slaves to go about enslaving one aother's children?[31] But analogous arguments were being made in similar situations almost everywhere in the ancient world: in Athens, in Rome, and for that matter, in China—where legend had it that coinage itself was first invented by an ancient emperor to redeem the children of families who had been forced to sell them after a series of devastating floods.

Through most of history, when overt political conflict between classes did appear, it took the form of pleas for debt cancellation—the freeing of those in bondage, and usually, a more just reallocation of the land. What we see, in the Bible and other religious traditions, are traces of the moral arguments by which such claims were justified, usually subject to all sorts of imaginative twists and turns, but inevitably, to some degree, incorporating the language of the marketplace itself.