

## **CRITICAL MASS Matthew Zeitlin/September 4, 2020**

### **How David Graeber Changed the Way We See Money**

The radical anthropologist was that rare figure: a scholar who was also an activist.

In the third edition of the college-level textbook *Macroeconomics*, the economists Andrew Abel and future Federal Reserve Chairman Ben Bernanke blithely assert that “since the earliest times almost all societies ... have used money.” They say that money arises from the inefficiency of barter—of trading one good for another—because “finding someone who has the item you want and is willing to exchange that item for something you have is both difficult and time-consuming.”

The evolution from barter to money is an old story in economics, repeated down the centuries in one form or another, to the point that even children are aware of it. It also happens to be only that: a story, and one with precious little evidence to back it up outside the heads of those who tell it.

While some economists imagine primordial villages and basic agricultural systems where birds are exchanged for flowers to illustrate the history of money, Abel and Bernanke come up with something much more immediate: The economist is hungry.

The evolution from barter to money is an old story in economics, repeated down the centuries in one form or another, to the point that even children are aware of it.

Barter systems would indeed make it difficult for an economist to eat lunch. Would a restaurateur exchange his goods for a lecture on monetary policy? Perhaps not, and the meal goes unsold and the economist goes hungry. Thankfully, the economist has students to whom he can sell his knowledge for dollars, which then function as a medium of exchange with which he can purchase his meal. The restaurateur is paid, the economist is satiated, while the students have learned something worthwhile.

But the only people who pay Ben Bernanke directly for his thoughts are investors. Students do not. Perhaps instead they borrow money to pay for the lecture, along with other lectures, a place to live, and the associated administrative costs of providing lectures to students. The interest on the debt eats up most of the students’ subsequent income from the job market, leaving them with no chance of ever paying off the principal in a reasonable timeframe. The debt will stick with them forever, even shaving off dollars from their Social Security checks, and make the normal mileposts of adult life—marriage, children—difficult or impossible to achieve. Fed up with their narrowed prospects, they join a group of activists who have taken up space, literally, in the shadow of New York’s financial institutions and they start talking about what they have in common: their debt. And they decide to do something about it.

Now this story, like the one the economist tells about the origin of money, is a stylized one used to illustrate broader truths about the world. But unlike what economists have said about money, it largely accords with known facts, and for that we have to thank the radical anthropologist David Graeber, who died earlier this week at the age of 59.

“We owe David so much,” the filmmaker and debt organizer Astra Taylor told me, noting immediately how he would have disapproved of using the language of obligation to encapsulate his life’s work.

Graeber had a long and distinguished career as both an activist and academic when the publication of his magnum opus, *Debt: The First 5,000 Years*, and his work helping organize Occupy Wall Street in 2011 made him that rare thing: a serious scholar and organizer who garnered respectful profiles in Bloomberg Businessweek and the Financial Times. He spent the last decade-plus at Goldsmiths and the London School of Economics after Yale controversially cut him off from tenure, which he suggested was due to his being “quite active in the Global Justice Movement and other anarchist-inspired projects.”

“The thing to understand about David is that he really was someone who equally had a foot in social movements and intellectual scholarly production,” Taylor said. “There are people who are known as leftists through their writing and the internet and never do anything that qualifies as organizing.”

Graeber was a link not just between grassroots movements and the academic world, but between generations of leftist social movements. He was a veteran of the anti-globalization protests in the 1990s who helped start Occupy, one of the facilitators of a debtor movement that would influence the policy agendas of Elizabeth Warren and Bernie Sanders. He was a supporter of the United Kingdom’s anti-tuition fee protests in 2010, which would be the seed of the Momentum movement and Jeremy Corbyn’s ascendance to the leadership of the Labour Party.

The question *Debt* sought to ask was one that seemed natural in the wake of a debt crisis that would claim millions of homes and thrust much of the industrialized world into first a sharp economic crisis, then a self-destructive series of austerity measures designed to stem the tide of sovereign debt.

What was debt? What was its history, where did it come from, and how did it take such a central role in our personal and economic lives? Why was our language of obligation and morality the same as the one used to describe our credit card bills? Why does the Lord’s Prayer ask God to “forgive us our debts as we also have forgiven our debtors”?

To even begin to answer this question, Graeber had to start with money and the bad history used to explain it. Generations of archaeologists, anthropologists, and historians had tried to find the origins of money (John Maynard Keynes referred to his own studies of money as his “Babylonian Madness”), but economists, especially in their textbooks, resorted to fancy.

These just-so stories about how money emerged from barter can evoke a kind of childish primitivism (“You have roosters, but you want roses,” one textbook says) or use imaginary historical examples. Even the stalwart progressive Joseph Stiglitz uses “what appears to be an imaginary New England or Midwestern town,” Graeber writes, to explain how money can replace barter, in the form of farmer Henry selling his firewood to “someone else for money” and then buying shoes from Joshua.

What was debt? What was its history, where did it come from, and how did it take such a central role in our personal and economic lives?

Graeber, in contrast, identifies the origin of money as “the most important story ever told” for economists, tracing it back to Adam Smith’s *Wealth of Nations* and even to Aristotle. This was “the great founding myth of economics,” he writes, that money was not in fact the creation of governments. It followed that economics was its own form of inquiry, separate from other ways of thinking about social life.

Graeber points out this account “has little to do with anything we observe when we examine how economic life is actually conducted, in real communities and marketplaces, almost anywhere—where one is much more likely to discover everyone in debt to everyone else in a dozen different ways, and that most transactions take place without the use of currency.”

Whereas the traditional account puts barter before money and money before debt, Graeber reverses this, noting that barter tends to only emerge in pre-industrialized societies when exchange happens outside of a familiar cultural context.

In the historical record of ancient societies in Mesopotamia, for example, there are prices of things that may be denominated by “money” (what an economist would call the “unit of account”). But merchants “mostly did much of their dealings on credit,” and “ordinary people buying beer from the ‘ale women’ or local innkeepers did so by running up a tab, to be settled at harvest time in barley or anything they had on hand.”

Where debt emerged in Sumeria, so did novel forms of social domination, whose eventual effects were so dire as to necessitate harsh management of its lenders. Those early Sumerian loans to peasants quickly led to peonage, with farmers “forced into perpetual service in the lender’s household.” Fields would go unsown or not be harvested as farmers would leave their homes in order to avoid collection. The result was periodic debt amnesties.

The book covers everything from Neil Bush’s divorce to speculation that the major world religions were responses to the coin-using great empires of the “Axial Age” of 800 B.C.E. to 600 C.E. (“It would be foolish to argue that all Axial Age philosophy was simply a meditation on the nature of coinage, but ...” runs one especially expansive passage.) There is a reexamination of Cortez’s conquest of the Aztecs being spurred on by his own debt, and vignettes about the functioning of debt and money in Madagascar, where Graeber did field anthropological research.

Debt’s deep dive into the whole history of civilization had a paradigm-shifting political point. Graeber wanted to show that “war, conquest and slavery ... played a central role in converting human economies into market ones,” and that “historically, impersonal, commercial markets originate in theft.”

He wanted to show that not only did money not arise from barter but also that states and markets worked hand in hand in its creation. And more than that, he wanted to interrogate an economic and historical worldview that tried to “reduce all human relations to exchange, as if our ties to society, even to the cosmos itself, can be imagined on the terms of a business deal.” He ended *Debt* with a call for “some kind of Biblical-style Jubilee: one that would affect both international debt and consumer debt.” This would not only relieve so much genuine human suffering, but also ... would be our way of reminding ourselves that money is not ineffable, that paying one’s debts is not the essence

of morality, that all these things are human arrangements and that if democracy is to mean anything, it is the ability to all agree to arrange things in a different way.

Thanks to Debt's almost absurd good timing, as well as his own involvement in Occupy, Graeber became one of the most prominent leaders in the post-Occupy anti-debt movement. Or rather, in the spirit of an anarchist activist, he enabled others to take the lead. Graeber's efforts in helping start what would later become the Debt Collective were more like being "a facilitator or putting a band together," Taylor, one of the group's leaders, said.

While anarchist and social movement organizing have acquired the perhaps well-deserved stereotype of endless meetings and deliberation, Graeber relished them. While anarchist and social movement organizing have acquired the perhaps well-deserved stereotype of endless meetings and deliberation, Graeber relished them. "He loved being in mind-numbing meetings," Taylor said.

The initial group that Graeber helped organize, Strike Debt, instituted a "rolling jubilee," buying up medical debt and forgiving it. The group evolved to organize challenges to student loan debt incurred at for-profit colleges and has claimed to have helped eliminate over \$1 billion of debt. Its efforts garnered the respectful attention of *The New Yorker*, which described the jubilee as "one of the few Occupy offshoots that has had a tangible effect on people's lives."

Debt Collective's work would be echoed directly by the dueling calls from Elizabeth Warren and Bernie Sanders to cancel student loan debt during the 2016 presidential campaign.

The ideas in Debt also have been picked up by the Keynes-inspired thinkers that make up the school of Modern Monetary Theory, who see the state as a tool to mobilize the economy's resources for the common good, unlimited by its ability to tax or take on debts and deficits. Alexandria Ocasio-Cortez referenced MMT when it came to funding the Green New Deal, and a leading MMT thinker, Stephanie Kelton, worked with Sanders. One of the brightest stars in the MMT firmament, Nathan Tankus, is an avid reader and admirer of Graeber.

"If we end up winning the fight over debt, money, and deficits and manage to fundamentally reshape this society it will have been in no small part of because of Graeber's work," Tankus said.

And while he is credited with coming up with the slogan "We are the 99 percent"—perhaps Occupy's most enduring rhetorical legacy—he claimed that he could only be held responsible for "the 99 percent," while "two Spanish indignados and a Greek anarchist" were responsible for "We," and only later did a "food-not-bombs veteran put the 'are' between them."

This impulse to go beyond himself, to submerge himself in the collective, wasn't foreign to his scholarly work, either. At the time of his death, Graeber was working with archaeologist David Wengrow on a history of social inequality. It's supposed to cover the last 42,000 years.

Matthew Zeitlin @MattZeitlin