1_It was the idea of debt that created the modern world

4 min read . 06 Sep 2020 Manu Joseph

Money emerged from debt and morality from the fable of creditors that a debt always had to be repaid

In return for your time, allow me to offer you the surprise that everything we were told about barter might be wrong.

That barter preceded the invention of money, and that barter was the "economic system" of ancient civilizations might be one of the great fake stories of all time. An extraordinary book, *Debt: The first 5000 years*, by the anthropologist David Graeber suggests that the most famous evangelist of capitalism, Adam Smith, was the most influential originator of that fable, and that Smith may have cooked up stories of "savages" who practised barter. Since Smith's era, scholars have set out to find evidence of barter as a primitive alternative to money. "But to this day," Graeber writes, "no one has been able to locate a part of the world where the ordinary mode of economic transaction between neighbours takes the form of 'I'll give you twenty chickens for that cow'."

MORE FROM THIS SECTION See All

Centre has accepted the need to change policies that curb wealth creation

3 min read . 05:27 AM IST

A 'never before' budget for 'never before' times

3 min read . 05:27 AM IST

Sharp and spot on

1 min read . 12:41 AM IST

Sitharaman has lived up to her word on a 'never before' budget

4 min read . 01 Feb 2021

In the history of the world, there was definitely barter, but it did not precede money, nor was it practised the way many economists have claimed. Barter was never within a settlement, nor among neighbours. Rather, it was among strangers who did not have access to the same resources.

Graeber argues that in an ancient village, a man who wanted cows had no reason not to farm cattle and instead keep chicken, and a man who wanted flour had no reason not to cultivate wheat. Everyone grew what they wanted to consume with the help of inputs that were available to all.

What goods then could neighbours exchange? It was more likely that an outsider hailing from an arid village of, say, weavers, who loved cashew nuts but had no means to cultivate them, and did not possess the currency of

cashew-growers but had a lot of silk to offer, would make the trade. According to Graeber, barter was often a truce before imminent war. But money, in some form or another, was older and far more prevalent than barter. Money comes naturally to humans. Like speaking. We did not require the inconvenience of barter.

Graeber, ironically, is better known as a passionate foe of money, an anarchist who was involved in a major way in organizing the "Occupy Wall Street" movement about a decade ago, and exactly the kind of activist who gives me no cause for joy, a rich-world beneficiary of capitalism who rages against capitalism.

But to me, he will primarily always be the author of a treasured book which shows that the most humane thing a humanitarian can do is not stir up facile anarchy, but painstakingly create a great scholarly work that is beyond the means of mere greed. I don't know why leftists write better books than people I get along with. On Thursday, he died in a hospital in Venice. The cause of his death was not known at the time of filing this column.

Graeber makes a persuasive argument that money emerged from debt; morality emerged from the successful fable of creditors that a debt had to be repaid; and most strife emerged from default. The modern world emerged from the notion that humans owed their lives to the gods, to the king, to their parents, to their masters, and to their gurus. Life continues in this manner, as a persistence of debt. Conservatism is about paying your debts; all rebellion is about the right to default.

In the film Moonstruck, an old woman whose husband is having an affair asks a younger man, "Why do men chase women?"

And the younger man says, "God took a rib from Adam and made Eve. Now maybe men chase women to get the rib back."

Debt is a bit like that rib. Debt is a hole where there was once something. What there was before the hole, we have long forgotten. This may be why humanitarians, whether they know it or not, are instinctively opposed to the idea of obligations, and they appear to always clamour for rights. Obligations emerge from the idea of innate debt, a sort of primordial debt.

What does money measure? Graeber says money is always a measure of debt, an on-going transferable IOUs in every sovereign nation that some signatory promises to repay. This debt is an ancient rib that everyone has forgotten but its hole is in the heart of all life. The moment a central bank decides to repay its debt, the whole monetary system will lose meaning.

Centuries before the complexity of modern money, the connection between debt and money was easier to see. Why did ancient kings impose taxes? After all, a king owned everything, or at least he could take everything in his kingdom by force. He did not really need tax revenues. Graeber points out that kings introduced taxes to create an object that people owed him—to be precise, kings created tax to create money. Money, as a transferrable token of debt, simplified matters for the king. For instance, instead of feeding vast armies, a king could let soldiers feed themselves at local inns using the sovereign tokens he had issued, which in turn had value for inn-keepers only because they had to pay their king taxes in those tokens. In essence, in the beginning, people did not sell money to buy food; they sold food to buy money.

When I first read this book, I enjoyed it so much I felt I must repay the author in some meaningful way, beyond the mere price of a book. That sentiment is at the heart of Graeber's Debt. We have been conditioned for centuries to imagine that a moment of joy and beauty is a debt that we need to repay, somehow, in some form. But then, we owe nothing for the joys of living, not even to David Graeber.

Manu Joseph is a journalist, and a novelist, most recently of 'Miss Laila, Armed And Dangerous'

Click here to read the [Mint ePaper](#) Mint is now on Telegram. Join [Mint channel](#) in your Telegram and stay updated with the latest [business news](#).