Coinage and Code: A Conversation with David Graeber

What does it mean that a bank robber will "steal" money at gunpoint, and then later spend it in the market? In his recently released book, *Debt: The First 5,000 Years*, anarchist and anthropologist David Graeber examines assumptions about debt, the origin and nature of money, and the role they both play in the arrangement of social relations. It is a lucid, erudite, and jargon-free study of the development of the culture, morality, and politics of debt. Perhaps in some future moment of retrospection, one might claim that Graeber's work here has significantly influenced and informed the critique and actions popularized by the on-going global Occupy movement.

Debt moves towards destabilizing the traditional spectrum of positions in political thought and discourse (left-right/state-market) and allows us to ask: What kind of new social-economic arrangement can be imagined and built? What forms of struggle will this entail? Could this allow for a radically new trajectory of theory and practice? *Scapegoat* interviewed Graeber to see how his findings about debt's relationship to power, violence, the materiality/virtuality dichotomy, and conquest might react with the theoretical and practical concerns of design and architecture.

Scapegoat Says: Your book *Debt: The First 5,000 Years* is an epic myth-busting effort. What do you see as some of the most problematic assumptions or myths that we have about debt and money?

David Graeber: Where to start? I suppose the key myth I take aim at is the "myth of barter." This is the assumption that before there was money, people used to swap things—for example, "I'll give you twenty chickens for that cow"—but since that was inconvenient, they naturally invented money. This is absurd for all sorts of reasons; for instance, it assumes that two neighbours in a Neolithic village dealt with each other through what economists call "spot transactions": I have X, but if you don't have anything I want, no deal, we both go home. If your neighbour wants your cow, or extra pair of shoes, and he doesn't have anything you want right now, well, he's your *neighbour*—of course he'll have something you want eventually. Such a situation would lead to a broad, open-ended credit system. Anyway, the most startling thing I found is that the progression we're all taught—first there was barter, then money, then credit—is actually backwards. Credit comes first. Money in the sense of coinage only emerges thousands of years later. When you do see "barter economies," it's usually when you have people who typically use money, but are in a situation where there is none, as in Russia in the 1990s, or in prisons everywhere.

It is obvious why economists don't like to admit this, despite the overwhelming evidence. Credit always brings in a social element. Economists want to start with a fairy tale about isolated individuals who care only about the material stuff to convince people that there is something natural about all this. The reality is that they are describing behaviour created by the market itself.

The other big discovery is the degree to which actual cash, systems of coinage, and cash markets come about historically and largely as a side effect of military operations. Markets—impersonal markets—are products of government above all else. This is actually very crucial. For centuries, most political arguments have been founded on the assumption that state and market are two opposed principles.

SS: Can you elaborate on how markets are related to military operations?

DG: It might help to re-frame the question. If you are speaking of large-scale, impersonal markets with large numbers of strangers who have no prior social or moral relations and no desire to develop any, who are exchanging goods with an irrelevant ownership history, then where, in the ancient world, is such a situation likely to happen? Well, armies needed to be fed, and there is only so much food you can steal before marauding becomes a full-time job. It is easier to loot things that are already considered highly valuable, like gold and silver, and then exchange them for provisions and the good things in life. In particular, the movement of armies tends to foster impersonal cash markets more than traditional credit arrangements because no one would want to extend credit to a soldier, a man who is heavily armed and probably just passing through.

The first coinage in Lydia, India, and China alike seems to have been put out by non-government money-changers, who were probably dealing with soldiers, mercenary or otherwise. The idea was quickly snapped up by governments who start demanding taxes in coins. Taxation became an ingenious way to turn what had been an *ad hoc* means of disposing loot into a system for provisioning armies. After all, if gold and silver coins and markets just emerged spontaneously from the needs of trade, then why wouldn't ancient kings just have grabbed the gold and silver mines? Then they'd have all the money they wanted. Why take the gold and silver, stamp a pretty picture on it, distribute it, and then demand that everyone give it back to you again? If you think about it, this logic does seem a bit circular. By giving coins to your soldiers, and then demanding everyone in the kingdom give one back again, you are employing them all to provide the soldiers with provisions, and creating markets by doing so. And markets are convenient in any number of other ways; for instance, your officials don't have to make or requisition anything, from flamingo tongue to ship's tackle—they can just go buy the stuff.

Similar things happened in the European Middle Ages; European colonial governments in India, Africa, and Southeast Asia also used tax policy to create markets. These too were regimes based purely on conquest and maintained through military force.

SS: Can you explain the material and geographic origins of money? How did debt (promise) become money (property)?

DG: We can't know for certain, but it's important to understand that this is the real question, *not* "How did money arise from barter?" Rather, how did that broad sense of "I owe you one" that neighbours might have with one another become quantified? How, in particular, was it known that 12 copper plates were worth exactly two healthy calves or so many furs, or what have you? This is something of a mystery. After all, in many parts of the world, if someone praises something of yours, it's still impossible not to offer it to them. If they show up later with a gift for you that's woefully inadequate, you might make fun of them as a cheapskate, but you're unlikely to come up with a mathematical formula for exactly how cheap they are. The evidence we have points, instead, to the primacy of violence. This plays out in many senses, but is most obviously the case when you look at legal systems. Even where there are no markets, there are often elaborate systems of what is equivalent to what is used for determining fines. So, if someone is cheap, you might mock them, but if they then take offence and kill you, or you lose your eye or some such, then there's a very exact system of compensation: 12 copper plates for an eye, and if he doesn't have copper plates, that's when people are maximally likely to stickle and demand exact equivalents—because they're really just looking for an excuse to come to blows. This also seems to be how what I call "social currencies"—things like wampum, bead money, Solomon Island feather money, etc.—is most likely to get converted into money that can be used for market transactions. If you pay "bride wealth" to a woman's family to compensate them for their sacrifice in giving her up for marriage, well, you're not buying a woman, and you certainly can't resell her. Instead, you're recognizing that you owe a debt that you can't really pay. However, once slavery enters in, when it's possible to literally buy a woman as a wife or concubine, all this gets more ambiguous. We're not talking about phenomena limited to far-away exotic islands, either. Early Medieval Welsh and Irish law codes provide some great examples. The Welsh codes map out the precise value of every object to be found in a typical house, from the cauldron to the rafters, even though almost none of that stuff was for sale in markets at the time. It was all for calculating compensation for insults or injuries. In the Irish code, the highest denomination of currency was the slave-girl.

SS: Your book outlines 5,000 years of a cyclical pattern between the dominance of virtual credit money and "real" money. First, can you describe what these categories mean and what drives this cycle? Also, where are we now and where do you see it all going?

DG: Well, I should emphasize that money always hovers somewhere between commodity and promise, between a thing and a social relation. It's just that at some times, one aspect predominates, and at other times the other one does. In Mesopotamia we clearly had a system dominated by virtual credit money; most transactions were not being carried out through a medium of exchange, but in reference to money that didn't actually change hands (most gold and silver just sat around in temples). This seems to have been the common pattern until coinage was invented, and coinage pops up in the East Mediterranean, the Ganges valley, and Northern China almost simultaneously. Gradually, over the course of what I call the Axial Age, roughly 600 BCE to 600 CE, you have the first economies where everyday transactions were done via cash. The basis seems to be military, though; coinage rises with a new sort of empire based on standing armies, the mass use of war captives as slaves (often to mine the metals to make the coins to pay the soldiers), etc. When the empires dissolve at the beginning of the Middle Ages, coins vanish, widespread use of credit instruments reappears, chattel slavery largely disappears, and you end up with the widespread assumption that money is just a social convention, a promise, an IOU. Around 1450, with the Spanish and Portuguese expansion into the Americas and Indian Ocean, suddenly you have a flood of bullion, not to mention a return of vast empires, professional armies, and chattel slavery again. One might say that period, which of course also brought us capitalism, is only ending now. The usual cut-off point is given as 1971, when Nixon unhooked the dollar from gold, and it's good enough. Since then, we've been moving back again to a period of virtual credit money, but oddly, we are all acting as if this is something new.

SS: You argue that the state and the market emerged symbiotically. Can you sketch out the role money plays in the relationship between coercion, conquest, and debt? What do you believe it takes to establish something like money?

DG: This relation is complex and multi-faceted. The one thing that's very obvious is that our standard narrative that emerges in the wake of the French Revolution—where you have militaristic states with their aristocracies on the one hand, and the humble merchant with his markets gradually subverting the feudal order and creating a new world based on contractual freedom on the other—is all nonsense. The idea of state and market as opposed principles just doesn't work for almost any period of human history, even our own. What you actually see is either markets emerging as a side effect of war, or being directly created by state tax policies (and this can be documented anywhere from ancient China to European colonial empires in India and Africa). It is interesting to note that the first place you find something that looks like a recognizable free-market populism—the idea that markets are good, states are bad and shouldn't interfere with them—is in Medieval Islam, when contracts were enforced not by governments, but by Sharia courts. It was all made possible by the forbidding of interest-taking, which enabled the creation of markets based on trust, rather than any recourse to coercion. It turns out Adam Smith got many of his best ideas, lines, and examples from Medieval Persia. The difference, though, is that Islamic free market thought held that markets were ultimately an extension of mutual aid; competition had its role, but it wasn't the central element. When such ideas were adopted in Western Christendom, things became quite different because this was a place where trade, war, and conquest had never been completely distinguished from one another.

SS: What are the benefits and pitfalls of virtual money versus hard currency? Do both operate with the logic of scarce commodities? Is scarcity a feature of money that allows it to function as such? If so, how is scarcity maintained in the case of virtual money, especially considering the possibility that its "existence" is contingent on infinitely reproducible graphic representations—from writing on clay tablets to printed treasury bills to account balances on screens?

DG: The danger of a virtual money system is obviously inflation—if money is just a promise, what's to stop people from promising all sorts of things, without regard to what's there or realistically might be. Some have estimated that 98% of all dollars circulating now don't seem to reflect the value of anything that exists now, but is rather speculative, based on the value of things that we assume might exist in the future. So yes, there has to be some mechanism to keep things from getting out of hand. I suspect this helps explain capitalism's otherwise peculiar inability to imagine its own eternity. From the 19th century to halfway through the 20th, most capitalists seemed to assume they'd all end up hanging from trees in some great revolutionary uprising. The moment that didn't seem plausible, in 1945, they came up with nuclear war. The moment that wasn't a threat, it was global warming. It's a very dangerous tendency in capitalism because the threats are perfectly real. But could the reason be that once you have an endless future, there's no limit to the amount of future value you can imagine, and the result will necessarily be crazy bubbles?

The physical limits always exist, yes, but with debt, they are harder to make impersonal. Conquerors and thugs of every sort prefer bullion because it's very difficult to steal a credit arrangement. The limits are thus less physical than social. Once you are using money, you understand that money is just a promise, an IOU, and it becomes difficult to justify why it is treated as fundamentally different from any other sort of promise. But that's a very real limit.

SS: Can you think of ways in which architecture becomes an instrument of debt? Or, how do you see debt manifesting itself spatially or architecturally?

DG: An interesting question. Well, let's think about what I've said about stages of history, some dominated by virtual credit money, others by bullion. The latter tend to be accompanied by periods marked by materialist philosophies of one sort or another, the former are marked by a fascination with metaphysical abstraction—this was particularly true of the Middle Ages. This is pretty clearly reflected in architectural preferences: Mesopotamian or Egyptian monuments try to ascend into the air, the Axial age temples can be graceful and airy to our eye, but they hug the ground and are very material places, essentially functioning as slaughterhouses where animals were killed and butchered. Medieval cathedrals once again want to be structures made of air and glass. There's a reason that banks have always gone for the Greek and Roman temple look rather than the Medieval ones: they are temples of materiality, or see themselves as such, even if they are creating abstract financial instruments (that role is always considered a tiny bit scandalous, even though it's the very basis of the system). Of course, Modernism—and Postmodernism, which is just a variant—goes back to the spirit of the cathedral, as befit structures that begin to anticipate moving towards a new age of abstract credit money. I think there are definite spatial and architectural implications to the feeling of creation ex nihilio that is a bit of a scandal in periods dominated by "hard currency." Though, it is nonetheless the core of the system, where central banks that create credit money are essentially circulating government war debt. Meanwhile, all the architectural forms surrounding the debtors, even when they don't involve bars and chains, are about as material as can possibly be, since debt is always experienced as a weight pressing down on you (it was literally that in Sanskrit) in the exact same way credit systems are about dissolving into air.

SS: I'm reminded of the example from your book of the Mesopotamian temple-complex economies, and the parallel suggestion that the architectural forms surrounding debtors, including jails and courts—maybe even housing projects and schools—can be read as constituent elements of what could be called a 'bank-complex.' Can you elaborate on the relationship between markets, the built environment, and perhaps even processes of subjectification? Taking an example from your book, is the venerated merchant figure of Islamic free-market society the product of the mosque-bazaar axis, or vice versa?

DG: I think they arose together. Under the Caliphate, the palaces of the ruling class were "secret gardens" where no one else could enter. This emphasized the degree to which they weren't seen as part of civil society, which was built around the twin poles of mosque and bazaar. I argue in the book this was the result of a class realignment. The merchants, who that for several thousand years of Middle Eastern history had been the money-lenders who appropriated everyone's goods and took their children into debt peonage, basically switched sides. They signed onto a religious order where they were forbidden to do these things, but thereby became the pillars of their communities, over and against the government. The result was the world's first genuine free market populism, since the abolition of interest itself allowed the creation of complex credit relations built on trust. It's a long story but the physical organization of communities always reflects these very fundamental shifts and alliances.

SS: What does it mean that a bank robber will steal money at gunpoint, then go buy something with it later on?

DG: Physical cash is without a history. Gold and silver are partly so useful as a money-stuff because they can be melted into any form; they are physical, material, but otherwise sheer potential. You can't tell where a piece of gold has been and you can't tell where it's going. Thus it can act as the physical equivalent of the drug dealer's suitcase full of hundred dollar bills.

SS: How would you account for the material and design features of coinage? What do you think about the possibility of numismatics becoming a type of "political forensics?"

DG: Coins, when they originated, were all different. The Indian ones were flat pieces of metal, counter-stamped like cheques by each major money-lender that accepted them—pretty clearly they derived from some sort of financial instrument. The Chinese ones seemed to derive from what I've called "social currency" of the sort that are mainly used to rearrange relations among people: they're all different, some look like axes or knives, others like jewellery or cowrie shells. The Greek ones are remarkably beautiful. They are treasured nowadays as works of art, but the beauty of the art had nothing to do with their value—as Moses Finley put it, "no money-changer gave a better rate for a four-drachma Syracuse coin because it was signed by [the artist] Euainetos."[1] It's almost as if they're trying to stamp some sort of spectacular visibility on an object whose power comes from its very lack of determination, its hidden power. Marc Shell and Richard Seaford have both argued that many of the problems of Greek philosophy seem to have emerged from contemplating the strange dual nature of coins, which are simultaneously physical objects (matter, body) and social convention (idea, soul)—the dual nature of the coin becomes a key to imagining the soul as separate from the body, the very materialist paradigm that lies behind the great transcendental religions.[2]

SS: Can you explain what you mean by "human economies" and why the circuits that underpin these seem to wither away when they encounter market economies?

DG: By "human economies" I mean economies where there is some kind of circulating money-stuff—like, say, wampum, or woodpecker skulls, or whale teeth—that's used not to buy or sell things, but rearrange social relations (arrange marriages, resolve disputes, pay initiation sponsors or curers, pay respect to your visiting uncle, etc.). Social currencies seem to come first. And they don't really wither away when they encounter market economies. But they can be subverted, especially when, as is so often the case, the commercial economy has superior weapons. This happened, for instance, in both Southeast Asia and most of Africa in the days of the slave trade; the same system by which people used to assemble entourages of clients, pay fines, and get married suddenly became subverted, usually by complex systems of commercial debt, into ways of extracting people as slaves. People don't realize now just how much the Atlantic slave trade operated by the manipulation of debt. It wouldn't have been possible without superior European firearms, and the utterly merciless proclivity to use them, but the actual day-to-day operations were based on extending credit and intentionally tricking both local African merchants and rulers—and ultimately, ordinary villagers—into debt traps.

SS: What kind of "direct actions" do you think can be engaged to address the problems of debt?

DG: There are all sorts of suggestions being bruited about. There's the idea of a debt strike, which could actually be effective. Since so many CDOs and other securitized derivatives are based on debt, the threat of even 10-20 per cent of mortgage-holders or student loan-holders simultaneously defaulting could be extremely effective. But these always prove hard to coordinate. There are all sorts of moves to create alternative credit systems, or at least to pull one's money out of investment banks and place them in credit unions, co-ops, and so forth. There are anti-eviction and anti-foreclosure campaigns, which of course were huge in the 30s, and are beginning to start up again today. And, of course, the occupation movements themselves, which started in Greece and Spain but are now reaching America, are really about debt more than anything else. As I like to say, in 2008, we learned that debts are not sacred, they don't have to be honoured if the holder is AIG or any of the similarly big players. Trillions in debt can be made to disappear if those running the system want it gone. People are insisting on creating defiant forms of direct democracy and saying: "Look, now that we understand that money is just a promise, an arrangement, a set of IOUs, it makes sense that promises can always be renegotiated…but if democracy is to mean anything, it means that everyone gets to weigh in on this process. Not just the 1%."

Notes

1. Moses Finley, *The Ancient Economy* (Berkeley: University of California Press, 1974), 167

2. See Marc Shell, *The Economy of Literature* (Baltimore: Johns Hopkins University Press, 1978) and Richard Seaford, *Money and the Early Greek Mind: Homer, Philosophy, Tragedy* (Cambridge: Cambridge University Press, 2004).

David Graeber is a Wobbly, anarchist, and anthropologist who has worked extensively in Madagascar researching the continuing social divisions between the descendants of nobles and former slaves. He earned his Masters degree and Doctorate at the University of Chicago, and taught anthropology at Yale until his unexplained dismissal in 2005. He is currently teaching at Goldsmiths in London, UK. Graeber has also been actively involved in the global justice movement as well as with the current, global Occupy Wall Street movement. His publications include, among others, *Towards an Anthropological Theory of Value: The False Coin of Our Own Dreams* (2001) and *Direct Action: An Ethnography* (2009).