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# Seminar on Debt: The First 5000 Years – Reply

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trying to think of something better. What will it look like? How will we get there? Well, I'm working on it. So are millions of others. Yes, it will certainly have to involve a lot of hiding in nooks and crannies. But those nooks will surely expand. Some already are.

What's important to me is how to do it with as broad an alliance as possible—as anarchists such as myself who have been involved with OWS have consistently tried to do. How to find a common ground to push things further towards a free society, without any sort of consensus of just how far we can ultimately go?

that can be seen as trespass on someone's rights of self-ownership. (In fact, I've even proposed a definition of "fetishism" as exactly this sort of thing: when we think we don't believe something but our behavior shows we actually do. But that's kind of another story.)

This I guess is why I'm a radical, and not a liberal. Don't get me wrong. Liberals have made magnificent contributions to the world. I might be an anarchist, but I have no desire to see anyone privatize the NHS nor, interestingly, do any other anarchists I am aware of (though granted, I don't know many anarcho-capitalists. I suspect it's because they largely don't exist, except on the Internet, which is crawling with them.) But this is because as an anarchist, I see states as bureaucracies of violence, and make a distinction between state institutions, and public or better, common institutions, that happen to be run by the state because states rarely allow anyone but themselves to manage collective resources (unless it be for private profit.) There are collective institutions that cannot be run without recourse to violence where you need to be able to call up the guys with sticks and guns or it all wouldn't work. There are collective institutions and I suspect large communal health arrangements are one that could. I tend to see a collective health system as falling into the latter category so it never occurs to me it should be eliminated, even if currently run by the state.

As for the "social-democratic project", well, it wasn't really the topic of my book but I just can't see how we're going to go back to that. I did talk a little about this in the book when I talked of the two cycles of post-war capitalism. The Keynesian deal, as I called it, fell apart when too many people demanded in and that was during a period of unprecedented global growth rates. Now we're in a time when returning to such growth rates, even if possible, would destroy the planet's ecosystem almost instantly. As I say, I doubt capitalism itself is sustainable another generation. I'm not so much worried about the long-term viability of capitalism as the prospect that the next thing they come up with will be even worse. That makes it a very silly time to decide we should no longer be

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they punish “free riders” is itself a rather perverse effect of the history of markets. It assumes for example that each person’s contribution to a group can be quantified, and that the production of marketable goods and services is always the model for how to do this. Otherwise how can you say that one person’s contribution is really more valuable than another’s?

I want to rethink all that.

Similarly with notions of freedom. Chris Bertram is right—I speak of the one conception I take to be dominant in our contemporary folk beliefs, and thus simplify matters enormously—perhaps egregiously. One has to crush a lot of complexity underfoot when trying to operate on a certain theoretical level, and I’m surely guilty of that. But I do think the dominance of these property-related conceptions of rights and freedoms in our folk conceptions is something that we ought to take more seriously. It’s a bit like Lukacs noted about philosophy: every generation, someone comes along and says “these objects and individuals we take to be bounded and self-identical are really processes and relationships, our folk conceptions are all wrong!” And everyone says, “you’re obviously a genius, we’ll make you a professor,” and he becomes a famous philosopher, and then the next generation someone has to do it again because it has no effects on folk conceptions whatsoever. Why? Because, as John Holloway, one of the most recent to point this out, so adeptly observed: if you don’t treat objects as bounded and self-identical, you can’t very well buy and sell them. So it doesn’t matter that we all know in the classroom it isn’t true. We forget as soon as we start operating in our everyday commoditized existence. So with freedom. We all know it’s more complicated. But there’s a reason why, despite the fact that every charter of human rights written in the last half century has included rights to work, livelihood, and so on, no one ever accuses governments of “human rights abuses” for enacting politics that cause high levels of unemployment, or removing food reserves or subsidies on basic staples. But they do accuse them of human rights abuses all the time for acts

that's an opposition that only comes into being, that's only imaginable, through the market. If nothing else it hardly covers the real range of motivation. What about spite? Malagasy villagers I knew were obsessed by spite. They assumed that much of the key economic actors' behavior was based not on self-interest, or desire to help others, but on embarrassing or otherwise harming people they couldn't stand. Selfish people who just wanted to accumulate things were considered weirdos, it wasn't much of a problem. Spite was everywhere. Has anyone even considered writing an economic analysis of spite?

I will end with the beginning, **Chris Bertram's** gracious introduction. Thanks Chris! And thanks for your patience. I'm not sure whether it would be better to show my gratitude to you as author by a full engagement with your piece, or as editor by not making this very long response any longer than it is already, but I'll go for something halfway in between.

Some of Bertram's qualms about my argument I've already addressed. Saying cash systems have violent origins, and stressing the degree that violence has shaped everything about our way of thinking about property, freedom, sociality, and so on, in no way contradicts the notion that markets, even cash markets, can be popular or felt as liberating. It's just that worms remain in the bud. This becomes a limit on what can be made of this kind of freedom. For instance, take a line from Bertram's piece itself:

bq. Yet as Sam Bowles has shown, market societies can actually engender high levels of mutual trust and dispositions to pro-social punishment (of free-riders and the like) which more clannish and "human" societies struggle with.

Myself, I'm not sure how being more efficient in punishing lazy people is particularly "pro-social" (not to mention that having such mechanisms is itself a sign of lack of social trust). This is one of the points I was trying to make in my defense of the "non-industrious poor" at the end of the book. I actually think the morality that makes it possible for us to say that markets are pro-social because

Let me begin with an apology for two things, actually. First, for the fact this response to the seminar on my debt book was so long in coming. It happening that at the time the seminar was going on I was desperately trying to finish a book with a very firm deadline (not to mention I was also struggling with a flu, which added all sorts of interesting complications. I did finish it though. Only just.) Second, for the fact that, to make up for the delay, I seem to have overcompensated and the response became well, as you can see, a little long.

Sorry.

Allow me also to remark as well how flattered I am by so much of this discussion. When I wrote the book it never occurred to me I would end up being compared with the likes of Polanyi, Nietzsche, or even Ernest Mandel. I shall try very hard not to let this go to my head. Now how shall I start? It would be ungracious not to respond to each in some way. But I think it might be best to start by clarifying a few issues that seem to crop up pretty frequently, both in this seminar and in other reviews and comments I've seen on the internet. Then I will take on the specific responses.

## **The stupid Apple thing.**

The endlessly cited Apple quote was not supposed to be about Apple. Actually it was about a whole of series of other tiny start-ups created by people who'd dropped out of IBM, Apple, and similar behemoths. (Of them it's perfectly true.) The passage got horribly garbled at some point into something incoherent, I still can't completely figure out how, was patched back together by the copy-editor into something that made logical sense but was obviously factually wrong. I should have caught it at the proofreading stage but I didn't. I did catch it when the book first came out, tried to get the publisher to take it out, and have been continually trying since July. All to no avail. I have absolutely no idea why a book can go

through eight editions and it's impossible to pull out a couple lines of obviously incorrect text but they just keep telling me, no, I have to wait until July. Allow me to reassure the reader: You have absolutely no idea how frustrating this is, especially as the stupid line has been held out, reproduced, sent around in every conceivable way to suggest that nothing else in the book is likely to be factually accurate. To which all I can reply is: well, notice how this is the *only* quote in the book that happens with. That one sentence gets repeated a thousand times. No other one does. That's because it's the only sentence flagrantly wrong like that. In fact, I've communicated with, or read reviews by, scholars of Greece, Mesopotamia, and Islam, Medievalists, Africanists, historians of Buddhism, and a wide variety of economists, etc, etc, and none have noticed any glaring errors. In fact, the most frequent reaction is that it's remarkable that someone who is not an area specialist actually more or less gets it right (remember, these are scholars often loathe to admit even their own colleagues in the field get it more or less right.) The book is pretty meticulously researched and has stood up to scholarly review. The problem is I haven't been able to get the one idiotic garbled sentence out despite my utmost endeavors. But it will be. They promise. Soon.

## Impersonal relations.

A surprisingly large number of readers concluded from the book that I am against all impersonal relations, or all impersonal exchange relations, or even all exchange relations. It feels a little odd to have to say this, but let me hereby state that I am not "opposed" to such institutions, nor am I suggesting they should be, or could be, eliminated. Any complex society will have all these things in some form or another. The question is which. To be honest it never occurred to me, when writing the book, that anyone would think I am opposed to impersonal relations as such.

it's imposed on everyone who wants to deal with power. And in practice on anyone whose life is defined by debt.

One interesting corollary is that the ability *not* to behave like a utilitarian, maximizing individual is held out as a prize in our society. This might be of interest too to anyone thinking about incentives. I've written a little about this (an essay called "Army of Altruists" for Harpers a few years back). I'd be very curious what Prof. Aschcroft thinks of this.

**Lou Brown** also thinks the book is "**Good to Think With**" and suggests a few angles I might pursue. You know, I have to be honest and admit I haven't read Bina Aggarwal's book yet. I should. It was on my list. Now I'm going to have to really read it. It's kind of outrageous how even the most relevant feminist literature on any subject gets sidelined and ghettoized. So here I'm kind of embarrassed having been caught doing something I always accuse others of. Sorry. Yes. Must read that.

The economic anthropology stuff in contrast I kind of grew up on. I'm rather fascinated by the whole idea of experimental economics but I just haven't had the opportunity to get any proper command of the literature—though I did read a politely worded but rather devastating essay recently that some LSE folk put me on to basically describing how despite the fact that some (not all) of the basic assumptions about human behavior underlying all economic theory had now thus been disproved, economists have made nary a mention of such studies, let alone think about changing their axioms. If I have a problem with experimental economics—and I'm not sure I do—it's that it always runs a danger of accepting the bulk of economics' blinders in order to challenge certain elements. We can talk about "trusting strangers," "rewarding or punishing generosity" and so on, and that's fascinating, but when you live in a small community it quickly becomes apparent that many of the motivations that everyone seems to feel are central to communal (and therefore economic) life are ones that economics has no place for at all. We can talk about egoism versus altruism all we like. But

insist on taking up that language, it would be possible to come up with an intellectually consistent ethical position: one would have to say, “we are each born with an infinite debt to that which made our being possible, to our ancestors, to society, to nature” but no one could possibly claim the authority to speak for those ancestors, for society, for nature, to tell us how we have to repay it. We can only do so ourselves.” Yet somehow no one ever takes this position. It is the absurdity of the current day that not only are young people told they are obliged to take on an unpayable, and unforgivable, debt to society, but those who speak for society are its criminal classes—those who control finance capital, whose have themselves created an ethical system where its their obligation not to take any consideration but personal profit, and the interests of shareholders, into account. Future historians may consider this one of the most peculiar turns of human history.

**Richard Ashcroft’s** contribution, on money and incentives and public policy, is if anything even more gratifying, since he is basically saying my framing of the history of money is liberating of thought: opening up new ways to think about ongoing questions of collective concern (i.e., must we assume monetary self-interest as a universal principle for policy decisions.) For an author, what could be better than that?

It is, as I think I remarked in the book (anyway I say it a lot) one of the more pernicious aspects of our contemporary political order that anyone who wants to run something, even a charity, is expected to receive training in, and operate within the logic of, an economic (or at least “rational choice”) approach to human affairs that assumes everyone is basically greedy and selfish. My old teacher, Marshall Sahlins, spent a lifetime pointing out the absurdity, and the theological basis, of such assumptions (as I do in the book noting that the term “self-interest” originated as a self-conscious secularization of St. Augustine’s “self-love”), and I do something think it would be nice to be able to move on and talk about something else, but it’s impossible. It just keeps coming back at you. Because

In retrospect I can see how someone might get that feeling, since I describe the birth of impersonal market relations as originating in slavery, and violence. But the argument I thought I was making was not that all impersonal relations are necessarily violent, or bad, but that a history of violence has shaped the particular forms of impersonal relationship we have (our notion of freedom, market exchange, I could add bureaucracy though I didn’t go into it in the book) in ways we can no longer see. This means that what passes in our society as impersonal relations are inherently problematic. They have been colored by their violent origins. One way to put this is that what we think of as impersonal relations aren’t really impersonal at all, in the sense of being disinterested, bereft of human concerns. They just strip those concerns down to abstractions, like the idea of “self interest,” which is not a universal human concept in any sense, but has relatively recent historical origins, which I describe. Again, this infusion of supposedly impersonal relations with certain isolated personal motives is probably inevitable and I’m not saying it’s necessarily a bad thing but I do think we need to think about which we have chosen and why. Myself, I’m not sure we might be better off living, not in a society which assumes we are all driven by the Sin of Avarice (which must be indulged), but one which assumes we are driven by the Sin of Sloth. But perhaps that’s another matter. The point is I am critiquing the kind of impersonal relations we have developed, not the very idea of impersonal relations themselves.

Another brief corrective while I’m at it: I’m also not saying that having lots of social relations are always inherently good and therefore the loss of social ties is always bad, violent, or oppressive. I get accused of that sometimes too: i.e., of not being able to recognize that leaving your small town where everybody knows you and setting out for the big city can be a liberating experience. Obviously this is true. It’s also true I don’t really talk about the positive aspects of running away from home, etc, much in the book, but I assumed that readers would realize that I was aware of them. Well,

most readers did I think. Just not all. (Anyway I define freedom as the freedom to make promises and commitments, to create new social relations. You can't do that if you're already bound down by old ones.)

## Human Economies.

This one only came up occasionally in the Crooked Timber discussion but I've seen it crop up again and again in other contexts. The twin ghosts of Hobbes and Rousseau crouch so stubbornly on our backs that it's well-nigh impossible to say anything about stateless societies without the conversation ending up being about whether (a) all stateless societies are good (egalitarian, free, abundant, well-adjusted, etc), or (b) all stateless societies are evil (violent, oppressive, superstitious, etc). Let me make clear my own position right away. I take a position (c) all stateless societies are different. Sure, there are some ways they might be said to differ systematically from our own, but they are negligible compared to the way they differ from each other. And this is pretty much what one would expect from a category of people who have nothing in common other than *not* being organized under a centralized government. But for me, this very heterogeneity is also what makes such societies so fascinating, and to my mind, politically important. Two towns a hundred miles apart in Medieval (or contemporary) Bengal, or Germany, may have their different local customs, but they will share the same basic set of assumptions about the nature of the universe, the same basic political and economic system. Two traditional communities even a few dozen miles apart in Zambia, or Amazonia, or Indonesia are likely to have absolutely different conceptions of what human life is ultimately about and what institution mechanisms are appropriate for realizing it. They confront us with an endless archipelago of human possibilities. In this light, it does grow rather tiresome having to listen to debates

Or maybe he was just trying to bring me out to say so? Okay, in that case, here I am saying it.

I do strongly agree with Finger's conclusion. It's the problem with trying to be inclusive. I am much more in favor of debt strike and mass debt repudiation than some cosmological sacred king waving his hand and wiping the slate clean. But it never hurts to put the idea out there because one of the strategies of popular movements nowadays is to create a Mesopotamian-style crisis of defection and ungovernability, a state where the political order is so delegitimated the political class feels they have to do something genuinely dramatic to convince anyone to take them seriously again (as happened say, with Argentina's debt repudiation in 2003).

But perhaps one shouldn't put *all* one's cards on the table! I'll stop here.

I really enjoyed reading **Malcolm Harris's "The Dangers of Pricing the Infinite."** This is the kind of pragmatic application of one's ideas in unexpected ways that makes one feel perhaps one actually wasn't crazy to spend all that time researching and writing it. He also hones right in on what I thought were some of the more compelling philosophical issues that I opened up, but didn't really resolve: money's origins as recognition of unpayable debt, the moral tensions produced by the assumption of jural equivalence, the peculiar indignation at being reduced by debt to a utilitarian calculating machine that often drives debtors to unspeakable acts. The overall point is that Student Loan debt is rapidly turning into a kind of cosmic debt to society that everyone is saddled with, of the sort that everyone (or everyone who expects access to things like health insurance) is obliged to take on. As I noted in the book, any such idea of "cosmic debt", that our relation with the totality that includes us—whether it's society, or nature—is profoundly flawed, there's a reason world religions always ultimately reject the idea, and why we should as well. Our relation to society and the cosmos is nothing like a business deal between equals. Yet if we



The main argument of the essay though is that debt cancellation is not really a revolutionary demand. That's true in a sense. But the issue strikes me as more complicated:

bq. No debt jubilee that David unearthed, if I read him correctly, was ever proposed as a permanent framework for the root and branch reconstruction of society on more democratic and egalitarian foundations.

Actually, I'm not sure this is true. It really depends on your definition. Obviously a Mesopotamian style clean slate was meant as a way of preventing mass popular unrest, or defusing it. But often there were very radical effects when governments did have to step in, or even, revolutionary regimes put in by debt protestors (many of the Greek tyrants might be so considered.) The Athenian constitution for instance came about largely in reaction to popular debt abolition campaigns. Could it be considered "a permanent framework for the root and branch reconstruction of society on more democratic and egalitarian foundations"? Well, in a way, yes, it was a total reorganization along radical democratic lines, but it didn't get *all* the roots and branches (there were still aristocrats around to grumble about the system in all our surviving texts, still complete political suppression of women, still slavery!) But who ever has? But by these standards no revolutionary program, other than some millenarian ones, would really count as revolutionary until quite recent times, and one could always argue that no recent ones really got to the "root and branch" stage either. So perhaps the question is not whether there have been any debt cancellation campaigns that were truly revolutionary, but whether there were any revolutionary movements that didn't demand debt cancellation. And of course, why it is assumed that's *all* I'm asking for in a book where I am quite careful to say that I am not suggesting a program, trying to only propose one thing that I think everyone across the political spectrum might be willing to consider, and where my own political orientation makes it clear I'd like to ultimately go rather further than Ernest Mandel himself?

about whether all stateless society, or "human economies" are idyllic utopias, or nightmare worlds of "institutionalized rape" (i.e., arranged marriages – note here, virtually all traditional European societies had arranged marriages, especially in fact among the nobility, which you'd think might give those who levy such slurs pause to reflect for a moment about what expressions like "being treated like a princess" actually imply; some stateless societies in contrast didn't practice arranged marriage at all – as I say they were all different. But logic flies out the window the moment one assumes that one can lump all "primitive" folk together and use the sins of any one as condemnation all of them.) This completely misses the point. There's very little one can say that is true even of all hunter/gatherers, the Hadza and the Haida, to take two similar-sounding names, are aside from the similarity of their names about as different as two different societies can possibly be. The whole conversation, whether undertaken by Steve Pinker or John Zerzan, is basically meaningless. Human economies tend to be all different, and to have both admirable and atrocious elements. The same is true of commercial economies.

To be fair, though, on the latter point, on looking over some the responses, and rereading my own text, I realize some of the fault here is my own. There is a certain ambiguity in my use of the term "human economy" that does lend itself to such misinterpretations, and some confusion in the Crooked Timber discussion as well. So it might help to clarify.

The problem is that I use the term in three increasingly inclusive senses. At its narrowest, a "human economy" is, I say, a system where currency is present, but it is used primarily to rearrange social relations, only secondarily, if at all, to buy and sell physical objects. In a broader sense I use it to refer to any economic system that isn't dominated by commercial money – including those do lacking any sort of currency at all, since here, what we would consider "economic life" is simply a subordinate moment in a larger system whose purpose is the mutual creation of

human beings. In this second sense it overlaps somewhat (but not perfectly) with stateless societies. Finally, in the last, and broader sense, all economies, even our own, are human economies, since the exchange of goods and services is still really just one subordinate moment in the process by which people shape each other and create meaningful lives—even if we often seem to lose sight of this. This latter sense is closer to the way anthropologist like Keith Hart speak of “the human economy.” My argument is that in all three senses of the term, human economies really operate on the principle that human beings are unique because of their unique relations with others (even if we live in a tree, with no social relations, we are still the sum of our past social relations), but that our obsession with exchange has taught us to overlook this. When no commercial relations are present, or they do not play an especially important role in society, in contrast all this is just self-evident.

This is why I felt it was justifiable to say that these are all ultimately the same thing.

The problem I realize is that the term “economy” functions somewhat differently in each. It’s only in “human economies” in the most restricted sense, when currencies are being used to settle disputes, or arrange marriages, or express appreciation to curers, and so on, that we are speaking of economies in the most familiar sense of “a global system of reciprocal exchange where accounts are ultimately expected to balance out” (as in the way one might speak of a “moral economy” or “libidinal economy”, etc). In the two broader cases it’s more like Karl Polanyi’s idea of the economy as a society’s system of material provisioning. This is admittedly confusing, and it’s not surprising many were confused. For instance: my discussion of marriage exchange systems is—and here I draw on a long tradition of feminist anthropology that goes back to Gayle Rubin’s essay “The Traffic in Women”—meant to show how perhaps the first form of that human violence that made impersonal, market relations possible. It is not meant to argue that

debt is at present so firmly implanted in the unexamined preconsciousness of society’s rank and file?

I guess my own political practice makes clear what I *think* my stance here is (though as we all know, historical actors can be and often are mistaken about the overall significance of what they’re doing): last summer, when I was first promoting the book, was also the time when I was actively encouraging my proto-OWS friends here in New York to adopt the “99% versus 1%” rhetoric that ended up making such an impression, and turning national debate back to matters of class privilege that had largely been neglected. I don’t think there’s an inconsistency here. This isn’t exactly a class analysis, at least in the classic sense of the term (in fact it’s not an analysis at all, as I keep pointing out, it’s a slogan, it’s a way of encouraging people to make certain sorts of analysis rather than an analysis in itself). But it points to something. What the 1% are is, effectively, a ruling class, they represent the point where concentrated wealth can be turned into political power. National politics in the US has been reduced to battles between different factions of that 1%. This is not just a traditional Marxist bourgeoisie though—and this is where I think it dovetails with the argument in debt—it represents the effects of financialization whereby more and more, economic value is not extracted indirectly, through the wage, but directly, through rents and more generally by what they used to call “political-jural extraction,” which I think was Perry Anderson’s term for feudalism. I’m not saying we’re reverting to feudalism quite, but something else in some ways analogous.

Whenever a surplus is extracted directly rather than indirectly, ideology also changes, since it’s much harder to disguise what’s really going on. Hence the neoliberal obsession, noted in the book, in preemptive attacks on anything that even looks like it’s an alternative. They’re barely even trying to convince anyone capitalism is a good system any more; just arguing that no other system is conceivable.

3. neoliberalism has meant that everyone is supposed to imagine themselves as a tiny corporation, applying market logic to everything they do. But considering the way corporations now behave, this means *not* treating debts as matters of morality, and we may well get to the point where most Americans start declaring bankruptcy.

This is similar to my argument in the book that people have effectively been saying “if the financialization of everyday life means we’re all supposed to be little corporations, well, why can’t I be a financial corporation and be allowed to make up money too?” Or I suppose it’s the other side of the coin. It’s a potentially important argument. If nothing else there should be a more widespread discussion of the fact that so many firms just regularly try to see if they can get away with not paying debts if they can. I always say one of the great advantages of the academic life, as opposed to working in the creative industries (being a writer, musician, artist, etc) is that universities never, ever pretend they just forgot to pay you. It’s unusual. But the same is true of all sorts of businesses, so that just as agents had to come into existence to force publishers (etc) to actually pay the talent, so there is a whole class of lawyers who exist just to cause different sorts of firms to actually honor their contractual obligations.

In **Debt Jubilee or Global Deleveraging?**, Barry Finger provides a surprising (at least to me) comparison of my work with that of Ernest Mandel. He argues that while Mandel still envisioned a mass democratization of production, and was engaged in the classic Marxist project of ideological critique of those forms of consciousness that stand in the way of our achieving this, my own book, written 50 years later, plays an analogous role in a less revolutionary age.

bq. Do we need to reset the clock as did our ancient forebears and call for a universal debt jubilee, as David proposes? Or do we need to call into question by means of social struggle the fundamental class arrangements upon which debt and the ideology of

such institutions are typical of human economies, let alone their defining features. They are the point at which such systems begin on a conceptual path of decontextualization and exchangeability that will ultimately lead to slavery, and impersonal, commercial economies. What makes it even more complicated, and potentially confusing, is that when these systems first appear, they stop halfway: hence, they recognize that the death of your brother deprives you of a unique and irreplaceable individual, and that no compensation could possibly be his equivalent; then they demand compensation anyway. So with giving one’s sister in marriage—when exchange marriage is the rule. Such contexts, which I note appear in the context of at least potential violence, open the door to the complete alienation and exchangeability of slavery, which dissolves the logic of human economies away entirely. But my identifying human economies particularly with currency use makes it easy to think those forms of exchange are what human economies are most essentially about.

I guess I should have made that a lot more explicit.

## **PART I: UNPLEASANT STUFF: DELEGITIMIZATION EFFORTS**

Now on to the author-by-author response. It would probably be best here to get the least pleasant tasks out of the way first.

I mentioned when the seminar took place on Crooked Timber, I was in the middle of finishing a book. I find it slightly ironic that in chapter two of that book, the part I had long since finished, the following passage appears:

bq. 1. the US spends more on its military than all other countries on earth combined. It maintains at least two and half million troops in 737 overseas military bases, from Paraguay to Tajikistan, and, unlike any other military power in history, retains the power to strike with deadly force anywhere on earth.

bq. 2. the US dollar is the currency of global trade, and since the '70s has replaced gold as the reserve currency of the global banking system

bq. 3. Also since the 1970s, the US has come to run an ever-increasing "trade deficit" whereby the value of products flowing into America from abroad far outweighs the value of those America sends out again.

bq. Simply set these facts out, and it's hard to imagine they could be entirely unrelated—particularly when one considers that for centuries, the world trade currency has always been that of the dominant military power, and that such military powers always seem to have more wealth flowing into them than they send out. Still, the moment one begins to speculate on *how* all this works, on what the actual connections between US military power, the banking system, and global trade may be, one is likely to be dismissed—in respectable circles, at least—as a paranoid lunatic.

The contribution of **Henry Farrell**, Associate Professor of Political Science and International Affairs at George Washington University, to this symposium, entitled "**The World Economy is Not A Tribute System**," is a perfect case in point.

Farrell's work is a classic example of de-legitimization, by which I mean, it is not written in an attempt to engage an author in a serious debate about issues, but rather, to try to make a case why that author's arguments are undeserving of debate and do not have to be assessed or considered at all. Rather than refute him point by point, which would presumably bore most readers to tears, perhaps it would be more interesting to explore how such a strategy works.

The links between military systems and money creation is of course a major theme of the book; it is only to be expected that I should pursue the matter to the current day. What seems to provoke Farrell is not this, or any outlandish claims I make—because I don't actually claim that the "world economy" is a tribute system, or make any particularly outlandish claims—but more, I suspect,

itiveness, the morality of debt—and treat them as if they are the only ones relevant to the transfer of goods and services, or even, for the most ambitious economic thinkers, the only ones relevant to anything at all. So I don't think that there are impersonal mechanisms and the problem is they sometimes go crazy. I think the main problem is there is a craziness already lying behind what we take to be impersonal mechanisms.

This is why saying that existing forms of deleveraging are adequate—or could be tinkered with to become so—rather misses the point I was making when I called for a jubilee. What I like about a grand gesture like that is it would also operate as a conceptual reset, a public declaration that we understand now that money is not what we were pretending it was. Tinkering in the midst of a crisis is just a way of preserving one's illusions as long as possible, and those illusions blind us to the very possibility of creating a humane society.

**John Quiggin** provides two tidy little interventions. One, "**The unmentioned death of the double coincidence**" suggests economics might actually be better off getting rid of the myth of barter because it might allow economists to see that money's key function is temporal, as a store of value. This is radical. As far as I know John Locke was the last major thinker who suggested that was money's primary function. Will it work? Why not try? Couldn't do much worse than economists are doing already far as I can make out. The second "**The end of debt?**" is even more provocative in its own way, and its kind of a shame it didn't spark more discussion. Here is my own slight extrapolation of his argument:

1. corporations used to be conceived as moral persons who are expected to honor their debts

2. since the '80s (basically since the dawn of neoliberalism) all this has gone by the boards and corporations regularly try to re-arrange and cancel debts if they can get away with it—especially to employees

slates, commercial loans (denominated in silver) were left to stand, and consumer loans (denominated in grain) cancelled. He takes this as analogous to current “Too Big To Fail” policies, in which commercial loans of big banks were effectively forgiven and consumer loans (i.e., mortgages) left to stand. Obviously it is the exact opposite, and when this was pointed out in the discussion, he replied he was aware of that but couldn’t help himself. Okay. I guess we all give into such temptations.

As far as I can make out the essay is trying to make two points:

1. impersonal mechanisms are necessary, and debt generally works well as one such impersonal mechanism
2. sometimes these mechanisms do escape and get out of control, as debt does when it becomes a matter of morality, and this is bad
3. there are already controls, like bankruptcy, on most levels of the system

The example he takes from the book, of the *dzamalag* (“you can’t organize a modern industrial society on the basis of organizing a wife-swapping party every time you want to buy a blanket”) seems to be another case of the inability to resist rhetorical temptation. I mean, it’s okay, there are worse sins certainly. But talk about a straw man! *Dzamalag* are rare events even among the *Gunwinggu*. It’s not like that’s how people go about getting blankets on an everyday basis. I thought that was rather obvious. What’s more I emphasize that even in the modern world economy, when you get up to the really big money, the backdrop of sex, drugs, music, danger, feasting, and whatnot has hardly gone away.

Anyway, as I noted above, where exactly do I argue I’d like to do away with impersonal mechanisms, or impersonal exchange? What I’m arguing in that passage is that economics is a field that largely creates the reality it describes and then naturalizes it, and by doing so, they’re doing us all a world of harm. To repeat: the reason is because they do not actually eliminate human passions or moralities. They just select one or two—the passion of acquis-

the fact I use provocative language in doing so: words like “empire” and “terror.” Mainstream discussions of such issues are riddled with euphemisms and taboo; it’s considered acceptable, for instance, to speak of the US as maintaining an “empire” if one approves of such arrangements (if one is say a Bush aide, or Niall Ferguson), but not if one is critical of them; similarly, while those who attack the US or US military can be described as terrorists, the US, with all its bombs and drones and missiles, can never be described as inspiring “terror” in anyone. So not only do I draw connections between military power and what economists like to call “seigniorage” (the power to decide what money is), I had the temerity to say that the US is an imperial power and that US military power does scare a lot of people, and this is one (just one) reason some accede to US-sponsored monetary policies that are not to their economic advantage.

How does a strategy of de-legitimization proceed? Basically, the pattern seems to be this:

1. start not by addressing the author’s argument, but by challenging their authority to make one.
2. Proceed to either
  - a. associating him with some other individual or group deemed similarly outside the bounds of respectable expression, and/or
  - b. ignoring the intellectual tradition he is drawing on entirely, so as to suggest he is an isolated lunatic.
3. Finally, now that the reader has been prepared to expect the worst, present a wildly inaccurate version of the author’s argument, twisting it into something no reasonable person could possibly believe, and dismiss it as such

Just to give a sense of how common this approach is, let me start not with Farrell’s own essay, but with a brief review written a week or so earlier by **Gabriel Rossman**, a sociologist at UCLA, which Farrell himself quotes approvingly at the beginning of his own. It’s revealing because Rossman seems “judging from my rather limited interactions with him” to be honestly convinced he was being friendly and measured in his approach. Basically, he appears

to have made every one of these classic de-legitimization moves without being fully aware he was doing so.

Let's examine how he does it. After beginning with some positive remarks about my critique of standard economics, he proceeds as follows:

1. challenge to authority: he trundles out the Apple passage, quoting it in full and saying it calls all my qualifications as a scholar into question

2. he then proceeds to

- a. Associate me with Noam Chomsky, who I never cite or mention, explaining that he, Gabriel Rossman, also had this sort of "paranoid" view until he grew up and learned something about economics

- b. Avoids associating me with Michael Hudson, the actual economist who I do cite and whose work I claim to be following, even though the sections he is critiquing are basically a summary and expansion on Hudson's work

3. Now that the reader has been prepared to expect the worst, Rossman doesn't even address my actual arguments, saying some of them are too ridiculous to even mention, except to note that I seem to think that the only reason other countries buy treasury bonds is fear of being blown up—a statement I obviously never made.

The upshot to this is particularly revealing. Once Farrell's post on Crooked Timber went up a week or two later, both he and Rossman went after me on twitter, accusing me of claiming that central bankers only used T-bonds for a reserve currency for fear of military attack. I had been bedridden with flu that day, and avoiding the Crooked Timber seminar, but I did get up briefly to check my twitter account, and couldn't allow such a statement to pass unchallenged. So I demanded Rossman find me a passage where I suggested anything of the sort. Of course he couldn't, since there isn't any, but Rossman insisted I had claimed exactly that and cited a specific paragraph in chapter 12. The passage in question says

charmed to be compared to Frazer. I know I shouldn't. As an anthropologist I'm trained not to of course. It's almost the worst thing one could be compared to. And true, when I set out to write the book, I was really thinking of something more like Marcel Mauss—or, anyway, what Mauss might have come up with had he actually got around to writing a proper book. Frazer in contrast is ponderous, obnoxiously superior, and his methodology is a joke. But he inspired great artists for a century. And yes, people like that still remembered what it meant to think big.

Morley is also spot on when he describes my basic problematic. The way I'd myself put it is this. The reason why grand narratives, or metanarratives if you like, have been so broadly rejected in radical theory since the '80s is that they close down possibilities rather than open them up, and, of course, tend to imply that political power should be in the hands of some intellectual elite that understands the inevitable direction of history. The problem is that you can't really think outside some narrative structures. So the result is that those who think they are embracing a postmodern skepticism towards metanarratives, and just looking at contingent particulars, seem to end up reproducing the reigning assumptions of the day (economism, usually) without even noticing they're doing so. There was a recent special issue of the journal *Current Anthropology* called "The New Keywords" organized by Lauren Leve, which I contributed to, where we actually tried to demonstrate how exactly that happened in '80s and '90s anthropology: instead of grand theory we ended up with a series of themes, consumption, identity, agency, flow—and all of them, really, ended up precisely echoing the logic of the market and the emerging neoliberal ideology of the day. So the question is: how do you write a grand narrative that will ensure we don't do this, but which won't also won't try to enslave us to some Party that will lead us in the Inevitable Direction of History.

**Daniel Davies** contributed a piece called "**Too Big To Fail: The First 5000 Years**" notes that in most Mesopotamian clean

## PART II: MORE PLEASANT RESPONSES

Both Rossman and Farrell apply the de-legitimization rhetoric effectively—at least, for anyone who hasn't read the book. Contrast to this **Rob Horning**, in his response, "**Debt on the 12th Planet**," which is just such an incompetent attempt at de-legitimization it's actually kind of fun to read. I won't carry out a rhetorical analysis, but merely remark that Horning seems to think that anyone who writes a sweeping historical work that isn't entirely mainstream in its conclusions is the equivalent of a moonbat who believes in space aliens. I don't know why. The amusing thing here is while he presents himself as defender of mainstream scholarship, he clearly doesn't have the slightest idea what mainstream scholars have actually been saying for the last fifty years or so. For instance, he starts out by claiming I might as well be wearing a tinfoil hat because I connect the rise of bullion/cash economies with military operations. But this *is* the emerging scholarly understanding of the matter! (He might have checked the footnotes.)

In fact what Horning is doing is measuring my work not against mainstream scholarship, but against the sort of overview of history one is likely to encounter in a high school textbook or on the Discovery Channel. These in turn are simply based on works of grand historical synthesis written in the '20s and '30s. The problem is that no one is writing such syntheses any more, so people like Horning have no way of knowing what more recent (and also less Euro-centric) research has turned up. And of course if Horning had his way it would stay that way. Fortunately, though, his approach to de-legitimization is so clumsy and hamfisted it is unlikely to have much effect.

**Neville Morley** ("**The Return of Grand Narrative in the Human Sciences**"), in contrast, likes the idea of writing one of those sweeping old-fashioned that current textbooks now draw on, like Weber, or Toynbee, or even Frazer. I find myself strangely

nothing even vaguely like he claimed. In fact it doesn't refer to treasury bonds at all, but to Saddam Hussein's announcement that he would start using euros, instead of dollars, for trading oil, noting that while there's no way to know whether rumors that this played into the US decision to attack Iraq were true, it's significant a lot of people thought it did, and that some oil producers who might have otherwise considering switching to the euro were surely intimidated. Rossman basically says "whatever. Then you say the only reason anyone uses the dollar in the oil trade is for fear of being blown up." So I had to point out the passage didn't say that either. This is the remarkable thing: the fact that he had now been caught twice wildly misstating my position gave him no pause whatsoever, but he continued flailing away, acting as if whatever I did say could be treated as equally extreme as the ridiculous extremist positions he falsely attributed to me!

I need hardly point out the irony here. Rossman's initial delegitimizing move was to find the only major error of fact in the entire book, one which has nothing to do with the actual matter at hand, so as to basically say nothing I say can be trusted. This move was extremely effective. Pretty much everything else he had to say in his review was ignored in subsequent internet discussions: that one Apple quote was, once again, cited endlessly, put on facebook, blogged by Brad DeLong, tweeted by Paul Krugman, etc etc. Even though Rossman was careful to say he did not know if there were any other errors of fact, and then in the meat of his essay went on to challenge not facts but interpretations, commentators on the discussion section of his blog remarked that now that he had shown my work was "riddled" with egregious errors, there was no point in taking any of it seriously at all. Others reacted to his review by saying they had now decided not to assign it for courses because nothing I said could be believed. Hence the irony. By these standards, Rossman's own corpus should be considered worthless as well, since he made more egregious errors of fact in a few pages of description of the contents of my book than are contained in

the entire 534-page book itself. These include mistakes so glaring that if Prof. Rossman had performed on that level consistently on his SAT exam, it is unlikely he would have gotten into college; if he had done so on his GREs, he certainly never would have gotten into grad school and became a professor at all.

So why is it that his wildly inaccurate statements don't cause people to conclude that nothing *he's* ever written should be taken seriously? Presumably because he's a "respectable scholar." And once he's managed to establish I'm not, I'm a Chomskian paranoiac, what does it really matter whether he accurately summarized my delusions or not?

What I find remarkable is that Rossman seems genuinely unaware of how contemptuous his approach is—he seemed honestly surprised when I took offense at having my positions misrepresented. (When I pressed him, pointing out my actual position, which is that US "seigniorage" is ultimately an effect of US military dominance, even if the exact means through which it operates are murky, he said that he believed this to be the case as well—he then insisted he still disagrees with me, though he still hasn't made it clear to me how.)

Let's move on to Farrell. He employs pretty much exactly the same approach. Farrell also starts by attacking my scholarship (in his case using a particularly obnoxious rhetorical strategy of citing my own words about the importance of careful scholarship against me.) In fact in the piece he never attacks my scholarship at all. He attacks my interpretations and claims they prove I am a bad scholar because these interpretations are not properly footnoted.

The comment begins with the ritual nod to the barter critique, then proceeds to the passage where I argue that in the last 30 years, we have seen "a vast bureaucratic apparatus for the creation and maintenance of hopelessness"—that is, ensuring the lack of any sense of viability of social movements or of alternatives to existing economic relations. He suggests this is borderline paranoid conspiracy theory, since, apparently, ruling classes don't really rule or

voice, and me as presenting extreme positions without evidence. In fact, my claims are, if you peek past the sometimes provocative language, extremely modest. It's Farrell's positions that are extreme. I claim we can't know how much Hussein's euro gambit factored into the US decision that he was an implacable enemy that needed to be removed, but imply the gambit wasn't completely ignored. Farrell seems to want us to believe the US paid no attention to that particular hostile gesture at all. I argue that US military power is *one* element in the maintenance of a US-dominated financial system that grants the US enormous economic advantages. Farrell appears to be arguing it is not a factor at all. That the poker players are utterly unmoved by the presence of the shotgun, but have agreed to allow the man holding the gun to make up the rules of the game for some other, unspecified, reason.

I will allow the reader to decide for herself why any respectable scholar would take such a peculiar position.

A final word. I get this reaction fairly often, "gee that book was great, except for that weird paranoid stuff at the end." It's a bit ironic because all I do in that last chapter is extend the logic of the book down to the present. The book provides extensive historical documentation of the links between empires, violence, and forms of money creation throughout history. Almost no one ever objects to any of that. But the moment I suggest that such connections didn't somehow just magically disappear around 1945, to be replaced by historically completely unprecedented voluntary arrangements which nonetheless seem to have almost exactly the same effect, suddenly I'm treated as one step from the loony bin. It never seems to occur to those who cast such aspersions that there should be any burden of proof on *them* to demonstrate that such a historically unprecedented arrangement really exists. They assume that we must start by assuming that the official line from those in authority, however historically unlikely, can simply be assumed to be the truth unless absolutely proven otherwise.



Bankers remember, of course, what happened to the last Middle East oil producer to sell its oil in euros rather than dollars. A few months after Saddam Hussein trumpeted his decision, the Americans and British invaded Iraq.

For Fisk what I observedâ€”that there’s a widespread impression of such a connectionâ€”is treated as simply self-evident. “Of course” people remember. This is what I assumed too. But Farrell wants documentation. Can Fisk’s essay be so considered? Who knows? No doubt if Farrell wanted to be stubborn, he could like some annoying six-year-old, play the game of “prove it!” forever, insisting that just because Fisk claims something, it doesn’t prove he’s right. If I then turned up a quote from a banker or statesman stating on the record they were intimidated, no doubt he would demand proof it was not an isolated case. If I got a grant and carried out a detailed survey of bankers and statesmen, he could always critique my methodology.

But this only goes to show the absurdity of Farrell’s position. Because what he’s challenging isâ€”as Fisk recognizesâ€”simple common sense.

It’s as if a bunch of men are playing poker and one is brandishing a shotgun, and he declares, “I’m dealer. In this game, I’m always dealer. And I say from now on, deuces and threes are wild, but just for me. Is that okay with everyone?” And they all agree. And the guy with the shotgun ends up with most of the chips, and cashes some in to buy an even bigger shotgun, and occasionally points the gun at players he doesn’t like for one reason or another, and even shoots one, though not explicitly because of his objection to the rules of the game (though he was grumbling about them), and the game continues. And Steve Farrell says, “yeah, but can you *prove* that the presence of the shotgun or the fact he shot that guy in any way influenced anyone’s willingness to accept those rules? I demand documents!”

This is what I’d really like to emphasize. The absurdity. Farrell tries to represent himself, by default, as a moderate, reasonable

come up with strategies of domination. (This is another of those interesting taboos: when speaking of the past, one can speak of “ruling classes” pursuing strategies of rule, but when speaking of the present, this is crazy talk.) He then proceeds to say “this apparent contention that the system rests on people’s fears, despair, and desire for conformity systematically ignores the possibility that many people *like* monetized relations” (emphasis his).

Note here the slick rhetorical move. Once Farrell has suggested I’m sort of a nutter, he can attribute any sort of crazy argument to me and figure his audience will believe I really made it. In fact I never said remotely like that. The passage in question refers to neoliberalism, which I describe as an ideological system that blots out dreams of “alternative futures,” that insists that nothing other than the current financialized form of capitalism, let alone other than capitalism itself, could be a viable economic system. Instead, he pretends I’m arguing that only fear causes people to ever want to use money for anything at all! This is of course insane. Nowhere in the book do I say anything of the sort and at any number of places I make a point of drawing attention to forms of market populism and popular celebration of monetized relations (i.e., in Tudor England, Ming China, Medieval Islam!)

What Farrell basically did was to ascribe a knee-jerk leftist position to me without even bothering to check whether I held it, and then projecting it onto a passage that obviously says something else. In doing so, he managed to completely overlook one of the more innovative arguments of the book, one that in fact breaks dramatically with much leftist orthodoxyâ€”particularly Marxist orthodoxy.” Joseph Kay, writing in the Libcom blog”:<http://libcom.org/blog/thoughts-david-graeber’s-‘debt-first-5000-years’-03012012> , picked up on this right away:

bq. the arc of Marx’s Capital begins with commodities and shows how commodification implies class society. There’s a tendency to deduce therefore, that any time anything exchanges for a price, capitalism will be reproduced, rising vampire-like from

the dead to once more suck the blood of the living. Graeber sees it very differently. In the absence of state power, market exchanges tend not to give rise to the inhuman monster of capital — but rather tend to be re-absorbed into a moral economy of a human society, a society to which Marx’s account doesn’t apply

In other words, where many assume that anything like money or markets must be wiped out because even the simplest cash transaction contains some sort of evil DNA that, owing to some profound flaw in human nature, will grow and grow until capitalism is reestablished, I argue the opposite: that while markets are founded and usually maintained by systematic state violence, in the absence of such violence, they will quickly turn into something far less obnoxious—and can even come to be seen as the very basis of freedom and autonomy. Kay correctly notes this is a direct challenge to a lot of received leftist ideas. Farrell, in his zeal to reduce my book to bizarre simplistic arguments no sane person would ever make, remains entirely oblivious to one of the main theoretical arguments of the book.

Again, think of this in terms of scholarship. The whole point of Farrell’s piece is to say I’m driven by my biases to become a bad scholar. Yet here he has already produced an example of the most slipshod scholarship imaginable: completely misunderstanding, or even failing to notice, central arguments of the very book he has undertaken to critique! Once again, if this was the level of reading skills he had shown in the verbal portion of his GREs, Farrell would have flunked and never got into grad school. Obviously he didn’t flunk. I suspect if he wants to, in fact, he can read exemplarily well. He just didn’t feel in this case he should have to bother. Why? Because of exactly the sort of political bias he ascribes to me.

Farrell’s systematic misrepresentation of my arguments would make a point-by-point refutation of his further criticisms tedious and rather pointless. Instead let me describe what I am actually trying to do in the discussion of “debt imperialism” in chapter 12.

every oil producing nation that has made a move away from the dollar has also been the target of US military threats or subversion of some sort): countries in the crosshairs of the US military are unlikely to wish to use the dollar, the US sees attempts to move from the dollar as hostile gestures. This was the only point I was really making when I wrote the offending passage about Hussein’s switching his oil sales the dollar—what he called “the enemy’s currency”—to the euro:

bq. How much Hussein’s decision to buck the dollar really weighed into the U.S. decision to depose him is impossible to know, but no country in a position to make a similar switch can ignore the possibility.

This is hardly a radical statement. The switch to the euro was just one of a series of hostile moves on both sides, which on the US side included an embargo and constant military attacks, and I emphasize have no idea how much it actually weighed in to US plans to escalate to outright regime change. My point was simply that there were widespread rumors it weighed in, and they had an intimidating effect.

This is the argument Farrell really focuses on. He calls me a bad scholar for failing to provide documentary evidence for the existence of such impressions. Obviously the demand to document rumors is bizarre. What kind of documentation is he asking for? If all he wants is speculation, one can google up no end of it just by typing in “Iraq dollar euro invasion” or the like. Or is he demanding evidence that policy-makers paid any attention to such rumors (that they did not, as I put it, “ignore the possibility” there might have been a connection)? It’s easy to find such assertions too. Here’s a paragraph from a recent “piece”:<http://readersupportednews.org/news-section2/320-80/9635-focus-the-demise-of-the-dollar> by the UK Independent’s Middle East correspondent Robert Fisk, one of the world’s most respected foreign correspondents:

bq. Iran announced late last month that its foreign currency reserves would henceforth be held in euros rather than dollars.

“Sure.”

In other words, Hudson position goes much further in this direction than I ever have.

Again, I’m sorry to be rude, but I didn’t start this thing, one really wonders what this has to say about Prof. Farrell’s professional qualifications. After all, he is a Professor of Political Science and International Relations. Prof. Hudson’s work falls under his supposed area of expertise, not mine. Yet I, a lowly anthropologist, managed to figure out pretty easily what Hudson is saying, and Farrell, the man who receives a salary based on his presumed understanding of such matters, comes up with interpretations of Hudson that make the man himself laugh in disbelief.

In our conversation, Hudson also made a point of emphasizing that the main objection to his argument that the buying of treasuries has become a form of tribute is, usually, the fact that China, a US military rival, is purchasing them as well. “Yes,” he said, “but If that were proof I’m wrong, why is it that China is the only place where bankers are trained using my book?” Chinese officials he said, were quite candid in personal conversation, saying that the effects of US military encirclement and world domination obliged them to go along with a monetary system where they are effectively funding the Pentagon, but they are actively working with powers like Russia to put an end to this situation. So, as with the argument about Iraq to which Farrell so vehemently objected, we have the peculiar circumstance that the two countries (Russia and China) that the US happens to have its nuclear missiles aimed at are the very countries trying to figure out a way to buck the rule of the dollar. Farrell apparently wants us to believe this is a complete coincidence.

So what’s really going on here? Do countries resist the reign of the Almighty Dollar because they already oppose US military domination, or does the US intimidate them militarily because they resist the reign of the dollar? How can it not be a bit of both? And surely it was the same with Iraq (or Iran, or Venezuela; pretty much

I begin the chapter by speaking of myths, symbols and rumors. I emphasize that the way the world economy works, the actual connections between military force, currency regimes, and economic power are impossible to pin down, and that it’s therefore inevitable that paranoid conspiracy theories abound. Yet, speaking as an anthropologist, I cannot help but find these myths and rumors significant—in fact, see them as themselves playing a key role in the system. I begin by emphasizing the murkiness of it all, noting how stories I’d assumed were paranoid myths (there are vast catacombs full of gold under lower Manhattan, that they were the real target of 911), can turn out to be half-true (there are indeed vast catacombs full of gold under lower Manhattan, there’s just no reason to think they were a target of 911). These rumors and stories are all the more important—I thought this was clear—because the US exercises power largely indirectly. The US insists on maintaining the capacity to, and has a history of, using nuclear weapons, launching invasions, fomenting coups, and assassinating rivals, but it obviously does not do so on a regular basis. It just wants to ensure that others know it has the capacity to do any of these things, and that in dealing with enemies no option is ever—as so many US administrations like to put it—“off the table.”

I then proceed to quote Michael Hudson’s argument that the US is an imperial power and that its imposing US treasury bonds to substitute for gold as the reserve currency of central banks operates effectively as a “global tax” or tribute system. This of course is the premise Farrell is objecting to: his title after all is “The World Economy is Not a Tribute System.”

I should explain a bit about Hudson’s book, since it is on this that I build almost my entire argument.

Hudson’s book is called “Superimperialism.” It proposes that the US is indeed presiding over a global empire. Now, the normal definition of an empire is: a political structure based in one country or society that dominates other countries or societies by military force, extracting tribute as “protection” payments. “Protection pay-

ments” here is always meant in both familiar senses of the term: on the one hand, empires do provide genuine security services, for elites in particular; on the other, they shake people down by at least implicit threat of force. The line between the two forms of protection is generally kept blurry. Empires rarely state outright that they are simply extorting the money. And often it’s unclear how much the leaders of subject states are happy with such arrangements or not. In the book Hudson makes an explicit case that under Nixon, the US did develop a system of compelling client regimes to buy T-bonds as a way of paying for the US military that “protected” them from the Soviet bloc. During the Cold War, the Communist bloc were of course outside the US-imposed currency system, and at the time, the US used various forms of pressure on its allies to ensure they did acknowledge the primacy of the dollar: for instance, threatening to pull its troops out of West Germany if that country’s central bank did not become a first linchpin of the T-bond system. Hudson documents all this. After the collapse of the Soviet bloc, former communist regimes were, he says, obliged to become part of the US-centered monetary order. The result is the massive advantage the US has in the world marketplace, being able to effectively write checks that are never cashed but instead treated as if they were gold by central bankers.

With consummate dishonesty, Farrell ignores my initial framing of the discussion around Hudson’s ideas. He pretends I knocked together the argument about the imperial system myself, and leaves reader with the impression I only mention Hudson in a footnote, as one of three sources for my ideas (the others are Niall Ferguson and Robert Brenner. Actually, the footnote merely provides examples of three economists coming from different theoretical perspectives all of whom describe these arrangements as imperialistic, to show it’s not an outré idea.) Farrell then claims I get Hudson backwards:

bq. Finally, he points us towards Michael Hudson, who (unless I misunderstand him badly) is interested in the opposite causal rela-

tionship to Graeber’s “Hudson is interested in how US financial privilege facilitates foreign policy adventurism, rather than how foreign policy adventurism scares people into continuing to cleave to the Mighty Dollar.

There are lots of weaselly cover words here “unless I misunderstand him badly,” “is interested in” (rather than “says”) but Farrell’s actual position is clear enough. He is suggesting that, in a book called “Superimperialism,” what Hudson describes as “America’s financial-military empire” is, unlike any previous empire in history, operating through purely voluntary arrangements. According to this version of Hudson, fear of US arms plays no role whatsoever in upholding those financial arrangements that, effectively, cause other nations to fund the Pentagon and keep goods pouring into the US basically unpaid-for. Why do they go along with them? Who knows? Perhaps they are dazzled by US financial instruments. Or perhaps they like having an empire around. Or perhaps it’s some combination of the two.

So: which of our interpretations of Hudson’s argument is correct?

Well, there’s an easy enough way to find out, and that’s to ask Hudson. So I did. The last time I ran into Michael Hudson I read him what Farrell had written. Hudson’s reaction was to burst out laughing. He pointed to a “recent essay”: <http://www.globalresearch.ca/index.php?context=va&aid=13969> he’d written on the 2009 Yekaterinburg conference that contained such unambiguous lines like, “foreigners see the IMF, World Bank and World Trade Organization as Washington surrogates in a financial system backed by American military bases and aircraft carriers encircling the globe.” Obviously, he said, the whole system is based on fear of US military power. Neoliberal arrangements began with Pinochet for a reason. There has to be the threat of violence backing them up. “Basically,” he said, “the US government’s position come down to ‘adopt our version of the free market or we’ll shoot you.’”

“Can I quote you on that?”