

Paying for Debt: a Natural or Expedient Measure?— Review of Debt, the First 5000 Years

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Abstract: *Debt goes time and space, spanning 5,000 years of human history. Clarifying the nature of debt is of great theoretical and practical significance to the study of market and government operation and social progress. In view of the essential problem of debt, this paper adopts the literature sorting method and reads the book Debt, The First 5000 Years and relevant literature, and draws three conclusions: (1) the origin of the history of money may be the virtual currency and credit system, and the imagined "barter" economic model did not exist. Money, therefore, was not born "bartering"; the state created the market, and the market needed the state. (2) the creativity of the book is mainly reflected in the analysis of the human economy, put forward the gift economy, human economy and "military-coinage - slavery synthesis" of novel expressions, and finally gives a bold idea of the cancellation of all international and consumer debt. (3) the limitations of the book's capitalist perspective are very obvious. There is a misjudgment of Chinese culture and human customs, and a glorification of the shameless scandals of the Spanish and Portuguese invaders. All these are blind adherence to the capitalist system and ignorance of socialism.*

Keywords: *Debt, Capitalism, Socialism, Human Economy, Debt, the First 5000 Years*

1. Introduction

Debt, a word, which almost everyone is familiar with. Debt spans time and space, 5,000 years of human history, and every aspect of modern society. Specifically speaking, large to international trade, international balance of payments, small to daily consumption, neighbor borrowing, all are involved in debt. Therefore, what exactly is debt? And what do we owe the world? Maybe the world owes us something. Debt is an important part of finance and economic operation. Clarifying the above problems is of great theoretical significance to the study of market and government. At the same time, it provides an important theoretical basis and research perspective for analyzing the origin and function of money. Finally, the implementation of policies in line with the nature of debt provides practical inspiration for the optimization and improvement of capitalism in the future.

In view of the debt problem, most existing studies have carried out analysis from the perspective of risk control [1]. There is little discussion among scholars about the origin and nature of debt. The existing research results mainly involve three aspects: the connotation of debt risk, the causes of debt risk, and the separation of debt rights and responsibilities. The first aspect is the connotation of debt risk. Clarifying the concept of risk in general sense is the premise of understanding the risk of local government debt. Willett (1901) defined risk as the objective manifestation of the uncertainty of the occurrence of an undesirable event [2]. As far as debt is concerned, only when it brings harm to economic and social development can we pay attention to its risk. Therefore, debt risk belongs to the uncertainty of future loss. The second aspect is the cause of debt risk. Some researches have been carried out from the aspects of economic development, financial system and management system. However, most of the researches only explain the reasons for the growth of debt risk, and do not reveal the power of the abnormal growth of debt risk. [3] The third aspect is the separation of debt rights and responsibilities. When local government debt occurs, it is usually the case that the right to raise the debt of local government is separated from the liability to pay the debt in time and space. In other words, local governments have the right to raise debt, but not the responsibility to repay it. [4]

Based on the literature review, the existing studies are mainly analyzed from the perspective of debt risk control, ignoring the concept of debt itself. This is the breakthrough and focus of this paper. In view of the essential problem of debt, this paper adopts the literature sorting method, reads the book *Debt, The First 5000 Years* and relevant literature, and makes a theoretical analysis.

2. Summary of *Debt, the First 5000 Years*

Although debt is the foundation of modern economy, “debt” has always been an understudied concept in the history of economic thought. All the economic literature argues that the emergence of money made human life more convenient by replacing the complex process of barter. The problem with this idea is that there is not a shred of evidence to support it.

By challenging the traditional economic theory, the author argues that money does not appear in the form of a substitute for barter, but in the form of a measure, an abstract object, and also as the relationship between human beings (debt and obligation). More than 5,000 years ago, humans were already using complex credit systems to trade goods rather than just barter. Credit systems existed long before coins and money. In the pre-currency era, he argues, people did not “barter”; they gave each other gifts, sometimes in the form of tribute, sometimes in return at a later date, sometimes in the form of pure gifts. Money was not created to facilitate transactions, but by the clergy in ancient countries such as Egypt or Sumerian to collect taxes or count wealth more efficiently. The concept of price and the indifferent market came into being, and they swallowed up all the warmth of human society. It is money that turns responsibilities and obligations into debts, and the common sense of paying back debts corrupts the human nature of caring for one another. Graeber argues that once we understand the social origins of debt, we are willing to renegotiate it when conditions change, whether it's a mortgage, a credit card, a student loan, or the debt of the country as a whole.

At the end of the book, Graeber prescribes a “cure”: forgiveness of all international and consumer debt. It works because not only does it take away real suffering, but it reminds people that money is not wonderful, which paying off debts is not the core of morality, which it's all an artificial arrangement.

3. Creative Understanding of Money, Government and Market

Nowdays, money, government and market are familiar words to everyone, whether they have studied economics or not. Everyday we use these words, and we basically accept their meanings passively. The meanings originally came from economists such as Adam Smith, and the terms' meanings have since become a consensus. Therefore, does the originally imagined “barter” world really exist? If not, what is the origin and nature of money? Besides, what is the relationship between the market and the government, which are closely linked to the currency? In view of these fundamental problems, this part provides creative understanding of money, government and market through the analysis of *Debt, the First 5000 Years* and other relevant literature. There are two creative understandings, as follows:

The first is that the origins of the history of money may be virtual money and credit systems, rather than Adam Smith's “barter”. In 1913 and 1914, Mitchell Innes published two articles in *New York Journal of Law* that laid the groundwork for rewriting monetary history. In both essays, Mr Innes matter-of-factly enumerates the false assumptions on which economic history has relied and points out that what people really need is a history of debt.

In reality, people's standard account of the history of money is very backward. People did not barter, discover money, and eventually develop credit systems. The reality is a different picture. First came what we now call virtual currency. Coins came much later, and their popularity was so erratic that they never completely replaced the credit system. Barter, in turn, seems to have been an unintended byproduct of people's use of coins or paper money: historically, it was mostly used by people already familiar with cash transactions. Two conditions are implied. First, they both know the value of the goods they are trading, which must be measured by money. Second, this is when they cannot obtain money (because there may be a shortage of coins or notes to trade). In conclusion, the history of money may have its origins in virtual money and credit systems, not in Adam Smith's “bartering”.

The second is that in anarchic societies, there are usually no markets. In other words, the state creates the market, and the market needs the state. In the ancient Middle Ages, maintaining large forces was a very serious problem. Unless these armies were already on the move, almost the same amount of labor and cattle had to be employed in order to find, obtain, and transport the necessary supplies. On the other hand, the simple act of handing out coins to soldiers and declaring that every family in the kingdom was obliged to return them to the king would turn the kingdom into a giant machine to feed the army. At this point, each family had to find some way to supply the soldier with what they needed in exchange for coins. The market emerges as a by-product of this process.

The market created in this situation was not only convenient for resupplying troops, but also useful

in all other ways. This meant that officials no longer had to expropriate materials directly from the people or find ways to produce them on royal land or in workshops. So the historical record shows that anarchic societies usually don't have markets either. It is wrong to separate the logic of the market from the logic of the government in analyzing economic problems, because the state created the market and the market needs the state. Without each other, both cannot sustain.

4. Review of *Debt, the First 5000 Years*

4.1 Creativity of Human Nature Economy Essence

The creativity of this book is mainly reflected in the analysis of human economy. The specific creativity has two aspects, as follows:

First, from the perspective of the moral basis of economic relations, presents the gift economy and human economy. The gift economy is very similar to barter, where you directly exchange one thing for another. Even among strangers, there is a gift economy. The nature of the gift economy is that there is always an unwillingness to keep things clean in order to keep people connected. The human economy is an economy in which money acts as social money, that is, to create, maintain or break relationships between people rather than to buy things. The role of the human economy is to remind people that they can never be equivalent to anything, or even that they can never be equivalent to each other.

Second, analyze the nature of debt from its origin and put forward the bold idea of canceling all international and consumer debt. In the author's view, humanity is long gone from a sort of biblical jubilee: the date will affect both international and consumer debt. Such a day would not only alleviate a very large portion of the very real suffering of humanity, but would also remind us that debt is not the essence of morality and that everything is a human arrangement. So far, however, this principle has been exposed as a blatant falsehood. In fact, we do not "all" pay our debts. Nothing could be more important than to wipe the SLATE clean and begin the moral break with our habits. That, in turn, is the cancellation of all international and consumer debt.

4.2 Limitations of the Capitalist Perspective

The book's creative perspectives are undeniable, but so are the limitations of its capitalist perspective. There are three limitations in this book, which are as follows:

First, the misjudgment of Chinese culture and human customs. In Chinese culture, says the book, the rescuer is considered responsible for always taking care of the recipient. This kind of moral kidnapping is an absurd cognition of Chinese culture and national nature, because China is a land of propriety and propriety in return for kindness. There are two reasons for this kind of writing. On the one hand, it is a kind of cultural infiltration to intersperse contempt and slander for China in the core point of the book. On the other hand, the human ugliness of this moral kidnapping may be rooted in the author's own heart, so that he did not look up the materials carefully. And the thinking habit, which Chinese people are also similar to Europeans and other westerners, is ridiculous.

Second, the glorification of the shameless scandals of the Spanish and Portuguese invaders. Attributing the inhuman aggression of European colonists to Asia's demand for gold and silver. Was it Asia's demand for gold and silver, or Europe's vainglorious demand for Asian silks, ceramics and the like? The answer is indisputable. The underlying reason is that European greed and love need to import luxury goods from Asia. The author's portrayal of the shameless scandal of the Spanish and Portuguese invaders as China's thirst for gold and silver is truly ludicrous.

Third, the capitalist system is the best system and ignore the ignorance of socialism. In Chapter 11, the author reveals the inhuman exploitation and exploitation of capitalism through the tragic fate of the "cannibals" who fall into the debt trap. Even so, the author sees capitalism as a permanent system that has no end. In the end, he concluded, no one seemed able to imagine an alternative to capitalism. The author's mode of thinking is the mode of thinking of capitalist empire. He admits that there is the malpractice of cannibalizing others, but he cannot put forward the reform mode. He is confined to the framework of capitalism and lacks the perspective height. Finally, the author proposes a relatively naive idea of liberating capitalism. Human beings should see themselves as historical actors, as people who can influence the world. Apart from the feasibility of the idea, it is almost impossible to achieve it in terms of time and cycle.

5. Conclusion

In view of the essential problem of debt, this paper adopts the literature sorting method and reads the book *Debt, The First 5000 Years* and relevant literature, and draws three conclusions: (1) the origin of the history of money may be the virtual currency and credit system, and the imagined "barter" economic model did not exist. Money, therefore, was not born "bartering"; the state created the market, and the market needed the state. (2) the creativity of the book is mainly reflected in the analysis of the human economy, put forward the gift economy, human economy and "military-coinage - slavery synthesis" of novel expressions, and finally gives a bold idea of the cancellation of all international and consumer debt. (3) the limitations of the book's capitalist perspective are very obvious. There is a misjudgment of Chinese culture and human customs, and a glorification of the shameless scandals of the Spanish and Portuguese invaders. All these are blind adherence to the capitalist system and ignorance of socialism.

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