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create and destroy money by mutual agreement, and other people are not. Not to mention that this power is ultimately rooted in privileged access to the instruments of violence. In a world that was not so organised around violence, such powers of creation would have to take a radically different form. Would we even be able to talk about money, debt, or credit in such a world? If nothing else, the meaning of all such words would change dramatically. In the final analysis, after all, a debt is nothing but a promise; and a promise, a form of social creativity, is a way of bringing something into being by agreeing it is there.

At the moment, we live amidst the rubble of a thousand broken promises: the promise of capitalism, the promise of technological progress, the promise of nationalism, the promise of the state. But if revealing the arbitrary nature of the power to create money out of nothing can lead to anything of ultimate worth, it should reveal the arbitrary nature of all these imaginary debts that our rulers claimed to owe us, and then, whenever it suited them, abruptly yanked away. Then we could begin to ask what kind of promises would genuinely free men and women make to one another, in a society where those structures of violence are finally yanked away. It is at moments of historical juncture like this one that we have the greatest chance of finding out. And the stubborn refusal of so many Greeks to accept the logic of *any* of these existing promises suggests that Greece is exactly the sort of place most likely to begin suggesting answers.

and engendered of that which neither is nor ever was.

—Plutarch, *Moralia* 828f-831a

Compare that to this quote—almost certainly apocryphal, but extremely popular on the internet—attributed to Lord Josiah Charles Stamp, sometime director of the Bank of England, from a talk said to have been delivered in 1923:

> The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and born in sin. Bankers own the earth; take it away from them, but leave them with the power to create credit, and with the stroke of a pen they will create enough money to buy it back again… If you wish to remain slaves of Bankers, and pay the cost of your own slavery, let them continue to create deposits.[7]

The very fact that money is a social convention—a fact that was, as I've noted, simply taken for granted in the more enlightened Middle Ages—is now seen as itself intrinsically scandalous; and not, for instance, the fact that only some people are given the power to

[7] Said to have been given at a talk at the University of Texas in 1927, but in fact, while the passage is endlessly cited in recent books and especially on the internet, it cannot be attested before roughly 1975. The first two lines appear to actually derive from a British investment advisor named L.L.B. Angas: "The modern Banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banks can in fact inflate, mint and unmint the modern ledger-entry currency" (Angas 1937). The other parts of the quote are probably later inventions—anyway Lord Stamp never suggested anything like this in his published writings. A similar line "the bank hath benefit of all interest which it creates out of nothing" attributed to William Patterson, the first director of the Bank of England, and is likewise first attested only in the 1930s, and is also almost certainly apocryphal.

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bureaucracy—all serve as a dress rehearsal for the likely fate of the global imperial system when it finally reaches its limits and the era comes definitively tumbling to a close.

And what shall follow? In a way, that's rather up to us. This is not the place to offer prescriptions. But it might help to suggest a few words of warning. Henry Ford—who as we all know was a fascist warmonger of the worst sort—once remarked that if ordinary people figured out how the banking system really worked, there would be a revolution overnight. He was referring, no doubt, to the fact that banks—and not only central banks—have been granted the right to, effectively, create money by lending it into existence. Perhaps so: but the objection is founded in a kind of false materialism that is itself a large part of the problem. Materialist ages, when it is assumed that gold and silver simply are money, and that money itself can be seen as a scarce commodity, are always scandalised by the fact that credit systems do not really operate this way, and never have. Consider for instance the words of Plutarch, on the depredations of usurers in Athens in the second century AD:

> And as King Darius sent to the city of Athens his lieutenants with chains and cords, to bind the prisoners they should take; so these usurers, bringing into Greece boxes full of schedules, bills, and obligatory contracts, as so many irons and fetters for the shackling of poor criminals…
>
> At the very delivery of their money, they immediately ask it back, taking it up at the same moment they lay it down; and they let out that again at interest the money they have charged in interest for what they have already lent.
>
> So that they laugh at those natural philosophers who hold that nothing can be made of nothing and of that which has no existence; but with them usury is made

to distribute the spoils of empire, directly or indirectly. Greek or Rhodian jury fees, Roman grain distributions (the "bread" part of the famous "bread and circuses"), and their innumerable Indian or Chinese equivalents, were designed above all to keep the military classes out of the clutches of the loan sharks. It's easy to see how North Atlantic social welfare policies of the post-War period operated in much the same way. They continued to operate with money that was, effectively, simply government debt, or debt created by private banks, and continued to insist that ordinary mortals treat the stuff as if it were some sacred moral trust, but then, at the same time, pursued redistributive policies that ensured that most citizens managed to keep themselves more or less above water. The new age of virtual money, starting in the 1970s, involved both stripping away those social protections, eliminating any remaining vestige of usury laws, and allowing the old North Atlantic working classes to essentially borrow their way into something like their old levels of prosperity (if not security). The solution was, clearly, a stop-gap—not really a solution at all. Empires simply cannot be maintained by destroying their core citizenry, and the crisis in Greece—with its tin-plated militarism, its perpetual posturing against Turkey, a kind of miniature comic-opera version of the grand US-EU imperial "war of civilisations" against Islam (whose militants, of course, reject the principle of interest-bearing debt entirely),[6] its dilapidated and inadequate welfare state run by a hostile and reluctant

[6] A word of clarification, lest the reader fall into the mistake of assuming that I believe the term "the West" in its conventionally accepted sense is in any way a meaningful concept. Some would challenge the idea the rivalry between Greece and Turkey is reflective of an "East/West" divide by arguing that both are, in effect, Oriental societies. My own preference is to go the other way. If "the West" means anything, over the last two centuries, it refers to that intellectual tradition that has tries to square Abrahamic revealed religion with the conceptual apparatus of Classical philosophy. But this means that Christianity, Judaism, and Islam were all equally Western, and that their current secularly-oriented epigones (such as for instance, Turkey) are equally so. The Greece-Turkey quarrel is very much a division within the West, and always has been.

In the corporate media, the Greek crisis is usually represented almost as a revolt of spoiled children: a population living beyond its means, rising up in a tantrum when forced to face the fiscal discipline it has for so long, and so unrealistically, resisted. This seems rather an extraordinary condemnation for a nation with one of the least developed welfare states in Europe, but it is the only narrative the corporate media really has to tell. After all, is not debt simply the rational measure of fiscal morality? And in geopolitical terms, is there any other morality that really matters? A nation in debt must have done something wrong, just as a nation with surpluses must be doing something right (no one seems to notice that you cannot have one without the other, so that for a German, for instance, to chide a Greek for his country's supposed fiscal irresponsibility is the equivalent of a heroin dealer chiding his client for having become addicted in the first place).

Curiously absent from these discussions is the one area where the Greek government, so penurious with its health and pension policies, seems remarkably open-handed: that is, in matters of military spending, or anything, for that matter, connected to what we like to call the "security services." Greece has the largest number of military personnel per capita of any NATO country (at 119 per 10,000, more than twice that of Bulgaria, the second runner-up), and the second highest ratio of police (33 per 10,000, or 1 cop per every 303 people).[1] Such a high level of securitisation is extremely expensive: of all NATO countries, Greece also spends the highest proportion of its budget (5.5%) on the military, a remarkable 3.1% of GDP. And this is almost certainly a low estimate. Real military spending numbers are just about everywhere shrouded in mystery, since governments tend to go to great lengths to obfuscate the real numbers, and as a result we have no idea if the case of Greece

[1] Italy is number one. Encyclopedia "Where We Stand" data for 1997. The 2006 population was 10,688,000, of whom roughly a third were males between 14 and 65. This means one of every 50 adult males are actively serving in the security forces; if one counts army reserves, the numbers jump to one in twenty.

runs parallel, for instance, to that of the USA, where the size of the total military budget corresponds almost exactly with that of the federal deficit. However the role of the Greek government's interest in expensive German and French military equipment (jets, submarines), and its financing through money borrowed from German and French banks, has been well-documented.

Most commentators explain Greek military spending as the result of ongoing tensions with fellow-NATO member Turkey, as if the continued existence of these tensions is itself in no need of explanation. This is superficial. Sabre-rattling, as we all know, is a traditional technique for defusing social tensions at home; and if the Greek government does an unusual amount of it, it's because there are such an unusual lot of tensions to defuse. It's the same reason that the Greek police force is so large—the second largest in Europe—despite the fact that the crime rate is so low. Rates of most forms of violent crime (rape, murder, that sort of thing) are among the lowest in Europe, but the rate of political crimes (burning or looting banks, attacks on corporate or government offices) is veritably off the charts.[2] Clashes between police and leftists of one sort or another are an almost daily occurrence. In a very real sense, the Greek civil war, usually said to have lasted from 1946 to 1949, never ended. And while only a minority actively support the now largely anarchist-inspired resistance, the existence situation could never continue unless significant portions of the population at the very least passively acquiesce, seeing teenage squatters and

[2] Statistics for specifically politically motivated crime are unfortunately unavailable, but consider the following, from the US government's "Greece 2010: Crime and Safety Report": "Statistics suggest that violent crime in Greece is considerably less prevalent than in other European countries. Athens is safer in terms of violent crime than comparably sized metropolitan cities. However, there has been a dramatic and steady increase in security related incidents involving improvised explosive and incendiary device attacks, as well as small arms, grenades, and other infantry style weapons. A majority of the increased attacks are politically motivated incidents that usually have a specific target of interest" (https://www.osac.gov/Reports/report.cfm?contentID=114049).

with their tax money whenever the bubble bursts, are under no conditions allowed to do the same: their debts are sacred obligations, matters of elementary morality, and should never be allowed the privilege of rescue or default.

The utter moral bankruptcy of such a system (to employ a metaphor that's almost not even a metaphor in this case) has now been revealed to all. The result? So far, it has been surprisingly weak: a kind of startled cynicism, or rage without direction, directionless above all because most people can no longer imagine what an economic system that wasn't morally bankrupt would even be like. The most common reaction perhaps is to simply reject the notion that morality exists on any level: as in the increasingly common habit, in the US, of homeowners simply walking away from "underwater" mortgages even if they do technically have the means to continue paying them. This does seem a logical reaction to the death-pangs of neoliberalism: "If we are all supposed to think of ourselves as tiny corporations, now, why can't we all be financial corporations? *They* can just make up money and, if they get in trouble, welsh on their debts. Well so will we." But it's hard to see how it could have much traction as a form of resistance to capitalism.

From the longer-term perspective I've been developing here, however, we can see that what we are witnessing is also a crisis in the redistributive function of the old capitalist empires—empires which are now, most likely, coming to the end of their 500-year historical run. Like the ruling classes of the Axial Age empires before them (e.g. Athens and Rome), the rulers of these more recent empires resisted earlier policies that challenged the very nature of debt. Such states, built above all on vast standing armies and navies, do not tend to indulge in jubilees, debt moratoria, or prohibitions against usury. Instead, they tend to insist on the sacred nature of debt, but at the same time, cushion certain privileged sections of the popular classes—above all, those that provide them with their soldiers and able-bodied seamen—by setting up systems

Germany (originally West Germany), Japan, South Korea, Taiwan, Saudi Arabia, Kuwait, and so forth. All are either covered with US bases, or directly under the US military umbrella in one form or another; all are in the habit of purchasing US bonds that never, in fact, mature, but are endlessly rolled over, creating a kind of indirect tribute system dressed up as US international debt (Hudson 2003). (Matters have become slightly murkier now that China has got into the game, since China is obviously by no means a US military client state, but if one examines Chinese policies in deep historical perspective, too, one finds that have long been used to playing this sort of game: Chinese imperial tribute systems always worked in reverse, showering wealth on foreign dependents (in fact, many of the same ones now maintained by the US—Japan, Korea, Taiwan—in exchange for political loyalty; which implies the long-term aim is reduce the US itself to a military client state of China; a military enforcer for East Asian capital. It's in no way clear if this will actually work.)

The result of this peculiar approach to empire is that debt ends up meaning different things to different people. US "debt" need never be repaid, in fact, in a certain sense, it cannot be repaid, since if the US did not maintain deficits, the international monetary system would cease to exist in exactly the same way that the British monetary system would no longer exist if the Queen actually paid back the original loan to the Bank of England. The debts of weaker nations, in contrast, are treated as absolute moral imperatives, tantamount to religious obligations, with the IMF in particular enforced to maintain the principle that no creditor, no matter how bizarre or foolhardy their original loan, should ever be forced to write down a single dollar. The recent bailout of the US financial system, even after they were caught engaging in transparent fraud, has revealed how this is now true on every level: banks, and any other corporations with a financial division, are allowed to basically make up money out of thin air through the manipulation of debt; ordinary citizens, who are obliged to backstop these efforts

even Molotov-throwing insurrectionists as at least as legitimate a political force as the police—who are, in fact, widely viewed as indistinguishable from the followers of the old fascist colonels. In many urban neighborhoods, police continue to be seen as occupying forces, and they often act as such, trashing social centres and cafes in leftist neighborhoods in the same way as gangs of right-wing thugs, who also exist, and with whom they actively collaborate. What has bankrupted the Greek government, in other words, is the cost of popular rejection of its basic institutions of rule; it has been forced to pour borrowed money into maintaining an endlessly expanding apparatus of coercion for the very reason that many of its citizens refuse to accept that apparatus as inherently legitimate.

The Greek situation is of course unique but I think it raises some very interesting questions about the connection between debt, organised violence, rebellion, and the state, because this connection has been a perennial feature of human history for at least five thousand years. To keep the focus on Greece—and this is by no means meant to imply any direct historical continuity, just as a particularly telling and well-documented example—in the late sixth century BC, at exactly the moment ancient city-states began to be incorporated into a larger commercial world, the immediate effect was a series of debt crises. The one in Athens, in which, according to Aristotle, "the poor became enslaved to the rich"—and many defaulters came to be literally sold abroad as slaves—led to the famous Solonian reforms, and set off a chain of social struggle that culminated first in the populist "tyranny" of Peisistratus, and ultimately in the establishment of Athens's democratic constitution. But similar things were happening everywhere: the new military classes, *hoplites*, sailors, whatever they might have been, were not willing to put up with debt peonage imposed by the former aristocrats and either supported populist coups (as for instance in Corinth), or made debt relief the principle focus of radical agitation, as in Megara, where the demos passed the famous *palintokia*, a law which not only banned all loans at interest, but did so retroactively, demanding all interest extracted over the principle on existing loans be immediately returned to the debtor. These debt crises appear to have been the main impulse beyond constitutional reform.

Neither—and this is an area where earlier scholars appear to have been largely mistaken—did they vanish during the rest of Greek history. In Athens, while the most abusive practices were banned, most citizens remained in debt, and the democratic state's solution was essentially military: to use the Athenian navy to establish an empire, and its economic power to acquire slaves overseas—most famously, the thousands set to work in the Laurium silver mines—and to simply distribute the spoils liberally enough (for instance, in public works projects, and fees for attending meetings at the *agora*). This was typical. While ancient Middle Eastern kingdoms had long been in the habit of pronouncing universal debt cancellations—starting with the Sumerian "freedom" proclamations of King Enmetena of Lagash in 2400 BC, where new monarchs would tend, on coming to the throne, to cancel existing consumer debts and allow debt peons to return home, and continuing through institutions like the Biblical jubilee—Greek city states almost never engaged in outright cancellations. Instead, they threw money at the problem.

This is important when one looks at the history of coinage, which, in the ancient world, was invented not for commercial purposes but largely for the payment of soldiers (probably, in the very earliest times, mercenaries) and secondarily, for taxes, fees, civic payments, and so on. Rather than being the cause of the early debt crises—which began before coins were widely in use—coins were really part of the solution, a way of detaching ordinary people from their traditional attachments to aristocratic patrons, who had converted their old allegiance into "debts," and instead linking them directly to the public institutions of the state.

As a result, most political crises in ancient Greek cities really turned on this sort of distribution of spoils. Here is one incident

by the very rapid development of global social movements, which effectively destroyed the moral authority of institutions like the IMF, and left many of them very close to bankruptcy, then by the current banking crisis and global economic collapse. The shape of what eventually emerges—and presumably, some new overarching system or systems will emerge—depends largely on the effectiveness of social movements. Those that arose at the end of the Axial Age largely managed to eliminate slavery across the Eurasian continent. Will it be possible to do the same with wage slavery? What sort of institutions will arise within the new virtual credit systems to prevent creditors from running completely amok?

What about the role of war and militarism in all of this? Well, for the moment, the world economy is still operating under the aegis of the US empire, whose financial system is organised in much the same way as earlier capitalist hegemons. Just as the Bank of England, for instance, was an ostensibly private institution given permission by the Crown to lend money that the King owed it in the form of paper money, so is the US system organised around the Federal Reserve— actually a consortium of private banks—which has the unique right to monetize the US debt. This is again, a war debt (as mentioned earlier, size of the US deficit corresponds almost exactly to the size of its military spending), the price of its coercive power, which is global in scope—there is no place on earth where the US military is not able to strike with relative impunity—just as there is no place on earth where the US dollar, which is essentially a promise for repayment by the US government for the means to maintain that military system, does not serve as the basic reserve currency.

The US empire does have one historically unique feature: it is the first empire to hold the official position that it is not an empire at all. This introduces a few peculiar kinks. Historically, aside from the Federal Reserve, the major purchaser of US Treasury bonds (financers of the US deficit) are foreign institutional lenders, which over the last forty years, have been US military client states:

and finally the British and US empires) were driven at least in part by credit systems based on negotiable paper, and eventually, paper money. This paper money was a very peculiar form of credit money, consisting almost exclusively of government war debt, that is, wealth borrowed by governments to purchase the means for organised violence; a capacity for violence that was then used, in a kind of magnificent circularity, to enforce the claims of central bankers that that money those states now owed it could be lent out again, and used as legal tender in all commercial transactions.

V. CURRENT ERA (1971 ONWARDS) – RETURN, AGAIN, OF VIRTUAL CREDIT MONEY; OTHERWISE, UNKNOWN

The current age of virtual money—which might be said to have officially begun on August 15, 1971, when US President Richard Nixon suspended the convertibility of the dollar into gold—is thus nothing dramatically new. The financialisation of capital, the efflorescence of consumer debt, global debt crises, and of course the great meltdown of 2008, all appear in this long-term perspective as the likely birth-pangs of a new age whose form we could not possibly predict.

Still, some historical trends are obvious enough. Historically, as we have seen, ages of virtual, credit money have also involved creating some sort of overarching institutions—Mesopotamian sacred kingship, Mosaic jubilees, Sharia or Canon Law—that place some sort of controls on the potentially catastrophic social consequences of debt. So far, the movement this time has been the other way around: starting with the 1980s we have begun to see the creation of the first effective planetary administrative system, operating through the IMF, World Bank, corporations, and other financial institutions, largely in order to protect the interests of creditors. However, this apparatus was very quickly thrown into crisis, first

recorded in Aristotle (cited in Keyt 1997: 103 [1304b27–31]), who provides a (typically) conservative take on the origins of a coup in the city of Rhodes around 391 BC: The demagogues [i.e. leaders of the democracy] needed money to pay the people for attending the assembly and serving on juries; for if the people did not attend, the demagogues would lose their influence. They raised at least some of the money they needed by preventing the disbursement of the money due the trireme commanders under their contracts with the city to build and fit triremes for the Rhodian navy. Since the commanders were not paid, they were unable in turn to pay their suppliers and workers, who sued the commanders. To escape these lawsuits the trireme commanders banded together and overthrew the democracy.

Rome, significantly, was to pursue almost identical policies: after experiencing a series of bitter conflicts over debt in the early Republic, which periodically brought things very close to a mass defection of the plebs, and constitutional reforms. Yet debts were never quite cancelled, or the principle of debt was never challenged. Instead, Rome's rulers relied on a policy of the redistribution of spoils to keep the plebs from falling off the edge—which worked well enough in the late Republic and early Empire, though it began to fall apart again in the later Empire when citizenship became universal.

As a result, as the great Classicist Moses Finley (1960: 63) pointed out, in the ancient world, there was basically one single revolutionary program, voiced whenever the rural poor rose up: "cancel the debts and redistribute the land."[3]

Neither was this program limited to the ancient Mediterranean. Mesopotamian and Hebrew debt cancellations were clearly based on the fear of mass defection—"exodus," in the original sense of

[3] Mose Finley work was the earliest I managed to track down, but there are many. What he says for Greece and Rome would appear to be equally true of Japan, India, or China.

the term—where indebted farmers and labourers would flee to the desert fringes, away from the cities in the river valleys, joining pastoral nomads who threatened to eventually overwhelm the cities themselves. From the earliest times for which we have records, through the Middle Ages, and throughout the age of European colonial empires, whenever one finds people rising in rebellion one finds questions of debt first among the first of the grievances. This seems to be true everywhere— or everywhere where interest-bearing debt had not already been made illegal as a result of pressure from below. It is as true of peasant revolts in Japan as of colonial rebellions in India or Mexico. The burning of ledger books and legal records is usually the very first act in a successful uprising (with the storming of castles, mansions, and destruction of property cadastres or tax records only afterwards.) Certainly, far more rebellions have begun over debt than over slavery, caste systems, or the depredations of landlords, plantation foremen, or factory owners.

One might well ask why. What is it about debt, in particular, that sparks such endless indignation, and resistance? One could, perhaps, answer the question on a philosophical level. Caste, slavery, feudalism—all these are based on a presumption of inequality. Debt, alone, is not. A debt is a contract, an agreement, between two parties who stand—when they originate it—in a relation of legal equality. True, the terms of the contract are that one (the debtor) is in a position of subordination until the loan is repaid; but still, the entire point of the contract is that a debt should be repaid, and therefore, that the two parties ought to be restored to their original position of equality. If they are not, it's because the debtor is, in a certain sense, at fault. This is why words for "debt" and "sin" are, in so many languages—from Sanskrit to German to Aramaic to Quechua—originally the same word. Religious concepts of sin actually seem to derive from debt rather than the other way around (in fact, many of the key concepts in what are now considered sacred texts, from the Vedic notion of life as a debt to the Gods to the

to the debtor of all money extracted that exceeded the original principle—considered the utmost in extremist demagoguery by all existing Greek sources—was official Catholic doctrine by the 12th century; anyone identified as a usurer who did not make such restitution was to be excommunicated, could not receive communion, and could not be buried on sacred ground.

All this is not to say that this period did not see its share of carnage and plunder (particularly during the great nomadic invasions), but money, for the most part, was delinked from coercive institutions. Money-changers, one might say, were invited back into the temples, where they could be monitored; the result was a flowering of institutions premised on a much higher degree of social trust.

IV. AGE OF CAPITALIST EMPIRES (1500–1971) – RETURN OF PRECIOUS METALS

With the advent of the great European empires—Iberian, then North Atlantic—the world saw both a reversion to mass enslavement, plunder, and wars of destruction, and the consequent rapid return of gold and silver bullion as the main form of currency. The delinking of money from religious institutions, and its relinking with coercive ones (especially the state), was here accompanied by an ideological reversion to "Metallism." Internationally, the British Empire was steadfast in maintaining the gold standard through the 19th and early 20th centuries, and great political battles were fought in the United States over whether the gold or silver standard should prevail. All this is in dramatic contrast with the Middle Ages, where it was mostly simply assumed that money was a social convention that could be created or transformed more or less at will. This was all the more important since, in fact, the new capitalist hegemons (starting with Venice and Genoa, then the Dutch Republic, designed to force their subjects to create markets, largely to provision soldiers.

III. THE MIDDLE AGES (600 CE–1500 CE)[4] – RETURN OF VIRTUAL CREDIT-MONEY

If the Axial Age saw the emergence of complementary ideals of commodity markets and universal world religions, the Middle Ages was the period in which the new religions, mostly born as peace movements—forms of popular opposition to Axial Age militarism—effectively took over regulation of the market systems, with the result that coinage was largely abandoned, and the world moved back to virtual credit money (from tally sticks in Western Europe, to checking accounts in the Middle East, to the invention of paper money in China). It also saw, almost everywhere, the dissolution of the great empires with their standing armies,[5] the abolition or at very least extreme attenuation of chattel slavery, and the creation of some kind of overarching protections against the depredations of debt. Islam and Christendom of course banned lending money at interest entirely, along with debt peonage and related abuses; in China, this was the heyday of Buddhism, and Buddhist temples popularised pawnshops as a way of offering farmers an alternative to the local usurer (even as Confucian administrators enforced periodic debt relief). To get some sense of the degree to which things had changed, the Greek principle of *palintokia*, of the restitution

[4] I am here relegating most what is generally referred to as the "Dark Ages" in Europe into the earlier period, characterised by predatory militarism and the consequent importance of bullion: the Viking raids, and the famous extraction of *danegeld* from England, in the 800s, might be seen as one of the last manifestations of an age where predatory militarism went hand and hand with hoards of gold and silver bullion.

[5] It is a peculiarity of the age that, apart from China, which dissolved and was reconstituted several times, the only great empires of the period were created by nomads: from the Caliphate, to the Mongols, to the Tatars and Turks.

Biblical notion of redemption, were clearly framed in reference to arguments about debt and debt forgiveness that were at the very centre of political debate at the time). This then is the reason debt is so infuriating. It is one thing to tell a man or woman they are simply inferior. It is another to tell them they ought to be equals, but they have failed. On the one hand, it seems like an obvious way to tell those one has subordinated—usually through violence—that their troubles are their own fault. This is why conquerors and Mafiosi almost invariably tell their victims they owe them money—if only in the sense that they owe them their lives for not having simply murdered them. But these assertions almost invariably rebound if only because they do, ultimately, imply a certain potential for equality. It's inevitable, once things are framed that way, that the victims will begin asking "But who really owes what to whom?"

This is, as I say, the philosophical explanation. There is also another one, which highlights the structural link between war, state power, and monetary policies that lead to mass indebtedness.

To understand this, however, I must pull back slightly and provide a few words about the history of money—the reality of which bears little relation to its representation in economic textbooks. We're all used to hearing the standard line: first there was barter, then came coinage, eventually, this led to the creation of elaborate credit systems of the sort which play havoc with economies like Greece today. In fact this history is precisely backwards. Credit, and even debt crises, came first.

I. AGE OF THE FIRST AGRARIAN EMPIRES (3500–800 BCE) – DOMINANT MONEY FORM: VIRTUAL CREDIT MONEY

Our best information on the origins of money goes back to ancient Mesopotamia, but there seems no particular reason to believe matters were radically different in Pharaonic Egypt, Bronze Age China, or the Indus Valley. The Mesopotamian economy was dominated by large public institutions (Temples and Places) whose bureaucratic administrators effectively created money by establishing a fixed equivalent between silver and the staple crop, barley; debts were calculated in silver, but silver was rarely used in transactions: payments were made in barley or in anything else that happened to be handy and acceptable. Major debts were recorded on cuneiform tablets kept as sureties by both parties to the transaction.

Markets, certainly, did exist, but most actual acts of everyday buying and selling, particularly those that were not carried out between absolute strangers, appear to have been made on credit. The habit of money at interest also originates in Sumer (it remained unknown, for example, in Egypt), and it led to continual crises, as in bad years farmers would grow hopelessly indebted to the rich and would begin having to surrender their farms and ultimately, family members, in debt bondage, forcing governments to announce general amnesties. (It is significant that the first word for "freedom" known from any human language, the Sumerian *amargi*, literally means "return to mother," since such declarations of debt freedom would also mean that debt peons would also be allowed to return home.) Such policies appear to have been commonplace: from the Biblical Jubilee, whereby all debts were cancelled after seven years, to Chinese traditions indicating that coinage themselves were invented as part of government efforts to redeem debt pawns.

II. AXIAL AGE (800 BCE–600 CE) – DOMINANT MONEY FORM: COINAGE AND METAL BULLION

From the Warring States period in China, fragmentation in India, to the carnage and mass enslavement that accompanied the expansion (and later the dissolution) of the Roman Empire, it was a period in most of the world of spectacular creativity, but of almost equally spectacular violence: of large, aggressive empires which combined the maintenance of standing armies and the mass use of war captives as slave labour, and an abandonment of old protections for debtors.

Remarkably, it also saw the simultaneous invention of coinage in China, India, and the Eastern Mediterranean—in each case independently, but in each case also, in almost exactly the same times and places that also saw the rise of the major world religions. This could hardly have been a coincidence. Coins, which allowed the actual use of gold, silver, and copper as media of exchange, even in ordinary day-to-day transactions, also made possible the creation of markets in the now more familiar, impersonal sense of the term. These appear to have arisen largely as a side effect of military operations, and coins were first used mainly to pay soldiers. It certainly was not invented to facilitate trade—the Phoenicians, consummate traders of the ancient world, were among the last to adopt it; the very first coins, issued by rulers of Lydia, were probably issued mainly to pay their Greek mercenaries. The result was what might be called—following sociologist Geoffrey Ingham—a "military-coinage-slavery complex," since the diffusion of new military technologies (Greek hoplites, Roman legions) was always closely tied to the capture and marketing of slaves, and the other major source of slaves was debt: now that states no longer periodically wiped the slates clean, those not lucky enough to be citizens of the major military city-states—who were usually protected from the clutches of lenders by the distribution of spoils—were fair game. The credit systems of the Near East did not crumble under commercial competition; they were destroyed by Alexander's armies—armies that required half a ton of silver bullion per day in wages. The mines where the bullion was produced were generally worked by slaves, captured in war. Imperial tax systems were consciously