

USA : Can Debt Spark a Revolution?

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The idea of the “99 percent” managed to do something that no one has done in the United States since the Great Depression: revive the concept of social class as a political issue. What made this possible was a subtle change in the very nature of class power in this country, which, I have come to realize, has everything to do with debt.

As a member of the team that came up with the slogan “We Are the 99 Percent,” I can attest that we weren’t thinking of inequality or even simply class but specifically of class power. It’s now clear that the 1 percent are the creditors: those who are able to turn their wealth into political influence and their political influence back into wealth again. The overriding imperative of government policy is to do whatever it takes, using all available tools—fiscal, monetary, political, even military—to keep stock prices from falling. The most powerful empire on earth seems to exist first and foremost to guarantee the stream of wealth flowing into the hands of that tiny proportion of its population who hold financial assets. This allows an ever-increasing amount of wealth to flow back into the system of legalized bribery that American politics has effectively become.

When we were organizing the Wall Street occupation in August of 2011, we really didn’t have any clear idea who, if anyone, would actually show up. But almost immediately we noticed a pattern. The overwhelming majority of Occupiers were, in one way or another, refugees of the American debt system. At first, that meant student debt: the typical complaint was “I worked hard and played by the rules, and now I can’t find a job to pay my student loans—while the financial criminals who trashed the economy got themselves bailed out.”

What was remarkable wasn’t so much the fact that the camp began to fill with so many debt refugees, but how much their plea resonated across the political spectrum. In the 1960s or early ’80s, the plight of a college graduate juggling loans wasn’t the sort of thing most likely to wring the hearts of transit or sanitation workers. But Occupy received warmth and solidarity from organized labor. Something clearly had changed. We had come to see ourselves as members of the same indebted class.

This was possible only because of a number of changes in the very nature of American capitalism. For decades now, we’ve been hearing about the “financialization of capitalism.” But this is always framed as an abstract process, almost akin to magic, whereby Wall Street no longer needs to extract most of its profits from the fruits of commerce or industry because it has figured out a way to produce wealth from sheer speculation. Meanwhile, the financial industry actively discourages us from scrutinizing the actual social relations on which its wealth is based. What happens on Wall Street is supposed to be too complicated and advanced for regular people □to comprehend.

The rise of OWS allowed us to start seeing the system for what it is: an enormous engine of debt extraction. Debt is how the rich extract wealth from the rest of us, at home and abroad. Internally, it has become a matter of manipulating the country’s legal structure to ensure that more and more people fall deeper and deeper into debt. As I write, roughly three out of four Americans are in some form of debt, and a whopping one in seven is being pursued by debt collectors. There’s no way to know just what percentage of the average household’s income is now directly expropriated by the financial services industry in the form of interest payments, fees and penalties. What statistical

information is available suggests it is somewhere between 15 and 20 percent—and, of course, if you factor out the quarter of the population who are either too rich or too poor to owe anything, it becomes considerably more. “Financialization,” then, is not just the manipulation of money. Ultimately, it’s the ability to manipulate state power to extract a portion of other people’s incomes. Wall Street and Washington, in other words, have become one. Financialization, securitization and militarization are all different aspects of the same process. And the endless multiplication, in cities across America, of gleaming bank offices—spotless stores selling nothing while armed security guards stand by—is just the most immediate and visceral symbol for what we, as a nation, have become.

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Most revolutions, revolts and insurrections in world history have revolved, at least to some degree, around debt, from the uprisings that created the Greek democracies to the American Revolution—or pretty much any other anticolonial revolt. We may be standing on the brink of a similar juncture. Yet history shows it’s notoriously difficult to assemble debtors into a coherent movement; indebtedness is isolating by nature, and the very feelings of anxiety and humiliation it sparks have made it a potent ideological tool. But history also reveals that when such movements do form, the results tend to be explosive.

What are the prospects for Occupy if it evolves into an explicit movement of debt resistance? If that happens, the battle will not be won by proposing policy changes. The power of Occupy was always that of delegitimation: an appeal to the profound feeling, shared by so many Americans, that our political class is so corrupted that it’s no longer capable of addressing the problems faced by ordinary citizens, let alone the world. To create a genuinely democratic system could only mean starting over entirely.

The financial system isn’t really any different. The first step is to state the problem clearly: our current economic arrangements can barely even be called “capitalism,” unless it’s some form of Mafia capitalism based on loan-sharking, extortion and fixed casino games. The second is to hammer home just how much the system’s illegitimacy undermines the moral force that debt still holds over so many Americans, thus fostering a gradual withdrawal of consent from the system. Increasing numbers of us are already doing this by refusing to pay our debts, whether out of necessity or by choice.

Even those at the top are increasingly willing to admit in private that the current situation is untenable. Debt cancellation of some sort is going to take place (as we’ve already seen with the bailout of the big banks). The real struggle will be over the form it takes—above all, whether it’s a last-ditch attempt to salvage the system of Mafia capitalism or an effort to move us sharply in the direction of something else (perhaps taking a cue from Iceland’s forgiveness of loans held by more than a quarter of its population). A debt jubilee, after all, affords the possibility not just of economic renewal, but of intellectual and spiritual renewal as well. Even imagining such a possibility opens the door to an understanding that debts are simply a kind of promise we make to one another, and that a true democracy is one in which everyone weighs in on the broader questions. What kind of promises do we want to make as a society? Seen in this light, the problem economists like to call “debt overhang” (when debt levels are too high to permit access to credit even for smart investments) is far more profound. The debt we collectively hold obligates us to make promises we cannot keep. We continue to increase the rate of production, the level of exploitation and hence, as an inevitable consequence, the pace of ecological devastation at just the point where even present levels are clearly unsustainable—all to pay interest to the creditor class. At this moment, what could be more obviously insane?

This is why organizing a movement of mass resistance is so important. Our leaders have long since demonstrated that they are no longer capable of thinking big. Technocratic tinkering will get us nowhere. Only a social movement can change our moral and political horizons of possibility—and those horizons desperately need to change.

Occupy was right to resist the temptation to issue concrete demands. But if I were to frame a demand today, it would be for as broad a cancellation of debt as possible, followed by a mass reduction of working hours—say to a five-hour workday or a guaranteed five-month vacation. If such a suggestion seems outrageous, even inconceivable, it's just a measure of the degree to which our horizons have shrunk. After all, only fifty years ago many people assumed we would have gotten to such a point by now. It is only by breaking the power of the engines of extraction that we can once again begin to think on a scale and grandeur appropriate to the times.

David Graeber

P.S.

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