“So it’s not a question of Greece as blameless: of course they’re blameful. But that doesn’t matter if people were giving them money—you can’t have overborrowing without overlending. Why is all the conversation about the terrible overborrowers rather than the reckless overlenders?”

Mark Blyth

According to David Graeber, a “profound moral confusion” runs throughout the history of thought about debt. Blyth’s recent comment about the debt crisis in Greece demonstrates Graeber’s point. Some think the Greek government and people are to blame for borrowing what they could not repay, whereas others, including Blyth, think that the lenders must also be held to task for lending what predictably would not be repaid. As Graeber notes, this tension over the ethics of debt is not new. The Bible, for example, instructs one to repay one’s debts: we are told that “the wicked borrows but does not pay back,” and we are commanded to “pay to all what is owed to them.” These statements imply that it is wrong not to repay one’s debts. On the other hand, the Bible also says that “the rich rules over the poor, and the borrower is the slave of the lender.” Moreover, it says, “Do not exploit the poor because they are poor and do not crush the needy in court, for the Lord will take up their case and will exact life for life.” This line of thought seems to condemn the creditor for exploiting the debtor’s vulnerable position.

It thus seems wrong to be in debt, but if one is in debt, it is wrong not to repay the debt; if

1 http://www.onthemedia.org/story/perceived-tragedy-greece/transcript/
2 David Graeber, Debt: The First 5,000 Years (Brooklyn, USA: Melville House Publishing, 2011), 8-9. Graeber’s book is full of rich philosophical threads, but the reader is often left on her own to sew them together—this paper aims at making a few initial stitches.
3 These passages, in order, are from Psalms 37:21 and Romans 13:7.
5 Proverbs 22:22-23.
it is wrong to enslave another, then it also seems wrong to put another in debt, but if one
puts another in debt, the former is wronged by the latter if the latter fails to repay. This is
confusing.

We have just considered Graeber’s point in terms of a confusion about right and
wrong, but there are natural senses of ‘justice’ and its cognates we might have used to
formulate the matter. If we articulate the point this way, we explicitly bring it in line
with a long tradition of puzzling over the relation between debt and justice. This is the
point of departure for Plato’s discussion of justice in Republic; that investigation begins
by conceiving of justice as speaking the truth and repaying one’s debts. 6 Similarly, the
characterization of justice that guides Hume’s analysis is that of “restoring a loan and
abstaining from the property of others.”7 Book V of Aristotle’s Nichomachen Ethics
provides a taxonomy of justice, and reciprocity is singled out as the sort of justice that
holds exchange-based communities together. Debt plays a central role in reciprocal
justice: if an exchange is unequal, it creates a debt, and the justice of reciprocity requires
that the debt be repaid. 8

If we want clarity on Graeber’s “profound moral confusion,” then we do well to
return to the Western tradition of placing debt at the center of discussions of justice. The
key move, I think, is to distinguish between two different conceptions of debt, which I
shall call contracted debt and neighborly debt. Each of these, I think, should be
understood as regulated by its own corresponding conception of justice. In both cases,

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6 Plato, Republic, trans. G. M. A. Grube and C. D. C. Reeve (Indianapolis: Hackett,
1992), 331d.
7 David Hume, A Treatise on Human Nature (New York: Oxford University Press, 1739-
40/1978), III.ii.1, p. 480.
8 Aristotle, Nichomachean Ethics, trans. R. Bartlett and S. Collins (Chicago: Chicago
justice requires that debts be repaid, but whereas contracted debts must be repaid precisely, the repayment of neighborly debts must be imprecise. This may seem to be a trivial difference, but attending to it helps us understand the minimally social character of relationships bound by contracted justice. Contracted debt, I believe, is debt between strangers, and its corresponding form of justice exists to provide social structure to a fundamentally unsocial relationship. The unsocial character of the underlying relationship is, I think, the *sine qua non* of the moral confusion surrounding debt.

In this brief paper, I cannot supply the arguments that establish and distinguish these two conceptions of justice; indeed, at present I shall set further discussion of justice aside. Instead, I want to do the preliminary work for arriving at those conceptions, which is to trace the source of our moral confusion over debt. That source, I will argue, lies at the confusing relation between contracted debt and neighborly debt. Let us turn now to this.

It may not be immediately obvious how precision in debt repayment could be of any social or normative significance. To see what is at issue, consider Paul Bohannan’s description of the gift-giving practices of the Tiv, a society in southeastern Nigeria. Here is Bohannan on the vocabulary that the Tiv use to describe these practices:

There are several Tiv words for “gift,” the examination of which would require another article the length of this one. For our purposes, it is primary that any of these “gift” words implies a relationship between the two parties concerned which is of a permanence and warmth not known in a “market,” and hence—though
“gifts” should be reciprocal over a long period of time—it is bad form overtly to count and compute and haggle over gifts.9

What Bohannan describes here as “gifts” are given with the expectation of reciprocation, a condition that is understood and accepted by the recipient. When one person gives another a gift of this sort, then, the latter becomes indebted to the former. Importantly, the reciprocation must be imprecise—that is, the debt is not to be precisely repaid. Both parties to a gift exchange expect this imprecision. The person who has initially been given a gift does not expect that, when she goes later to repay the gift, the original giver will “count and compute and haggle” to receive precise repayment; such behavior would not be neighborly. It likewise would not be neighborly for the person returning the gift to have counted and computed in an effort to repay the gift precisely. The phenomenon Bohannan is describing should be familiar from Western bourgeois life. When a group is out at a restaurant and the time comes to pay the bill, it is neighborly for some to overpay slightly and for those who underpay to accept, agreeing to return the favor later. Some find the alternative—computing what one owes precisely down to the last penny—to be unneighborly.

As the quote above indicates, this neighborly way of distributing goods is to be contrasted with the non-neighborly distribution that occurs in Tiv “markets.” Here is Bohannan on these:

A “market” is a transaction which in itself calls up no long-term personal relationship, and which is therefore to be exploited to as great a degree as possible. In fact, the presence of a previous relationship makes a “good market”

impossible: people do not like to sell to kinsmen since it is bad form to demand as high a price from a kinsman as one might from a stranger. Market behavior and kinship behavior are incompatible in a single relationship, and the individual must give way to one or another.10

It is in market interactions that calculating, computing, and haggling are appropriate. This sort of exchange does not belong to, in Laura Bohannan’s words, “an endless circle of gifts” in which each party can count on there being future reciprocation11; what reciprocation there is terminates with the activity of exchange. Because the exchange is not neighborly, it is in each party’s interest to get as much in return as he can for what he is exchanging, which leads to calculating, computing, and haggling. What is bad form to do with one’s neighbors is the most rational course to pursue in the market.

Graeber accounts for the difference between these two modes of interaction in terms of the logic of exchange. If two parties exchange goods, and if both agree that no debt remains after the exchange, the exchange is completed. If the only relationship these parties have is this particular exchange-relationship, then the completion of the exchange in turn ends the relationship. “With neighbors,” Graeber says, “one might for this very reason prefer not to pay one’s debts.”12 By failing to pay one’s debt fully to one’s neighbor, one ensures that there is a reason to return to the neighbor at a later time. The exchange is not completed, so the relationship based on it has not ended. The same effect is achieved by overpaying—the relationship persists, although the terms of indebtedness have been reversed. This is not to say, of course, that any time one precisely repays a

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10 ‘Some Principles of Exchange and Investment Among the Tiv’, 60.
11 Laura Bohannan, Return to Laughter (Norwell, Mass.: Anchor, 1954), p. 44. Graber also discusses this account of the Tiv; see Debt: The First 5,000 Years, pp. 104-05.
12 Debt: The First 5,000 Years, p. 104, original emphasis.
debt to one’s neighbor one thereby terminates the neighborly relationship. The point is that the existence of a neighborly debt-relationship implies a neighborly trust between the parties, and the non-debt-relationship is sustained when the debtor acts on that trust.

A market exchange need not imply any such trust; indeed, in many circumstances, market exchanges should instead be marked by suspicion. Suppose I come to your town as a stranger and propose a trade; suppose we both agree that I am asking for more than I am willing to give, and if we make the trade, I will thereby be indebted to you. Thomas Hobbes states clearly why you should be reluctant to make this trade: “he that performeth first has no assurance the other will perform after, because the bonds of words are too weak to bridle men’s ambition, avarice, anger, and other passions.”13 (Hobbes, 1994: 84). Out of ambition, avarice, or some other passion, I may be expected to take advantage of the situation, accept what you are willing to give me, and leave without any intention of returning to pay off the rest of my debt. Were we neighbors, I might expect such behavior to come back to haunt me; as Hobbes famously counsels the fool, “he which declares he thinks it reason to deceive those that help him can in reason expect no other means of safety than what can be had from his own single power.”14 This argument might persuade me to pay my debt to you were I to expect needing your help later, but I hope never to see you again. If you know this all, then it is not reasonable for you to accept the trade I propose; if we are strangers whose relationship will end once we part ways, you have no reason to suppose I will return to pay off a remaining debt.

The appeal to Hobbes in the last paragraph is not gratuitous. Hobbes’s characterization of the state of nature is famously devoid of neighborly relationships; the

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14 *Leviathan*, xiv.18.
occupants of this sad state are all natural enemies. This contrasts with the state of civil society, where neighbors are capable of living peaceably with one another. Of course, Hobbes asserts that this peace can only be sustained by a “common power to keep them all in awe.”¹⁵ We can presently ignore this bit of his account; what matters here is Hobbes’s characterization of what it is to be outside of society. In such a condition, it is not reasonable for a person to let an exchange go uncompleted by allowing the other party to go into debt; if there are no social ties between the two parties beyond the act of exchange, there should be no expectation that the debt will be repaid. This does not hold for neighbors within a society. Neighbors who fail to repay debts are likely to get a bad reputation; if one assumes that one’s neighbor cares about the consequences of a bad reputation, one has some reason to expect that said neighbor will repay his debts.

With these remarks in place we can state some of the characteristic features of neighborly debt and contracted debt. Following Graeber, let us understand debt in general as the result of an incomplete act of exchange. To have a debt or to be in debt is to be under a requirement to complete the act of exchange. The act that completes one exchange can initiate a new, uncompleted exchange: if I buy you an inexpensive lunch and you return the favor by buying me an expensive dinner, your act may at once complete our initial exchange and begin a new one, which I may complete by buying you another inexpensive lunch. A neighborly debt is only possible between neighbors; in this context, two individuals are neighbors if they have a personal relationship other than—and so, that persists beyond—the relationship produced by being partners to an exchange. Because of this neighborly relationship, the parties to an exchange involving neighborly

¹⁵ The phrase is used in Leviathan at xiii.8, xv.5, and xvii.4. See also xiii.5, xvii.1, xviii.12, and xxii.29.
debt need not view each other with the suspicion that characterizes interactions in a
Hobbsean state of nature. Similarly, the repayment of a neighborly debt will not lead the
parties involved to treat one another thereafter with the indifference of strangers—again,
the completion of the act of exchange does not end the relationship.

To give this characterization of neighborly debt the precision of a definition, one
would need to define ‘personal relationship’ and explain how parties to such a
relationship are not strangers. A proper explication of these matters is well beyond the
scope of the present essay. All that presently matters is that neighbors, as defined in the
previous paragraph, have a personal relationship that does not depend exclusively on
being parties to an act of exchange. A personal relationship that depends exclusively on
such an act, by contrast, is an exchange relationship, and it ends with the completion of
the exchange-act. Such relationships need not involve debt, but they can, and when they
do, the debt is not neighborly, but contracted. A contracted debt terminates if both parties
to the debt agree that its termination conditions have been satisfied. It can happen, of
course, that one party claims that the conditions have been satisfied while the other
disagrees. It will be difficult (at least) to resolve such disputes if the parties do not agree
on what counts as satisfying the termination conditions, so it is prudential (at least) to
agree to these conditions before entering into this sort of debt relation. To agree
explicitly to the termination conditions of a given debt is to make a bilateral promise: the
debtor promises to satisfy the conditions, and the creditor promises that the satisfaction of
these conditions resolves the debt. I shall not insist that a contracted debt requires
explicitly agreeing on termination conditions: it is conceivable that, against suitable
background social conditions, the agreement could be established tacitly. Nevertheless, the standard case will involve overt agreement.

With these remarks in place, we can now locate the source of the moral confusion about debt. That source: the existence of contracted debt in the presence of otherwise neighborly relationships. The point of contracted debt, as we have just seen, is to cause strangers to act civilly; it need not alter the indifference or hostility that may exist between them. If contracted debt can be exploited to serve the interests of one stranger over another, we should not be surprised if the former wields it to his advantage; the parties involved are, after all, strangers. If the result is akin to slavery, we can explain this by noting that the lack of friendly or neighborly bonds that the relationship presupposes. This sort of debt relation, however, would be at odds with neighborly relations, precisely by allowing for *de facto* enslavement. But how, one might wonder, could a debt relation, even if contractual, give rise to a condition that unhyperbolically could be likened to slavery? The answer: interest. If the interest a debtor agrees to pay prevents him from bringing the debt relation to a close, he is perpetually in debt to the lender. In that case, he always labors, at least in part, for the lender, in which case the comparison to slavery is apt.

As I indicated in the introduction, if we elaborate the line of thought in the last paragraph, we find, I think, competing conceptions of justice underpinning the two different kinds of debt. That is an argument for another occasion; I hope here to have sketched and motivated some of its necessary distinctions.