Maurizio Lazzarato

Governing by Debt

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THE AMERICAN UNIVERSITY:
A MODEL OF THE DEBT SOCIETY

Man is no longer a man confined but a man in debt.
—Gilles Deleuze, *Negotiations*

This chapter takes as its starting point three statements by three intellectuals, the first a philosopher, the second an anthropologist, and the third an economist. All three maintain that money, exchange, and the market have freed us from the servitude of personal relationships, of which the paradigm is debt. The liberal and neoliberal freedom the market and money produce is, they claim, the freedom from debt, stating that if we are free, it is because we are no longer and will never again be in debt.

Let us take each author in turn. We will begin with the economist since the economy is, it appears, the origin of and serves as the model for all the social sciences.

> Where does man's economic freedom come from—from the freedom of the market? From the ability that people have to free themselves from the debts into which they entered with feudal powers, from the personal debts they owed as vassal to suzerain or as serf to lord. Debt relief, which the widespread use of money made possible, freed people from personal bonds. Debt became transferable; it could circulate. This is the very essence of a monetary economy. Capitalism invented an egalitarian system in which ever-increasing numbers of individuals owe nothing to anyone. The market is, therefore, an extraordinary system for the abstraction, transferability, and liquidation of debt.[1]

Money frees us from the bonds of personal subordination because debt in the form of money makes relations impersonal, anonymous, and transferable. As we shall see, the terms "anonymous" and "transferable" have played a major role in the subprime crisis.

Let us now hear from the anthropologist. His study of archaic societies has taught him that historically debt precedes exchange:

> We may ask if the whole of the enormous movement of the modern economy [...] might not be the last and most radical way to eliminate the gods, to do away with gift-giving and debt.[2]

The economy frees us therefore not only from economic debt but also from original debt, from primitive debt, from the "debt of life" owed to supernatural powers.

Finally, the philosopher concludes with an epiphany. He offers an apologia of the market and money then presents an extended definition of who we are. The modern individual, he says, is a sovereign individual, completely independent and freed of all bonds.

> In a non-monetary society, I can only claim a debt from relatives or friends for whom I have done something for free. On the other hand, when I provide a commercial (thus monetary) service, the person who benefits is, through his or her payment, immediately freed of all debt to me. The money he or she gives indeed constitutes a debt but to someone perfectly anonymous and abstract, to whom nothing binds me in terms of gratitude, recognition, or debt. Relieved of any kind of psychological or moral burden, exchange—at once rational, efficient, and free—develops very quickly.[3]

We learn to be free, then, not only in economic and religious terms but also in moral and psychological terms. With all these freedoms, we have finally become complete individuals.

These three intellectuals courageously advance a counterintuitive truth. It appears that until now we have been under the false impression that debt, far from disappearing, is omnipresent, especially given all the talk of private debt, sovereign debt, debt repayment, and the guilt of debtors that has invaded the media and has continued to influence our behavior over the last six years.

The production of knowledge is a financial enterprise

But before looking at the theoretical and political reasons that have led these thinkers to conclusions that everyday reality seems to contradict, I would like to focus for a moment on American universities, where two of the three men teach.

Why the university and why in the United States? Because this temple for the transmission and production of Western knowledge is also a model of the financial institution and, with it, of the debt economy. There are several reasons for this. On the one hand, the American university is the ideal realization of the creditor-debtor relationship. On the other hand, the American student perfectly embodies the condition of the indebted man by serving as paradigm for the conditions of subjectivation of the debt economy one finds throughout society.

A recent report from the New York Federal Reserve on US household debt presented data on

American student indebtedness. On March 31, 2012, the total amount students had borrowed and still owed in order to finance their university studies reached $904 billion, $30 billion more than just three months earlier. The number is equal to over half of the public debt of Italy and France. For much lower debt the European Union and the IMF promptly tore Greece apart, a country now in its sixth year of recession. For comparable or lower sums, recession, austerity measures, personal sacrifice, unemployment, and poverty are imposed on the millions of citizens of indebted countries.

In the US, two-thirds of university students graduate in debt. Today thirty-seven million people have gone into debt in order to complete their diploma. Students are indebted before entering the job market and stay indebted for life.[4] The Fed points out that, although home loans are still the primary source of household indebtedness, student loans are not far behind, having already surpassed credit card debt in 2010. With the economic crisis the unemployment rate among university graduates under twenty-four years old rose to more than 15%.[5] Many young graduates struggle to find a job as repaying their debt becomes less and less likely.

What better preparation for the logic of capital and its rules of profitability, productivity, and guilt than to go into debt? Isn't education through debt, engraving in bodies and minds the logic of creditors, the ideal initiation to the rites of capital?

Creditors and debtors

American students represent the ideal of financialized society. The social group is composed of a majority of debtors and a minority of rich creditors' children. In the production of knowledge, class division no longer depends on the opposition between capitalists and wage-earners but on that between debtors and creditors. It is the model the capitalist elites would like to apply to all of society.

To a university public composed of the indebted and the children of creditors, two of the thinkers previously cited teach that debt is finally in the process of disappearing thanks to money, trade, and the market. This kind of pedantic blindness to the obvious gives us a good idea of the state of the social sciences, bound, as they are, to the cultural hegemony of neoliberal universities.

Student indebtedness exemplifies neoliberalism's strategy since the 1970s: the substitution of social rights (the right to education, health care, retirement, etc.) for access to credit, in other words, for the right to contract debt. No more pooling of pensions, instead individual investment in pension funds; no pay raises, instead consumer credit; no universal insurance, individual insurance; no right to housing, home loans.[6] The individualization process established through social policies has brought about radical changes in the welfare state. Education spending, left entirely to students, frees up resources which the state quickly transfers to corporations and the wealthiest households, notably through lower taxes. The true welfare recipients are no longer the poor, the unemployed, the sick, unmarried women, and so on, but corporations and the rich.

The student debt bubble

Let us continue our tour of the factory of indebted students, the American university, so that we understand how contemporary capitalism functions.

In the US there has been talk of a student debt bubble comparable to that of subprimes, the risky mortgage loans whose collapse in 2007 plunged the US and the world into recession. Indeed, more than a third of student debt is "securitized," that is, grouped together then sold to investors in the form of derivative products. Contrary to what our three intellectuals claim, it is through securitization that the instruments of "freedom" from debt, the *transferability* and *anonymity* ensured by money, become the cause not of the disappearance but of the spread and proliferation of debt. The debt incurred to buy homes in the US, debt turned into negotiable securities—the famous subprimes—was in fact transferred to numerous banks and financial institutions. These transfers were precisely the vehicle for the infection and propagation of debt. Anonymity[7] further worsened the crisis when it became obvious that no one knew which banks held toxic assets and how many they had.

Financialization has fully established the "security societies" characterized, according to Foucault, by risk and freedom (characteristics which also define liberalism). Although continually confronted with the risk of time, that is, with the unpredictable and uncertain future value of credit/debt, financial institutions do not assume the risk and refuse all responsibility. Irresponsibility, in other words, the "freedom" from responsibility, is precisely what defines the behavior of financiers.

Thanks to actuarial techniques, they take risks of which they as quickly unburden themselves, by endlessly subdividing them, by making them anonymous, and by transferring them to other economic actors (a method also employed for student debt). When the risks undertaken are the source of an economic debacle (as in 2007), holders of "risk" transfer them, through the state, to the population. Finance and the state transform those who have taken no risks and therefore hold no responsibility into the responsible parties. The economic mechanism of crisis is always doubled by a subjective apparatus that reverses responsibility. It is hard to see why financiers, "free" to take risks without having to assume the consequences, would deprive themselves of such "freedom."

Control, subjectivity, time

Debt constitutes a new technique of power. The power to control and constrain debtors does not come from outside, as in disciplinary societies, but from debtors themselves.

Students contract their debts by their own volition; they then quite literally become accountable for their lives and, to put it in the terms of contemporary capitalism, they become their own managers. Factory workers, like primary school students, are controlled within an enclosed space (the factory walls) for a limited time and by people who, and apparatuses, which remain exterior to them and are easily recognizable. To resist, they might rely on their own resources, on those of other workers, or on the solidarity between them. Control through debt, however, is exercised within an open space and an unlimited time, that is, the space and time of life itself. The period of repayment runs to twenty, sometimes thirty, years, during which the debtor is supposed to manage his life, freely and autonomously, in view of reimbursement.

The question of time, of duration, is at the heart of debt. Not only labor time or "life time," but also time as possibility, as future. Debt bridges the present and the future, it anticipates and preempts the future. Students' debt mortgages at once their behavior, wages, and future income. This is the paradigm of liberal freedom, which is, as we have seen, freedom in name only. Credit produces a specific form of subjectivation. Debtors are alone, individually responsible to the banking system; they can count on no solidarity except, on occasion, on that of their families, which in turn risk going into debt. Debtors interiorize power relations instead of externalizing and combatting them. They feel ashamed and guilty. The only time that American students began to free themselves from the guilt and responsibility that afflicts them was perhaps, fleetingly, during the Occupy Wall Street movement: three months of revolt and thirty years of payback.

Debt is the technique most adequate to the production of neoliberalism's *homo economicus*. Students not only consider themselves human capital, which they must valorize through their own investments (the university loans they take out), but they also feel compelled to act, think, and behave as if they were individual businesses.[8] Debt requires an apprenticeship in certain behavior, accounting rules, and organizational principles traditionally implemented within a corporation on people who have not yet gone on the job market.

The credit relation in a magnetic strip

Our visit to American universities, for which our guide has been financialization, brings us to a form of debt very widespread in the US: credit cards. In 2008, 84% of American students had at least one credit card, versus only 76% in 2004. Still more surprising, students have on average 4.6 credit cards apiece. The explosion of university costs explains the upsurge in the number of credit cards.

The creditor-debtor relation is inscribed in their card's magnetic strip. Students carry it in their pocket just as they carry with them their relationship with finance. Every purchase is a financial act mobilizing credit and debt. The credit card opens the door to the consumer society and, by soliciting, encouraging, and facilitating purchases, draws the consumer/debtor into the vicious circle of stimulation and frustration. Debt is the condition and the consequence of the infinitely repeated act of consumption:

> Whereas consumer credit was given upon explicit request, the card system automatizes credit. The reversal of initiative is exemplary here: with credit cards, the credit relation is always already in

> place; one need only use the card to activate it [...]. We no longer apply for credit but accept cards. The card payment system thus establishes a structure of permanent debt.[9]

Debt as apparatus of capture

The interest payments debt demands are an apparatus for capturing and redistributing social wealth. The capture of surplus value no longer occurs solely through profit. In fact, the latter now represents only a portion of rent. In finance capitalism debt embodies the "vampire" Marx evoked to explain how capital functions. It "sucks" social surplus value and distributes it, severing the relationship between labor and income, to the exclusive advantage of rentiers, which includes corporations. Everyone else is condemned to forced labor, in other words, to precarity or unemployment. With cuts in social spending, drops in wages and income, we are all paying for the damage creditors have caused. Not only are we paying in their place but we have continued to make them rich during and because of the crisis.

Debt functions in the university in the same way it does everywhere else. Who benefits from the interest students pay? First of all, the banks, who hold the majority of loans and set interest rates at their own discretion. Second, the federal government, because its lending rates are much higher than those at which it borrows money. And finally, university presidents, administrators, and professors (among which our intellectuals), whose salaries depend on the ever-growing indebtedness of their students who, in order to attend class, mortgage away their future paychecks.

I will conclude this first section with Aristotle's statement that "knowledge and money have no common measure." Throwing the assertion aside, finance has established an arbitrary as well as normative and effective measure. The debt incurred and the terms of repayment are the price to pay to access science and truth which, as everyone knows, are disinterested.

Money and debt

I would now like to present the theoretical foundations that have driven our three thinkers to such implausible conclusions. To that end, I shall focus on the monetary aspect of the question. For doesn't money, ever since the US went off the gold standard in 1971, constitute what one calls debt? And, in line with what Nietzsche writes in *On the Genealogy of Morals*, isn't debt "infinite debt" in contemporary capitalism?

Our three intellectuals express a doxa widely shared in the social sciences, namely that the market, exchange, and money free us from debt. Let us note to begin with that money poses formidable problems for an economic science that has shown itself incapable of integrating debt into its theories of equilibrium and growth. This fact makes dubious their ability to explain capitalism, which obviously represents not only a monetary economy but above all a credit-debt economy.

The money to which our three intellectuals attribute the capacity to free us from debt is commodity money, money as a means of payment, of measurement, and of accumulation. This exchange-money, as we might also call it, is one of the types of money in circulation, but in our capitalist societies it is not the one that plays a strategic role. Indeed, it is not money that embodies the power of capital. Capitalist money is money capital, credit money, debt money.

Exchange-money presupposes and establishes a symmetric (and contractual) relationship between producers and those that enter into exchange, whereas money capital establishes an asymmetrical relationship of exploitation, class difference, appropriation, and privatization. Marx said that on pieces of exchange-money the motto of the French Revolution was written—*liberté, égalité, fraternité*—but that on money capital other words could be read: domination, exploitation, the power of destruction/creation, debt, desire, predation, the prescription of other modes of production and distribution.

Against the rationality of commodity money,[10] which enables "*doux commerce*," supplants the violence of debt, transmits freedom, equality, and fraternity, rises the "irrational rationality" of money capital. Deleuze defines the latter in a way particularly suited to how the crisis has played out: "Capital, or money, has reached such a point of folly that there can only be one equivalent in psychiatry: what they call the terminal state."[11] Money capital reaches this terminal state, according to him, in the mechanism of the stock market, which "is perfectly rational [...], you can understand it, learn how it works; capitalists know how to use it; it's completely mad, it's crazy."[12]

Deleuze and Guattari remind us in *Anti-Oedipus* that there is a difference in nature between the two moneys, one expressed by a difference in power. The authors go on to say that commodity money in all cases remains subordinate to money capital; to confuse them or make them synonymous is no less than a "cosmic swindle."[13] Worse still, to take only the first into account while ignoring the second, as our three thinkers do, is to add swindle to swindle.

The theory of debt of heterodox economics

Let us leave our three thinkers confined to their dead-end reasoning. Let us now turn to Michel

Aglietta and André Orléan's school of monetary regulation theory, for it introduces important innovations to standard economics. Here money is not deduced from barter first and market exchange second, as in classical or neoclassical political economy, but rather from debt. Unfortunately, this major shift is immediately undermined by a transcendent, holistic, totalizing conception of debt as a "life debt" exercising "collective" constraints on "individuals." Debt merges with human nature, defined as a "lack of being," a deficit, an incompleteness, which only the gods, the state, or society can remedy. As if to temper the audacity of defining money as debt, the proponents of the theory naturalize the latter through the concept of primitive debt and universalize it by claiming that debt is an archetype found in all archaic societies. Debt precedes exchange and, if Aglietta and Orléan are to be believed, it is always primordial debt, original debt, life debt, in other words, the "recognition of living beings' dependence on the powerful sovereigns, gods, and ancestors who granted them a portion of the cosmic force of which they are the source."[14] In exchange for the gift of vital power, the living are obligated to repay their debt, a repayment that has no end because, ultimately, the debt of life is an infinite debt. Debt functions in the same way as original sin.

Look around you: when you hear talk of "life debt," "original debt," and so on, you are bound to notice that the person speaking is a priest, a politician, or a psychoanalyst. The economist's entry into this exclusive circle is something completely new.

For these economists of regulation, life debt has another, particularly appealing function: it exercises and justifies sovereignty over the individual. "It constructs sovereignty and cements the community in its works and days, in particular through sacrifices, rituals, and offerings."[15] What heterodox economists seek is not so much the truth about how archaic societies function; rather, in original debt, in primordial debt, they seek the same holistic, transcendent, and restrictive debt they attribute to the state, to the social sphere, and to the collective in our societies.

The concept of life debt is presented in Deleuze, Guattari, and Nietzsche in a totally different way. It is neither a matter of nature nor of the universal. Original debt does not link individuals to the community; it is not the sign of a primitive indebtedness transmitted at birth, of an inaugural debt that no one can ever repay. On the contrary, it is "produced" by a definite political situation whose genealogy and history can be traced. Hierarchical, monotheistic, state societies institute the debt of existence, life debt, primordial debt, and turn it into infinite debt.

For our three thinkers, just as for the regulation school, archaic societies produce an inexhaustible debt, one which cannot be repaid, whereas in modern capitalist societies we are able to free ourselves from debt through monetary reimbursement. Deleuze and Guattari make the opposite argument: archaic societies are characterized by a "finite and mobile debt," while with the emergence of empires, states, and monotheistic religions, debt has become "infinite debt."[16]

> [T]he abolition of [small] debts or their accountable transformation initiates the duty of an interminable service to the state that subordinates all the primitive alliances to itself (the problem of debts). The infinite creditor and infinite credit have replaced the blocks of mobile and finite debts. There is always monotheism on the horizon of despotism: the debt becomes a *debt of existence*, a debt of existence of the subjects themselves.[17]

By introducing the infinite into the economy and production, capitalism preserves and extends the infinite debt of imperial state societies and the guilt, no less infinite, that monotheistic religions associate with debt. Finance capitalism has further intensified the process. It has placed finance and credit money at the heart of capitalist accumulation.

Debt is its driving force. It makes debt a promise one must honor in order to contract more debt without ever being able to stop the headlong advance. This is what the crisis makes clear with every morning news update.

The anthropology of sacrifice

This is not Orléan and Aglietta's first "abusive" universalizing operation. To find a non-economic foundation for money, they draw on suspect anthropologies that allow them to trace continuities between the transcendence of the sacred, of the state, of money, and of the social sphere.

By way of René Girard's anthropology and theory of sacrifice, they naturalize the political operation by which transcendence and mediation are constituted. Their primary genealogy of "money" is based on this theory of sacrifice, which anthropologists have never accepted due to the simple fact that, in its drive to universalization, it is quite plainly wrong. Sacrifice constitutes the transcendence relative to which everyone is indebted; it resolves the problem of "war of all against all" by revealing, through the sacrificial victim, a mediation, a transcendence (whose descendants are money, the state, and sovereignty), that pacifies the original violence that exchangers-producers perpetrate on one another.

Girard's Christian fundamentalism makes him confuse his desire for monotheism, centralization, and transcendence with the reality of most archaic societies. He thus turns "sacrifice" into a universal that is supposed to explain and encompass everything. His arguments betray a veritable mania for totalization.

> There is a unity that underlies not only all mythologies and rituals but the whole of human culture, and this unity of unities depends on a single mechanism, continually functioning because perpetually misunderstood—the mechanism that assures the community's spontaneous and unanimous outburst of opposition to the surrogate victim.[18]

Unfortunately, sacrifice is not in the least universal. It is not found in all archaic societies but only in those that settle the problem of power relations through transcendence. According to André Leroi-Gourhan, sacrifice was unknown in Paleolithic societies, nor is there any trace of it in hunter-gatherer societies. Other research confirms the non-universality of ritual sacrifice, giving the lie to Girard's hypothesis.

> The ethnological data are perfectly clear: from Oceania to the Americas, vast regions have never

> practiced sacrifice. Never in Australia, New Guinea, Melanesia, or Alaska, almost nowhere in Canada, nowhere in the western US, never in the Amazonian lowlands, from the pampas to Patagonia and Tierra del Fuego.[19]

If, among the examples Girard cites, we examine the "cannibalism" of the Tupinamba Indians, the whole edifice of supposedly universal sacrifice collapses. Eduardo Viveiros de Castro has brilliantly shown that it is impossible to transform "Andean and Mesoamerican state formations, in which sacrifice is an essential theological-political mechanism,"[20] into a ritual common to all societies. Tupi cannibalism, for example, does not belong to this theological-political state order. It does not constitute sacrifice according to the criteria defined by Marcel Mauss because there is no "recipient," no "supernatural" forces, in short, no "sacred." In Tupinamba cannibalism the sacrificial arrangement of "sacrifier" (the one who offers the sacrifice), "recipient," and "officiant of sacrifice" simply does not apply.

The Amazonian shaman is both "officiant and vehicle of sacrifice," for instead of sending into other worlds "representatives in the form of victims, he himself is the victim [...]. We cross the threshold to another socioeconomic regime once the shaman becomes the sacrifier of others, once he becomes, for example, the executioner of human victims, the administrator of sacrifices offered by the powerful [...]. This is when we begin to see the shadow of the priest emerge from behind the figure of the shaman."[21]

The remarkable differences between Tupi cannibalism and the ritual of sacrifice have to do with two radically heterogeneous socio-cosmic orders, with the presence or absence of state mediation, its priests and bureaucracy. The institution of sacrifice does not proceed from human nature, from the original violence that supposedly defines all societies, as Girard would like us to think. It is instead the result of an appropriative political operation carried out by the state, the priest, and the bureaucrat as well as of the immanent practices of the shaman. To speak of sacrifice means that the constitution of transcendent political formations has already begun. Sacrifice and transcendence are born together; they in no way designate a primitive origin but rather a political victory over other forms of organization and other conceptions of the world and the cosmos. "The institution of sacrifice by so-called Andean and Mesoamerican 'high cultures' would mark the state's appropriation of shamanism, the end of the shaman's cosmological bricolage, the beginning of the priest's theological engineering."[22] We must recognize how new it is to see priests dressed up as economists.

The economists of money of the regulation school give to holism, transcendence, and the collective a pre-determined positive value because the latter are supposed to run contrary to the individualism of the market and of *homo economicus*, whereas in fact they constitute a centralizing, totalizing form of power no less oppressive than the individualism of the market. Just as Girard projects his monotheistic fundamentalism onto societies that were not monotheistic, so heterodox economic theory projects, through life debt, its need for state-institutional mediation onto societies organized in such a way as to avoid such mediation.

The *Genealogy of Morals* and "infinite" debt

Nietzsche and the *Genealogy of Morals* are directly—or indirectly by way of Deleuze's and Guattari's readings—at the basis of my own work on debt.

Anthropologists pass over the Second Essay because they believe that it fails to correspond to what their discipline has identified among archaic societies. Take, for example, David Graeber, who has recently written a lengthy book on debt.[23] According to him, Nietzsche accepted Adam Smith's argument that life is "exchange" and man a "rational being"; unlike the founder of political economy, Nietzsche is said to provide a picture of what the world would look like if interpreted in "commercial terms." Basing himself on Smith's thesis, Nietzsche does no more than corroborate the theory of original debt, primordial debt, and life debt we have already seen at work among heterodox economists.

Unlike the German philosopher, Graeber thinks that debt is merely exchange that has yet to come to an end, presupposing the equality of parties. Equality is suspended during repayment but it can be reestablished (and with it reciprocity[24]) once the debt is paid back. The anarchist Graeber, in unison with our intellectuals and political economists, believes that debt can always be reimbursed. Debt is a relation occurring against a backdrop of fundamental equality; it can always be honored and, in consequence, one can always "expiate" the attendant fault.

Our hypothesis says exactly the opposite. In capitalism, and particularly in finance capitalism, debt is infinite, unpayable, and inexpiable, except through political redemption, as Benjamin might say, and never through monetary reimbursement. How have we come to such diametrically opposed views? Nietzsche will help us rectify matters.

We shall very briefly focus on certain concepts that directly resonate with our current situation. First of all, *On the Genealogy of Morals* does not pretend to found an anthropology. It is an open polemic aimed at the exchangist, utilitarian

("What does utility matter!"), and contractual ("What do contracts matter!") conception of political economy and, on the other hand, at its theory of value and of the "rational man" that exchange is supposed to produce. Graeber, by making a claim that would make even an undergraduate think twice—namely that Adam Smith's *homo economicus* and its corresponding rationality are the basis of Nietzsche's philosophy—blithely mistakes the question of "value" with that of the value of the "market" and of political economy. Nietzschean man is indeed the "creature that measures values," that evaluates, the "valuating animal as such," but these values do not depend on the market or on *homo economicus*. It is neither the market nor *homo economicus* that creates, measures, and evaluates values. Values presuppose evaluations, "evaluating points of view," from which their value stems. As for evaluations, they are ways of being and modes of existence.

Against political economy, which had "appropriated" the category of "value" by deriving it from exchange, Nietzsche specifically opposes the future task of the philosopher: "the solution of the *problem of value*, the determination of the *order of rank among values*" and "the *value* of this or that table of values,"[25] "the *value* of existing evaluations." In order to critique economic and moral values, "*the value of these values themselves must first be called in*

tion of irremediable penance, the idea that it cannot be discharged ('*eternal* punishment')."[31]

The creditor-debtor relation as the relation between active and reactive forces, as mastery over time, is preserved and extended by capital in the form of infinite debt. With finance capital, capitalism makes this relation the dominant one. In finance capitalism, it is impossible to pay off one's debt, since capital, like money, in other words, credit, is by definition debt. If one makes credit out of money, if one makes debt the alpha and the omega of capital valorization, reimbursement can never be achieved without destroying the capitalist relation. The creditor-debtor relation can never be settled because it assures both political domination and economic exploitation. To honor one's debts means escaping the creditor-debtor relation and this would mean exiting capitalism altogether. One can honor one's debts, but if one honors all of one's debts there is no longer any asymmetry, any power differential, no stronger or weaker forces—no more capital. Definitive repayment is, logically, the death of capitalism, for credit/debt embodies the class differential.

Because credit is the engine of social production, it must be systematically repaid and yet immediately and necessarily renewed, ad infinitum. Capitalism does not free us from debt, it chains us to it. It is not by bending to the injunctions of debt reimbursement that we will free ourselves. It is not through an act of repayment but through a political act, a refusal, that we will break the relation of domination of debt.

In conclusion, contrary to an opinion everyone from anarchists to neoliberals seems to share, the debt of today's capitalism is unpayable, unreimbursable, and infinite. The function of credit is expressed still more precisely in the literary, rather than economic, terms of Kafka. They apply particularly well to our condition as debtors, for, like Joseph K., we are all presumed guilty even if we have done nothing wrong. The form contemporary debt takes resembles at once an "apparent settlement" (we go from one debt to another, take out credit and repay it, and so on) and an "unlimited postponement"[32] in which one is continually indebted and the debt is never (and must never be) honored. Credit has not been given in order to be reimbursed but rather to be in continual flux.

This is not just the American consumer's situation; it is everyone's. Sovereign debt varies constantly while the "spread" informs us of the range of its fluctuations in real time. Variations in public debt in turn drive variations in wages, income, and social services, although always in the same direction—downward. Likewise, debt causes continual variations in taxes, but, likewise, always in the same direction—upward.

The debt reimbursement imposed on Europeans is therefore a political weapon employed to intensify and fulfill the neoliberal project: everyone knows that in both quantitative terms (excessively high amounts of debt) and qualitative terms (in finance capitalism debt is infinite) debt cannot be paid off. We must face up to this state of affairs and change it; we must change the sense of the unpayable by quite simply *not paying*.

I am often criticized for painting an overly bleak picture of the situation. To conclude as I began, I would like to respond with Deleuze's remark that "There is no need to fear or hope, but only to look for new weapons."[33]

neoliberal project. "L'avenir de la protection sociale," *Commentaire* 87:22 (fall 1999): 619–632.

22. Carl Schmitt, *The* Nomos *of the Earth, op. cit.*, 332.

23. Carl Schmitt, "State Ethics and the Pluralist State," in *Weimar: A Jurisprudence of Crisis*, trans. Belinda Cooper (Berkeley: University of California Press, 2000), 312.

24. Quoted in Carl Schmitt, *The* Nomos *of the Earth, op. cit.*, 332–333.

25. Carl Schmitt, *The* Nomos *of the Earth, op. cit.*, 347.

2. The American University: A Model of the Debt Society

1. Gilles Dostaler and Bernard Maris, *Capitalisme et pulsion de mort* (Paris: Albin Michel, 2009), 98.

2. Marcel Hénaff, *The Price of Truth*, trans. Jean-Louis Morhange (Stanford: Stanford University Press, 2010), 20.

3. Jean-Pierre Dupuy, *Le sacrifice et l'envie: Le libéralisme aux prises avec la justice sociale* (Paris: Calmann-Lévy, 1996).

4. The Federal Reserve's study demonstrates the trend: 32% of debtors are forty years old or more and 5% are sixty years old or more. In 2010, nearly one American household in five (19%) had a student loan to repay, that is, more than twice as many as twenty years ago and 15% more than in 2007.

5. The Fed notes that the percentage of student debtors who are in default (8.69% in the first quarter) is higher than that for real estate and car loans, a percentage that is no doubt an underestimate.

6. As Alan Greenspan, the former Federal Reserve chairman from 1987 to 2006, used to say, a home functions like a bank, because its price, by constantly rising, allows you to open infinite new lines of debt/credit.

7. Although financial transactions are anonymous, commercial transactions are increasingly not anonymous. The number of purchases made with credit cards has risen exponentially, necessitating electronic identities in order for them to be carried out. The bank can follow your purchases, marketing companies your lifestyle, etc., in real time. The picture we have of exchange (and even of credit) between two free and equal individuals, a transaction founded on trust, is here in fact undermined, since exchange is mediated by technical and institutional systems, banks and their payment system. Instead of conserving anonymity, the "market" keeps us under constant surveillance.

8. Students' transformation into a "personal enterprise" presents no advantages whatsoever. Although compelled to behave like a business, they cannot go bankrupt because American law prohibits it. A bill in the Senate has proposed giving to indebted current and former university students the right to declare bankruptcy, as is already the case for all other borrowers.

9. A. J. Haesler, *Sociologie de l'argent et post-modernité* (Geneva: Droz, 1995), 255.

10. Georg Simmel has best described the nature of exchange-money and the freedom it involves: "In contrast to the simple taking-away or gift, in which the purely subjective impulse is enjoyed, exchange presupposes [...] an objective appraisal, consideration, mutual acknowledgment, a restraint of direct subjective desire," *The Philosophy of Money*, trans. Tom Bottomore and David Frisby (New York: Routledge, 2011), 314. By eliminating the personal, money increases the freedom of the individual, "since it makes possible relationships between people but leaves them personally undisturbed" (327). On the other hand, credit and its operations and, therefore, money as capital are completely absent except as practiced by "men of distinction": "It is not necessary to be a gentleman in order to obtain credit, but rather that whoever demands credit is a gentleman" (520). Alas, this courtly conception of "credit" ignores not only capitalist credit but capitalism itself.

11. *Desert Islands and Other Texts, 1953–1974*, trans. Michael Taomina (Los Angeles: Semiotext(e), 2002), 263. [trans. modified]

12. *Ibid.*, 262.

13. *Anti-Oedipus*, trans. Robert Hurley, Mark Seem, and Helen R. Lane (Minneapolis: University of Minnesota Press, 1983), 230.

14. Michel Aglietta and André Orléan, *La monnaie souveraine* (Paris: Odile Jacob, 1998), 21. For another conception of the "debt of the living," see Elettra Stimilli, *Il debito del vivente* (Macerata: Quodlibet, 2011).

15. Aglietta and Orléan, *op. cit.*, 21.

16. "The association of reactive forces is thus accompanied by a transformation of debt; this becomes a debt toward 'divinity,' toward 'society,' toward 'the State,' toward reactive instances. [...] Debt loses the active character by virtue of which it took part in man's liberation: in its new form it is inexhaustible, *unpayable*. [...] Debt becomes the relation of a debtor who will never finish paying to a creditor who will never finish using up the interest on the debt: 'Debt toward the divinity.'" Gilles Deleuze, *Nietzsche and Philosophy*, trans. Hugh Tomlinson (New York: Continuum, 1986), 141–142.

17. Gilles Deleuze and Félix Guattari, *Anti-Oedipus*, *op. cit.*, 197.

18. René Girard, *Violence and the Sacred*, trans. Patrick Gregory (Baltimore: The Johns Hopkins University Press, 1977), 299–300.

19. Alain Testart, *Des dons et des dieux* (Paris: Armand Colin, 1993), 29.

20. Eduardo Viveiros de Castro, *Métaphysiques cannibales*, trans. Oiara Bonilla (Paris: Presses Universitaires de France, 2009), 110.

21. *Ibid.*, 123.

22. *Ibid.*, 128.

23. David Graeber, *Debt: The First 5,000 Years* (Brooklyn: Melville House, 2011).

24. Even in archaic societies, reciprocity does not mean equilibrium, equity, or symmetry, contrary to what Graeber believes: "Gifts can be reciprocal, but even that does not make exchange a less violent event: the whole purpose of the act of giving is to force one's partner to act, to force a gesture out of him, to provoke a response—in short, to steal his soul (the alliance as a reciprocal theft of souls). In this sense, there is no social act that is not an 'exchange of gifts,' for no act is social except as an action upon an action, a reaction upon a reaction. Reciprocity here simply means recursivity. No hint of sociability, and still less of altruism. Life is theft." Eduardo Viveiros de Castro, *Métaphysiques cannibales*, *op. cit.*, 139.

25. Friedrich Nietzsche, *On the Genealogy of Morals*, trans. Walter Kaufman and R. J. Hollingdale (New York: Vintage Books, 1989), 56, 55.

26. *Ibid.*, 20.

27. Gilles Deleuze and Félix Guattari, *Anti-Oedipus*, *op. cit.*, 185.

28. *Ibid.*, 144.

29. Friedrich Nietzsche, *On the Genealogy of Morals*, *op. cit.*, 58.

30. *Ibid.*, 86.

31. *Ibid.*, 91.

32. The German word Kafka uses, "Verschleppung," also has a legal meaning, as the term "atermoiement" does in French and "moratorium" in English. The latter refer even more specifically to the creditor-debtor relation, to the period a creditor authorizes a debtor to postpone payment.

33. Gilles Deleuze, "Postscript on the Societies of Control," *October* 59 (Winter 1992): 4.