

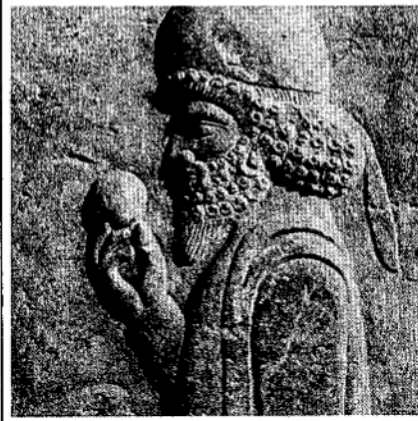
## Roots of Ownership, Enterprise and Debt

The ancient origins and development of economic institutions from the Bronze Age to the present is the subject of a fascinating new course taught at the School this term by Dr. Michael Hudson. Using an approach that has been long neglected in the study of antiquity, Dr. Hudson challenges normative ideas about the origin of debt and the private ownership of land. Dr. Hudson claims "the archaeological record contradicts free-enterprise fables of how profit-seeking, private property and interest-bearing debt originated. Absentee landownership and interest are not inherently natural and universal phenomena, but developed relatively late - in Bronze Age Mesopotamia, 3000-1600 BC under historically unique conditions." Cautioning against the modern tendency to read contemporary social structures back into history - retro-fitting the historical record to ideologically justify the status quo as part of some natural order - Dr. Hudson maintains that "privatization did not occur as a peaceful and planned policy, but as a byproduct of social breakdown." He goes on to say that the privatization of land was not the result of free enterprise but the result of two "levers": a society's internal debt strains and external military pressure.

Dr. Hudson's basic premise, based on his archeological research, is that archaic communities differed substantially from our own in the way land was appropriated and used. Hudson says: "To preserve self-sufficiency for all their members, archaic communities typically restricted the alienability of subsistence landholdings." Enterprise in these communities was "interpersonal" - no one member of the community was able to

profit at the expense of another - and "tended to involve positive-sum activities such as hunting, gathering, planting or making things, rather than being at the expense of others. The first enterprise was public, not private." The rise

of land as private property can be seen as a sign of an economically dysfunctional society, Hudson says. "It was largely through debt foreclosure that land became privatized. These forfeitures occurred especially in times of flooding, drought, pestilence and, most importantly, war. Hitherto communal



lands passed into the hands of absentee owners, mainly creditors (public collectors and merchants) when cultivators ran into problems. At first, needy cultivators had little to pledge as collateral except for their family members as debt bond-servants. As an alternative to such loss of personal freedom, cultivators looked for something else that could be pledged." The alternative was, of course, land. The forfeiture of land for debt was not forever; the family retained residence on the land and "what was actually alienated was the land's usufruct, being taken by the creditor as interest." This state of affairs was temporary - archaic rulers saw the need to periodically cancel all debt, both to ensure the original tenants self-sufficiency and to prevent any one individual becoming wealthy at another's expense.

Dr. Michael Hudson teaches at NYU and has been a consultant to various groups including Chase Manhattan Bank, the National Science Foundation and the United Nations Institute for Training and Research (UNITAR). - David Domke