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Understanding Philosophy of Indebtedness through Indigenous Insights

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Abstract

This paper attempts to define and discuss the folk economic ideas associated with 'debt'. First, the contemporary life is marked by the all-round dominance of 'debt'. Second, one of the issues over which class conflicts in their numerous hues find an easy expression is 'debt'. In the Indian context, the farmers' suicides, their hunger strikes to get loan waiver and heated debates over such loan waivers and moreover, loan waiver as a passport to political power can be quoted while emphasizing on the relevance of this paper in the contemporary times. While so doing, the attempt is made to bring to fore the 'debtor-creditor' relationship or what has been called "...genealogy of the economic and subjective production of the indebted man" (Lazzarato 9).

Keywords- Debt, Obligations, Credit, Folklore, Semantics

In Indian tradition, the concept of Rina is one of fundamental concepts. This refers to the inbuilt indebtedness of human beings. It is so because as per Hindu belief system a child takes birth having three Rinas over its head:

Jaayamaanovaibrahmanahtribhirrinvaajaayate (Taittiriya Upanishad)

Given this, it is believed that an individual is indebted in three ways. Scholarly seers have suggested ways of being free from these three obligations. It is also advised not to run away from these 'debts'. It is believed that if somebody dies without repaying these 'debts', s/he has to repay these debts in his/ her next birth. Therefore, one must repay these three 'debts', which can be enumerated as follow:

- Deva Rina (The Debts owed to Gods)
- Rishi Rina (The Debts owed to Seers)

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➤ PitruRina (The Debts owed to Ancestors)

In the first instance, we are indebted to the Gods who created our ancestors and made the cosmic life possible on the planet earth. The Dharma Shastras suggest that the moral obligation to gods may be liquidated through worshipping. Second: we are indebted to the sages who have imparted profound knowledge without which it is almost impossible to lead a meaningful life. It is believed that one can repay Rishi Rina by studying and by comprehending the cultural context into which one is born. Third: our existence on this planet earth on this day is possible because of our ancestors therefore we are bound to be indebted to them. As per the Vedic Book on Code of Conduct (i.e. *Dharma Shastras*), one can liquidate *PitruRina* by bringing up a family, by getting and raising children in a proper manner. Apart from this, we can pay back the debt we owe to the ancestors by doing *Shrardha* and *Tarpana*. The heavy magnitude of 'debt' makes it a disease for seven births to be borne by the borrower. This argument finds an explicit expression in the following Rajasthani folk saying:

Karzsaatbhavkamarz

(Indebtedness is an allurement invited for seven births)

Here this folk saying deepens our understanding of 'debt' by declaring it a 'disease'. The folk understanding of 'debt' as a 'disease' resonates in a Punjab folk saying too:

TB da marzbura, shahan da karzbura

(A lender's money is an affliction no less pernicious than TB)

In the olden days tuberculosis has been a very fatal disease. Being an incurable disease, it took away the lives of millions. Here in this folk saying the 'debt from the lender' is compared with the 'disease of tuberculosis' and both are condemned. It is interesting to note that the ground of comparison of the two is the fatality embedded in the disease and 'debt'. Second: the philosophical richness infused in this saying can at best be understood if one focus on the nature of the disease compared with 'debt'. The incurability of Tuberculosis is suggestive of the point that *karz* too is incurable meaning that one cannot repay one's debt. So far, we understand that folk understands 'debt' as an 'immortal disease'. Being immortal it has the capacity to over-ride the mortal beings.

"I can get no remedy against this consumption of the purse: borrowing only lingers and lingers it out, but the disease is incurable". Henry IV, Part 2

Folk sayings define 'debt' through simple analogies of relationships. The following folk sayings define 'debt' and bring out its dominating nature:

Language/ Dialect	Folk Saying
<i>Haryanvi</i>	<i>Birkakhasamhuuyakare smard</i> <i>Aurmardkakhasam ho se karz</i> (Husband of a woman is man And husband of a man is debt)
<i>Rajasthani</i>	<i>Lugairokhasammoty ar ne motyarrokhasamrujgar</i> (The husband of a woman is man whereas the husband of a man is

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employment)

Here, husband is seen through a patriarchal prism. In patriarchal societies, husbands wield vast powers over wives. Wives have to be subservient to their husbands. Putting it laconically, husbands are considered as the controlling authorities over wives. The debt is given the parallel powerful controlling authority over husbands. As husbands have been the bread winners, their glory is associated with employment or means of earning. The Rajasthani folk saying takes 'husband- wife' relationship as an analogy for the purpose of pointing to the poignant effect of unemployment of man those results in one's indebtedness. Thus, in the folk framework 'debt' is defined as a dominant masculine figure. This folk saying too defines the 'borrower- lender' relationship in which the borrower is seen as a wife to debt. This 'domestication of man' through the institution of 'debt' is at the core of Nietzsche's Second Essay of *On the Genealogy of Mortality*. Nietzsche propounds that 'the domestication of man' ("to breed a tame and civilized animal, a household pet, out of the beast prey man") is neither the product of 'economic exchange' nor that of 'symbolic exchange'. According to him, it is possible because of the relationship between creditor and debtor (24).

Similarly, there are plethora of folk sayings and folk tales on debt globally wherein the 'debt' is defined as a dominant devil that makes the borrower a slave. American thinker Ralph Waldo Emerson exactly has the same understanding of the 'lender- borrower' relationship as he believes: "A man in debt is so far a slave" (No pagination). The practice of 'bounded labour' has been a direct production of 'debt' in which one's inability to pay one's loan through him in the cobweb of 'indebtedness'. The borrower's state of being bounded to the lender has been highlighted in the following Rajasthani folk saying:

Lehbo, minnakhropenkhdo

(Debt, shackles of man)

This Rajasthani folk saying defines 'debt' as the 'shackles' of man. A man in debt lives his life akin to the pathetic life of a donkey. A donkey is used to carry the heavy loads. Even while grazing its legs are tied so as it does not go beyond the reach of its owner. The rope with which the legs of an animal are tied is known as '*pekhado*' in Rajasthani. It is interesting to note here that the borrower is reduced not only to the level of an animal but to that of a bonded animal. It implies that 'debt' denies a free and natural movement to the borrower. A borrower is bounded by the lender in the same fashion as a donkey is bounded by the potter. Thus 'debt' deters the development of the debtor. An indebted man has no freedom to exercise in his life. Hence this folk saying appropriately defines 'debt' as 'shackles' of man. The moral obligation to pay one's 'debts' culminates in supporting the institution of 'debt' and safeguards some significant social goods. Here it would be pertinent to refer to the two questions posited by Douglas: (i) whether the institution is necessary and (ii) whether always paying one's debts is the best way to support the institution (Douglas 31). Douglas does admit the difficulty of answering these questions. It is so because the practice of debt on

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usury has had diversified impacts on the debtor and creditor at different point of time in history. Turning first to the ancient opposition to usury, in his *Politics* Aristotle famously wrote:

The trade of the petty usurer is hated with most reason: it makes a profit from currency itself, instead of making it from the process which currency was meant to serve. Currency came into existence merely as a means of exchange; usury tries to make it increase. This is the reason why it got its name; for as the offspring resembles its parent, so the interest bred by money is like the principal which breeds it, and it may be called 'currency the son of currency'. Hence, we can understand why, of all modes of acquisition, usury is the most unnatural (Aristotle 1258).

Here in this passage, Aristotle condemns usury by calling unnatural as through this practice, currency ceases to perform its primary function. Second blistering attack on usury comes through the concept of what Irving Fisher terms as "Debt- Deflation" (4). Till the time an economy succeeds in securing sufficient surplus to meet the payments of interest on loans, the situation remains unproblematic. But, once the amount of interest starts piling up faster than the growth of the economy, the debtors are left with no other choice than either going deeper into debt or to commence to part away with their own issues as collaterals to creditors. In such circumstances the debtors fail to make the payments of interest even after reducing their consumption as the charges of interest on loan keep growing out of proportion to production. If this process goes unchecked, it results in a situation in which a small minority of creditors possesses all the wealth and entraps everyone in the brutal bondage of debt. This has been termed as "debt deflation", defined roughly as a situation in which debt grows faster than the processes generating the income to pay.

Bentham takes a dig at Aristotle for his conception of money being sterile in the following words:

A consideration that did not happen to present itself to that great philosopher, but which had it happened to present itself, might not have been altogether unworthy of his notice, is, that though a daric would not beget another daric, any more than it would a ram, or an ewe, yet for a daric which a man borrowed, he might get a ram and couple of ewes, and that the ewes, were the ram left with them a certain time, would probably not be barren. That then, at the end of the year, he would find himself master of his three sheep, together with two, if not three, lams; and that, if he sold his sheep again to pay back his daric and gave one of his lambs for the use of it in the meantime, he would be two lambs, or at least one lamb, richer than if he had made no such bargain (Jeremy Bentham 5).

Through this passage, Bentham suggests that though 'money' is barren in itself, yet it represents natural forces which are fertile in themselves. For elucidation, he cites the example of buying lambs on borrowed money. With passage of time the number of lambs or sheep is bound to increase as lambs are not barren. The increasing number of lambs would certainly add up in the cattle property of the person who bought the lamb on borrowed money. This

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argument is suggestive of the point that money increases with the help of money. For doing business one needs money first to invest and then there are returns. This aspect of business and the fertility of money does not go unnoticed in folk sayings too. There goes a folk saying:

Paisa k kane hi paisoaaave s

(Money begets money)

This folk saying has an oft quoted parallel proverb: *The money begets money*. In this saying the word 'beget' has crucial connotation from the point of view of the current contextual in which Aristotle considers money as infertile. The saying establishes the point that money is fertile. This is perhaps the potent reason that the rich having money have more avenues to generate various sources of income. They have money to invest to gain maximum returns. Subsequently, the rich get the richer and the poor get the poorer in diametrical opposite directions. Now a one may posit a pertinent question: If the borrowed money can be fertile for the borrower why it should not be for the lender? One of the possible means for the lender to multiply his money is through interest on loan. Thus, this way Bentham favours usury.

Another determined defense of usury comes from Turgot. He holds the opinion that a lender can lend his/her money at whatever rate of interest the borrower will accept, regardless of the costs or benefits to the borrower. The lender can do so because the money lent is his own property. Arguing in favour of the practice of debt on usury he states:

There is no commercial centre on earth where enterprises do not depend on borrowed money; there is not a single merchant perhaps who has not frequently been obliged to have recourse to the purse of others; even the richest in capitals could not be sure of never needing this expedient except by taking part of their funds idle, and consequently, by diminishing the extent of their enterprises. It is no less obvious that those outside capitals necessary to all merchants can discover an advantage in it capable of compensating them for the deprivation of money which they could have used, and for the risks attached to all commercial enterprises (Turgot 209).

Through this passage, Turgot advocates that lending on interest is necessary for commerce and consequently for civilized society. St. Basil derided the debt on usury through a rhetorical question: 'Tell me, do you seek money and means from a poor man? If he has been able to make you richer, why would he have sought at your door? (St. Basil 183). While answering Basil, Turgot opines: "the poor man might be one of the 'industrious men who hope to obtain the large profits from the use of the money they borrow'" (214). However, he does not approve the exploitative mechanism of extractive lending on usury to the desperate poor. Still he seems to favour usury when he comments: "those who take on debts that they cannot pay, debts likely to lead them or their children into debt slavery, only because the alternative is starvation (214).

Turgot while calling credit the centre of business propounds the idea that if the poorer people are permitted to borrow the 'start-up capital' at interest then they can find business as a means of their economic empowerment. They can reap the fruits of industry, and at an extended level the society may be benefitted from whatever resourcefulness they have to

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offer to society in general. Thus, barring the poor people from borrowing at interest for investing in industry culminates in limiting economic participation of the poor and breeds out inequality. The restriction on borrowing for the poor reserves the benefits of the productive industry only for those who possess huge capitals. Such situation results resentment among the poor for the rich. This way the constraint hampers on social harmony. Therefore, Turgot defends usury as it eliminates the monopoly of the privileged group opening the business-oriented avenues for the poor. The same idea defending usury resonates in the following words:

The function of credit in a simple society is, in fact, remarkably egalitarian. It allows the man with energy and no money to participate in the economy more or less on a par with the man who has the capital of his own (John Kenneth Galbraith 79- 80).

The combined and common ideas of both Turgot and Galbraith on credit favor usury. Their defense of usury derives the foundational force from his belief that lending is basically productive rather than extractive. Therefore, both of these thinkers deem the usury a useful institution of net social benefit. Turgot advocates that the institution of debt hold pivotal significance for civilized life. He opines that the institution of debt has mutual benefits for the lender as well as the borrower. The lenders have immense capitals and have no opportunities to employ their money. On the other hand, the borrowers have money yet they desire to employ the money in different business-oriented avenues. Thus, through the institution of 'debt' the unemployed capital gets transferred to the unemployed poor who have better option to use the borrowed money. This is the valid reason that the debtors should support the institution of debt by paying their debts. The failure of the repayment of a debt contract discourages the creditors from lending their money in future. Thus, both Turgot and Bentham approve the institution of usury as it servers the common good. Through this institution, needy people borrow money and repay it with added amount of interest at an agreed rate, regardless of the output of the venture for which the money was borrowed. In this way the institution of debt provides possibilities to make the most of the money the money that otherwise would have been lying idle in the hands of the rich. Putting it laconically, for the borrowers the borrowed money provides them the opportunities to participate in the economic affairs of the world. On the contrary the money that otherwise would have been lying idle increases due to interest on it. This situation finds the most telling expression through a Haryanvi folk saying:

Padikaakadibadhe s

(The lying cucumber increases)

The saying is very rich in its semantic connotation. The cucumber- herein- refers to the money lent. In the barren areas of Rajasthan where there is scarcity of water, the cucumber grows along with the main crop without any proper preparation of sowing its seeds or any proper care or without needing any artificial fertilizers. The case with credit too is very common to that of the cucumber of this type. With passage of time the cucumber increases in

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its size. In the similar manner, with passage of time the loaned money too multiplies without any extra effort on the part of the lender than lending the money.

However, one cannot approve of the conception of Turgot or Bentham or any other defender of usury because their defense of usury is justified in some sense only in the context of bold entrepreneurs and those lenders who are willing to risk their money. Their arguments do not hold ground in the case of debt contracts signed out of compulsion. These debts have been referred to as 'forced debts'. These forced debts are the debts that people have to take on due to events beyond the control of a man of meager means. Agricultural debtors and lower middleclass debtors might be referred to as 'forced debtors'. To conclude, folk understanding of debt is very deep and realistic. The folk belief defines debt as shackles of man and as an incurable disease that lasts long for seven births. In folk understanding, debt is seen as masculine figure.

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