Debtor Nation: Review
BY NICOLAS KUDEBA
Debtor Nation is one of the most informative, detailed, and timely accounts of American debt history to date. What is perhaps most interesting is how the author displays America’s changing attitudes towards debt and the stark impact of these attitudes on American society and its economy. Though Debtor Nation does not incorporate any prolonged personal narrative, it does, through numerous quotes and anecdotes, capture the sentiment of the everyman as it evolved over the years. The author’s main intent is to show how the development of American debt, from 1917 to today, has contributed to the current state of the global economy.

Hyman displays America’s evolution into a “debtor nation” in three stages. The first stage, Chapters 1-4, details how personal debt, through government policies and changing attitudes, emerged from the fringes of the American economy to become a part of everyday life – a source of profit in and of itself. In the two chapters that follow, Hyman discusses how personal debt, at this point a widespread economic phenomenon, took on a central role as the very driving force of America’s economy. Finally, in the last chapter and the epilogue, Hyman discusses just how accessible personal debt became with the emergence of credit cards, and presents a grave portent of the financial crisis of the early 21st century.

From the beginning, Hyman’s thesis is very clear: the current American debt crisis is a result not of shady Ponzi schemes or bad characters trying to “game the system”, but of a longstanding trend, both social and political, towards the promotion of personal debt. “No single cause can explain the entire history of borrowing and lending: profit motive, government policy, technological processes, and even chance...the choices responsible for today’s economy were not hidden, but done in the open,” he states (p.8, 9).

Although Hyman undoubtedly proves this claim through a plethora of examples, few serious economists would attribute the cause of the financial crisis to Madoff or the Lehman Brothers in the first place. However, Hyman’s claim that the current financial situation is a byproduct of a trend started in 1917 must be examined skeptically. Since the book provides little information on the last ten years, it does not sufficiently segue from its historical perspective into contemporary attitudes. Hyman clearly shows how society became dependent on debt, but how this dependence contributed to today’s financial crisis is not made obvious.

Hyman’s use of real-life anecdotes, despite providing telling insights into changing lifestyles and attitudes throughout the history of debt, are also so frequent and repetitive as to become tedious. After reading a newspaper account of how farmer Jack took a loan to pay off his debt, barbershop Joe financed his hairdryer, and heartthrob Harry borrowed to buy his wife diamonds, all presented back to back to back, heartthrob Harry suddenly doesn’t seem so cute. Rather than adding a personal touch to the story of debt, these characters become remote and even irritating.

Though the book is often dense or repetitive, for those looking for a smoother read (and for the less statistically inclined), Hyman’s academic structure does have a clear benefit: its conclusions. These conclusions are useful and informative, giving the reader a good idea of Hyman’s arguments without too much hair-pulling. Despite being “conclusions,” they are thorough and continue the theme of citing specific statistics and media quotes. Here each statistic or quote is directly relevant to Hyman’s overall argument rather than providing a minute sub-argument. Additionally, reading the conclusions first allows the reader to form an understanding of the main points before delving into the details.
reader to pick and choose subtopics of interest, and navigate to one of the author’s well-titled subsections for further information.

The history of debt is a topic rarely covered in business literature but particularly pertinent to today’s international economy. Debtor Nation provides a thorough examination of the subject, albeit sometimes in excruciating detail, and succeeds in convincing the reader that, beyond a seed of doubt, multiple factors contributed to the current global financial crisis. Most powerfully, the author argues that the very mechanisms that made American capitalism successful have led to its biggest problems. But by remaining purposely vague on the origins of the current crisis – simply attributing them to the overall trend of American attitudes and policies – the strength of Hyman’s argument lessens. Debtor Nation remains a valuable resource for anyone seriously interested in business history or the origins of today’s economy, but I would not recommend it for light enjoyment over your morning coffee.

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REFERENCES