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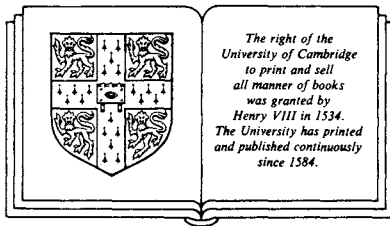
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# Money and liberty in modern Europe

A critique of  
historical understanding

WILLIAM M. REDDY



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To Donna

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J'adore la liberté. J'abhorre la gêne, la peine, l'assujettissement. Tant que dure l'argent que j'ai dans ma bourse, il assure mon indépendance; il me dispense de m'intriguer pour en trouver d'autre; nécessité que j'eus toujours en horreur: mais de peur de le voir finir, je le choie. L'argent qu'on possède est l'instrument de la liberté; celui qu'on pourchasse est celui de la servitude. Voilà pourquoi je serre bien et ne convoite rien.

I love liberty; I hate embarrassment, worry, and subjection. So long as the money lasts in my purse, it assures me of independence and relieves me of the need of plotting to obtain more, a need which has always appalled me. So afraid am I to see it end that I treasure it. Money in one's possession is the instrument of liberty; money one pursues is the instrument of servitude. That is why I hold fast to what I have, but covet no more.

—J.-J. Rousseau, *Confessions*

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## Preface

**T**HIS ESSAY IS ABOUT MONEY not in the strict sense of coinage or currency but in the much more general sense of a medium of exchange that consists of counters, whether these counters take the form of cowrie shells, money of account, credit, or specie. The question is to understand how close numerical measurement of exchanges influences social structure, and thereby has an effect on the chances for political liberty. Because the subject is the role of money in modern Europe, hardly anything will be said of the origins or development of money, and nothing will be said of the problem of defining money. Whether money necessarily begins as something that has its own use value or can serve as a store of value, what effects increases or decreases in the quantity or velocity of money have on economic activity – these and similar questions will not be considered here. By 1700 it was an integral function of any European state to issue coins and to define in law what role such coins should play in the settlement of private and public debts. That these state functions made a difference for social relationships will be assumed rather than argued here. This hardly seems controversial. The precise nature of social relationships involving money exchanges, on the other hand, and the vector of change in such relationships associated with the expansion of commerce are the subjects of widespread discussion of the highest significance, and will be dealt with in depth in this essay beginning in Chapter 2.

Before this subject can be broached, however, it is necessary to deal with the concept of class. The concept of class is a common tool for analyzing the social structure both of societies that use money and of those that do not. In modern societies where monetary exchange is the principal determinant of one's social position, analysts commonly divide people into classes defined by the kinds of monetary exchanges they engage in. This may be done either by function or by living standard. If by function, those who receive rents, dividends, interest, and other profit from the ownership of property are usually separated from those who sell their services for a wage. And the latter group is then subdivided according to kind of service. Thus one has a capitalist class (or sometimes bourgeoisie), a managerial class of wage-earning executives (often also included in the bourgeoisie), a white-collar class and a blue-collar class (proletariat, or working class). If classes are defined by



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living standard, then this is usually done, as in Lloyd Warner's classic Yankee City series, by establishing more or less arbitrary cutoffs between an upper, a middle, and a lower class, with each of these subdivided in turn into upper and lower segments.<sup>1</sup> Naturally there is considerable overlap between these two approaches—upper-class people will tend to own income-producing property, and so on—and the two approaches are often collapsed together as a result. Analysts will speak of an upper class of wealthy *rentiers*; a middle class or bourgeoisie of owners, managers, and professionals; a lower middle class of shopkeepers and clerks; and a lower class of blue-collar workers with a skilled upper and unskilled lower segment. Many other variations are possible.

Any of these schemes involves considerable abstraction from social reality, however, not only because many individuals will fit the definition of more than one class—by, for example, earning a factory wage and owning farm land at the same time—but also because individuals may change their positions drastically over a lifetime, as when the younger son of a wealthy family is excluded from inheritance or a shopkeeper accumulates real estate slowly over several decades. An individual's outlook and behavior can be as deeply influenced by future prospects as by current circumstance. How much social behavior class identity can account for and which scheme of analysis will work best are therefore controversial.

The concept of class has also been applied to nonmonetary societies and to societies that severely restrict the impact or scope of money exchanges, but such applications are themselves usually controversial, whereas few observers object to the use of class as such for modern societies. (For them class is after all a native term, as ethnographers would say.) Whether slaves or women in certain preindustrial societies, that is, persons who have no money income and no way of getting one, should be considered members of distinct classes is a subject of sometimes heated debate.

Because historians have depended heavily on the concept of class both for explaining the causes and for describing the effects of change in Europe over the last three centuries, they have not been able to escape from the difficulties that this concept presents to any analyst of social structure. On the contrary, the difficulties of this concept lie at the heart of a number of debates among historians that have continued without sign of letup for many decades. These debates have been of the highest significance both in methodological and in political terms. Nor has it been simply a question of the left versus the right. One might suppose that left-leaning historians would be in favor of a more rigorous use of the concept of class, along Marxist lines, to measure the extent of exploitation and to identify its victims, while conservative historians would attack the abstract and ad hoc character of such analysis and would prefer living standards or cultural attitudes as criteria of class membership. There has been debate of this kind, but it has hardly been the only kind of debate to occur. There has been general disagreement all around. Some conservatives have, for example, used very rigorous definitions of class in order to attack the loose usage of class

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labels by Marxist historians. Some Marxists have found it difficult to use the concept of class rigorously in a convincing way and have opted for bold theoretical revisions that have drawn fire from both left and right.

The first chapter of this essay provides a critical review of a number of these debates in an attempt to identify the underlying difficulty posed by the concept of class to historical explanation. The rest of the essay represents an attempt to deal with this difficulty and—in the process—to show how this difficulty has plagued not just historical debates but also the course of modern history itself. It is in this sense that the essay represents a critique of historical understanding. It is a critique in that it seeks to probe beyond current discussion to underlying presuppositions and to reconstruct understanding from scratch. All the lines of the debate over class lead back to the question of monetary exchange. There has been a strong tendency in all of modern social thought to theorize about monetary exchange as if it were uniform. The character of the monetary exchange itself is viewed as always the same, as impersonal and anonymous; class distinctions are then based either on the function or production process carried out to receive money (worker, capitalist) or else on the amounts of money received (lower, middle, upper). But social historians have found that this approach squares poorly with their evidence. Increasingly they have been forced to recognize that monetary exchange relationships are not all the same. Commerce does not homogenize. The infamous cash nexus is not impersonal or anonymous in most of its manifestations. It is this recognition that has compelled some historians to develop ever-more-sophisticated concepts of class in recent years. This is undoubtedly a reasonable response, and the present study grows out of the ongoing theoretical discussion that has resulted. But here it will be argued that a better response is to set the concept of class aside entirely, with all that it entails. Developing a new orientation to the question of monetary exchange will require, first, the elaboration of a theory of history building on interpretive method (in Chapter 2); second, the use of this theory to set out a critique of the history of liberal and Marxist economic thought (in Chapter 3); and finally, an application of a new view of monetary exchange to the interpretation of specific episodes in history (Chapters 4 and 5).

An apology is owed to the reader for the appearance of the word “Europe” in the title. Although this essay will include numerous reflections on Europe-wide and even worldwide developments, my limited expertise and considerations of length and readability strongly recommended some restriction of the scope of the inquiry. Attention has therefore been limited to the histories of England, France, and Germany; and for the pre-1867 German states, Prussia alone has received more than cursory comment. In defense of this plan it can at least be said that these three countries present striking diversity to the historian, diversity representative of the wide range of social structures and state formations that characterized Europe on the eve of the age of revolution. The issues that their separate histories have raised are sufficiently varied to ensure that any argument which seeks to encompass them all is likely to be of very general applicability.

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I have incurred many debts in completing this study. It was during two brief stays in 1980 and 1982 at the Max-Planck-Institut für Geschichte in Göttingen, West Germany, that I was first given the opportunity to discover something about German history and to be fascinated by the sophistication and breadth of research currently under way in the Federal Republic. I was invited there because my work on France created common temporal and methodological interests with several members of the Institut. My attempt to come to terms with German history began in earnest only later on.

The opportunity to write this essay came during a year as Marta Sutton Weeks Fellow at the Stanford Humanities Center in 1983–84. The excellent resources and stimulating environment provided by Director Ian Watt and his staff and by colleagues at the Center and in the History Department made this a very productive period. Early versions of the first three chapters were read and commented on by Lloyd Kramer, Dena Goodman, Morton Sosna, Herrick Chapman, Drew Faust, Renato Rosaldo, William Sewell, Lynn Hunt, James Epstein, and Donna Slawson. Later chapters were presented to the Faculty Interdisciplinary Seminar on Marxism at Duke University and to the Washington, D.C., area Old Regime Study Group. Vitaly useful comments on the full preliminary draft were provided by Joan Scott, Stanley Pierson, and Frank Smith. An informal seminar held in Ann Arbor, Michigan, in April 1986, provided useful stimulus for a final set of revisions. Dennis Trout gave valuable help as my research assistant in 1984–85. Erica Zweig and Dorothy Sapp prepared the manuscript. To all these persons this essay owes a good deal of whatever coherence and persuasive power it has, but none of its still uncorrected discontinuities, errors, or idiosyncracies.