# Jean-Jacques Rousseau and Karl Marx on the Critique of Economics. Some Insights from their Analysis of the Role of Money.

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## Introduction

The aim of this paper is to explain why, in spite of the strong similarities found between their visions of market society, Jean Jacques Rousseau and Karl Marx do not give the same importance to economic analysis. Rousseau refuses to build an economic theory whereas Marx grounds his political criticism on an economic model.

It might seem amazing to put Rousseau and Marx on the same level concerning economics. Rousseau is not considered as a relevant thinker in economics whereas Marx is usually presented as a fine connoisseur and a thorough critic of political economy. In this paper we will argue that Rousseau was well aware of the economic debates of his time and had developed his own economic analysis in which money played a central role. Many of his insights are to be found in Marx's economic developments.

Both Rousseau and Marx believe that money is the main feature of this type of social organisation. Money allows, first of all, anonymity and thus the impression of a decentralised society. Second, money is the condition for the development of the division of labour and thereby of economic interdependence. Finally, money represents a general purchasing power that opens the way to infinite and unknown desires. Hence, money is the means and the driving force of accumulation.

The role given to money explains why this paper concentrates on Rousseau's and Marx's monetary analyses. The exploration of these analyses is divided into three parts. In the first part, we explore the way in which these authors explain the positive value of money. The common starting point is the view of money as the answer to the need of a common measure in an exchange economy. We will show that Rousseau gives a clear-cut notion of money as a general equivalent built in a conventional manner (§1.2). Marx, instead, tries unsuccessfully to found his theory on a commodity-money (§1.1). It is interesting to notice how Marx's failure leads him to an explanation similar to Rousseau's response.

The following section is divided into two sub-sections. The first (§2.1) contains a presentation of the role of money as the social bond in market society. Within this society money does not only mediate social relations but it is also the unique form of social relation. Here we look into the relation between money and accumulation. According to Rousseau and Marx, the general purchasing power of money has a more general meaning than the one admitted today. Money has the power to buy everything, including what does not yet exist and so to command present and future wealth. Money accumulation differs from the accumulation of other assets in that it assures a permanent – e.g. not affected by technological changes – liquidity. This property of money leads to an asymmetry between, on the one hand money and goods, and on the other social classes.

In the second part of this section (§2.2) we show how, according to our authors, the confusion between money and the desire of money within market society leads to perceive economic agents' behaviour as the result of natural laws. The self-interested and autonomous agent of political economy is, according to Rousseau, a historical product of the monetary society and cannot be the starting point of a general social theory. Marx, even if he shares this vision, believes economic theory goes beyond – but not without – these microeconomic foundations and proves to be a useful analytical tool. The place given to economic analysis constitutes the breaking point between Rousseau and Marx. The latter argues political economy gives the necessary instruments and insights in order to understand and show the inherent contradictions of market society. Rousseau believes political economy gives a mechanic and deterministic representation of society and justifies an irresponsible human being and a tyrannical technocracy. This explains his refusal to follow the path of political economy: he refuses to conceive market society, and thus the merchant, as the only possible outcome of the development of human nature.

Section §3 contains some concluding remarks. The analysis of Rousseau's and Marx's monetary theory gives us some elements to understand their attitudes towards economic theory. Whereas Rousseau considers that political economy is incapable of understanding the conflict that underlies market society, Marx attempts to build within political economy a theory that accounts for this conflict. Marx is a critical economist while Rousseau is a critic of political economy.

## 1. On The Nature of Money

Marx and Rousseau consider that commercial society is fundamentally a monetary society. Hence, in order to understand the functioning of this society we should look at the nature of money: what is money? What are its consequences? These questions allow understanding money as the first and foremost condition of the structure of social relations within market society. Their answers to these two questions seem quite close whereas their explanations regarding the emergence of money will differ. Marx (§1.1) tries unsuccessfully to elaborate a theory of the spontaneous emergence of money as the natural consequence of the decentralised exchange of commodities. Rousseau (§1.2) does not even deal with the question of the emergence of money. According to him money is a social convention indispensable for the functioning of commercial society. The question of its emergence is then irrelevant.

### *1.1 Marx's Explanation of the Emergence of a Commodity-Money*

Marx's economic theory is entirely founded on a monetary point of view and his theory of money allows him to distinguish himself from "bourgeois political economy"[1]. In particular, as S. de Brunhoff (1973, pp.13-4) has clearly established, according to Marx the expansion of monetary relations is one of the main elements modelling commercial and capitalist societies. The historical form of social relations, particular to modern societies, is mediated by monetary exchange. Therefore, one of the primary aims of Marx's criticism on political economy is to build an economic theory of money.

This is what Marx tries to do in the first part of the first volume of the *Capital*. However, the result is a very confusing notion of *commodity-money*. Marx tries to explain what he calls the general equivalent as if it were a particular commodity. The puzzle Marx tries to solve in his discussions of the money form in the first pages of the *Capital*, and in his *Contribution to the Critique of Political Economy* is: How can gold simultaneously be a concrete commodity and the form of money? Marx solves this paradox with the theory of the general equivalent commodity. Through a process that Marx does not clearly explain a certain object (gold) is excluded from the set of commodities. This exclusion forces gold to assume the role of measuring and expressing each of the values of the rest of commodities in its own quantity. It is as if one material substance, say, iron, were forced to become the universal measure of weight.

Marx's demonstration (the so called "theory of value forms") is very problematic. He tries to build a conceptual deduction of the "general equivalent form" starting from a situation that seems to represent a barter society where commodities are directly exchanged. In a way that reminds the Austrian theory of money, in particular Menger's theory of the origin of money, Marx affirms:

> Money does not arise by convention, any more than the state does. It arises out of exchange, and arises naturally out of exchange; it is a product of the same. At the beginning, that commodity will serve as money -- i.e. it will be exchanged not for the purpose of satisfying a need, not for consumption, but in order to be reexchanged for other commodities -- which is most frequently exchanged and circulated as an object of consumption, and which is therefore most certain to be exchangeable again for other commodities, i.e. which represents within the given social organization wealth [...] which is the object of the most general demand and supply, and which possesses a particular use value. (Marx 1973, *Grundrisse*, p.166)

Marx apparently tries to deduce the formation of a generalised system of monetary prices from a system of isolated bilateral real prices. Marx's deduction faces a major difficulty. Without an initial hypothesis about the specificity of a particular object, external to (and not within) the set of commodities, there is no way to accomplish Marx's objective. Money appears to be a concept

[1] We are well aware of the controversial character of this statement. It is frequently asserted that Marx proposed a very orthodox, and furthermore uninteresting, theory of money. For example, Schumpeter (1954, pp.700-1) presents Marx's theory of money as a pure metalist analysis, close to Ricardo's own concepts. Faccarello (2000,

different in nature from commodities and furthermore the theory of commodities needs a notion of monetary valuation and exchange[2].

In spite of these problems, Marx allows an alternative way of understanding money as the "rules of the game" that model market society. Money is not an object that emerges in the market but the condition for the generalisation of an economy based on the market. In a frequently ignored passage of the *Grundrisse* Marx clearly establishes the importance of the conceptual difference between money and commodities. In a criticism of the French Socialists (and valid also against the so-called "Ricardian Socialists") he shows the absurdity of a society based on the private production of commodities and the absence of a monetary exchange system:

> Gold and silver are commodities like the others. Gold and silver are not commodities like the others: as general instruments of exchange they are the privileged commodities and degrade the other commodities by virtue of this privilege. This is the last analysis to which Darimon reduces the antagonism. His final judgement is: abolish the privilege of gold and silver, degrade them to the rank of all other commodities. Then you no longer have the specific evils of gold and silver money, or of notes convertible into gold and silver. You abolish all evils. Or, better, elevate all commodities to the monopoly position now held by gold and silver. Let the pope remain, but make everybody pope. Abolish money by making every commodity money and by equipping it with the specific attributes of money. The question here arises whether this problem does not already pronounce its own nonsensicality, and whether the impossibility of the solution is not already contained in the premises of the question. [...] The real question is: does not the bourgeois system of exchange itself necessitate a specific instrument of exchange? Does it not necessarily create a specific equivalent for all values? (Marx 1973, *Grundrisse*, p.50)

The general equivalent is, in Marx's theory, a special object that has some privileges vis-à-vis commodities. Moreover, the abolition of the privileges of money means the abolition of the society of commodities. We can now understand the theoretical difficulties of Marx's theory of value forms. The impossible deduction of a general equivalent from a pure real-price system is the consequence of Marx's own theoretical requirements. Commodities must take the "money-form" in order to realise their fundamental property: to be value in exchange. A commodity must be "ideally" and "actually" transformed in money. It is "ideally" transformed in money when its possessor estimates its monetary price and it is "really" transformed in money when it is actually sold[3]:

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p.84) affirms that Marx's theoretical choices force him to develop a pure 'real approach', where money is presented in a very similar way to Ricardo's and to the most orthodox Quantity Theory of Money.

[2] It is not the purpose of this paper to present an extensive discussion of the problems in Marx's theory of commodity-money. For a more detailed discussion of these problems see Benetti (1987) and Benetti (1990, chapter V). We share Benetti's essential conclusions about Marx's failures. In particular, he demonstrates that the theory of "the value forms" does not constitute a deduction of a general equivalent based on the concept of commodity. Otherwise, we would accept the traditional interpretation of Marx's theory of money as a pure Ricardian theory.

[3] "A commodity strips off its original commodity-form on being alienated, *i.e.*, on the instant its use-value actually attracts the gold, that before existed only ideally in its price. The realisation of a commodity's price, or of its ideal value-form, is therefore at the same time the realisation of the ideal use-value of money; the conversion of a commodity into money, is the simultaneous conversion of money into a commodity". (Marx 1995 [1867], *Capital*, Volume I, Part I, Chapter 3, section 2)

> Just as exchange value, in the form of money, takes its place as the *general commodity* alongside all particular commodities, so does exchange value as money therefore at the same time take its place as a *particular commodity* (since it has a particular existence) alongside all other commodities. An incongruency arises not only because money, which exists only in exchange, confronts the particular exchangeability of commodities as their general exchangeability, and directly extinguishes it, while, nevertheless, the two are supposed to be always convertible into one another; but also because money comes into contradiction with itself and with its characteristic by virtue of being itself a *particular* commodity (even if only a symbol) and of being subject, therefore, to particular conditions of exchange in its exchange with other commodities, conditions which contradict its general unconditional exchangeability. (Marx 1973, *Grundrisse*, p.151)

There is a simultaneous determination of these two fundamental concepts in Marx's theory. Money and commodities come simultaneously into existence in a market society and they are thus indivisible. We may furthermore underline that there are two main functions of money acting in this twofold determination. The formation of an ideal price presumes the *unit of account* (general equivalent form) function of money and the realisation of monetary exchange presumes the *medium of exchange* function. In these matters, Marx appears to agree with an ancient tradition, coming from Aristotle, which founds the concept of money in its role as the common measure of value and the medium of exchange. Money allows establishing a *private production exchange economy* because it constitutes the common language of expression of exchange values in a twofold way: as an ideal mean of individual calculus (ideal prices) and the mean of actual exchange of commodities.

This way of characterising money implies the third function of money: money as the representative of social wealth. This function shapes the economic agent of market society. Money as the universal equivalent and the general medium of exchange opens the door to the desire of accumulation. The question of the existence of a positive demand for money (the central question of modern economic theory of money, see Hellwig 1993) has no sense in Marx's theoretical construction. This is why the unsuccessful theory of the emergence of money from commodities may be taken as a misleading theory of money. It is not from the technical difficulties of a barter economy that money obtains its property of being generally demanded. It is because of its role as general medium of exchange that the desire of (accumulation of) money is reinforced. This opens the door to the contradictions and crises of market society:

> The purpose of commerce is not consumption, directly, but the gaining of money, of exchange values. This doubling of exchange -- exchange for the sake of consumption and exchange for exchange -- gives rise to a new disproportion. In his exchange, the merchant is guided merely by the difference between the purchase and sale of commodities; but the consumer who buys a commodity must replace its exchange value once and for all. Circulation, i.e. exchange within the mercantile estate, and the point at which circulation ends, i.e. exchange between the mercantile estate and the consumers -- as much as they must ultimately condition one another -- are determined by quite different laws and motives, and can enter into the most acute contradiction with one another. The possibility of commercial crises is already contained in this separation. (Marx 1973, *Grundrisse*, p. 149)

The desire of accumulation of money completes the integrated conception of money present in Marx's economic theory. This integrated character of money and of the desire of money is the origin of what Aristotle called chrematistics. A. Berthoud (1987, p.3-5) has shown how Aristotle makes a clear difference between money and the desire for money. This difference will prove illuminating for the rest of our analysis. The desire for money means that the object of desire is no longer a fellow citizen or the mutual need citizens stand in, but the symbol that is taken for a universal good. The process of production becomes an endless process of accumulation because the idea of general wealth is infinite. The immediate effect of this desire for money is accumulation. The effect of a desire born from or in the idea that it is not, as a general object, the representative of the unity of the society, but that it is, as a general object, representative of general wealth.

### *1.2 Rousseau's Conventional Origin of Money*

Rousseau's economic texts are widely considered as, at best, limited if not downright uninteresting. However, this "limited" character of his economic texts has nothing to do with a lack of knowledge or interest in the subject (Hénaff 1989 shows Rousseau had read Bodin, Grotius, Pufendorf, Barbeyrac, Hobbes, Locke, Vauban, Mandeville, Melon, Mirabeau and Dupin; see also: Launay 1989, p.223; Fridén 1998, p.65; Eyssidieux-Vaissermann 2001, p.62). Rather it has to do with the particular relation politics and economics have in Rousseau's discourse: "It is clear that for Rousseau the central question is not how politics must agree with economic facts but how it is its prerogative to impose its ethical requirements on these facts."[4] (Hénaff 1989, p.104). Economics must be subordinated to a higher rationality, that of politics (Rousseau 1990[1755], *Second Discourse*, p.68; Eyssidieux-Vaissermann 2001, p.63).

Between 1754 and 1755 a vivid discussion raises in France around the intention of economic science to become a general science of society and its government (Eyssidieux-Vaissermann 2001, pp.48-9). Social order, according to this new approach, should find its grounds on the need for natural laws of which political economy would be the expression (Ibid, p.59). That is, social relations, according to this scientific project, would be reduced to economic relations at their turn reduced to magnitudes just as it is represented in Quesnay's *Tableau Economique* (Ibid, p.59).

If the editors of the *Encyclopédie* ask Rousseau to write the article *Political Economy* "it is undoubtedly because Rousseau's ideas on economics had been the object of passionate debates and that his criticism of the idea of an economic science was considered not only relevant but also innovative. Nobody doubts at the time that he knows the arguments of the mercantilists and intends to

[4] We translate all French quotations and present the original version in a footnote. « Il est clair que pour Rousseau il ne s'agit pas de savoir comment la politique doit s'accorder avec les faits économiques, mais bien comment il lui appartient de lui imposer ses exigences éthiques ».

refute them."[5] (Eyssidieux-Vaissermann 2001, p.50 footnote 13). But his criticism is not limited to mercantilism. It will also apply to the new science of economics and to political economy. Rousseau will positively show that private interests cannot be reconciled and will attack political economy on its own grounds.

The building block of his criticism will be his conception of the role of money. Rousseau's analysis of money goes beyond a moral criticism of its use[6]. There is of course, as has been shown by numerous scholars and particularly by Starobinski (1971), a moral aspect to Rousseau's analysis. Money allows individuals to show a false appearance, it hides individuals' true nature acting as a veil that impedes confidence (Starobinski 1971, p.35). The use of money then produces a loss of transparency and the emergence of an economy of false desires (Ibid, p.36). Besides, money impedes the immediate enjoyment of a good, it postpones the moment of consumption, and all the pleasures it can buy are mediated and loose the charm of immediacy.

However, Rousseau's analysis of money makes part of his political theory. The social crisis Rousseau denounces is associated with a certain form of economic organization based on private property and inequality. If economic mechanisms (the forces of the market) were to be left without surveillance the result would be the reproduction of social inequalities that are a mortal threat to the unity and the cohesion of society (Eyssidieux-Vaissermann 2001, p.70). Market economy does not eliminate social confrontations or the existence of power relations it only masks them. Rousseau's economic discussion then does not deal with the technical procedures of production and exchange (Hénaff 1989, p.111), although he refers to them, but rather with the assumptions that make possible (or not in his opinion) this discussion. Rousseau is alone against the generalised praise of commerce in his time (Ibid, p.119). He considers the commercial relation to be suspect, to be a means of destruction because it makes money necessary (Ibid, p.120).

Rousseau shares with Marx the theoretical influence of Aristotle's conception of money. However, whereas Marx tries to establish a spontaneous emergence of a general equivalent, Rousseau assumes a clear-cut conventional origin of money.

Part VII of Rousseau's Political Fragments (a grouping of undated fragments by subjects by R. Dérathé) corresponds to fragments on luxury, commerce and arts. These fragments according to their

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[5] « … c'est sans doute parce que les idées de Rousseau sur l'économie avaient dû faire l'objet de débat passionnés et que sa critique de l'idée d'une science économique était jugée non seulement pertinente mais même novatrice. Personne ne doute alors qu'il connaît les théories des mercantilistes et se propose de les réfuter »

[6] B. Fridén (1998) develops this point showing Rousseau's opposition to money and market exchange relies on its insufficient utility and significance: money has no value in itself and must be transformed and market exchange implies a potential risk of cheating due to the anonymous character of market transactions which makes the access to information assymetrical (Fridén 1998, 39-44). Fridén's effort is worth mentioning as he presents one of the rare analysis of Rousseau's economic theory but we will mark a distance with his approach because he interprets Rousseau and thus tries to introduce him within a microeconomic framework following A. Sen's theory. One of the main aims of this paper is to show Rousseau rejected the possibility of an economic science based on the premises underlying welfare and social choice theory, that is individual rationality and free choice as natural forces guiding society.

editor seem to be Rousseau's reactions to his readings of J.F. Melon's *Essai politique sur le commerce* (1734) and of D. Hume's *Essays on Commerce, Luxury and Money* (1752) (Editor's note in: Rousseau 1964, *Political Fragments*, p.524). Launay (1989, pp.195-6) believes Rousseau writes in response to Mandeville and not Hume. Rousseau mentions Mandeville in his *Preface to Narcisse* and in the *Second Discourse* which correspond to the same period. Hume appears later on and the success of Mandeville's *Fable* before 1752 is considerably greater than Hume's. In these fragments Rousseau intends to contribute to the denunciation of the mistakes made by the *philosophes* (Rousseau 1964, *Political Fragments*, p.338). Against the defence of luxury, commerce and arts, associated with the expansion of monetary economy, Rousseau shows the negative effects these developments have on a nation. Against the idea that a prosperous and happy nation is one where arts are most developed and/or one where commerce flourishes and/or one where there is more money, Rousseau shows this idea takes the means for the end (Ibid, p.341). A more in-depth view demonstrates, according to Rousseau, that no one truly believes a nation will be happier if it is composed of merchants and labourers. In fact, commerce and arts provide for some imaginary needs and introduce a far greater number of real needs (Ibid, p.341). Commerce and arts are ways used to enrich a State through the introduction and circulation of money. All this would lead to believe that the happiness of a nation consists in monetary wealth (Ibid, p.342). But,

> gold and silver being only the representative signs of the materials for which they are exchanged strictly speaking have no absolute value and not even the sovereign can give them one[7] (Ibid., p.342).

According to Rousseau, money has no real value. Its value is determined by a convention. This means that money is a social institution. It does not have a natural origin. Money is not the result of the development of market society. It is rather the condition for the emergence of this social organisation. Commercial society is a society of commodities whose social bond is money. It is a society of merchants guided exclusively by their own interest who need a conventional equality in order to carry out their exchanges. This equality is given by money:

> Conventional equality between things caused the invention of money, for money is nothing but a term of comparison for the value of things of different types, and in this sense money is the true bond of society. But everything may be money; in the past it was cattle, shells are still used among different peoples, iron was money in Sparta, leather was money in Sweden, gold and silver are among us (Rousseau 1969 [1762], p: 297-8)[8].

Concerning the value of money Rousseau affirms that even though it has no real value in itself, it will acquire one by a tacit convention in each country it is used. This convention fixes the object that

[7] « l'or et l'argent n'étant que des signes réprésentatifs des matières contres lesquelles ils sont échangés, [ils] n'ont proprement aucune valeur absolue et il ne depend [sic] pas même du souverain de leur en donner une. »

[8] « L'égalité conventionnelle entre les choses a fait inventer la monnaie; car la monnaie n'est qu'un terme de comparaison pour la valeur des choses de différentes espèces; et en ce sens la monnaie est le vrai lien de la société; mais tout peut être monnaie; autrefois le bétail l'était, des coquillages le sont encore chez plusieurs peuples; le fer fut monnaie à Sparte, le cuir l'a été en Suède, l'or et l'argent le sont parmi nous. »

becomes the general medium of exchange and consequently its positive value[9]. However, the actual purchasing power of money varies according to three causes: the abundance or scarcity of money; the abundance or scarcity of goods and the degree of circulation that depends on the number of transactions (Rousseau 1964, *Political Fragments*, pp.342-3).

From this idea, apparently very close to the quantity theory of money, Rousseau does not infer economic policy recommendations neither does he develop a theory of monetary prices. He is well aware of the error contained in the confusion made between wealth and money but his target is not the vulgarisation of what Smith will later call the mercantilist system. What he criticises is not the use of money *per se* but the desire of money associated with commercial society. A desire political economy does not take into account.

This desire is the only mercantilist element to be found in Rousseau. Indeed, Rousseau does not share the "mercantilist" idea that the abundance of money makes the wealth of a nation. His argument is rather complex: what matters in the analysis of money is not the quantity but the way it is distributed within society. When there is a concentration of money in the hands of a few these few will increase the demand for luxury goods making necessary goods scarce. Furthermore, the abundance of money will produce a raise in prices "from which follows that a State can be in such a situation that with a great quantity of money it would continue to be really very poor and lack of necessaries;"[10] (Rousseau 1964, *Political Fragments*, p.343).

It is not the sign what should be multiplied in order to increase a nation's wealth but the thing it represents (Rousseau 1990[1782], *Poland*, p.224). In a monetary economy money represents not only goods but also and most importantly human beings (Ibid, p.220). True wealth consists in a numerous population (Rousseau 1964, *Political Fragments*, p.346) capable of working all together.

However, monetary society has forgotten this. Money in this society is associated with the desire for money, the desire for a general power over wealth. Money is desired because it allows human beings to buy whatever they want, even things that do not yet exist. This is the reason why money gives place to endless accumulation. Human beings have tried since the use of money has been known to them to accumulate as much as they can (Ibid, p.344). This race for money produced the first inequality, which joined to the difference in talents and avarice grew until society was clearly divided between rich and poor. Those who accumulated most, those who were able to acquire beyond their needs and have superfluities were capable, due precisely to these superfluities, to take the

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[9] « L'usage de cette invention ainsi expliqué se fait sentir au plus stupide. Il est difficile de comparer immédiatement des choses de différentes natures, du drap, par exemple, avec du blé; mais, quand on a trouvé une mesure commune, savoir la monnaie, il est aisé au fabricant et au laboureur de rapporter la valeur des choses qu'ils veulent échanger à cette mesure commune. Si telle quantité de drap vaut une telle somme d'argent et que telle quantité de blé vaille aussi la même somme d'argent, il s'ensuit que le marchand, recevant ce blé pour son drap, fait un échange équitable. Ainsi, c'est par la monnaie que les biens d'espèces diverses deviennent commensurables et peuvent se comparer. »(Rousseau 1969[1762], *Emile*, p.279)

[10] « d'où il suit qu'un Etat peut se trouver dans une telle situation qu'avec une fort grande quantité d'argent il ne laisseroit pas d'être reellement trés pauvre et de manquer du necessaire ...».

necessary from those less fortunate (Ibid, p.344). Rousseau denounces this state of things in very strong terms:

> A miser who in order to get a piece of bread takes a crown from a man packed with gold is a villain taken to the gallows. While honoured citizens peacefully quench their thirst with the blood of the artisan and the labourer, while the monopoly of the merchant and the misappropriations of the public man have the name of useful talents and guarantee for those that practice them the favour of the Prince and the consideration of the public.[11] (Ibid., pp.344-5)

## 2. Consequences of the Desire of Money

Money in commercial society, according to our authors, is an object of desire. It is desired because it represents a general purchasing power. It can buy all that can be produced in the present and in the future. It can buy all that marks the difference between rich and poor. Money is desired because it is associated to power. Power over things and power over human beings. Money becomes the social bond within modern society[12].

According to Marx, individuals perceive this type of social organisation as the result of natural laws because money hides economic interdependence. Even though there is an economic interdependence among its members due to the division of labour, individuals do not recognise any kind of social relationship. The social division of labour proper to market society is a unique form of interdependence considered from the perspective of the history of social forms of production:

Money hides this historical aspect and participants in this social division of labour consider it to be natural. This is one of the main points in Marx's criticism of Political Economy: he will try to show that behind monetary relationships there is a specific historically determined social organisation. Rousseau shares this idea of cultural and historical determination of social relations and of the forces that explain individual behaviour. However, for Rousseau, the economic problem is from the start a political one. Contrary to Marx, who tries to ground his monetary theory on economic concepts, Rousseau introduces his explanation of money, in particular, and of the economic organisation of market society, in general, as part of his political theory. This means that Rousseau centres his analysis of the consequences of money on the hierarchical structure it brings about.

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[11] "Un misérable qui pour avoir du pain prend un écu à un h[omme] dur qui regorge d'or est un coquin qu'on mêne au gibet, tandis que des citoyens honorés s'abreuvent paisiblement du sang de l'artisan et du laboureur, tandis que les monopoles du commerçant et les concussions du publicain portent le nom de talens utiles et assurent à ceux qui les éxercent la faveur du Prince et la considération du public."

[12] "By possessing the *property* of buying everything, by possessing the property of appropriating all objects, *money is* thus the *object* of eminent possession. The universality of *its property* is the omnipotence of its being. It is therefore regarded as omnipotent. . . . Money is the procurer between man's need and the object, between his life and his means of life. But *that which* mediates my life for me, also *mediates* the existence of other people for me. For me it is the *other* person." (Marx, *Economic and Philosophical Manuscripts of 1844, third manuscript, « The power of money »*)

### *2.1 Money as the Social Bond: From Division of Labour to Inequality*

The introduction of money entails the transformation of the very nature of social relationships, which become commercial relationships and which will give its particular character to commercial society. Individuals establish ties between things and have relationships only with things, without consideration for their fellow-beings or for general interest. As Marx clearly expresses it:

> The reciprocal and all-sided dependence of individuals who are indifferent to one another forms their social connection. This social bond is expressed in *exchange value*, by means of which alone each individual's own activity or his product becomes an activity and a product for him; he must produce a general product -- *exchange value*, or, the latter isolated for itself and individualized, *money.* On the other side, the power which each individual exercises over the activity of others or over social wealth exists in him as the owner of *exchange values,* of *money*. The individual carries his social power, as well as his bond with society, in his pocket. (Marx 1973, *Grundrisse,* pp.156-7)

In a similar way Rousseau affirms that commercial society is grounded on an economic interdependence. Rousseau considers this interdependence to be slavery. Because individuals in commercial society have infinite desires –consequence of the desire of money- each one of them is incapable of satisfying his desires alone.

> [...]It now became the interest of men to appear what they really were not. To be and to seem became two totally different things; and from this distinction sprang insolent pomp and cheating trickery, with all the numerous vices that go in their train. On the other hand, free and independent as men were before, they were now, in consequence of a multiplicity of new wants, brought into subjection, as it were, to all nature, and particularly to one another; and each became in some degree a slave even in becoming the master of other men: if rich, they stood in need of the services of others; if poor, of their assistance; and even a middle condition did not enable them to do without one another. Man must now, therefore, have been perpetually employed in getting others to interest themselves in his lot, and in making them, apparently at least, if not really, find their advantage in promoting his own.[13] (Rousseau, *Second Discourse*, 1990[1755], p.113).

Money is the means to interest others in participating in the pursuit of individual happiness. Because of money the individual does not recognise himself as a member of a society, he does not recognise his fellow-beings and he sees in others nothing but instruments. He does not even recognise himself as an autonomous agent. He can give a sense to his existence only through his material possessions. Human beings become slaves, slaves of opinion, of their desires, and market society guarantees the continuance of this slavery.

The role of money in commercial society according to Rousseau can now be fully understood. Because of its role as a relative sign, money permits the preservation of the reign of opinion and of the

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[13] « être et paraître devinrent deux choses tout à fait différentes, et de cette distinction sortirent le faste imposant, la ruse trompeuse, et tous les vices qui en sont le cortège. D'un autre côté, de libre et indépendant qu'était auparavant l'homme, le voilà par une multitude de nouveaux besoins assujetti, pour ainsi dire, à toute la nature, et surtout à ses semblables dont il dévient l'esclave en un sens, même en devenant leur maître : riche, il a besoin de leurs services ; pauvre, il a besoin de leurs secours ; et la médiocrité ne le met point en état de se passer d'eux. Il faut donc qu'il cherche sans cesse à les intéresser à son sort, à leur faire trouver en effet ou en apparence leur profit à travailler pour le sien. »

inequality among the members of the market society. Indeed, money's only real effect is based on the inequality of its distribution (Rousseau 1990[1861], *Corsica*, 127). Monetary wealth is relative and depends on relations that can vary at any moment. There are rich people because there are poor ones (Rousseau 1964, *Political Fragments*, p.343) and the advantages of monetary wealth are only perceptible because of this difference (Ibid, p.344). Money is valuable only as far as it allows accumulating beyond what is necessary to guarantee a decent life and thus it is valuable only because it allows making the difference between the rich and the poor visible and perceptible for everyone.

This is confirmed by Rousseau's description of this society as a pact between rich and poor:

> You need me, because I am rich and you are poor; lets then establish an agreement between us: I will allow you to have the honour of serving me on the condition that you will give me the little you have left for the pains I will undergo for commanding you[14]. (Rousseau 1990[1755], *Economie Politique*, p.93).

This pact is maintained through the existence of money. That is, money is the warrant of social inequality. With money the condition of the labourer becomes an object of commerce or the worst possible situation for the mass of peasants (Rousseau 1990[1861], *Corsica*, 126):

> Those who grow rich in commerce and industry invest their money, when they have made enough, in landed properties which others cultivate for them; thus the whole nation finds itself divided into rich idlers, who own the land, and wretched peasants, who starve while tilling it.[15] (Ibid, p.126).

Thereby, money is not only the condition for the existence of commercial society but also its fundamental threat. Money is, for Rousseau, the representative of unhappiness. His criticism is not moral but political. Money is the direct cause of poverty, it produces the rupture between the sign and the thing it represents resulting in the artificial character of monetary economy. In a monetary economy only a part of the population works, and wages makes human beings loose their condition of citizens because they are no longer independent (Hénaff 1989, p.122). Rousseau goes further than the traditional criticism: money does not substitute itself to things, it takes the place of human beings.

### *2.2 Self-interested Agents as the Result of Social History*

Money is not a veil it is the foundation of market society. The anonymity it guarantees is nothing but the reification of social relationships. Money is nothing but a symbol but the members of society have forgotten this, producing "all chimeras of opinion", to the distinction of ranks and to the poverty in which the majority live in (Rousseau 1969[1762], *Emile*, p.298). The market does not make individuals even. In this sense, Political Economy is mistaken when it considers that individuals stand in symmetrical situations when they arrive to the market.

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[14] « Vous avez besoin de moi, car je suis riche et vous êtes pauvre ; faisons donc un accord entre nous : je permettrai que vous ayez l'honneur de me servir, à condition que vous me donnerez le peu qui vous reste, pour la peine que je prendrai de vous commander »

In other words, market relations are not pacific ones. In fact, contrary to the idea of the French new science of economics (Physiocracy) or to English political economy, there is no possible harmonisation of private interests through the market. There is no way that the market can guarantee that a general interest will be built from private interests. Through his economic analysis, Rousseau will try to show the impossibility of private interest to produce the love of the law or the love of the nation necessary for the survival and the order of society (Eyssidieux-Vaissermann 2001, p.64).

Rousseau confronts political economy on the grounds of the anthropological principle it uses as its starting point. Private interest is the expression of self-love, every individual is guided by self-love and this precise characteristic of human behaviour impedes the construction of general interest. Private interest cannot be enlarged so as to include others. It is true that in commercial society human beings are guided by self-love but this means that every person prefers herself to others and asks others to prefer her to themselves. The source of contradiction and potential conflict is then obvious: not only is commercial society characterised by the inequality of fortunes it is also characterised by the permanent struggle of its members to impose their own private interest.

Therefore, there can be no possible social harmonisation of social inequalities. These are the result of a historical process and of conventions imposed by political decisions made by those in power. The bottom line is that the origin of commercial society is not natural. Human behaviour has not always been determined by self-love, product of a certain social organisation, and sociability is not inherent to human nature. As a matter of fact, human nature and human behaviour are also historically and culturally determined and pretending that commercial society is the result of the natural process of evolution of humanity is nothing but an apologetic discourse.

Both Marx and Rousseau then will attribute the origin of the apparently natural self-interested individual to the historical form of commercial society. They both criticise political economy because of its pretension to affirm the possibility of a natural social co-ordination founded on this particular behaviour proper to market economy. Marx underlines the absence of a theory of spontaneous co-ordination:

> This reciprocal dependence is expressed in the constant necessity for exchange, and in exchange value as the all-sided mediation. The economists express this as follows: Each pursues his private interest and only his private interest; and thereby serves the private interests of all, the general interest, without willing or knowing it. The real point is not that each individual's pursuit of his private interest promotes the totality of private interests, the general interest. One could just as well deduce from this abstract phrase that each individual reciprocally blocks the assertion of the others' interests, so that, instead of a general affirmation this war of all against all produces a general negation. (Marx 1973, *Grundrisse*, p.156)

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[15] « Ceux qui s'enrichissent par le commerce et l'industrie placent, quand ils ont assez gagné leur argent en fonds de terre que d'autre cultives pour eux; toute la nation se trouve ainsi divisée en riches fainéants qui possèdent les terres et en malheureux paysans qui n'ont pas de quoi vivre en les cultivant. »

Furthermore, individual interest is actually an empty concept. It cannot be the building block of any coherent discourse on society. The particular form of organisation socially determines private interest:

> The point is rather that private interest is itself already a socially determined interest, which can be achieved only within the conditions laid down by society and with the means provided by society; hence it is bound to the reproduction of these conditions and means. It is the interest of private persons; but its content, as well as the form and means of its realization, is given by social conditions independent of all. (Ibid, p.156)

Money allows the survival of the self-interested economic agent. The fundamental object of an economic agent is to become a member of the social division of labour. This is accomplished through the transformation of her own private labour into money. Marx calls it the transformation of private labour into social labour. The appropriation of money represents the access to an abstract social wealth. This wealth no longer has the form of specific needs or goods and it becomes the very object of economic action.

> Money is therefore not only an object, but is *the* object of greed [*Bereicherungssucht*]. It is essentially *auri sacra fames*. Greed as such, as a particular form of the drive, i.e. as distinct from the craving for a particular kind of wealth, e.g. for clothes, weapons, jewels, women, wine etc., is possible only when general wealth, wealth as such, has become individualized in a particular thing, i.e. as soon as money is posited in its third quality. Money is therefore not only the object but also the fountainhead of greed. The mania for possessions is possible without money; but greed itself is the product of a definite social development, not *natural*, as opposed to *historical*. (Marx 1973, *Grundrisse*, p.228).

Money as the material representative of wealth (its third quality) leads to a particular economic behaviour: accumulation. In Marx's theory of capital and labour relations, this takes the form of a particular economic dependence. The only way for a worker to access the socially constituted division of labour is through the selling of his/her labour force. We rejoin Rousseau's conclusion: money produces a hierarchical organization of society. Those who posses money can accumulate and therefore oblige those who do not have any to work for them in order to provide for their subsistence in providing for others.

## 3. Concluding Remarks

In spite of the interesting similarities we have established between Marx's and Rousseau's conceptions of money and market society, there is one profound difference between their works. As we have already noticed in the Introduction, one of the main purposes of this paper was to explain why these two authors have very different opinions regarding economic analysis. On the one hand, Marx has constructed a global critique of market society based on a critique of political economy, following as much as possible the principles of this science. On the other hand, although he knew the main authors and debates of the new science of economics, Rousseau refuses to construct an economic analysis. We believe that there is more to this opposition than just the different historical contexts. Undoubtedly, Rousseau was confronted to the emergence of a new explanation of commercial society and therefore he attacked the founding premises of this theory. Marx faces an established science. It is not its conditions of possibility that are questioned but the limited aspect of its theoretical conclusions.

Beyond this contextual difference, Marx accepted that political economy had made important progress in the analysis of market society. He was persuaded that one could construct a non–apologetical discourse on economic analysis through a methodological transformation of the existing concepts. Moreover, Marx was aware that economic analysis was not limited to an explanatory function. Economics major impact was to fashion the prevailing representation of the social organisation. Marx chooses to enter the logic of political economy to show its internal contradictions and errors and to found a new way to do economics. Furthermore, he considers that market economy is a fundamental stage of the evolution of human society[16] but it is necessary to show the contradictions of this developed form of society. Monetary theory is particularly important to explain the origin of the idea that social relations within market society were natural. This is how we should understand his idea of the fetishism of commodity and money. As social relations are mediated by an external element, i.e. money, individuals (and in particular economists) do not understand that this is also a historical product. This is the fundamental issue for the renewal of the theory of money.

Rousseau was much more pessimistic about the results of this type of society and about the possibility of an economic discourse to exist. He rejects assimilating social life to a set of mechanical relations. He denies the existence of causal laws, which could be the basis for a social science with the form of a positive economic science. The acceptance of such laws implies the possibility of a natural or artificial harmonisation of private interests through an external force. According to Rousseau, there can be no possible harmonisation of private interests: the bonds founded on this private interest make everyone dependant, they give human beings reciprocal needs and common interests and force each one of them to contribute to other's happiness in order to guarantee their own (Rousseau 1964[1753], *Préface de Narcisse*, p. 968). This is the reason why Rousseau refuses to follow the path of economic analysis. His critique of political economy is grounded on an epistemological objection with important political consequences: the starting point of political economy is biased and it can only produce a discourse justifying tyrannical government.

[16] "Universal prostitution <u>appears as a necessary phase</u> in the development of the social character of personal talents, capacities, abilities, activities. More politely expressed: the universal relation of utility and use." (Marx 1973, *Grundrisse*, p.163, our emphasis)

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