Do Economic Models Have to be Realistic?: A Methodological Criticism of Rousseau’s Discourse on Inequality

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Abstract: In the *Discourse on the Origin and Foundations of Inequality*, Jean-Jacques Rousseau (1754) sketches a hypothetical illegitimate social contract to explain the origin of socioeconomic inequality. Rousseau himself notes that his illegitimate social contract is not intended to be historically accurate. But this casts doubt on the methodological validity of his argument. According to Ronald Coase's (1981) criticism of Milton Friedman (1953) statements on the methodology of positive economics, theoretical models, to be valid, must possess a certain degree of realism which Rousseau's does not. This same criticism applies to Carole Pateman's adaptation of Rousseau in her *Sexual Contract* (1988).

Jean-Jacques Rousseau (1712-1778) is most famous for his work *On the Social Contract* (*Du Contrat Social*) (1762), where he expounds his theory of the General Will and its crucial role in the establishment of a social contract for legitimate government. However, Rousseau has another theory of the social contract as well, put forth in his “Second Discourse”, the *Discourse on the Origin and Foundations of Inequality* (*Discours sur l'origine et les fondements de l'inégalité parmi les hommes*) (1754). The two social contracts are very different and they play quite different roles in Rousseau's thought. Whereas the social contract of *The Social Contract* is meant to provide a normative basis for legitimate government, the social contract of the *Discourse* is just the opposite. The *Discourse's* social contract is illegitimate and is meant to explain not what government ought to be, but what it unfortunately has tended to be. This illegitimate social contract exists to fraudulently legitimate unjust socioeconomic inequality and to convince the weak to acquiesce in the domination exercised over them by the powerful.

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Rousseau uses social contract theory to explore the nature and existence of socioeconomic inequality so that the injustice may be ultimately rectified.

Surprisingly, however, the illegitimate social contract of the Discourse has been virtually ignored in academic discussion (Mills 2007: 82). Even Carole Pateman, whose _Sexual Contract_ (1988) appears to build on Rousseau, does not mention Rousseau's _Discourse_ (Mills 2007: 81). We argue that Rousseau's argument in the _Discourse_ is methodologically flawed and that Rousseau's argument, as it stands, is not a tenable criticism of inequality. In other words, we argue not merely that Rousseau is incorrect or that we disagree with his conclusions, but more fundamentally, that his very mode of argumentation is flawed, based as it is on an ahistorical counterfactual. For by Rousseau's own admission, the illegitimate social contract is hypothetical and ahistorical. This criticism applies not only to Rousseau but also to those who have adapted Rousseau's methodology, in particular Carole Pateman's “conjectural history” (Mills 1997: 6) in her _Sexual Contract_ (Pateman 1988).\(^1\) However, Rousseau's and Pateman's works are not beyond saving. Their conclusions may be defended as long as their methodological basis for argumentation is suitably modified.

This essay is divided into two sections: the first (I) summarizes the illegitimate social contract as it is set forth in the _Discourse_ (Rousseau 1754). The second (II) presents the methodological criticism of Rousseau's argument. The methodological criticism of Rousseau is based on Ronald Coase's (1981) reply to Milton Friedman's (1953) famous statements on economic methodology. An appendix briefly summarizes Rousseau's more well-known legitimate social contract in _The Social Contract_, where Rousseau (1762) expounds the theory of the “General Will” (_volonte générale_). This appendix is included for readers who wish to understand how why Rousseau has not one but two theories of the social contract.

I. The Illegitimate Social Contract Summarized

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1 This criticism will not apply, however, to the _Racial Contract_ by Charles Mills (1997). Although Mills claims to follow Rousseau's _Discourse_ (Mills 1997: 5), he differs from Rousseau and Pateman in that his (Mills's) is meant to be historically descriptive (Mills 1997: 5, 20) in a way that Rousseau's and Pateman's are not (Mills 1997: 6, 19).
In the *Discourse*, Rousseau (1754) uses social contract theory to explain the origin of human inequality. According to Rousseau (1754: 379f.), previous examinations of the state of nature had failed because they had presumed human nature to be constant; they had essentially taken civilized man and transplanted him into the state of nature. Instead, Rousseau says, one must examine man “as nature had formed him” (1754: 376). Although the state of nature never actually existed in history (Rousseau 1754: 377, 380), the concept is useful as a thought-experiment to discover what is innate in human nature and what is artificially contributed by society and social interaction (Rousseau 1754: 376, 380).

According to Rousseau, there are two natural human instincts: self-preservation and repugnance at observing suffering (Rousseau 1754: 378, 390-392). But sociability is not natural (Rousseau 1754: 378). Other alleged traits of human nature, such as desire and pride, are really artificial products of social life, not intrinsic to human nature (Rousseau 1754: 380, 398). Natural man would have been non-social, like other animals (1754: 381, 386, 389, 395), with concerns going only as far as his physical needs (1754: 385). To such a natural person, concepts such as good and evil, virtue and vice are not relevant (Rousseau 1754: 390). Furthermore, being an asocial creature, such a natural person would have no concept of “mine and thine” nor would they ever take offense or feel personal affront; physical injuries by others would never cause the victim to feel a diminution to personal honor (Rousseau 1754: 392, 424).

But all of this changed with the development of society. First, man developed tools to overcome physical challenges (Rousseau 1754: 395f.). With this, man began to realize his superiority over the other animals, giving rise to the first stirrings of pride and individuality (Rousseau 1754: 396). But there was still no language (Rousseau 1754: 396). Then came the nuclear family (Rousseau 1754: 397), and as new social bonds and relationships proliferated, people began to value esteem and reputation (Rousseau 1754: 398). The moral outrage and affront at an injury came to exceed the injury itself, and people began to take revenge for perceived slights (Rousseau 1754: 398, 424). Revenge and the new institution of property created the need for punishment and justice (Rousseau 1754: 398, 400). And with all these came new vices: ostentation, cunning, jealousy, rivalry, and above all, the desire to profit at another's expense (Rousseau 1754: 400-401). In short, social interaction and the transition from a hunter-gatherer society to settled agriculture created new desires and psychologies which had never
existed before, including vanity, greed, ambition, materialism, and covetousness. In contrast to the natural sense of self-preservation (amour de soi), egocentrism (amour propre) is artificial, and socially-originated, causing one to desire things one lacks, be dissatisfied with what one has, miserable with envy, oppressively reliant on the opinions of others, desirous to dominate others, and alienated from true value (cf. Rousseau 1754: 424). Furthermore, with the rise of private property and the division of labor, unnatural moral inequality arose – some amassed more property than others – but this had no counterpart or basis in natural physical inequality among people (Rousseau 1754: 399-400).

It is at this point that the illegitimate social contract arises. With vice arises a state of war, and the rich in particular know that they maintain their possessions only through force, but that the tables could turn at any time (Rousseau 1754: 401). Alarmed by the precariousness of their own tenure, the rich and powerful concoct the social contract, inventing “specious reasons” to justify it: they claim that government is necessary to protect everyone equally and justly (Rousseau 1754: 402). But in reality, this enshrines their inequality and converts usurpation into right (Rousseau 1754: 402). The social contract, under the guise of promoting justice, only institutionalizes injustice. “Rousseaus's contract is therefore a bogus contract, contract as scam” (Mills 2007: 82). This is similar to the Marxist notion that the modern state's liberalism and due process of rule-of-law, are merely an ideological superstructure concealing the truth – that the state is the executor of the bourgeois's own private class interests. Rousseau anticipated Marx in arguing that the state's claim of equity merely masks reality, for the state exists to protect the unequal rule of the elite and powerful (Mills 2007: 82).

II. Methodological Criticism of the Illegitimate Social Contract of the Discourse

As interesting as Rousseau's account is, it is not clear whether it is suitable for explaining the basis of contemporary inequality. As Rousseau himself notes, his entire account is a hypothetical thought-experiment and not an attempt to understand actual history (Rousseau 1754: 376f., 380). Therefore, it would be difficult to use his account to diagnose any specific injustices or prescribe appropriate correctives. For example, a proposal for reparations to African Americans should be based on a historical analysis of slavery, not hypothesis.
Furthermore, the use of tools, which Rousseau connects to the departure from the state of nature, predates the human species itself. So it is doubtful whether Rousseau's concept of natural man is enlightening at all as a means of understanding ourselves. Rousseau considers natural man to be asocial and society as a foreign addition which changes his nature. It would seem more correct to reverse this order, to consider society to be natural and isolation unnatural. Man would certainly display totally different characteristics within and outside society, but we should consider the asocial existence to be perverted and unnatural. The nature of the isolated man seems to be closer to a sort of mental illness unworthy of being upheld as a normative example.

But this only scratches the surface of what might be said against Rousseau's account. A more fundamental criticism requires us to inquire into the methodology of social contract theory. Only by deeply probing social contract theory as a whole, may we ascertain which arguments are sound. Robert Nozick (1974: 3-9) offers one approach. According to him (1974: 9),

We learn much by seeing how the state could have arisen, even if it didn't arise that way. If it didn't arise that way, we also would learn much by determining why it didn't: by trying to explain why the particular bit of the real world that diverges from the state-of-nature model is as it is.

Furthermore, he says (1974: 8), “Fact-defective fundamental potential explanations, if their false initial conditions 'could have been true,' will carry great illumination.” In other words, it is useful to pose a counterfactual if it is possible for it to have been or to become factual. At the same time, Nozick says (1974: 8 note), “It will not increase our understanding of a realm to be told as a potential explanation what we know to be false: that by doing a certain dance, ghosts or witches or goblins made the realm that way.” A counterfactual based on such supernatural forces can not possibly have been or become factual, so it fails to help us understand reality.

Thus, whether a counterfactual hypothetical is useful, says Nozick, depends on whether it could have easily been otherwise – whether the counterfactual could have been factual. But if the counterfactual is so absurd or unrealistic that it never could have resembled reality, then it tells us nothing useful. Nozick's standard provides us a helpful way of assessing Rousseau's hypothetical illegitimate social contract: the question is whether reality could have proceeded as laid out in Rousseau's *Discourse* (1754). If Nozick is right, then insofar as the events of Rousseau's *Discourse* differ from actual history, Rousseau's *Discourse* is useful only as a foil.
against which to compare history, but it cannot explain the origin of inequality.

But as helpful as Nozick's remarks are, they are incomplete, for there is in fact another way in which social contract theory may be used: as a normative thought-experiment. This is how Rawls (1971) uses social contract theory in *A Theory of Justice* (Mills 1997: 4f., 10; Mills 2007: 94). According to Rawls, we may conceive of the nature of legitimate government by imagining what sort of contract people would agree to from behind the veil of ignorance. Obviously Rawls does not think that anyone ever actually sat or could sit behind a literal veil of ignorance and came to any such agreement. But Rawls thinks that this exercise is useful as a thought-experiment so that we may determine what sort of social contract we would agree to if we could sit behind such a veil. As a normative thought-experiment, such a social contract provides a basis for our future conduct regardless of how well it explains our past behavior. Whether any government in the past was formed on a Rawlsian basis is irrelevant, and it is beside the point whether such a social contract was ever agreed to or could have been agreed to. All that matters for Rawls is that government policy in the future be based on his model. “[T]he hypothetical agreement is meant to model, and provide the basis for, actual agreement” (D'Agostino, Gaus, and Thrasher 2014). Similarly, Locke's social contract has value even if it is hypothetical and ahistorical, because his social contract is ultimately normative: if this was not how the state actually arose, then it is how it should have arisen, and we ought to reform the state to resemble what it is supposed to be. The Lockean and Rawlsian social contracts, if conceived of as normative thought-experiments, help us specify the legitimate role of government, and they provide us a basis for reform insofar as actual government departs from this theoretical ideal. A hypothetical thought-experiment is therefore a useful way to compare reality as it is to how it ought to be. We can imagine what sort of government policies would be suggested by a Rawlsian or Lockean social contract. Then we can reform our present system insofar as it departs from what the thought-experiment's conclusions dictate.

But the illegitimate social contract of Rousseau's *Discourse* (1754) is not offered as a normative ideal, but just the opposite. But then it is not clear how we benefit from a thought-experiment about something that neither happened nor ought to have happened. Although both Charles Mills and Carole Pateman adapt Rousseau's illegitimate social contract, Mills uses it to produce a historical theory of racial relations (Mills 1997: 5, 20) whereas Carole Pateman's
"conjectural history" is not meant to be historical (Mills 1997: 6, 19). Rousseau's and Pateman's illegitimate social contracts neither criticize actual historical institutions, nor do they provide a normative guideline or benchmark for reforming present-day institutions. It is not clear, then, what useful function or purpose the illegitimate hypothetical social contract can serve. At best, Rousseau and Pateman offer us ahistorical counterfactuals against which we can compare history – we can understand what happened by comparing it to what did not happen (cf. Nozick 1974: 8f.). According to Nozick, the value of a counterfactual is that when we say, “if A, then B”, and we witness not-B, then we know not-A. But this is not what Rousseau and Pateman intended their illegitimate social contracts to do. They thought their illegitimate social contracts somehow helped us understand our present inequality directly, not merely by giving us something against which to compare. In other words: Rousseau and Pateman tell us that, “if society evolved in this way, we should expect inequality.” According to Nozick, this is valuable because we can conclude, “if we fail to find inequality, it means that society did not evolve that way.” But Rousseau and Pateman expect more out of their theories than this.

An analogy to economic methodology may help illuminate why historical accuracy is necessary to judge inequality. Milton Friedman famously argued, in his “Methodology of Positive Economics” (1953) that the correctness or usefulness of an abstract economic model has nothing to do with the realism of its assumptions. Instead, Friedman argued, all that matters for a model is whether it needs empirically testable predictions. A model may rely on absurdly unrealistic assumptions, Friedman said, as long as its predictions are borne out. For example, Friedman said (1953: 19f.), it would be legitimate to posit that the leaves of a tree deliberately and consciously seek out sunlight, based on a cognitively correct understanding of the laws of physics. “Despite the apparent falsity of the 'assumptions' of the hypothesis, it has great plausibility because of the conformity of its implications with observation” (Friedman 1953: 20). Empirically, leaves do bend and point towards sunlight, so the theory is legitimate because it makes the correct prediction, even though it falsely assumes that tree leaves are sentient and calculating.

According to Ronald Coase, however, it is not enough that a theory yield correct predictions, for even more than we desire empirically correct predictions, we want understanding. We do not want to merely know what will occur, but why it will occur. If we hope
to understand not merely *that* leaves grow towards the sun but *why*, then assuming leaves are sentient will not do. As Coase notes (1988: 65), we could have correctly predicted American energy policy in the 1980s by assuming that the American government was deliberately lowering the American standard-of-living in order to enrich the power and incomes of the OPEC countries. But such an assumption is obviously absurd even though it yields correct predictions. Although the American government harmed Americans and benefited foreigners, this was presumably not its intent. If we wish to understand American energy policy, we should instead strive to understand *why* the American government pursued those damaging policies. It is not enough to correctly predict the outcome; we want to understand *why* that outcome will occur. Coase concludes (1988: 65),

> Testable predictions are not all that matters. And realism in our assumptions is needed if our theories are ever to help us understand why the system works in the way it does. Realism in assumptions forces us to analyze the world that exists, not some imaginary world that does not.

Milton Friedman defends his argument by noting (1953: 16-19) that physicists routinely incorporate unrealistic counterfactual assumptions into their models, such as assuming a vacuum or a frictionless surface. But Friedman fails to appreciate two things: first, that the physicist takes careful note to remember which facts of reality have been removed from their model, so that they may be added back in later. For example, it may be useful to temporarily assume a vacuum when modeling ballistics, in order to focus on the effect of gravity. But when it comes to building an actual rocket or weapons targeting system, one can be sure that air resistance will be added back into the model. Second, that counterfactual assumptions are made only concerning those aspects of reality which are not central to the principle subject of study, in order to simplify the study. For example, when studying the effects of the minimum wage, we may simplify matters by ignoring the effects of capital gains taxes (Coase 1988: 66). But we never make simplifying assumptions about the actual phenomenon being studied. For example, it would not help us study the effect of gravity on a projectile if we were to assume that gravity behaves differently than it actually does.

Therefore, it is not sufficient that Rousseau's illegitimate social contract in the *Discourse* (1754) correctly predicts socioeconomic inequality. Instead, what we want is a theory that makes
the correct prediction for the correct reason. For we could just as easily predict historical inequality if we assume that Martians came to earth in antiquity and imposed inequality against our wills. But such an assumption does not help us understand the world as it actually is. If we are to correct inequality, then we require a theory which helps us understand why inequality actually exists. Only by understanding the true cause – not a hypothetical, counterfactual cause – can we correct the problem.

Hence, what really strike against Rousseau's theory are not the individual historical inaccuracies, such as his statements that early mankind was asocial. Instead, what is truly problematic about his theory is his express statement that it is not meant to be even remotely historical at all. The ahistorical nature of the illegitimate social contract makes it doubtful, on methodological grounds, that the argument has any validity or usefulness. An ahistorical legitimate social contract is useful for providing a normative benchmark against which to compare reality and by which to propose salutatory reforms. Or an ahistorical counterfactual can help us understand logical associations; positing “if A, then B” reveals that “if not-B, then not-A.” But an ahistorical illegitimate social contract neither helps us understand what ought to be in the future, nor does it help us criticize what has been in the past, nor does it assist in studying logical associations. In order to criticize historical injustices, we must understand just what those injustices actually were, not what they hypothetically could have been but weren't. Hypothetically, we can imagine that African Americans tricked 19th-century Chinese railroad workers into prostitution. This social contract has as much historical truth as Rousseau's, but what does it prove? Literally nothing. An illegitimate hypothetical about the past neither helps us understand the past nor correct the future. In other words, it is not that we disagree with Rousseau's condemnation of inequality. Our criticism runs much deeper: we argue that his mode of argumentation is fundamentally untenable and scientifically useless. Even if his conclusions are correct, they are arrived at through illegitimate means, as if someone solved a math problem by rolling dice. And unless we are content to rely on luck, it is more important that our methods are correct than our conclusions.  

2 Imagine a mathematics teacher gives an examination to two students. One student goes through the proper procedures but makes a few minor mistakes, such as accidentally dropping a negative sign. In the end, he or she gets the wrong answer, but he or she still followed the proper procedures.
But there may be one way to defend Rousseau and those who follow his methodology, including Pateman. One could argue that although the hypothetical illegitimate social contract is ahistorical, it still approximates actual history where it is crucial. In other words, one would argue that the hypothetical is not a complete fabrication, but that it is merely a simplification of actual history which aims to capture those salient aspects while abstracting away from complicating details (cf. Coase 1988: 66). In this way, the hypothetical illegitimate social contract would be similar to a physics model which assumes a vacuum while studying the effects of gravity (cf. Friedman 1953: 16-19). It may be that these hypothetical illegitimate social contracts are illustrative simplifications of actual history which expose the crucial facts common to most if not all human societies by abstracting away from those particular details which vary among societies. But such a defense has yet to be made.

Appendix: The Legitimate Social Contract and the General Will in Rousseau's *Social Contract* (1762)

Rousseau's *illegitimate* social contract in the *Discourse* (1754) should be distinguished from the *legitimate* social contract of the *Social Contract* (1762). In the latter, more famous work, Rousseau argues that the government should execute the “General Will” (*volonte generale*) of people *because* it is the will of the people.

Rousseau's emphasis on the will of the people is quite novel. For as much as Locke (1689) and Hobbes (1651) disagree on the private right of revolution against unjust government, they both agree – in their respective social contract theories – that the fundamental purpose of the state is to protect private property, not to execute the will of the people as such. Locke and Hobbes both argue that in the state of nature, there will be insufficient protection of private property, and therefore, civil government should be established. They disagree, however, on just how chaotic and vicious life in the state of nature would be, with Hobbes arguing it would be “nasty, brutish, and short”, but with Locke painting a more optimistic portrait. For this reason, Locke and Hobbes disagree on the desirability and permissibility of a return to the state of nature.

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Meanwhile, the second student scribbles a lot of nonsense but manages, by sheer improbable luck, to get the correct answer. To which student will the mathematics teacher award the better grade?
when government abuses its trust and exceeds its legitimate activities. For Hobbes, the state of nature is so awful that even the worst government is preferable to it, whereas Locke is more optimistic about life in the state of nature. But Locke and Hobbes agree that the state has a very narrowly circumscribed function, to protect private property alone, and that state is best which fulfills that function optimally. Jean-Jacques Rousseau, by contrast, in the *Social Contract* (1762), thinks the purpose of government is to execute the will of the people as such.

Now, Rousseau does not mean that the government should simply do whatever the majority votes for. He specifies the caveat that sometimes the “will of all” – produced by majoritarian voting – is not the same as the “General Will”. For the “will of all” to be the same as the “General Will”, a few conditions must be satisfied: there be direct democracy (not representative); there must be universal suffrage; and people must vote for what is good for society as a whole, not for themselves as individuals. In other words, people should vote with the public interest in mind, not as a private interests or factions. Only then will the “will of all” be the same as the “General Will”. Nevertheless, it is clear that for Rousseau, the majority opinion or popular will has a value which is foreign to Hobbes and Locke. Rousseau believes that the government should do whatever the General Will dictates, simply because it is what the people have willed. The government should give the people what they want merely because they want it, and Rousseau does not conceive of any constitutional restrictions on the government's powers. Rousseau seems to envision something like a direct deliberative democracy without constitutional limits, where people debate over what is good and come to a consensus. Once a consensus is reached, the government should enforce that consensus, whatever it happens to be. There are no absolute constitutional restrictions on the government's legitimate field of activity. Rousseau's social contract therefore resembles contemporary political science's model of illiberal (unlimited) direct deliberative democracy.³ By contrast, Hobbes and Locke would say that the

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³ On deliberative democracy, see Hague and Harrop 2007: 46-49. According to that theory, we should view democracy as a method of communication. ... In an open debate arguments based on private interests are soon recognized and discounted; public reason involves appeal to the public good. ... In such conditions, a consensus should emerge about what is truly in the public interest, with reason triumphing over interests. (Hague and Harrop 2007: 46f.)
government's legitimate business is only the protection of property rights, and that the government cannot legitimately act outside this sphere. While Hobbes would deny the people the right to revolt when the government oversteps its boundaries, nevertheless, Hobbes agrees with Locke that that government is best which most securely protects people's rights, especially property rights. That may sometimes imply democracy, but not necessarily. For Hobbes and Locke, democracy is at best an efficient means for helping ensure the government remains limited to protecting property rights, but democracy has no independent value of its own. By contrast, Rousseau prefers democracy not because it is necessarily better at accomplishing some given, specific task or function, but simply because democracy is democracy. For Rousseau, democracy is a constitutive end; for Locke and Hobbes, democracy is at best an efficient means.

Works Cited


Hague, Rod and Martin Harrop. 2007. Comparative Government and Politics: An Introduction. Echoing Public Choice theory, Hague and Harrop continue, “Unfortunately, few advocates of deliberative democracy offer specific guidance on institutional arrangements to secure their objective” (2007: 47). On illiberal democracy as democracy unrestricted by any constitution, see Hague and Harrop 2007: 49:

[L]iberal democracy is a compromise. Specifically, it seeks to integrate the authority of democratic governments with simultaneous limits on their scope. By definition, liberal democracy is limited government. ... Elected rulers are subject to constitutions that usually include a statement of individual rights. ... In these respects, a liberal democracy is democracy disarmed.
Rousseau, Jean-Jacques. 1754. *Discourse on the Origin and Foundations of Inequality*, in: