

# The Existential Foundations of Political Economy



# The Existential Foundations of Political Economy:

*Process and Predicament*

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## PREFACE

Science, separated from philosophy, is the opiate of the suburbs.<sup>1</sup>  
—W.B. Yeats

This book is a study of modern thought. It attempts to show that what we call political economy or, more simply, "economics," both as the academic study of who gets what and as a more diffuse mode of contemporary political thought and rhetoric, is not a neutral, purely scientific discipline. Instead, I argue that economics is a particular way of interpreting and explaining the social world that modern societies stumbled upon, beginning in the 17<sup>th</sup> century, for a host of reasons that will be discussed in the chapters to come.

While I would be the last to deny that Adam Smith, for example, was a keen observer who accurately described certain real features of human interaction, I also insist that economic thought is motivated, suffused, and continuously reshaped by what I call "existential" considerations, deeply human forms of attachment, anxiety, desire, fear of suffering and death, and even historical speculation about the ultimate destiny of humanity. Economics is inseparably entangled with these and other existential concerns. In truth, my claim here is so basic that it could be illustrated by any cursory examination of economic language, as when television pundits prattle about "moral hazard," say that a debtor has been "delinquent," or speak of economic "growth" (which somehow implies progressive change in a way that a more neutral word would not).

However, this study takes a different, and, I hope, far more fruitful approach. I examine the thought and writings of five pivotal figures (Jean-Jacques Rousseau, Adam Smith, Karl Marx, Friedrich Hayek, and Karl Polanyi) whose work continues to influence us today. I show that each was informed by a unique philosophical vision, an existential sensibility that can never be fully validated by empirical investigation, of the human predicament and its relationship to history as a larger natural process with its own trends and patterns. To state it baldly, it is this felt need to formulate new conceptions of the human predicament (that is, of human moral agency

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<sup>1</sup> Yeats, W. B. *Yeats's Poetry, Drama, and Prose: Authoritative Texts, Contexts, Criticism*, Norton, 2000, 257.

and destiny) that are compatible with the novel modern view of history as a cumulative, secular, material process that gives rise to the existential dilemmas that still govern economic thinking; hence the title of the book.

At the highest level, my goal is to show why this strange fusion (a passionate longing for an objective science that would also allay concerns about human existence) took place within theories of the economy and why inhabitants of the 21<sup>st</sup> century need to better understand it. Many other books have explored this subject matter. Some of my personal favorites are Jerry Z. Muller's *The Mind and the Market*, William E. Connolly's *Capitalism and Christianity, American Style*, and Karl Polanyi's *The Great Transformation* (a classic work that receives extensive treatment herein). I encourage everyone to read these works as closely as time permits. But *Process and Predicament* is different. It explores a different ensemble of thinkers and tries harder to trace their diverse views back to a common source.

I first became aware of these topics during the Great Recession. Like many students who had the unsettling experience of graduating from university in the middle of capitalism's most recent crisis, when unemployment was skyrocketing and even that stolid business weekly *The Economist* openly hyperventilated about the impending collapse of the market system, I acquired an interest in anything related to the economy. I wanted to understand the past and future trajectory of capitalism. I wanted to know how the whole giant machine operated, and I pursued these questions into graduate school at Johns Hopkins University. They became the basis for my doctoral dissertation, out of which this book has grown.

During graduate school, however, my fundamental questions began to reverse direction. Instead of looking for the myriad ways that the logic of economics appears to shape all aspects of contemporary life, from religion and morality to art and ecology, I began to wonder: why is it that in the public discourse of the 21<sup>st</sup> century, so many political disputes seem to find their ultimate resolution in a statement about, of all things, economics? Popular books like *Freakonomics* (2005) or Tim Harford's *The Logic of Life* (2008) represent the high point of this sort of economic imperialism, but anyone who hasn't been living under a rock for the past five decades has likely experienced this phenomenon. Whether the topic is changes in the family structure, increasing rates of depression, declining church attendance, terrorism, crime, or whatever, an overwhelming amount of contemporary political discussion takes it for granted that any problem can or should be ultimately reducible to economics. Why? The pages that follow constitute one attempt to answer this question.





# INTRODUCTION

Once again, these two modern demiurges—humanity and history—are active everywhere.<sup>1</sup>

—Carl Schmitt

This book argues that the great theorists of political economy are haunted by a common existential problem. Although it first began to emerge as a byproduct of the Enlightenment in the 17<sup>th</sup> century, it was not until Rousseau's work in the mid-18<sup>th</sup> century that the problem migrated into economic speculation, and in this guise it has been with us ever since, unresolved and perhaps unresolvable. What is this ticklish question? There are many different formulations, but it might be phrased as follows: can we reconcile a vision of the human predicament with a scientific conception of the impersonal processes of history and, indeed, the larger natural world? Can we, as Marx was later to put it, reconcile the "realm of freedom" with the "realm of necessity?"

By calling this an "existential problem," I refer to that special kind of philosophical dilemma that William James discusses in *The Will to Believe*. James rightly notes that there are certain questions—Is there a God? Am I a free being?—that force every person who encounters them to respond in one way or another, to adopt some stance that then ripples out and affects the entire tenor of that person's life and thought.<sup>2</sup> Even to ignore such questions is, in some sense, to adopt a committed response. In the field of political economy the problem is whether we can really give an account of the world that simultaneously describes the vast economic patterns that we observe over the *longue durée* while still preserving a place for human agency as we understand it in our everyday lives, complete with our sense of freedom, our desire for meaning, and our need to explain why human suffering seems so intractable.

I claim that the entire project of modern economics has been, among other things, one long and largely unsuccessful attempt to fashion a vision of the world that reconciles these two categories, historical process and the

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<sup>1</sup> Schmitt, Carl. *Political Romanticism*, Transaction Publishers, 2011, 81.

<sup>2</sup> See James, William. *The Will to Believe and Other Essays in Popular Philosophy*, Cosimo, 2007.

human predicament. At this point my argument might seem a little esoteric. But I hope to convince you of its importance. In the 21<sup>st</sup> century, economics continues to masquerade as the queen of the social sciences, alone equipped with the authority to make objective pronouncements and predictions about the future of social change. Even if its predictions were not so often false,<sup>3</sup> this situation would be troublesome. Due to the authority that accrues to it as an ostensibly disinterested social science, economics has come to supersede almost all other ways of thinking and speaking about political problems today, and this has been equally true on both the Right and the Left. In turn, such economic imperialism has played a significant role in the corrosion and coarsening of contemporary political debate.<sup>4</sup>

### **The Double Focus of Modern Thought**

I take my cue from the work of the philosopher Charles Taylor. In *Modern Social Imaginaries*, Taylor observes that a split between the lived perspective of the individual agent and novel theories of impersonal order constitutes the "double focus of modern consciousness of society," a sort of horizon that modern thought is continually forced to retrace.<sup>5</sup> He points out that virtually every one of the new modes of political thought that emerge in early European modernity—ideas about the economy, the public sphere, the nation, and democracy—attempt to unite some understanding of agency or freedom with the apparently incompatible notion of an ordered, impersonal process.<sup>6</sup> This split perspective is what allows us to make sense of ourselves as agents who shape and are shaped by a litany of larger processes, ranging from politics to economics to ecology. At the same time, such split perspectives are inherently unstable because the cognitive dissonance they foster produces a feeling of unease and anxiety. Taylor suggests that, because ideas of agency and impersonal order seldom co-exist without generating this kind of latent dissatisfaction, a long sequence of attempted resolutions and reconfigurations of the double focus has been typical of the modern human sciences.

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<sup>3</sup> Economic sociologist Michael Mann has put the accuracy of predictions by professional economists somewhere in the fifty percent range. See the discussion in Mann, Michael. *The Sources of Social Power: Globalizations*, Cambridge, 2013, 209.

<sup>4</sup> Sandel, Michael J. "Market Reasoning as Moral Reasoning: Why Economists Should Re-engage with Political Philosophy." *Journal of Economic Perspectives* 27.4 (2014): 121-40.

<sup>5</sup> Taylor, Charles. *Modern Social Imaginaries*, Duke, 2004.

<sup>6</sup> *Ibid.*, 69.

In what follows, I build on the insights of Taylor by reading five major theorists of political economy (Jean-Jacques Rousseau, Adam Smith, Karl Marx, F.A. Hayek, and Karl Polanyi) with an eye towards the way that such existential anxiety affects their respective theories of economic life. I argue that each theorist has a unique conception of the human predicament and its involvement in complex economic, historical, and ecological processes. For each, ideas about human agency and destiny combine with (often incompatible) notions of change and structure to define the parameters of politics. I claim that each thinker attempts to reconcile the two perspectives of the double focus within a theory of political economy, with the ultimate goal of creating a vision of the world in which agency/freedom and order/impersonal process can co-exist. I also try to show why, more often than not, such attempts have been unsuccessful and have led in unproductive or destructive directions.

At the most basic level, two archetypes have governed the whole history of economic thought. On the one hand, a theorist can emphasize the idea of impersonal order with the hope that an objective understanding of social processes will allow us to adjust human action, bringing it into a proper alignment with the natural world. This desire is evident, for example, when Adam Smith speaks of his attraction to "the beauty of a systematical arrangement...connected by a few common principles."<sup>7</sup> He seems to suggest that once we understand the beautiful principles at work in markets and networks of exchange, it will be that much easier to make our own lives beautiful. From his perspective, it is much easier to go with the grain of the world. But Smith, who began his career as a moral philosopher, also allows us to see how aesthetic and ethical concerns are from the very start intertwined with his research into political economy, to the point where it is often difficult to demarcate the moment when one set of concerns ends and another begins. His search for an impersonal order is itself motivated by a diffuse set of thoughts, anxieties, and intimations, most of which remain unarticulated. Nor is Smith the only thinker who takes this route. Other schools of economic thought that have emphasized the impersonal aspects of the economy include Marxism and 20<sup>th</sup> century neoliberalism.

On the other hand, a thinker might begin from the opposite direction, with human agency, and ask how impersonal processes can be resisted or brought into alignment with the demands of morality or freedom. Here Rousseau's republican call for absolute freedom under a law that one gives to oneself is a well-known example, but, once again, this approach

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<sup>7</sup> Smith, Adam. *The Wealth of Nations*, Vol. 1., Liberty Classics, 1976, 769.

reoccurs.<sup>8</sup> For instance, Karl Polanyi, the Hungarian social democrat and economic historian, asks:

How can we be free, in spite of the fact of society? And not in our imagination only, not by abstracting ourselves from society, denying the fact of our being interwoven with the lives of others, being committed to them, but in reality, by aiming at making society as transparent as a family's life is, so that I may achieve a state of things in which I have done my duty towards all men, and so be free again, in decency, with a good conscience.<sup>9</sup>

In this passage, with its Rousseauian overtones, Polanyi gives voice to the demand that society be made "transparent." His goal is to grasp the whole set of complex social processes as an extension of his own actions so that imperatives of morality and good conscience can be satisfied. Schools that lean toward this end of the spectrum include republicanism, social democracy, and many forms of economic nationalism. But what each of these examples—Smith's search for beautiful, impersonal principles and Polanyi's plea for human agency—illustrate is that the split consciousness of the double focus is not simply a theoretical problem or epistemological puzzle. Rather, the stance a theorist adopts toward this problem is folded into an orientation toward the whole of life. It therefore is no coincidence that many commentators have observed that political economy exhibits an unusual tendency to encroach on topics that can only be called religious. We moderns turn to economic theories to explain what is just, who is free, and even who deserves to suffer. If this claim sounds grandiose, I can only ask readers to suspend judgment for a time. Besides, the idea is not really so strange. As Peter Berger reminds us, the fundamental task of religion is to make sense of worldly suffering, to answer the question "Why does God permit some men to eat and others to go hungry?"<sup>10</sup> "Theodicies," he points out, "provide the poor with a meaning for their poverty, but may also provide the rich with a meaning for their wealth."<sup>11</sup> To the extent that contemporary political economy seeks to cope with a similar set of questions—to explain who suffers, who prospers, and why—it tends to internalize the sorts of existential concerns previously tied to religious theodicy.

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<sup>8</sup> Rousseau, Jean-Jacques. *The Social Contract and Other Later Political Writings*, Cambridge, 1997, 54.

<sup>9</sup> Quoted in Dale, Gareth. *Karl Polanyi: The Limits of the Market*, Polity, 2010, 31.

<sup>10</sup> Berger, Peter L. *The Sacred Canopy*, Doubleday, 1967, 59.

<sup>11</sup> *Ibid.*, 59-60.

## The Historical Background

The modern discipline of economics as we know it emerges once the notion of nature as a secular process comes into wide circulation at the dawn of scientific modernity. It becomes an increasingly dominant way of understanding social order when, from Mandeville to the Physiocrats to Malthus, a number of thinkers conclude that nature is a *self-regulating* process; that it moves in an intelligible direction through linear time, that it possesses its own immanent laws and criteria of selection that determine this movement, and that this regularity allows humans to understand and either control or adjust ourselves to the process of nature.<sup>12</sup> This image of a self-regulating process (an image that begins to appear prior to both capitalism and the industrial revolution) governs much economic speculation.

Of course, there is another side to this story, the one that deals with changing conceptions of humanity. Among political economists themselves, Karl Marx and Karl Polanyi both stress that the modern dispensation has its roots in a deeper philosophical and theological shift, and that this conceptual history has left economic thought with a kind of cultural residue that it can never truly expunge.<sup>13</sup> More precisely, both men argue that a philosophical revisioning of humanity's place in the universe is one precondition for the emergence of the idea of self-regulating natural processes in the first place. New ideas about social processes and the human predicament go together.

As Charles Taylor recounts the story in *Sources of the Self*, we can trace part of the groundwork for this new understanding back to a series of theological debates in the 16<sup>th</sup> and 17<sup>th</sup> centuries between two schools, the voluntarists (exemplified by Ockham but including John Locke) and a group of philosophers known as the Cambridge Platonists (among whose number Taylor places Francis Hutcheson, the influential mentor of Adam Smith).<sup>14</sup> For the voluntarists, the world that God has created lacks any definite purpose or direction until He imbues it with meaning through divine decree, subject to no rational or natural law beyond His own sovereignty. As Taylor rightly notes, the implications of this line of thought are not far removed from some versions of modern materialism, because, in the absence of God, nature lacks intrinsic purpose or significance. The world becomes, in Max Weber's famous phrase, disenchanted.<sup>15</sup>

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<sup>12</sup> Hundert, E. J. *The Enlightenment's Fable: Bernard Mandeville and the Discovery of Society*, Cambridge, 1994.

<sup>13</sup> Polanyi, Karl. *The Great Transformation*, Beacon, 2001, 87-9.

<sup>14</sup> Taylor, Charles. *Sources of the Self: The Making of the Modern Identity*, Harvard, 1989, Ch. 15.

<sup>15</sup> Weber, Max. *From Max Weber*, Oxford, 1946, 139.

For the Cambridge Platonists, on the other hand, the notion that God is separate and coldly sovereign is not only morally abhorrent, but it seems to raise the possibility that we live in an unpredictable world that is subject to divine revision at any moment. Instead, they argue that God continually sustains all creation through His love in an underlying, beneficent order.<sup>16</sup> He is therefore not fully separate from His creations, which are originally imbued with purpose and intelligible movement. This school will later shade into Deism as God recedes from the picture and a "clockwork" nature is understood to self-regulate according to its own mechanisms.<sup>17</sup>

In this theological debate, we can see the conceptual space for something like the modern notion of a self-regulating process slowly emerging: the voluntarists make possible the thought that God is not present in nature, and the Cambridge Platonists attune thinkers to the idea that nature might have regularities of its own. In the last half of the 18<sup>th</sup> century, both conceptions make their way into economic thought, so that the economy can be seen as an impersonal order composed of countless individuals, each pursuing their own interests, shaping and being shaped by the larger process of exchange.<sup>18</sup>

Although the idea is now commonplace, it is essential to understand the radical departure made possible by the modern conception of the economy as an impersonal order. The easiest way to see the break is by way of a comparison with Aristotle, whose treatment of political economy is representative of the traditional view. For Aristotle, the picture is reversed: the economy is defined by the self-sufficient household and trade is condemned as disorderly and excessive.<sup>19</sup> There is no awareness of a separate economic order beyond the personal relationships that compose the *polis*, and therefore no need for a split-level theory that differentiates between agency and impersonal structure. Moreover, according to the traditional view, any theory of material production or commercial exchange can only play a modest role in explaining political life, since the real sources of order and change are located elsewhere, e.g. in human nature (Aristotle), divine providence (Augustine), or martial virtue and success in war (Machiavelli). When this older picture is revised, so that economic activity itself can be seen as a source of impersonal order, economics becomes a major mode of thinking and speaking about politics. Answers to political questions must now be consistent with economic theory, not the other way around. According to Polanyi, the modern vision hopes to discover "an

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<sup>16</sup> Ibid., 250.

<sup>17</sup> Ibid., 251. See also Taylor, Charles. *A Secular Age*, Harvard, 2007, 293-6.

<sup>18</sup> Taylor, Charles. *Modern Social Imaginaries*, Duke, 2004, Ch. 5 "The Economy as Objectified Reality."

<sup>19</sup> Aristotle. *The Politics*, Cambridge, 1996, 1257a.

economic sphere in society that might become the source of moral law and political obligation."<sup>20</sup> Again, two perspectives are linked: the discovery of a non-political economic order alters the prevailing sense of moral obligation, and both changes push the understanding of politics in new directions.

I want to stress that each of these conceptual shifts takes place before the arrival of scientific descriptions of natural processes. The initial movement is driven by philosophical concerns, not empirical observations. Thus Hayek can later say that "a nineteenth century social theorist who needed Darwin to teach him the idea of social-evolution was not worth his salt."<sup>21</sup> His point is that the conceptual groundwork for modern science had already been laid, centuries before, in philosophy and the humanities. More importantly, I want to suggest that this shift in theological and ontological conceptions is just as fundamental to economics as the well-known ethical revaluation of avarice and self-interest away from traditional Christian condemnation and toward the favorable view Mandeville made famous in *The Fable of the Bees* (1714), because only in the context of the new ontology could the new ethics make sense.

This brief detour through theology and philosophy is not tangential. Such historical reconstruction is pertinent because it helps us to see that the very concept of a "natural process," something that we today take entirely for granted, is not an obvious way to understand the world, that it is perhaps never going to be purely empirical, and that it is closely bound up with the way we conceive nature and experience. In truth, many of the best economists have been perfectly forthright about the imaginative labor involved in formulating economic theory. Schumpeter, for example, writes:

The economic life of a non-socialist society consists of millions of relations of flows between individual firms and households. We can establish certain theorems about them, but never observe them all.<sup>22</sup>

When observation fails, theory, speculation, and imagination fill in the gaps. Hayek puts the same idea in a more cryptic (and Kantian) idiom when he says, "Though we cannot see in the dark, we must be able to trace the limits of the dark areas."<sup>23</sup> These dark areas are sites of an economic imaginary that does much of the work connecting innumerable observations and ideas that circulate in our thinking. The idea of an impersonal process is a

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<sup>20</sup> Polanyi, Karl. *The Great Transformation*, Beacon, 2001, 117.

<sup>21</sup> Hayek, Friedrich. *Law, Legislation and Liberty*, Routledge, 1973, 23.

<sup>22</sup> Schumpeter, Joseph. *History of Economic Analysis*, Oxford, 1994, 231.

<sup>23</sup> Hayek, Friedrich. *The Constitution of Liberty*, Chicago, 2011, 74.

particular way of bringing functional unity to a diverse set of observations and beliefs; it cannot be directly inferred from a series of observations, however much the data comes to support it.

## Looking Ahead

In the rest of the book, I examine five seminal attempts to resolve the existential contradictions at the heart of economic thought (Rousseau, Smith, Marx, Hayek, and Polanyi). Each thinker responds to the apparent split between the problems of the human predicament and the demands imposed by self-regulating processes. While many other thinkers could, of course, have been selected, I have chosen these five because their intellectual systems continue to exert a massive influence on contemporary political thought.

In Chapter 1, “Jean-Jacques Rousseau and the Deep History of Inequality,” I analyze the gulf between human nature and natural history as it appears in Rousseau's *Discourse on the Origin of Inequality* (otherwise known as the *Second Discourse*). Rousseau is a crucial figure because he is among the first to see clearly the existential importance of economic speculations, and his critique of unequal societies and the many injustices that sustain them remains highly salient. Like many other interpreters of Rousseau, I focus on his radical conception of human freedom, or what he ironically calls “perfectibility.” However, my reading is also distinct in at least one respect. I argue that Rousseau's thought revolves around a unique theory of what might be called “deep inequality.” To put it simply, he sees inequality as an emergent feature of life that is *constitutive of human identity* after humanity's fall into decadence from our beginnings in a blissful, Edenic natural world. This is to say that Rousseau portrays inequality as an inescapable ontological fact—something that characterizes the type of creatures that humans have become in the course of our evolution—rather than as a simple state of economic disparity in which a few people have managed to accrue more wealth than others. According to him, modern humans have become both fascinated and repulsed by inequality in a way that makes all of us deeply unhappy. Every individual, he believes, personally desires to be superior to all others in wealth and status, but at the same time the need to constantly strive for such superiority, and the incessant fear that someone else might come out on top, makes us profoundly miserable. Yet, because this struggle has become largely inescapable, Rousseau sees history as a long process of decline. He paints a pessimistic portrait of our future, a vision that threatens to culminate either in political despair or a total revolution. He thus stands at a strange fork in



modern political thought, one whose paths lead, on the one side, to Marx and Lenin, and on the other, to Nietzsche and Spengler. Rousseau appears to oscillate between a nihilistic withdrawal from politics and a longing for some miraculous, root and branch reconstruction of society. His thought represents one extreme attempt to escape the existential double bind of modern thought, and for this very reason Rousseau's work continues to resonate with radical political ideologies today.

In Chapter 2, "Power, Pride, and Anxiety in the Philosophy of Adam Smith," I look at the economic thought of Adam Smith. Unlike most treatments of Smith, I am not primarily concerned with his theories about international trade, prices, or property rights. Instead, my goal is to show that the famous political economy contained in *The Wealth of Nations* is grounded in Smith's larger philosophy of history, an optimistic account of progress that he formulated, at least in part, with the intention of refuting the pessimism he encountered in Rousseau's *Second Discourse* (a work he reviewed in a Scottish Journal, the *Edinburgh Review*). I believe that *The Wealth of Nations* is not fully intelligible without some understanding of Smith's existential commitments, especially his desire to uncover harmony and aesthetic balance in nature. These same commitments carry over into his economic thought. He presents readers with an optimistic vision of a society in which affluence and virtue are mutually reinforcing. Out of cutthroat competition on the market, he must discover a community of interests, and understanding how he manages to do this is the key to making sense of Adam Smith.

On the other hand, I also trace Smith's philosophy back to its roots in the individualistic contract theory and power politics of Thomas Hobbes. Smith advocates the creation of what he refers to as "commercial society" because it appears to restrain unruly self-interest without requiring a Hobbesian turn to authoritarian government. Only the market, on his view, can force us to be good while preserving our liberty. To this day, many find Smith's vision fascinating and attractive. In the end, however, I argue that Smith's account of commercial society depends on an incomplete understanding of human nature and a narrow view of the passions that motivate us.

In Chapter 3, "Prometheus of the Revolution: The Necessity of Karl Marx," I focus on one aspect of Marx's work, specifically his view of a communist revolution as "the riddle of history solved." By thus narrowing my focus, I hope to avoid the acrimonious debates about everything from the labor theory of value to the immiseration of the proletariat that continue to surround Marxism. My aim is much more basic. I hope to show that Marx's entire framework for understanding revolution grows directly out of

the modern philosophy of history, upon which it remains parasitic. Whereas most prior thinkers, from Hobbes to Rousseau to Hegel, saw the deliberate creation of a rational state as the only true remedy for an irrational society, Marx attempts to turn the tables on his predecessors. According to him, only the total abolition of the modern state, which uses its coercive apparatus to buttress the capitalist system, will allow society to express the rational principles that are latent within it. It is a neat solution.

However, it is important to recognize, as Marx himself would be the first to admit, that this route was only available to him because thinkers such as Adam Smith, David Ricardo, Edmund Burke, and various others had already demonstrated that society is an organic system that operates according to its own impersonal principles of order. The upshot is that Marx's theory of the inevitable collapse of capitalism thus represents a contradictory fusion of Rousseau and Adam Smith: an "invisible hand" will carry society, against its will, toward a bloody revolution that will finally establish the basis for a rational social order, this time without an authoritarian state. Precisely because Marx's thought remains tethered to the orbit of his predecessors, even as he tries to overcome them, the Marxian theory of revolution is plagued by irresolvable contradictions.

In Chapter 4, "The Strange Liberalism of F.A. Hayek," I explore the philosophy of F.A. Hayek, the Austrian economist and social theorist whose theory of "spontaneous" markets has been enormously influential since the last quarter of the 20<sup>th</sup> century, especially in Britain and the United States. Contrary to the popular understanding of Hayek as a "classical liberal," I argue that his thought represents a utopian radicalization of the older tradition of moderate liberalism that we see in figures like Adam Smith, John Stuart Mill, and Isaiah Berlin. An existential current of radical discontent with the existing social order animates almost all of Hayek's thought. Unlike Adam Smith, Hayek is convinced that only the swift adoption of his particular brand of free market liberalism can prevent the descent of humanity into tyranny and poverty. He also believes that radical institutional changes are necessary to safeguard free markets, even if they are opposed by the will of democratic publics. Paradoxically, then, Hayek's liberal philosophy tends to *function* in practice much like the very different views of Marx or Rousseau, i.e. as a totalizing critique of "the system."<sup>24</sup>

In support of this revisionist interpretation, I excavate some seldom cited passages in his work in order to demonstrate that Hayek himself was quite explicit about his utopian aspirations. In *Law, Legislation, and Liberty*, for example, he declares that, "[U]topia lost its strangeness and came to appear

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<sup>24</sup> See Sciabarra. Chris Matthew. *Marx, Hayek, and Utopia*, Albany, 1995.

to me as the only solution of the problem in which the founders of liberal constitutionalism had failed.”<sup>25</sup> The remainder of the chapter explains why he embraced utopian theory at just that moment in time, before going on to trace the destructive consequences of this shift. In essence, Hayek felt compelled to turn liberalism into a romantic, crusading, and utterly utopian philosophy because he hoped to grant it a veneer of popular appeal during the Cold War, a period in which free markets were frequently viewed with suspicion across Western democracies. Unfortunately, Hayek’s utopian apotheosis of the impersonal market was more than an aesthetic change in the way we think about markets. He injects anti-democratic and authoritarian elements into the very heart of liberal philosophy, as I document extensively in the chapter.

In Chapter 5, “Karl Polanyi and the Experience of Economics,” I explore the work of the great Hungarian economist Karl Polanyi, a figure whose work has come into vogue in recent years. Despite its centrality to current debates about globalization and neoliberalism, aspects of Polanyi’s masterpiece, *The Great Transformation*, remain poorly understood. Within the context of this book, Polanyi’s approach to political economy is unique, because he refuses to seek a single economic or historical theory that promises to resolve the split between the ethical dilemmas of the human predicament and the reality of autonomous social processes. Polanyi instead offers a strident defense of social democracy, but his view is “tragic” in the sense that it offers no ultimate solutions to the suffering that is inseparable from the human predicament. Indeed, he shows that the desire to leap for such ultimate solutions is precisely what must be avoided.

This is an opportune moment to be writing about Polanyi, and not just because his work appears newly relevant after the crisis of neoliberalism. For one thing, *The Karl Polanyi Digital Archive* at Concordia University, as well as a new collection of previously unpublished writings, *For a New West*, has recently made it much easier to grasp the full range of Polanyi’s thinking, especially where ideas about human existence and religion are concerned.<sup>26</sup> By drawing on these new materials, I am able to show how Polanyi’s seminal economic work is based on a tragic understanding of the human predicament. It is in this context that *The Great Transformation* must be read. As he makes clear in the final passages of that book, the only protection against the lure of disastrous calls for utopia is the open acceptance of suffering, mortality, and finitude as essential elements of human life.

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<sup>25</sup> Hayek, Friedrich. *Law, Legislation and Liberty*, Routledge, 1973, 4.

<sup>26</sup> Polanyi, Karl. *For a New West*, Polity, 2014.

Finally, in Chapter 6, “Utopianism and the Crisis of the Liberal Imagination,” I use some of the concepts and themes developed in the previous chapter to study the crisis of political and economic liberalism in the contemporary West. Many commentators point to contingent external causes for liberalism’s current malaise, such as the rise of reactionary populism or growing economic inequality. Others, writing from positions on both the Right and Left, see irresolvable contradictions at the very heart of the liberal attempt to reconcile rationality, individual autonomy, and equality. To the contrary, I argue that an ideological shift occurred within liberal theory during the last quarter of the 20<sup>th</sup> century when many of the definitive liberal theorists of the era (including John Rawls, Richard Rorty, F.A. Hayek, and Robert Nozick) embraced a new concept that they each separately refer to, in one way or another, as a “liberal utopia.” I argue that this most recent wave of utopian theorizing distorts many features of liberal doxa, luring contemporary liberals toward increasingly ambitious visions of social transformation. To put it simply, the heightened political aspirations of utopian liberalism helped set the stage for the cycle of disappointment, reaction, and disenchantment that now circulates within many Western societies.

In the end, *Process and Predicament* explicates five of the most vital archetypes that influence current thinking about the economy (Rousseau’s indictment of modernity, Smith’s humanistic liberalism, Marx’s demand for revolution, Hayek’s utopian libertarianism, and Polanyi’s tragic vision of social democracy) each of which captures something vital about the present state of thought regarding the relationships between politics, ethics, and economics. Only by uncovering the existential commitments that animate these systems can we fully understand the role that theories of political economy will continue to play in the political life of the 21<sup>st</sup> century.

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## CHAPTER ONE

### JEAN-JACQUES ROUSSEAU AND THE DEEP HISTORY OF INEQUALITY<sup>1</sup>

Discontented with your present state, for reasons that herald even greater discontents for your unhappy Posterity, you might perhaps wish to be able to go backward; And this sentiment must serve as the Praise of your earliest forbears, the criticism of your contemporaries, and the dread of those who will have the misfortune to live after you.<sup>2</sup>

—Rousseau

The soul soars, the heart catches fire in the contemplation of these divine models; by meditating on them at length we try to become like them, and can no longer suffer anything mediocre without disgust.<sup>3</sup>

—Julie d'Etange

If it seems strange to begin a discussion of economic thought with the enigmatic figure of Jean-Jacques Rousseau, to read him alongside “proper” economists like Adam Smith or Friedrich Hayek, it can only be because Rousseau has been so central to the way that we approach and experience economics, for such a long time, that he is sometimes taken for granted. Rousseau was one of the earliest and most astute critics of modern, market-oriented society, more than a century before “capitalism” became a term of art. His depiction of growing inequality produced by a dehumanizing historical process, along with the idea that society should be understood as a collective moral subject and the primary site of justice, continue to

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<sup>1</sup> Unless otherwise noted, all citations from Rousseau come from the two-volume compilation of writings edited by Victor Gourevitch for Cambridge University Press. See Rousseau, Jean-Jacques. *The Discourses and other Early Political Writings*, Ed. Victor Gourevitch, Cambridge 1997; and Rousseau, Jean-Jacques. *The Social Contract and other Later Political Writings*, Ed. Victor Gourevitch, Cambridge 1997.

<sup>2</sup> Rousseau. *Discourse on the Origin of Inequality*, 133.

<sup>3</sup> Rousseau, Jean-Jacques. *Julie, Or, The New Heloise: Letters of Two Lovers*, Dartmouth, 1997, 47.

resonate today. Rousseau was also the first modern to seriously ask the question: Does becoming wealthier make us happier? More virtuous? More humane? By answering with a thundering “No!” to each of these questions, Rousseau created a worldview that would hang over European thought for centuries, right up to the present day.

In this chapter, I explore the existential aspects of Rousseau’s philosophy of political economy. My central claim is that his importance goes beyond his arguments about, say, the way that inequality corrupts the virtues or causes class warfare between the rich and the poor. Instead, I demonstrate that Rousseau originates a concept of what might be called “deep inequality,” i.e. a kind of inequality that is hardwired into the types of beings that humans have become in the course of biological and cultural evolution. Humans have become animals who rank order almost everything according to some scale of status or value. In other words, we crave inequality in the world. We also seek personal recognition as people of superior beauty, talent, wealth, or intelligence, even as we tend to resent others who possess the same qualities in greater degrees. The upshot is that humanity, in its very marrow, is inseparable from a simultaneous desire for and hatred of inequality. We necessarily seek recognition and status, but this quest is inseparable from strife and misery. Rousseau’s political economy grows directly out of this problem of deep inequality. He appears to believe that a rational state of the kind he sketches in *The Social Contract* can address these issues by artificially enforcing a degree of political and economic equality. At the same time, he is highly skeptical about whether such an egalitarian state is practicable.

In what follows, I focus on the *Discourse on the Origin of Inequality* (also known as the *Second Discourse*), especially Rousseau’s long narrative that portrays the corruption of human nature in the course of historical and cultural evolution. Unlike many subsequent modern philosophers who adopt this same dichotomy (which I refer to in the Introduction as the “double focus” of modern thought) Rousseau refuses to fully privilege one side of this distinction between human nature and history. For him, neither human nature, nor history, nor any conceivable combination of the two, can provide the resources to fully explain or solve the crises that modern societies face. A return to the prelapsarian bliss of nature is impossible, and yet the human soul retains the imprint of its first beginnings in ways that make it ill-suited to life in swiftly changing historical societies.

Rousseau succeeds in bringing the many problems surrounding temporality and the constitution of the self into view. What’s more, he demonstrates that these existential problems are inseparable from economic and political life. Ultimately, however, I argue that Rousseau creates the

basis for a deeply pessimistic vision of society, a view that threatens to slide into resentment, despair, and nihilism.

## Rousseau and the Problem of Human Nature

Rousseau first achieved public notoriety as a thinker in 1750 when he responded to an essay contest sponsored by the Academy of Dijon. The topic at hand was “Whether the restoration of the sciences and arts has contributed to the purification of morals.” With the French Enlightenment in full swing, this must have seemed like a loaded question.<sup>4</sup> Nevertheless, Rousseau argued the negative and won. In an essay titled *Discourse on the Sciences and the Arts*, Rousseau claims that “our souls have been corrupted in proportion as our Sciences and our Arts have advanced towards perfection.”<sup>5</sup> Progress in the arts and sciences, he insists, breeds pointless luxury, which in turn generates vice and the decline of civic virtue. Public life is characterized by aggressive self-interest and the elaborate systems of modern philosophy serve mainly to cast a thin veneer of legitimacy over the evils of social decay.

If it is possible to call the *Discourse on the Sciences and the Arts* Rousseau’s first recognition of the symptoms of a generalized social illness, then the *Discourse on the Origins of Inequality* represents his considered diagnosis. In 1753 Rousseau responded to a second essay contest sponsored by the same Academy of Dijon on the broad topic, “What is the Origin of Inequality Among Men, and is it Authorized by Natural Law?” The resulting *Discourse on the Origin of Inequality* gave him an opportunity to revisit the question of social corruption and, more importantly, to respond to critics of the *First Discourse* who charged that Rousseau exaggerated the ills of modernity and failed to provide a clear causal theory.<sup>6</sup>

Such criticisms of the *First Discourse* had the effect of pushing Rousseau into a more deliberate reflection on history and economics. In what he would later describe as a “genealogy,”<sup>7</sup> Rousseau decided to

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<sup>4</sup> Actually, Leo Damrosch observes that the Academy of Dijon had a pronounced conservative strain. Many of its founding members were openly hostile to the spread of secularism, and Rousseau’s critique of science appealed to them for just this reason. It seems noteworthy that the second-place essay also argued for the negative position. See Damrosch, Leo. *Jean-Jacques Rousseau: Restless Genius*, Mariner Books, 2005, 212.

<sup>5</sup> Rousseau. *Discourse on the Sciences and Arts*, 9.

<sup>6</sup> Wokler, Robert. *Rousseau: A Very Short Introduction*, Oxford, 2001.

<sup>7</sup> Rousseau, Jean-Jacques. *Letter to Beaumont*, University of New England, 2012, 28.

embark on a reconstructive history that would illustrate the sequence of events that had led humankind into misery. To do this, he turns his attention to the idea of an original “state of nature,” as Thomas Hobbes and John Locke had done in the 17<sup>th</sup> century. Rousseau, then, appropriates a well-known philosophical device, but in his hands, it becomes something new and different. (This is a move that Rousseau will often make, adopting an older vocabulary or style of thinking but quietly radicalizing it.)

In his *Leviathan* (1651), which by most accounts remains the greatest work of political theory in the English language, Hobbes had sought to uncover the basic foundations of human nature by imagining a world in which the state did not yet exist. This thought experiment he christened this “state of nature.” Hobbes envisioned the natural state to be one in which atomized individuals were forced to struggle for survival in a war of all against all. In his famous phrase, life in the state of nature is “solitary, poore, nasty, brutish and short” because all men fear violent death above anything else.<sup>8</sup> Self-preservation is the single overriding human aspiration, but without a state to protect them, individuals are forced to kill or be killed (*Homo homini lupus*). In this world there can be no society, commerce, or morality, since each person is necessarily entitled to perform any deed, from robbery to murder, they judge to be necessary to ensure self-preservation in a hostile world. Natural morality, such as it is, boils down to this: every person is free to be the judge of what survival demands.

Hobbes is implicitly making a crucial point about religion and, by extension, any kind of moral or political ideology.<sup>9</sup> As he well knew, many people in his day *did* fear something more than death: eternal damnation as a penalty for violating God’s law. Unfortunately, the religious zealotry that causes men to fear the afterlife can also provoke disagreements even up to the point of war over unverifiable metaphysical propositions, as had recently occurred across Europe during the Reformation. Likewise, Hobbes believed that one cause of the English Civil War had been the willingness of political radicals to die in the service of fuzzy notions like *freedom* or *equality*.<sup>10</sup> In the end, he claimed, any existential orientation that clings to some value (e.g. salvation or political freedom) as more important than life itself cannot be the basis of a stable political order, because people are liable to disagree over the meaning of these terms and will then be driven to fight over them. The political philosophy of Hobbes depends upon—and is meant

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<sup>8</sup> Hobbes, Thomas. *Leviathan*, Cambridge, 1991, 89.

<sup>9</sup> See Leo Strauss’s unpublished lectures on the genesis of early modern political thought. Strauss, Leo. “Lectures on Karl Marx, 1960.” *The Leo Strauss Center*, <https://leostrausscenter.uchicago.edu/marx-spring-1960>.

<sup>10</sup> Manent, Pierre. *An Intellectual History of Liberalism*, Princeton, 1994, 31.



to insinuate—the view that by nature *nothing* is more important than survival, that no higher standards exist that can be used to pass judgment upon the living.

Truly, this is a bleak vision of the human condition, but Hobbes offers a way out. Because he felt certain that all humans have a single basic goal—self-preservation and the consequent fear of violent death—Hobbes argued that rational individuals would contract with a powerful Sovereign who would be capable of enforcing peace via the creation of a powerful state. At this point, the state comes into existence and laws prevent individuals from being able to decide for themselves what is required to ensure survival (e.g. robbery is no longer permitted). To this extent, people are safer but deprived of their original freedom, and the legitimacy of the modern state is thus premised upon the danger of a return to the state of nature. *Protego ergo oblige*.

Hobbes believed that modern society is congruent with human nature, because it is the best way to achieve the single goal that we all share: self-preservation. The state of nature already “points toward” the emergence of a fully formed political society.<sup>11</sup> Regardless of whether Hobbes thought the contractual transition from nature to society described a real historical event or simply intended it as a thought experiment that might disclose the basic problems of political order, the upshot of his argument is that society can be founded and/or supported by rational and consensual agreement. In his view, humans are primarily passionate, violent, and prideful creatures; nonetheless, rationality finds a foothold in the universal fear of violent death, so that, under a strong sovereign, self-interest manages to more or less contain the passions within a precarious social structure. One can see here the outlines of the idea that self-interest restrains the passions, an idea that later develops into the explicitly utilitarian justification for a commercial economy.<sup>12</sup> Except for the continued existence of what he calls “vain-glory,” a disruptive longing after power, honor, and status, Hobbes suggests that humanity can be successfully reconciled with a robust and mutually beneficial social order.

John Locke’s later presentation of the state of nature is similar in its broad outlines, even if his political loyalties differ. According to Locke, natural man is primarily engaged in work on the earth, “mixing” his labor with the natural world in order to produce property.<sup>13</sup> We desire not just mere survival, but the kind of comfortable survival that modest affluence makes possible. Partly because he sees human motivation as more complex,

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<sup>11</sup> Garrard, Graeme. *Rousseau's Counter-Enlightenment*, SUNY, 2003, 19.

<sup>12</sup> Hirschman, Albert O. *The Passions and the Interest*, 1997.

<sup>13</sup> Locke, John. *Two Treatises of Government*, Cambridge, 1988.

Locke's state of nature is not one of constant warfare. Most people would prefer to focus on accruing property, rather than fighting. Sadly, this situation is characterized by a high degree of insecurity stemming from the lack of an impartial judge capable of resolving disputes that inevitably arise between individuals.<sup>14</sup> Without a common judge, interaction threatens to tip back into an unbridled state of war. Who is at fault, for example, if one person proposes to build a dam on his property, causing a drought on his neighbor's farm? In the state of nature, such disputes have no clear resolution.

Individuals come to recognize this danger, and contract with each other to nominate what Locke calls a "fiduciary power," a sort of trustee government designed to protect each person's original rights to self-preservation and property.<sup>15</sup> Legitimacy depends on the ability of the government to guard these original rights, rather than, as in Hobbes, simply the power to eliminate violence.

Most interpreters continue to see Hobbes and Locke as engaged in a foundational argument over the relative virtues of liberty and order. On this reading, Hobbes represents the archetypical statist, insisting on the individual's obligation to the state and the monopolization of legitimate violence. Locke is the proto-liberal, holding fast to the absolute status of individual rights as a bulwark against the state. However, Rousseau—correctly, in my opinion—argues that the dispute between Hobbes and Locke is more like a lover's quarrel, since they both see modern society as essentially good and legitimate, and it is exactly this proposition that Rousseau calls into question.

Rousseau points to three major problems in the work of earlier contract theorists. First, both Hobbes and Locke suggest that individuals in the state of nature are rational, to the extent that they are capable of reflecting upon the conditions most likely to fulfill their interests and desires.<sup>16</sup> Furthermore, this is a crude conception of human rationality that appears to be unaffected by factors such as language, geographic location, status, or historical circumstance. Hobbes and Locke tend to assume that the foundational contours of human experience are basically the same regardless of time and place.

Second, for both Hobbes and Locke, this original kernel of innate rationality implies that civilized society (shorthand for literate, wealth accumulating collectives with institutionalized rules of conduct) should be

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<sup>14</sup> Dunn, John. *The Cunning of Unreason: Making Sense of Politics*, Basic Books, 2000, 22.

<sup>15</sup> Locke, John. *Two Treatises of Government*, Cambridge, 1988, 149.

<sup>16</sup> Lemos, Ramon. *Hobbes and Locke*, Georgia, 1978, 17-18.

the normal form of human existence because all normal individuals should be able to agree that it serves their primary interests better than the available alternatives. They focus little attention on the properly historical question of how society actually came to acquire the features it has today.<sup>17</sup>

Finally, Rousseau realizes that, at the most basic level, what Hobbes and Locke are really after is a kind of existential reassurance. As he puts it, each of them “begins by looking for the rules about which it would be appropriate for men to agree among themselves for the sake of the common utility; and then gives the name natural Law to the collection of these rules.”<sup>18</sup> After the Wars of Religion in the 16<sup>th</sup> century, to be followed by the English Civil War in the 17<sup>th</sup> century, the prospect that the rational self-interest of individuals could be made to function as a universal source of social order was seized upon, in the words of economic historian Albert O. Hirschman, “as a veritable message of salvation.”<sup>19</sup> The very purpose of the state of nature thought experiment is to provide a quick summary of all the reasons why contemporary civil life—along with the hierarchy and inequality that are inseparable from it—is justifiable.

## The State of Nature as Radical Social Critique

One by one, Rousseau will upend each of these three assumptions. He does this by pointing to the lack of empirical analysis in most versions of the social contract theory, arguing that his predecessors have tried to delineate natural law without so much as looking at the natural world, i.e. without examining how nature really operates and the countless ways that it impinges on human beings. When philosophers like Hobbes or Locke describe humans in the state of nature as lucidly rational, or as concerned to protect private property, they project backwards in time the attributes of modern Europeans, or, more specifically, the English bourgeois.<sup>20</sup> In other words, the philosopher’s favored image of the ideal “normal” person (rational, appropriately self-interested, and hardworking) is read back into nature in order to claim universal validity for that same conception of human nature. As a result of this circular reasoning, questions about the real origins

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<sup>17</sup> Rousseau. *Discourse on the Origin of Inequality*, 151.

<sup>18</sup> *Ibid.*, 127.

<sup>19</sup> Hirschman, Albert O. *The Passions and the Interests*, Princeton, 1997, 44.

<sup>20</sup> “Locke’s argument therefore collapses, and all that Philosopher’s Dialectic has not protected him against the error Hobbes and others committed. They had to explain a fact of the state of Nature...and it did not occur to them to look back beyond Centuries of Society.” Rousseau. *Discourse on the Origin of Inequality*, 216 n. xii.

of humanity and its relationship to the processes that drive historical change are never able to rise to the surface.

But can one ever hope to observe the original state of nature from our contemporary vantage point? This would seem impossible. Indeed, Rousseau insists that:

[L]ike the statue of Glaucus which time, sea, and storms had so disfigured that it less resembled a God than a ferocious Beast, the human soul altered in the lap of society by a thousand forever recurring causes, by the acquisition of a mass of knowledge and errors, by the changes that have taken place in the constitution of Bodies, and by the continual impact of the passions, has, so to speak, changed in appearance almost to the point of being unrecognizable.<sup>21</sup>

The starting assumption must be that natural man was radically, almost impossibly, different from ourselves. History is a veil, nature an abyss. Rousseau's thought here is both profoundly modern in its historical sensitivity and deeply suspicious of the contemporary social order. We simply cannot assume, he argues, that modern society, with its massive political and economic structures is a normal or rational outgrowth of human nature. Is it not more likely that soul and society are extremely ill-suited for each other, that they must be sutured together artificially in a way that inflicts an irrevocable harm on humanity? This is precisely the argument that Rousseau proceeds to make.

To truly grasp human nature, Rousseau believes that we must sweep away in our mind's eye the accumulated debris of habit, tradition, and prejudice. He calls on us to reimagine human nature according to a single guiding principle: "for [something] to be natural, it must speak immediately with the voice of Nature."<sup>22</sup> We experience nature as "majestic simplicity,"<sup>23</sup> a world in which "everything proceeds in... a uniform fashion."<sup>24</sup> In this respect, Rousseau's vision of nature owes much to the classical philosophers. As Hannah Arendt memorably describes it, for the main current of ancient Greek philosophy the concept of nature "comprehend[s] all things that come into being without assistance from men or gods...through the recurrent cycle of life, nature assures the same kind of being forever to things that are born and die as to things that do not

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<sup>21</sup> Ibid., 124.

<sup>22</sup> Ibid., 127.

<sup>23</sup> Ibid., 124.

<sup>24</sup> Ibid., 136.

change.”<sup>25</sup> According to this standard, whatever is truly natural does not have a history, and anything historical is, *ipso facto*, unnatural and artificial.

Rousseau argues that humans in the state of nature exist within a timeless cycle of repetition (birth, life, death). There is no language, rationality, or property because these are things that have all evolved at later stages of human history. These natural humans spend most of their time alone and couple only briefly for the purposes of reproduction (and thus have no experience of sexual jealousy). They also live “with no idea of the future.”<sup>26</sup> That is, they lack the constant anxiety about their own mortality that Hobbes saw as the ultimate source of violence. For all these reasons, Rousseau portrays the state of nature as quite pleasant and peaceful. Above all, he insists that social inequality can never take root in nature because all differences between individuals are fleeting. Death comes soon and the cycle begins again.<sup>27</sup>

Rousseau’s answer to his initial question—Does natural law justify inequality?—is a resounding “No!” The state of nature cannot be used to defend the inequality we find in modern societies. Rousseau reaches this conclusion surprisingly early in the course of the *Discourse on Inequality*. The rest of his substantial essay is devoted to tracing what inequality really means, how it emerges, why it is central to who we have become, and why contemporary societies go to such lengths to justify it.

## Out of Nature: The Origins of Inequality

Prior to language or reason, Rousseau believes that he can detect two natural human passions. First, like the other animals, man has an inarticulate desire for self-preservation.<sup>28</sup> Second, humans in nature evince a deep and instinctive sense of compassion for the suffering of other beings.<sup>29</sup> Self-preservation and compassion: these are what speak to the soul immediately through the voice of nature. Like nature itself, the soul of natural man is relatively simple. “To will and not to will, to desire and to fear, will be the first and almost the only operations of his soul until new circumstances cause new developments for it.”<sup>30</sup> Moreover, because nature supplies in abundance all the material goods human need requires, there is a ready

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<sup>25</sup> Arendt, Hannah. “The Concept of History,” In *Between Past and Future*, Meridian Books, 1961, 42.

<sup>26</sup> Rousseau. *Discourse on the Origin of Inequality*, 143.

<sup>27</sup> As he says, “generations multiplied uselessly.” Ibid., 157.

<sup>28</sup> Ibid., 140.

<sup>29</sup> Ibid., 154.

<sup>30</sup> Ibid., 142.

congruence between the steady rhythm of nature and the shape of the soul. Desire extends to nothing that cannot be readily obtained. Contra Hobbes, natural man is perfectly content.

But all this means that, for Rousseau, the cause of man's exit from the state of nature into historical civilization is unclear, because the original abundance of nature does not present any challenges that require new forms of social organization to overcome.<sup>31</sup> In other words, there is no strictly "rational" reason to leave the state of nature, and this in turn implies that a social contract cannot be responsible for the formation of the first societies.<sup>32</sup> If one accepts Rousseau's conclusion up to this point, a cascade of related arguments necessarily follow.

For one thing, the state of nature and the exit from it no longer provide clear moral guidance for existing societies. It is not that the idea of nature itself is less relevant for Rousseau than it had been for his predecessors, but rather that it no longer generates any principles that can legislate norms of conduct for the modern social order. The more Rousseau accentuates the abyss that separates nature from existing societies, the more the guardrail that had kept political and economic thought within circumscribed limits vanishes.

To put the argument simply, Rousseau's basic contention is that, because history to this point has not been rational or necessary according to nature, we cannot point to anything in historical experience in order to discover limits to the form that a future society might take. Things could always have turned out differently. We are no longer justified in saying, for instance, that "There has always been poverty and inequality, so there must always be poverty and inequality." Rousseau was quite explicit on this account. For example, in the preface to his immensely popular novel, *Julie*, a character conspicuously named "R" asks "Who is daring enough to assign exact limits...and assert: Here is as far as Man can go, and no further?"<sup>33</sup> As we will see in Chapter 3, the Promethean aspect of Rousseau's orientation will play an important role in the advent of revolutionary socialism in the 19<sup>th</sup> century.

Rousseau was the most eminent early modern philosopher to link the ontological question posed by the earlier contract theorists ("What is man?") to the historical question ("How has he come to be?"). With this recognition, Rousseau shifts the basic meaning of history because it can no longer be a mere chronology of facts or a transparent recognition of universal patterns:

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<sup>31</sup> Ibid., 157.

<sup>32</sup> Ibid., 170.

<sup>33</sup> Rousseau, Jean-Jacques. *Julie, Or, The New Heloise: Letters of Two Lovers*, Dartmouth, 1997, 7.