Conflict, Contract and Society

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I. Introduction

In the magnum opuses of Rousseau and Smith, *The Social Contract* and *The Wealth of Nations*, they did not develop a doctrine of conflict explicitly. Nevertheless, they have given us some valuable insights which can help us to inquire into the nature and causes of conflicts in a society. First of all, conflicts can be divided into internal and external based on the number of people involved. In an internal conflict, only an individual is involved, i.e. man versus himself. Therefore, only the individual's private interest is considered explicitly. An example of internal conflict, as suggested by Rousseau, would be an individual's choice between maintenance in the state of nature for natural liberty and formation of community for survival[1] (60; bk. I, ch. VI). However, to solve an internal conflict, it is usually to make a choice after comparing different options since only the individual

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[1] Although an individual cannot form a community on his own, the reason that he would like to form a community with others is to survive, which is his private interest. He does not consider others' benefit explicitly (though he improves other's benefit implicitly), so we should define it as internal conflict.

himself is involved in the decision making. There is no other different way fundamentally. Therefore, I would like to focus our exploration on the nature and causes of external conflicts in the following.

II. Nature and Causes of Conflict

External conflicts, which involve the interests of more than one party, are more complicated comparing with internal conflicts. The complexity will even increase as more parties are involved since there are more combinations of choices made by the parties. Smith points out that workers always want to receive higher wages while employers always want to pay lower wages (159). This conflict of wage is a typical example of external conflict. Hitherto, we can discover the following common points:

Firstly, all conflicts arise from divergence. In particular, external conflicts usually arise from the divergence of private interest between different parties. This is indeed true because people who share the common interest can cooperate and achieve the greater good eventually. For example, Smith suggests the propensity to exchange is a human nature (141) and it is a common interest that people want to enjoy more goods (143). As a result, people practise division of labor, leading to a great improvement in productivity (141). In reality, some parties who share the common interest may still have conflicts temporarily. However, this is likely due to lack of communication (Rousseau 72; bk. II, ch. III), or absence of a fair platform. We will discuss them further in the latter section.

Secondly, the existence of an external conflict implies that power is not centralized at one particular party. Otherwise, this party has probably exploited the power to force other parties to obey (55; bk. I, ch. III) and

maximise his gain. This idea gives us a simple solution to external conflicts, which is to create the strongest party forcing other parties to obey and follow its direction. However, this is a terrible solution in terms of means and outcome. Since force does not bring about right (55; bk. I, ch. III), this solution may create injustice (e.g. discrimination) in the society. Besides, we should be reminded that power centralization has brought bad consequences to people throughout history. After acquiring other competitors, a monopolist will raise the price to the highest upon every situation for profit maximization (Smith 157). Similarly, without constraints, a centralized power corrupts quickly. Either way has shown that a good solution to external conflicts should avoid power centralization.

Thirdly, external force or party, which is not involved in the conflict originally, is required to settle an external conflict. Taking the aforementioned wage conflict between the employer and employee (159) as an example, letting the employer or employee to solely[2] determine the final wage would lead to the discontent of the other party. This is because the decision maker wants to maximize his private interest through wage adjustment, yet there is a divergence between the interest of employer and employee. This principle is applicable to many other examples since people usually make decision according to their private interest[3] (Rousseau 60; bk. I, ch. VI; Smith 142) and external conflict arises from the divergence of interest, which is shown in the first point.

Furthermore, external force or party is often necessary to achieve the

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2   Assume that the parties will not communicate without external force.
3   This proposition is based on Smith's theory of self-interest and Rousseau's idea of forming community to survive. If we regard "helping others" as the (implicit) private interest of altruist, altruism would be inclusive in egoism.

best outcome. In a standard prisoner's dilemma[4], rational players usually choose to defect because it is a dominant strategy. This will lead to the Nash equilibrium, which is not the best outcome. However, when players are given the opportunity to communicate, some of them will choose to cooperate and arrive at the best outcome (Brosig 277). An external party who oversees the game and offers suggestion will have a similar effect. This proves that external force or party is not only required, but also useful in resolving an external conflict.

III. Emergence of Contract, Will and Hand

Based on the nature and causes of conflict, there are two different ways in resolving external conflicts, which are advocated by Rousseau and Smith respectively. Nonetheless, their solutions have a common prerequisite—the respect towards the contract. Although the aim of Rousseau's social contract is to preserve the freedom of people after formation of community (61; bk. I, ch. VI), while the aim of Smith's contract is to legally bind all parties and protect them from unexpected changes (159), both of them want to provide a stable foundation to settle conflicts. Otherwise, the strongest party may use "the right of the strongest" (Rousseau 55; bk. I, ch. III) to arrive at his best private outcome.

In spite of having the contract as the common prerequisite, Rousseau actually provides a top-down approach while Smith provides a bottom-up approach. Rousseau suggests people to form a community called "republic"

4　A game which two "prisoners" are given a chance to choose between "cooperate" and "defect" during investigation. An example of outcome would be:
- A and B both defect, then both will serve in prison for 4 years;
- A defects but B cooperates, then A will be set free but B will serve in prison for 7 years (vice versa);
- A and B both cooperate, then both will serve in prison for 1 year.

under social contract (62; bk. I, ch. VI). He treats this party as if it were an individual (62; bk. I, ch. VI), so it has its own will which he names it the "general will" (62; bk. I, ch. VI). The general will can act according to the society's public interest (68; bk. II, ch. I). When everyone follows the general will, the divergence of private interest will converge to the society's interest so external conflicts are settled.

On the other hand, Smith believes the solution comes from each individual in the society. It is natural that people act according to their self-interest. To reduce the divergence of interest, fair communication and negotiation are needed. In other words, the parties involved should seek to interest others' self-love (142), and contract can be formed once an agreement is reached. One of the negotiating platforms is the market.

In the situation of temporary conflict due to lack of communication or fair platform, Smith's solution, which we can name it the invisible hand, would be the most direct. This is because the parties actually have the same interest but they just misunderstood each other. They can settle the conflict by themselves through communication eventually.

However, the situation becomes complicated when it comes to a real external conflict. To begin with, the problem of power centralization usually happens when there are a few dominant parties with a considerable number of small parties. Without the presence of fair external force or party, the dominant parties may collude to avoid infighting and arrive at their best yet unfair outcome.

Hence both the invisible hand and general will can qualify for avoiding power centralization. The invisible hand is an external force guiding each party to negotiate and reach an agreement on their own. The agreement will not be a collusion under a fair and transparent platform (e.g. sound legal system), so there is no power being centralized. On the other hand, the

general will is determined through cancellation of opposite public interests of every individual (Rousseau 71; bk. II, ch. III). People should not have any communication (72; bk. II, ch. III), so they cannot collude. Even though power is being centralized at the republic, the centre of power is not controlled by any private parties. The deliberation is indeed good to the society (72; bk. II, ch. III).

Then, the evaluation of the two solutions would depend on their practicality in reducing the divergence of interest. The general uses the method of elimination (71; bk. II, ch. III). In mathematics, this would require the measurement of the sign (e.g. plus or minus) and magnitude of objects. However, the public interests of different people are rarely opposing. They differ slightly only in reality, which makes elimination impossible. Besides, there is no common medium to quantify the value of a public interest, which implies that elimination is impractical. In modern society, a method to get close to the general will is voting. However, the general possibility theorem tells us that the methods of passing from individual's public interest to the general will would be either imposed or dictatorial (Arrow 59), which is hard to be described as "good".

In contrast, the invisible hand does not try to eliminate existing interests. It tries to create a common interest between the involved parties through negotiation (Smith 142). As a result, the parties can cooperate and settle the conflict. This is more practical and supported by examples including formation of community for survival (Rousseau 60; bk. I, ch. VI) and division of labor for productivity (Smith 141). Some people may argue that a common interest cannot be found when there are many parties involved. Nevertheless, we should note that the invisible hand is a bottom-up, or step-by-step approach. The key difference between the general will and it may be

the fact that it usually starts from the negotiation of two parties first (142), whereas the general will does not.

Last but not least, the invisible hand is better than the general will in preserving human plurality. In *The Social Contract*, Rousseau states that "whoever refuses to obey the general will, will be forced to do so" (64; bk. I, ch. VII). Since the general will is similar to the idea of the majority, there is a high chance of becoming the tyranny of the majority. The will of the minority is likely to be cancelled and ignored. Conversely, the invisible hand does not destroy anything. Given a fair and transparent platform, the common interest created is less likely to be the tyranny of the majority.

IV. Conclusion

By referring to the works of Rousseau and Smith, we have developed a doctrine of conflict. Conflicts arise from divergence and they usually cause problems to society. However, to develop a good society, conflicts should not simply be eliminated through means such as the law. For example, Italy's Court states that although stealing is forbidden, the right of living should be higher than the property right (Pomranz, "Italian Court Oks"). We should remember that we are human and conflicts should be settled fairly through communication. Otherwise, even if there are no conflicts in the society, many important values would have been lost and it cannot be regarded as a good society.

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Teacher's comment:

Drawing support from Rousseau's *The Social Contract* and Smith's *The Wealth of Nations*, this essay has developed a highly original "theory" of conflict. In this essay, the author has demonstrated powerful analytical skill, strong ability in synthesis, and profound understanding of both texts. He is

able to enhance our understanding of nature and causes of conflicts with the help of relevant ideas and passages from the works of Rousseau and Smith. In particular, he has made a persuasive evaluation of two different ways in resolving conflicts that advocated by Rousseau and Smith respectively. He has tried to convince us that the bottom-up approach of Smith is much better than the top-down approach of Rousseau both in terms of practicality in reducing the divergence of interest and ability in preserving human plurality. (Cheng Wai Pang Damian)