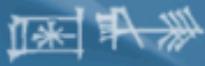




**The Classical Liberal Tradition:
the Contribution of Frédéric Bastiat (1801-1850)
Dr. David M. Hart <davidmhart.com>**

Eugène Delacroix, "Liberty leading the People" (1830)



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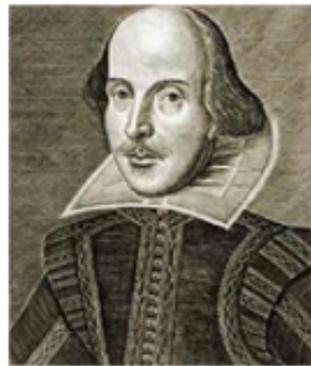
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"to encourage the study of the ideal of a society of free and responsible individuals"

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W. Shakespeare
(1564-1616)



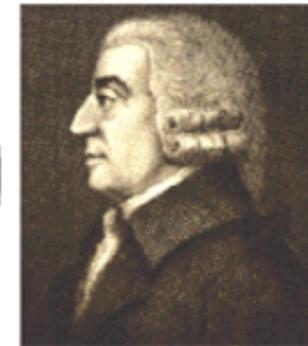
John Milton
(1608-1674)



John Locke
(1632-1704)



Voltaire
(1694-1778)



Adam Smith
(1723-1790)



Thomas Jefferson
(1743-1826)



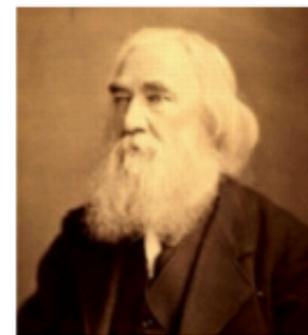
Frédéric Bastiat
(1801-1850)



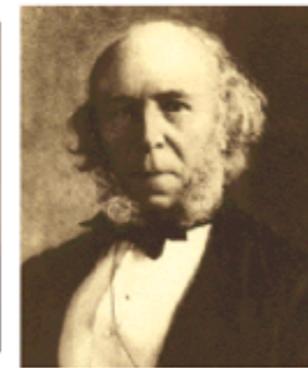
Richard Cobden
(1804-1865)



John S. Mill
(1806-1873)



Lysander Spooner
(1808-1887)



Herbert Spencer
(1820-1903)



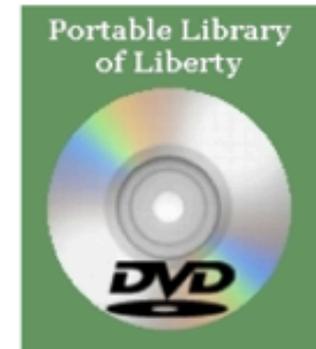
Ludwig von Mises
(1881-1973)

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<<http://oll.libertyfund.org/>>

The Collected Works of Frédéric Bastiat, 6 vols. (Liberty Fund, 2011-)

FRÉDÉRIC BASTIAT THE MAN AND THE STATESMAN

The Correspondence and Articles on Politics

THE COLLECTED WORKS OF FRÉDÉRIC BASTIAT



Jacques de Guenin, *General Editor*

- Vol. 1: *The Man and the Statesman. The Correspondence and Articles on Politics*
- Vol. 2: *"The Law," "The State," and Other Political Writings, 1843-1850* (June 2012)
- Vol. 3: *Economic Sophisms and "What is Seen and What is Not Seen"*
- Vol. 4: *Miscellaneous Works on Economics: From "Jacques-Bonhomme" to Le Journal des Économistes*
- Vol. 5: *Economic Harmonies*
- Vol. 6: *The Struggle Against Protectionism: The English and French Free-Trade Movements*
- General Editor - Jacques de Guenin
- Academic Editor - Dr. David M. Hart



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BASTIAT
INDIANA



WHAT IS LIBERALISM? I

Classical Liberalism

- advocates individual liberty, free markets, limited government, free trade, peace
- “classical” period 1815-1914 (peak 1840s-1880s)
- two schools of CL thought
 - utilitarianism (English)
 - natural rights (French)
- Liberal Party (Britain) formed 1859
- in opposition to royalism, mercantilism, conservatism, socialism

New Liberalism

- emerged late 19thC, advocated more extensive govt. intervention on utilitarian grounds

WHAT IS LIBERALISM? II

(American) Liberalism

- like British/Australian social democracy/labourism

(Australian) Liberalism

- Liberal Party formed 1943
- “liberal” in some respects but supported protectionism, subsidies to industry & farmers

Libertarianism

- emerged in last 1/4 or 1/3 of 20thC in USA
- more radical & consistent form of 19thC classical liberalism

WHAT IS LIBERALISM? III

Australian Liberalism's "Wrong Turn" in the 20thC

- free trade liberals lost out at formation of Commonwealth 1901
- at Federation size of Australian state double or triple size of US
- trilogy of interventionist policies made Australia model "progressive" country:
 - protectionism
 - White Australia policy
 - compulsory wage arbitration

RINOs and LINOs

- RINO = "Republican in Name Only"
- LINO = "Liberal in Name Only"

Spectrum of State Power

POWER

LIBERTY

Communism

Fascism

Welfare/Warfare State

Mercantilism

Minarchist State

Voluntary "State"

COMMUNISM:
fully planned economy;
state controlled
society; rule by single
Party (Stalinism, Pol
Pot, China)

FASCISM/NAZISM
state directed private
industry; adulation of
leader; war & conquest
(Italy, Germany
1930s-40s)

WELFARE STATE:
state provision of
health, welfare,
education; significant
regulation of economy
(Western Europe)

**WELFARE/WARFARE
STATE:**
significant state
intervention in health,
education, welfare;
significant regulation of
economy; Military-
Industrial Complex;
war & empire (USA)

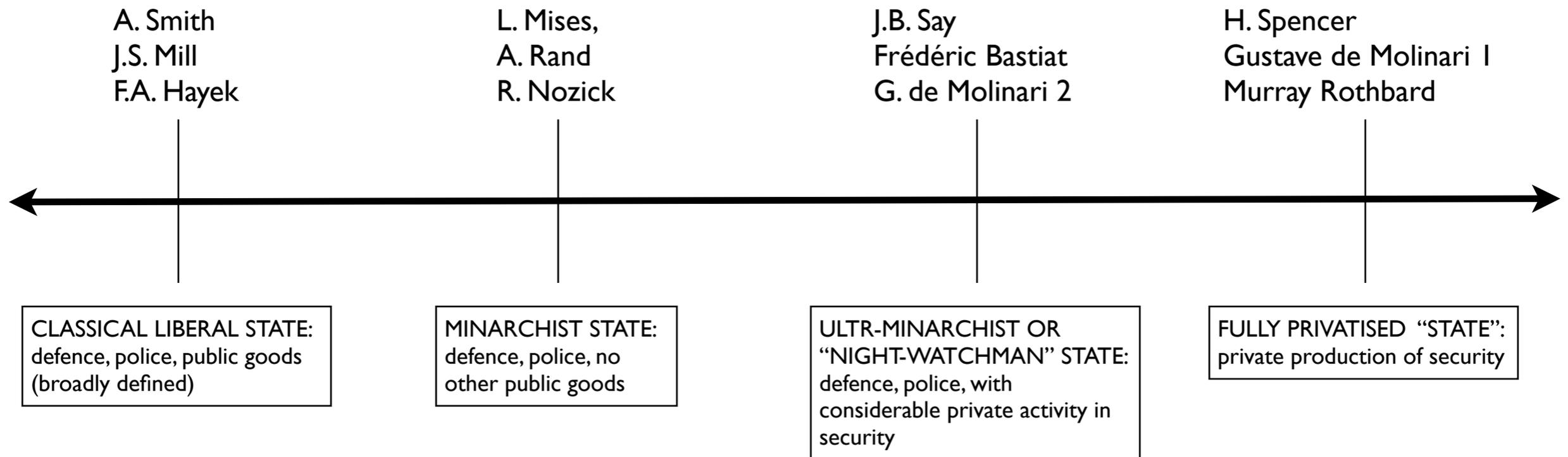
MERCANTILISM:
protection & subsidies
for domestic industry;
controls on exports;
colonies with
monopoly access to
metropole; navy &
empire (France & UK
18thC)

MINARCHIST STATE:
defence, police, limited
number of other public
goods (aspects of
19thC UK, France)

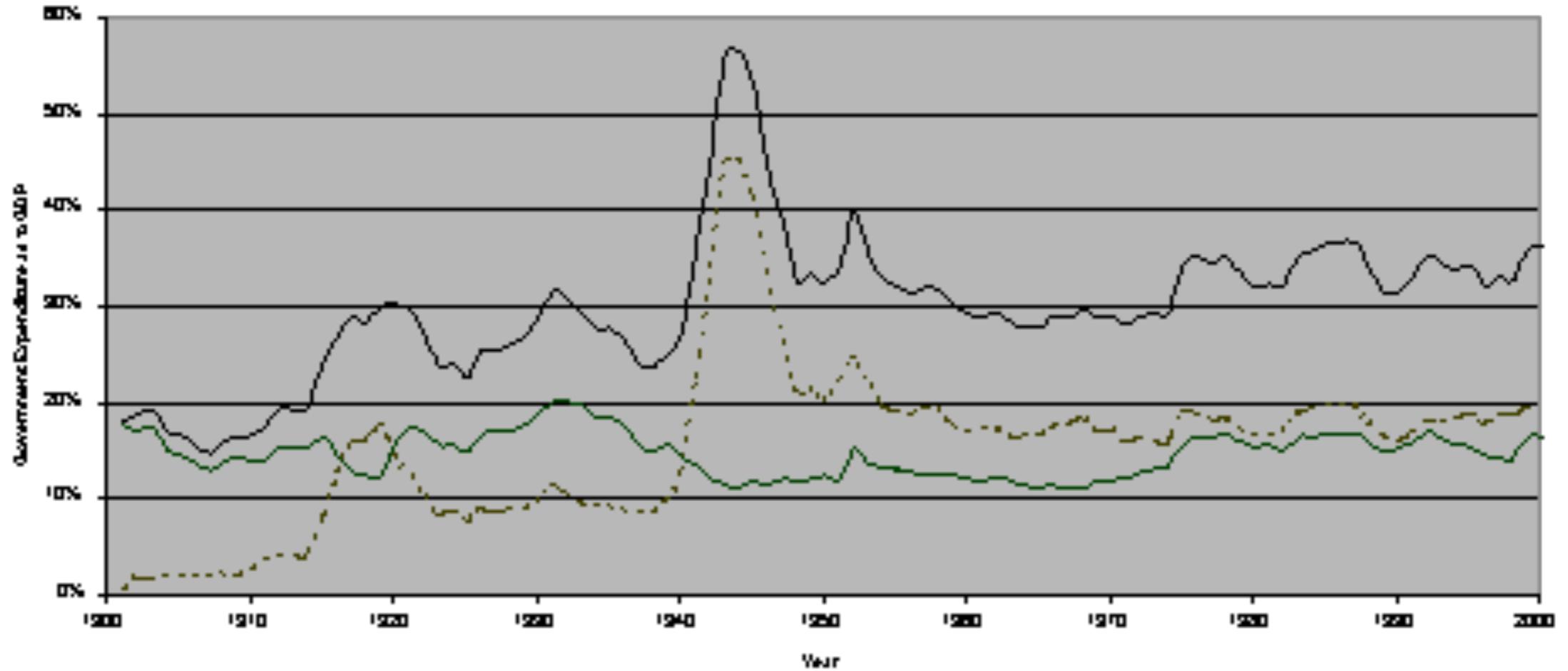
**ULTRA-MINARCHIST
STATE:**
defence, police, with
considerable private
activity in security
services (?)

**FULLY VOLUNTARIST
"STATE":**
all state activities
deregulated,
privatised, or abolished
(???)

Functions of the Classical Liberal State



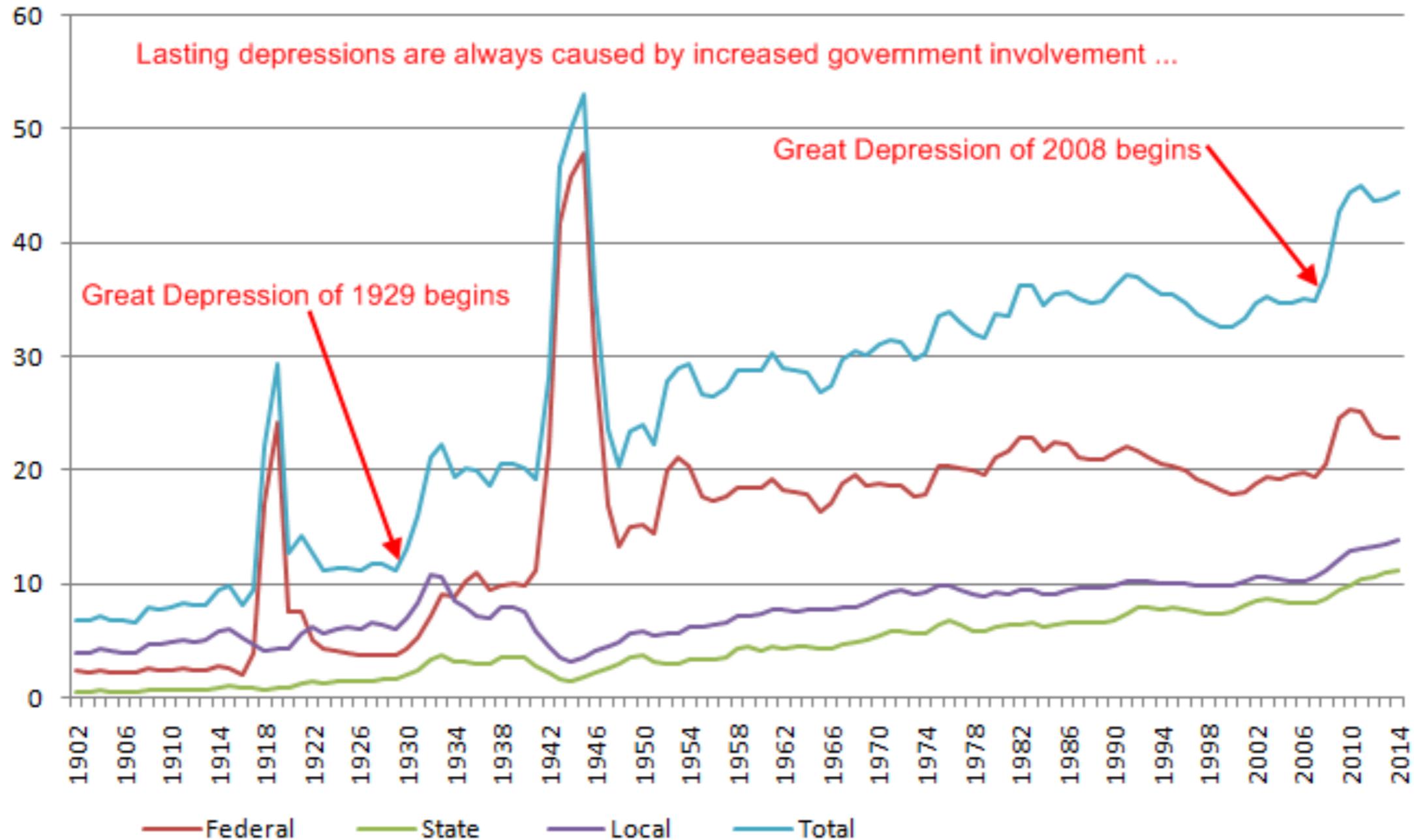
Expenditure as a Proportion of GDP by Level of Government



- - - Commonwealth Gov Expenditure (total minus transfers) - (1901-81 op. of . Barrow, Table 5, 1982-95 op. of . FSA, Table 2.8, 1996-00 op. of . ABS, col. no. 5512.0) divided by national GDP (ABS, Australian National Accounts, col. no. 5204.0)
 — State/Local Gov Expenditure (1901-81 op. of . Barrow, Table 5, 1982-95 op. of . FSA, Table 2.7, 1996-2000 op. of . ABS) divided by national GDP (op. of . ABS)
 — Aggregate Commonwealth and State/Local Gov Expenditure divided by national GDP

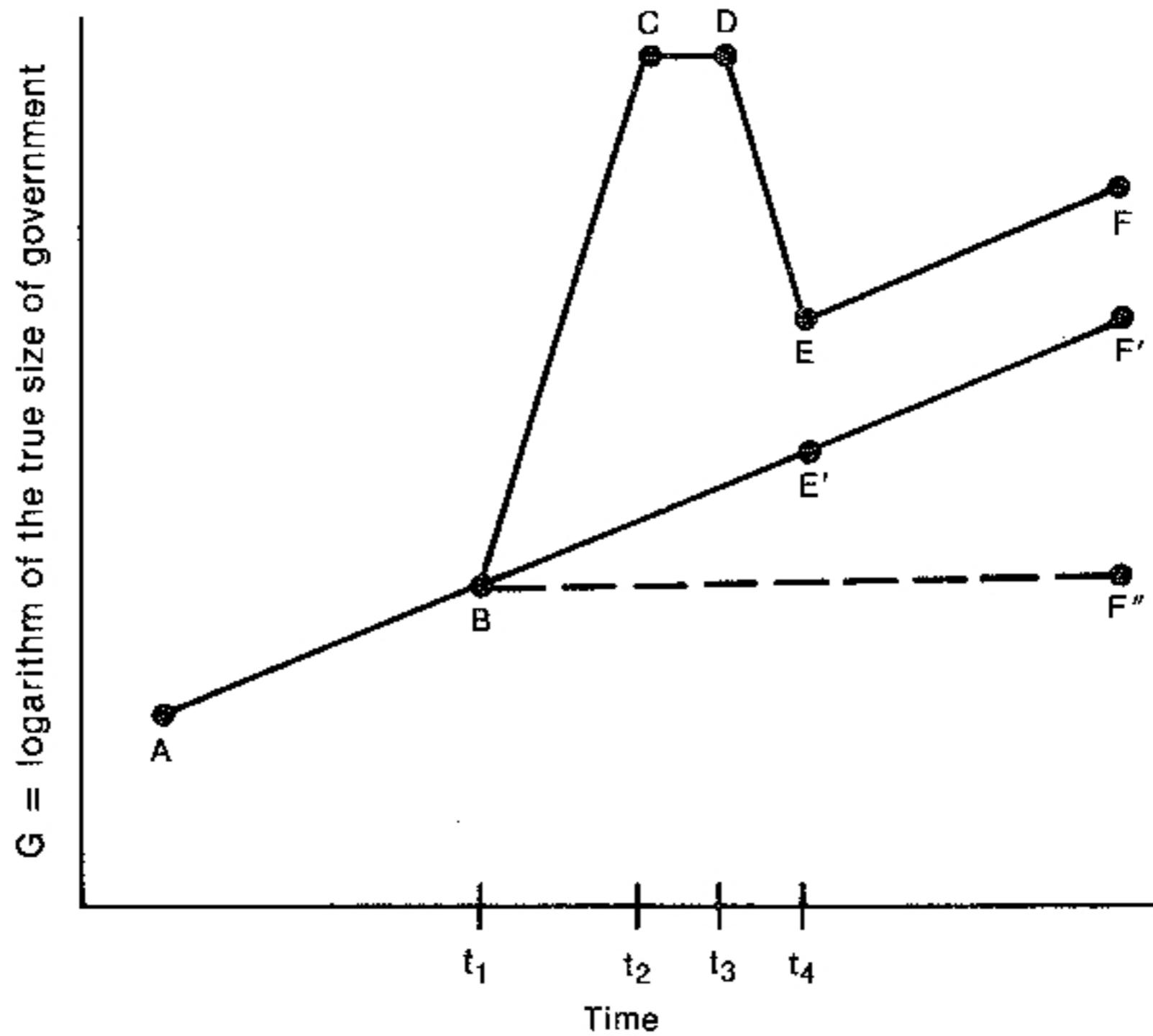
Pincus, Total Govt Expenditure (State/Local & Federal) 1900-2000

US Government Spending (source: usgovernmentspending.com)



Total US Govt Expenditure (State/Local & Federal) 1902-2014

Figure 4.1 Schematic Representation of the Ratchet





“FRÉDÉRIC BASTIAT (1801-1850): CAMPAIGNER FOR FREE TRADE, POLITICAL ECONOMIST, & POLITICIAN IN A TIME OF REVOLUTION”

Dr. David M. Hart

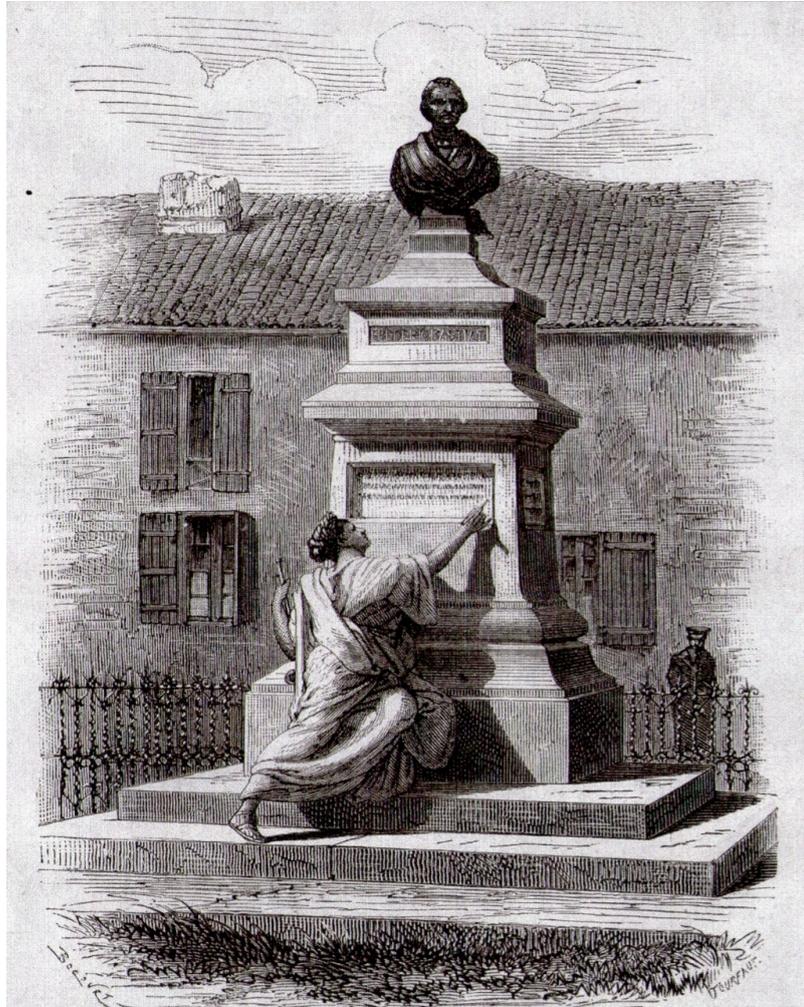
This Lecture:

<<http://davidmhart.com>>

Bastiat on the OLL:

<http://oll.libertyfund.org/person/25>

LECTURE OVERVIEW



I. Why I think Frédéric Bastiat is important in the struggle for liberty

II. Brief Biography of the Life & Work of Frédéric Bastiat

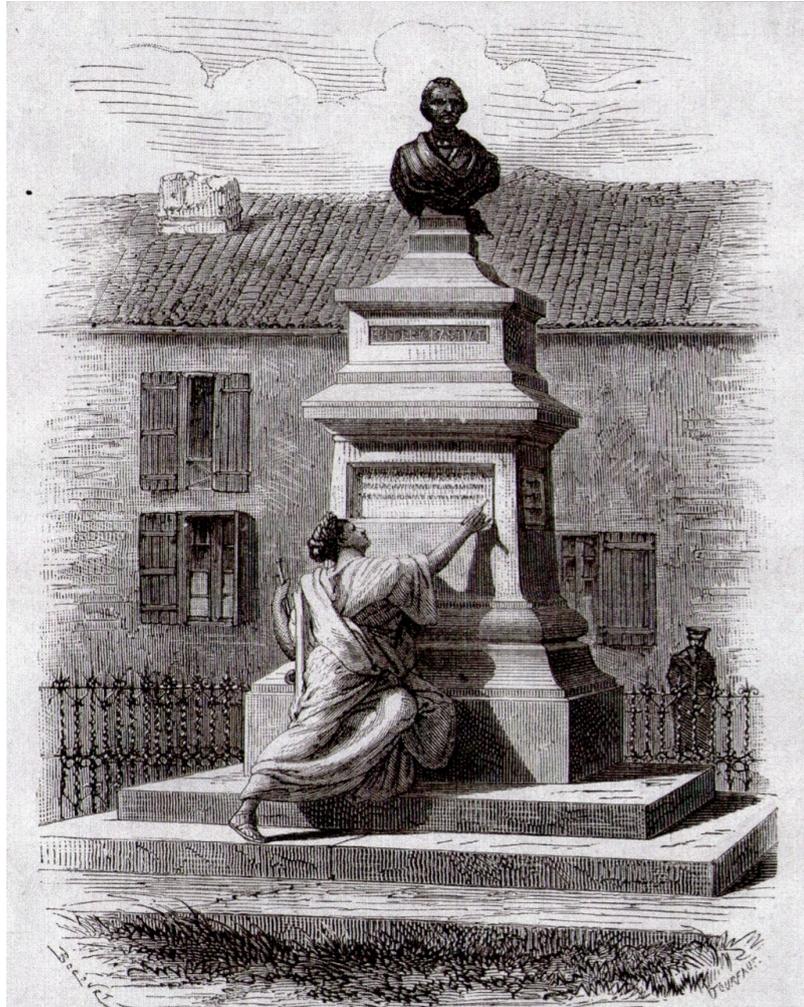
III. Debunking False Economic Thinking

a. The Petition of the Candle Makers

b. The Broken Window fallacy

IV. FB's Use of Humour in Popularizing Economic Ideas

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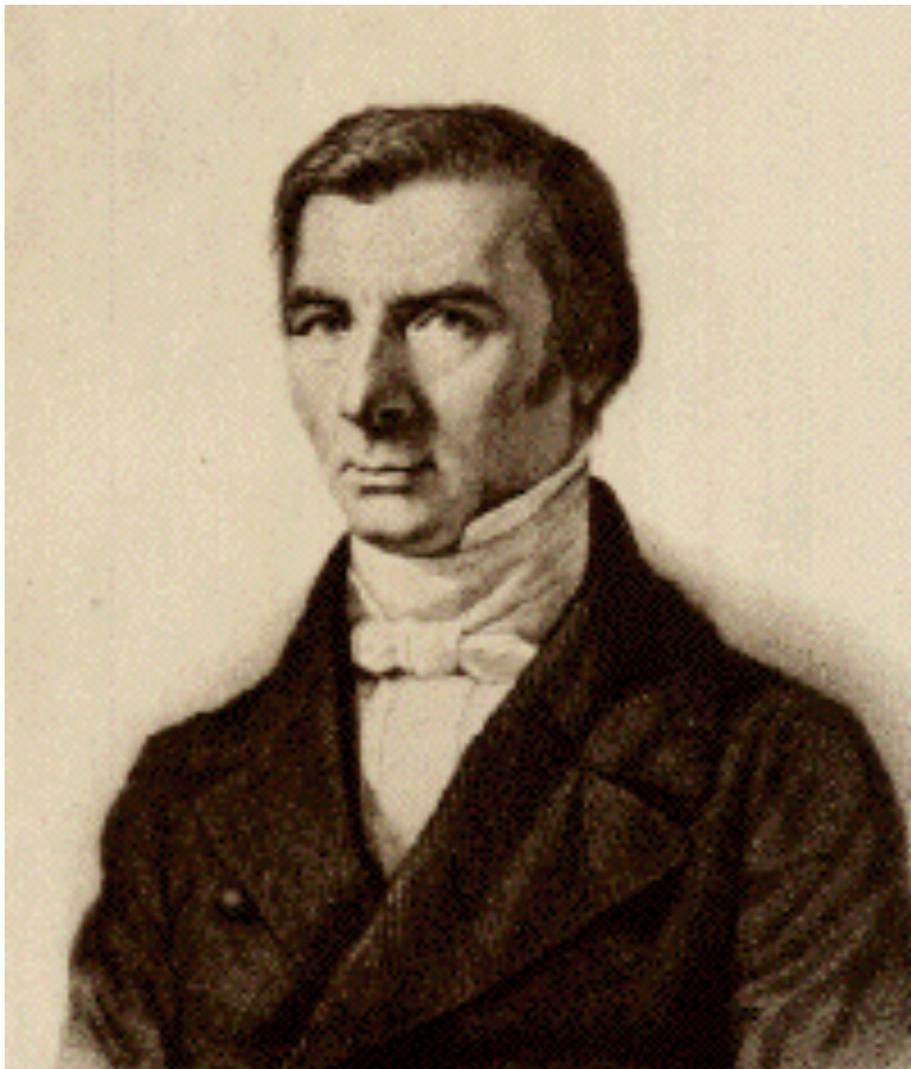
IV. FB's Use of Humour in Popularizing Economic Ideas

Why I think the Life & Thought of Frédéric Bastiat is Important (i)



- a fervent **advocate of individual political & economic liberty** in a society which did not value these ideals highly
- a **humble & shy man** who did what he thought was right & didn't know how much he knew or how good he was at what he did
- a **brilliant economic journalist & popularizer** who was also capable of writing serious academic papers which showed deep insight

Why I think the Life & Thought of Frédéric Bastiat is Important (ii)



- a man of **wit & humour** who developed a distinctive personal “style” with which to defend liberty - “**a rhetoric of liberty**”
 - used sarcasm, parody, puns, literary references to make economics less “dull & dry”
 - used “**the sting of ridicule**” to excellent effect in exposing the follies of those in power

Why I think the Life & Thought of Frédéric Bastiat is Important (iii)



- a very **courageous & determined man** who continued to fight for what he believed in despite significant setbacks:
 - lack of popular support for free trade
 - a Revolution which turned increasingly statist & socialist
 - took to the streets of Paris in revolution to advocate his views & to defend those he opposed from being shot
 - a terminal throat condition which killed him at 49

Why I think the Life & Thought of Frédéric Bastiat is Important (iv)



- his ability to combine **multiple areas of activity**
 - single issue agitation - French Free Trade Assoc.
 - economic journalism to debunk fallacies
 - political activity as member of Chamber of Deputies in a Revolution - VP of Finance Committee
 - writing a major theoretical treatise (unfinished) - Ec. Harmonies
 - a planned work of history - “A History of Plunder”

Death of an Important Free Market Economist (1850)

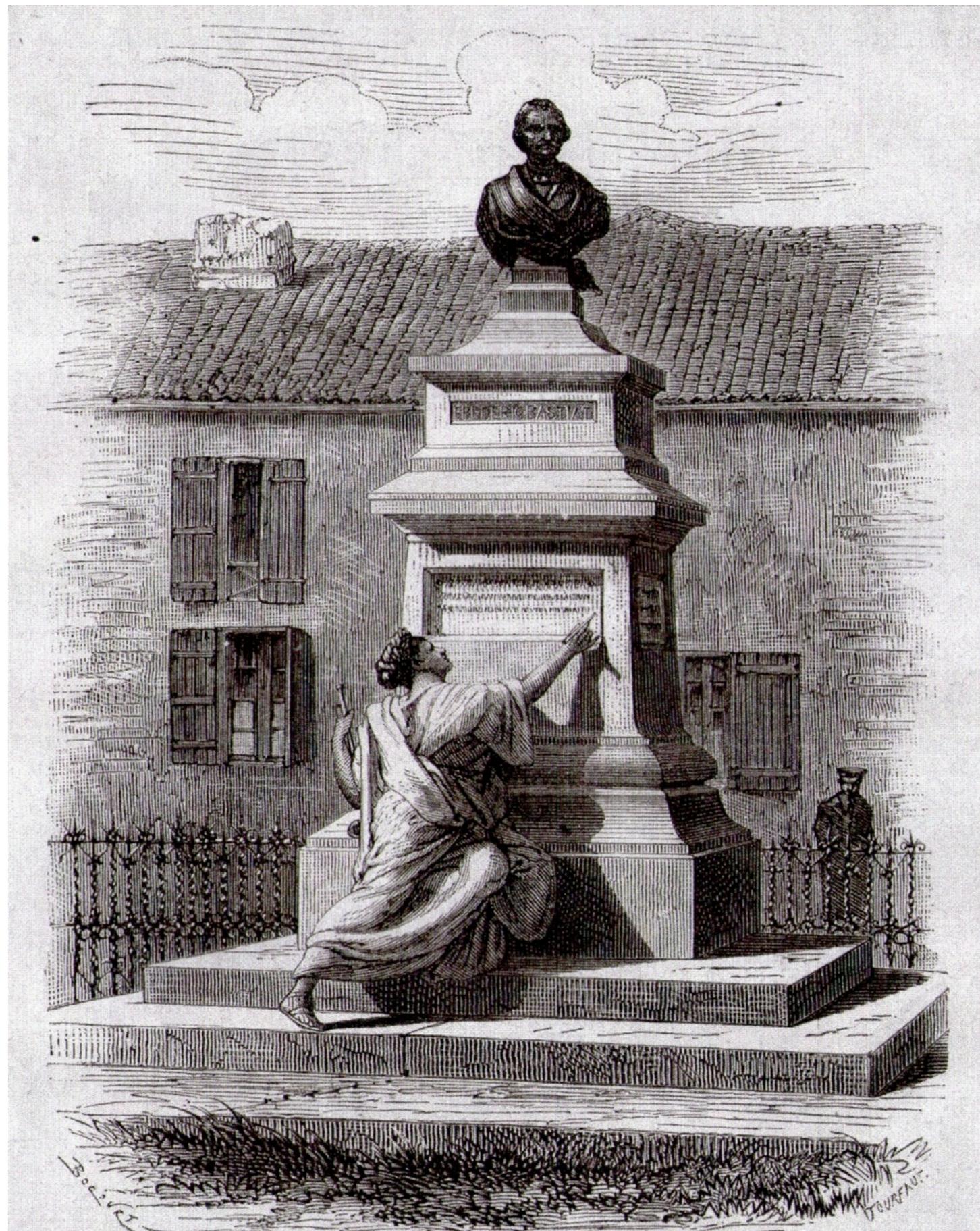


Death

- died Christmas eve 1850 in Rome
- possibly TB or throat cancer

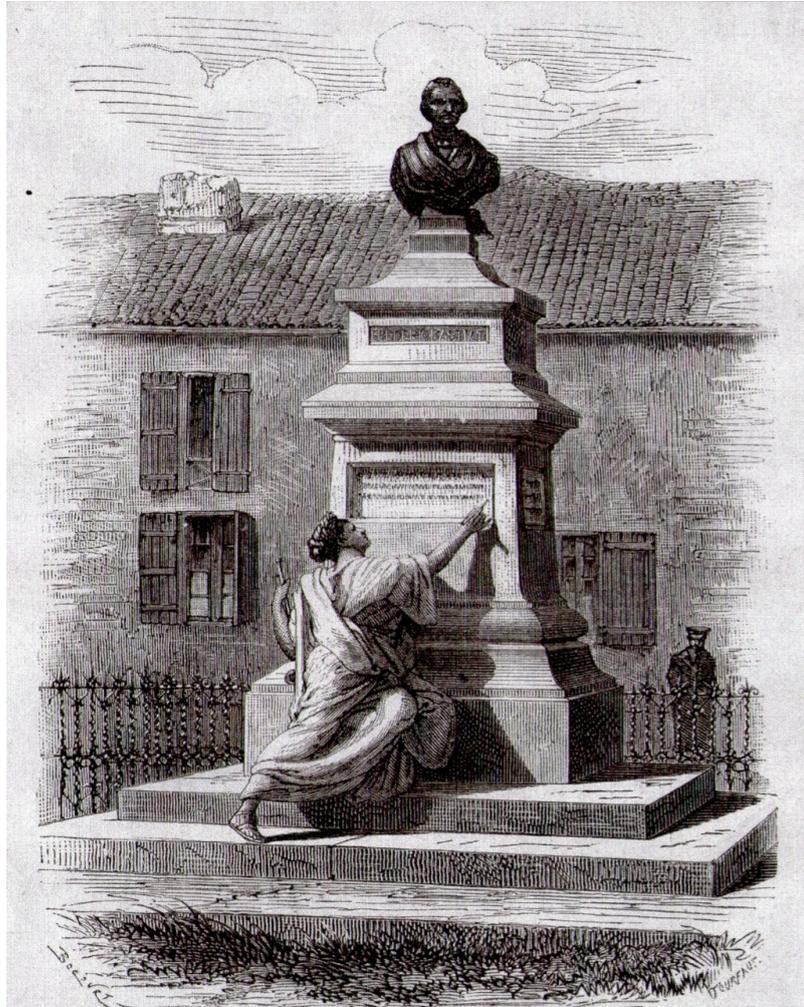
Memorial

- Friends raised money to build monument in Mugron 1878 (desecrated by Nazis in 1942)



**A Monument erected to the memory of Bastiat in Mugron, 23 April, 1878
[how it appeared in 1878]**

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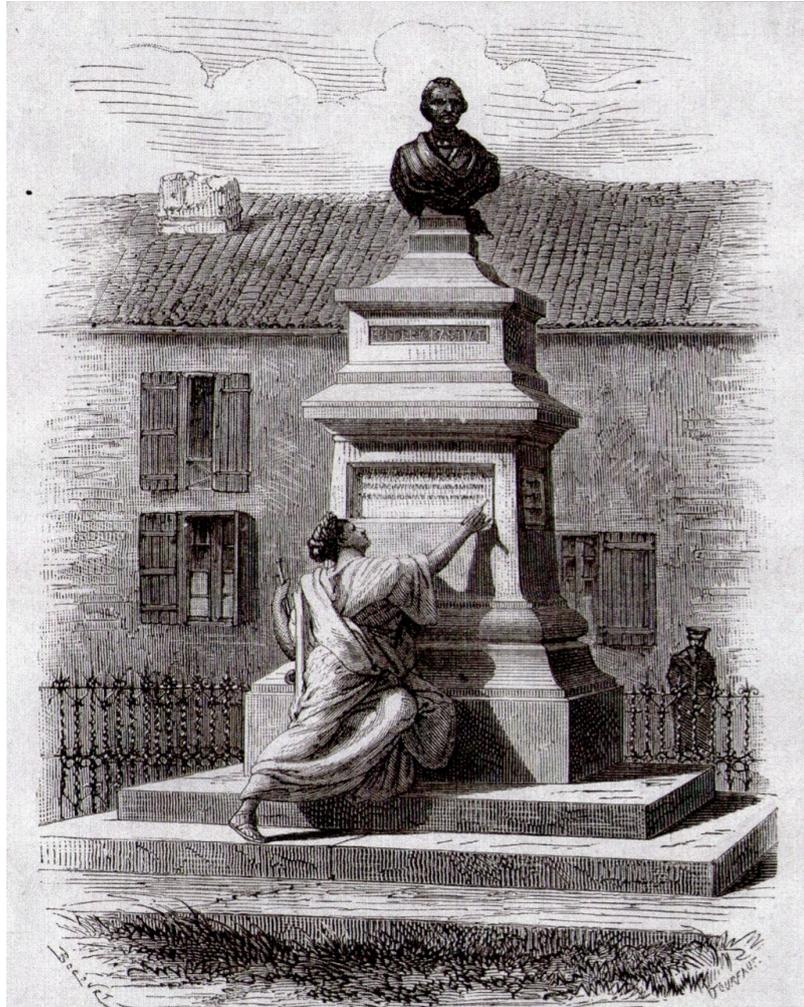
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Vested Interests who seek Government Favours:

“The Petition of the Candlemakers”



[King Louis Philippe]

- good example of FB’s satirical style and use of **reductio ad absurdum** argument
- FB takes a standard argument used by some **vested interest** to justify government intervention in their favour, e.g. request by textile manufacturers to keep out foreign (Belgian, British) imports
- shows how it hurts consumers and its illogicality if applied to other industries
- FB much impressed by Adam Smith’s argument that producers often conspire to use state for their own benefit
- cloak **selfish motive** behind “national interest” arguments

Private Vested Interests who seek Government Favours in the “National Interest”:

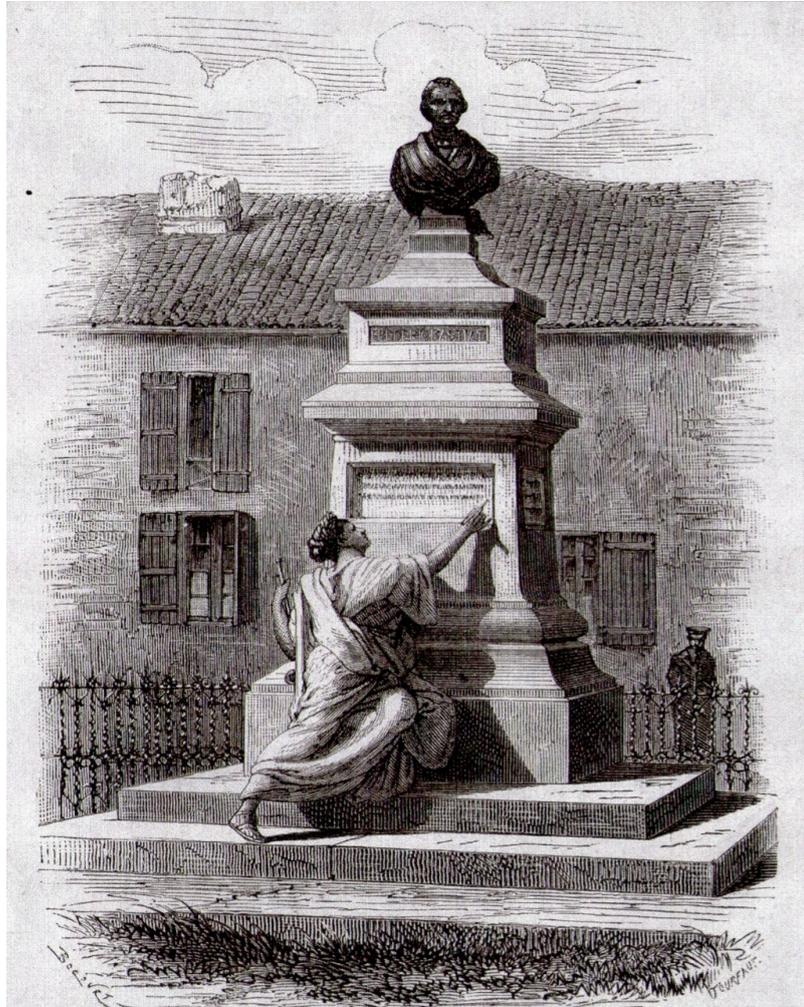
“The Petition of the Candlemakers”

“We are suffering from the ruinous competition of a foreign rival who apparently works under conditions so far superior to our own for the production of light that he is flooding the domestic market with it at an incredibly low price...

We ask you to be so good as **to pass a law requiring the closing of all windows, dormers, skylights, inside and outside shutters, curtains, casements, bull's-eyes, deadlights, and blinds—in short, all openings, holes, chinks, and fissures through which the light of the sun is wont to enter houses, to the detriment of the fair industries with which, we are proud to say, we have endowed the country, a country that cannot, without betraying ingratitude, abandon us today to so unequal a combat.**”

Quote 3b. “The Petition of the Candlemakers”
Economic Sophisms I, Chapter 7.

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The Unintended Consequences of Government Policies:

“The Broken Window Fallacy” (1850)

CE QU'ON VOIT
ET
CE QU'ON NE VOIT PAS
OU
L'ÉCONOMIE POLITIQUE EN UNE LEÇON
PAR
F. BASTIAT

—
CINQUIÈME ÉDITION
—

PARIS
LIBRAIRIE GUILLAUMIN ET C^e
RUE RICHELIEU, 14

- all economic activities produce a **complex series of effects** - some immediately obvious (“the seen”) & some others occur later & are “unintended” (“the unseen”)
- FB’s famous story of Jacques Bonhomme (“Joe Sixpack”), the Glazier, & the Shoe Maker
- what is immediately “**seen**” - JB has to fix a broken window & pays a Glazier to do so. This is a stimulus to the Glazier’s business
- what is “**unseen**” - JB is out of pocket & the money he would have spent on other things (say a pair of shoes) has gone to the Glazier; the loss of potential business of the Shoemaker is “not seen”
- Result: a gain for the Glazier (seen), but a “**double incidence of loss**” for JB and the Shoemaker (unseen)
- FB refuting some economists who thought the Great Fire of London (1666) stimulated English economy because of reconstruction

The Unintended Consequences of Government Policies:

“The Broken Window Fallacy” (1850)

“In the sphere of economics an action, a habit, an institution or a law engenders not just one effect but a **series of effects**. Of these effects **only the first is immediate**; it is revealed simultaneously with its cause, *it is seen*. The **others** merely occur successively, *they are not seen*; **we are lucky if we foresee them.**” (p. 4)

But if, by way of deduction, as is often the case, the conclusion is reached that it is a good thing to break windows, that this causes money to circulate and therefore industry in general is stimulated, I am obliged to cry: “Stop!” Your theory has stopped at *what is seen* and takes no account of *what is not seen*. *What is not seen* is that since our bourgeois has spent six francs on one thing, he can no longer spend them on another. ***What is not seen* is that if he had not had a windowpane to replace, he might have replaced his down-at-heel shoes or added a book to his library.** In short, he would have used his six francs for a purpose that he will no longer do.”

Quote 3c. “The Broken Window” Fallacy

What is Seen & What is not Seen, (1850), Chapter 1: The Broken Window.

**“The Seen and the Unseen” in Obama’s America:
What is “Seen”: The Obama Administration “creating” New Jobs
by Government Expenditure**



**“The Seen and the Unseen” in Obama’s America:
What is “Unseen”: The Obama Administration “creating” New
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The Seen and the Unseen: The Obama Administration “creating” New Jobs

