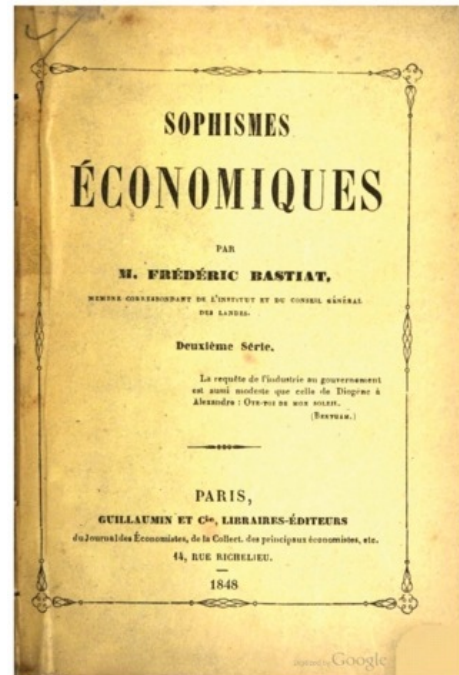


# David M. Hart, “On Ricochets, Hidden Channels, and Negative Multipliers: Bastiat on Calculating the Economic Costs of ‘The Unseen’.”



*A Paper given at the “History of Thought” Session of the  
Society for the Development of Austrian Economics.  
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# Table of Contents

ABSTRACT AND CONTACT DETAILS .....	1
David M. Hart, “On Ricochets, Hidden Channels, and Negative Multipliers: Bastiat on Calculating the Economic Costs of ‘The Unseen’.” .....	1
Abstract .....	1
Author Contact Details .....	2
THE PROBLEM OF CALCULATING THE ECONOMIC COSTS OF THE UNSEEN: THE “DOUBLE INCIDENCE OF LOSS” .....	3
Introduction .....	3
Seeing the Problem of “the Seen” and “the Unseen” .....	5
Bastiat’s First Formulation in 1847: “the Double Incidence of Loss” .....	6
The “Triple Incidence of Loss” .....	12
THE SOPHISM BASTIAT NEVER WROTE: THE SOPHISM OF THE RICOCHET EFFECT .....	14
Preparatory Work and Regrets .....	14
The Intellectual Origins of “The Ricochet Effect” .....	17
Bastiat’s Use of the Term Ricochet .....	20
1. <i>Bastiat’s use of metaphors to understand economic activity</i> .....	22
2. <i>Bastiat’s use of expressions which suggest that economic actions can have unintended consequences</i> .....	23
3. <i>Bastiat’s criticism of the sophistical use of the term “ricochet” to justify government actions</i> .....	23
The Distinction between “Positive Ricochet Effects” (PRE) and “Negative Ricochet Effects” (NRE).....	26
Conclusion .....	27
BIBLIOGRAPHY .....	29
Online .....	29
Works by Bastiat.....	30
Secondary Sources .....	31
APPENDIX 1: SOPHISMS ON THE DOUBLE INCIDENCE OF LOSS .....	34
Introduction .....	34
ES3 IV. One Profit versus Two Losses [9 May 1847] .....	36
(57.) Un profit contre deux pertes [One profit versus Two Losses] [9 May 1847] .....	43
ES3 VII. Two Losses versus One Profit [30 May 1847] .....	49

(58.) Deux pertes contre un profit [Two Losses versus One Profit] [30 May 1847] .....	56
What is Seen and What is Not Seen [July 1850] .....	61
<i>[The Author's Introduction]</i> .....	61
<i>The Broken Window</i> .....	62
Ce qu'on voit et ce qu'on ne voit pas.....	66
<i>[Author's Introduction]</i> .....	66
I. <i>La vitre cassée</i> .....	66
<b>APPENDIX 2: CHRONOLOGICAL LIST OF BASTIAT'S USE OF THE TERM</b>	
<b>"RICOCHET" AND RELATED EXPRESSIONS .....</b>	
<b>69</b>	
A Chronological List of Works using these Expressions .....	69
Passages in which Bastiat mentions the Ricochet Effect and Related Ideas .....	70
1. (c. 1845) - ES1 XXI. " <i>Matières premières</i> " ( <i>Raw materials</i> ) .....	70
2. (c.1847) - ES2 IV. " <i>Conseil inférieur du travail</i> " ( <i>The Lower Council of Labor</i> ).....	71
3. (c.1847) - ES2 XIII. " <i>La protection ou les trois Échevins</i> " ( <i>Protection, or the Three Municipal</i>	
<i>Magistrates</i> ) .....	72
4. (9 May 1847) - ES3 IV. " <i>Un profit contre deux pertes</i> " ( <i>One Profit versus Two Losses</i> ) .....	73
5. (30 May 1847) - ES3 VII. " <i>Deux pertes contre un profit</i> " ( <i>Two Losses versus One Profit</i> ).....	74
6. (August 1847) - " <i>Cinquième discours, à Lyon</i> " ( <i>Fifth Speech given at Lyons</i> ).....	75
7. (12 Sept. 1847) - " <i>Réponse au journal l'Atelier</i> " ( <i>Response to the journal The Workshop</i> ) .....	76
8. (12 December 1847) - ES3 XII. " <i>L'indiscret</i> " ( <i>The Man who asked Embarrassing Questions</i> ) .....	77
9. (1 Jan. 1848) - " <i>Réponse à divers</i> " ( <i>Response to various (criticisms)</i> ).....	78
10. (7 Jan 1848) - " <i>Septième Discours, à Paris, Salle Montesquieu</i> " ( <i>Seventh Speech at the Salle</i>	
<i>Montesquieu in Paris</i> ).....	79
11. (20 Feb 1848) - ES3 XVIII. " <i>Monita secreta</i> " ( <i>Monita secreta</i> ) .....	80
12. (February 1849) - " <i>Paix et liberté ou le budget républicain</i> " ( <i>Peace and Freedom or the Republican</i>	
<i>Budget</i> ) .....	82
13. (15 May 1850) - " <i>Spoliation et loi</i> " ( <i>Plunder and Law</i> ).....	83
14. (July 1850) - WSWNS III. " <i>L'impôt</i> " ( <i>Taxes</i> ).....	84
15. (July 1850) - WSWNS XII. " <i>The Right to Work and the Right to Profit</i> ".....	85
16. (July 1850) - WSWNS VII. " <i>Restriction</i> " ( <i>Trade Restrictions</i> ) .....	86
17. (late 1850 - not 1st ed. but 1851 ed.) - <i>Harmonies économiques. Chap. XI. Producteur. -</i>	
<i>Consommateur (Producer, Consumer)</i> .....	88
18. (late 1850 - not 1st ed. but 1851 ed.) - <i>Harmonies économiques. Chap. XVII. "Services privés,</i>	
<i>service public</i> " ( <i>Private Services, Public Services</i> ) .....	89
<b>APPENDIX 3: FULLER QUOTATION ON "RICOCHETS" FROM FOURIER'S LE</b>	
<b>NOUVEAU MONDE INDUSTRIEL (1829).....</b>	
<b>92</b>	

APPENDIX 4: PERRONET THOMPSON AND THE “DOUBLE INCIDENCE OF  
LOSS” (1834).....94

    Contre-Enquête: “two gains” .....94

*Source* .....94

    Letters of a representative to his constituents: lose the difference of price twice over .....95

*Source* .....95

# 1. Abstract and Contact Details

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## ABSTRACT

In this paper I would like to examine a theory Bastiat developed in the latter years of his life (1847-1850) on calculating the costs and benefits of what he called “the unseen”. This is an important part of Bastiat’s economic theory which has been ignored by researchers to date, partly because the relevant articles were not included in the FEE translation of his *Economic Sophisms* (but which will be included in LF’s new translation of the complete *Sophisms*), partly because of mistranslations of those that have been translated (the key word “ricochet” was often translated figuratively, often as “indirect” or “rebounds”, and not as the technical economic word Bastiat intended it to be), and partly because a full electronic version of his complete works did not exist until recently when comprehensive key word searches could be used for the first time to uncover the rich and colorful vocabulary Bastiat used in formulating his ideas on this topic.

The methodology used in this paper is a combination of history of ideas and linguistic analysis of his and other contemporary writings.

I will begin with a discussion of the idea of “the double incidence of loss” which Bastiat borrowed from the English free trader Perronet Thompson, Bastiat’s expansion of this idea, which originally included only three parties, to one which included many (perhaps millions) of interconnected parties in an economy (“the ricochet effect”), his failed attempts to use mathematics to scientifically calculate the losses caused by government interventions in the economy or by natural disasters, and his realization that there could be positive ricochet effects (PRE) as well as the negative ricochet effects (NRE) which is what he was most interested in when he began his analysis.

Bastiat's theory of "the ricochet effect" led him to think about concepts such as opportunity costs, the multiplier effect (positive and negative), the use of mathematics to quantify costs and benefits of economic actions, the use of thought experiments ("Crusoe economics" and stories about Jacques Bonhomme) to explore the nature of human action in the abstract (praxeology), the interconnectedness of all economic activity, the idea of unintended consequences, and the transmission of economic information to other economic actors via information "flows".

This analysis only proves yet again what a loss his premature death was in 1850. The originality and richness of his ideas are striking and one can only speculate what he might have done to develop them had he lived longer.

The paper also includes several Appendices illustrating Bastiat's use of the term "ricochet" and some of the sources he used. The previously untranslated *Economic Sophisms* ES3 IV "Un profit contre deux pertes" (One Profit versus Two Losses) [9 May 1847, *Le Libre-Échange*] and ES3 VII "Deux pertes contre un profit" (Two Losses versus One Profit) [30 May 1847, *Le Libre-Échange*] are provided in the original French as well as LF's new translation.

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## 2. The Problem of Calculating the Economic Costs of the Unseen: the “Double Incidence of Loss”

### INTRODUCTION

A number of modern day Austrian economists (Hülsmann, Thornton, and DiLorenzo) have claimed that Bastiat is an “Austrian economist” because of his ideas on a number of topics:<sup>1</sup>

- economics is a science of universally valid laws that are discovered by logical deductive reasoning
- the methodology of using thought experiments in order to understand human action [and curiously, in the light of this paper, Bastiat’s rejection of mathematics for understanding economics]
- the science of human action (praxeology) where individuals make valuations and choices, and take actions to achieve their goals
- everybody’s economic interests are harmonious (in the absence of coercion)
- the importance of justly acquired property as the basis of economic transactions
- the value of goods and services are judged differently by each individual (subjective value theory)
- the coordinating function of the market
- capital accumulation enriches ordinary workers by raising their marginal productivity

I don’t go as far as they do, preferring to see him as a “proto-Austrian” who developed in a fairly precocious manner several ideas which have become associated with the Austrian school but which he did not have time to develop into a coherent theory because of his untimely death at the age of 49.

In this paper I would like to examine a theory Bastiat developed in the latter years of his life (1847-1850) on calculating the costs and benefits of what he called “the unseen”. This is an important part of Bastiat’s economic theory which has been ignored by researchers to date,

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<sup>1</sup> Jörg Guido Hülsmann, “Bastiat’s Legacy in Economics,” *The Quarterly Journal of Austrian Economics*, vol. 4, no. 4, Winter 2001, pp. 55-70; Thornton, Mark, “Frédéric Bastiat as an Austrian Economist”, pp. 387-98. *Journal des Économistes et des Études Humaines*, vol. 11, no. 2/3 (Jun 2001). Editor-in-Chief: Garelo, Pierre. Special issue devoted to papers given at the Bastiat bicentennial conference. Online <<http://www.degruyter.com/view/j/jeeh.2001.11.2/issue-files/jeeh.2001.11.issue-2.xml>>; Thomas J. DiLorenzo, 5. “Frédéric Bastiat: Between the French and Marginalist Revolutions,” *15 Great Austrian Economists*, edited with and Introduction by Randall G. Holcombe (Auburn, Alabama: Ludwig von Mises Institute, 1999), pp. 59-69.

partly because the relevant articles were not included in the FEE translation of his *Economic Sophisms* (but which will be included in LF's new translation of the complete *Sophisms*), partly because of mistranslations of those that have been translated (the key word "ricochet" was often translated figuratively, often as "indirect" or "rebounds", and not as the technical economic word Bastiat intended it to be), and partly because a full electronic version of his complete works did not exist until recently when comprehensive key word searches could be used for the first time to uncover the rich and colorful vocabulary Bastiat used in formulating his ideas on this topic.

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I will begin with a discussion of the idea of "the double incidence of loss" which Bastiat borrowed from the English free trader Perronet Thompson, Bastiat's expansion of this idea, which originally included only three parties, to one which included many (perhaps millions) of interconnected parties in an economy ("the ricochet effect"), his failed attempts to use mathematics to scientifically calculate the losses caused by government interventions in the economy or by natural disasters, and his realization that there could be positive ricochet effects (PRE) as well as the negative ricochet effects (NRE) which is what he was most interested in when he began his analysis.

Bastiat's theory of "the ricochet effect" led him to think about concepts such as opportunity costs, the multiplier effect (positive and negative), the use of mathematics to quantify costs and benefits of economic actions, the use of thought experiments ("Crusoe economics" and stories about Jacques Bonhomme) to explore the nature of human action in the abstract (praxeology), the interconnectedness of all economic activity, the idea of unintended consequences, and the transmission of economic information to other economic actors via information "flows".



This analysis only proves yet again what a loss his premature death was in 1850. The originality and richness of his ideas are striking and one can only speculate what he might have done to develop them had he lived longer.<sup>2</sup>

## SEEING THE PROBLEM OF “THE SEEN” AND “THE UNSEEN”

The French economist Frédéric Bastiat (1801-1850) is probably best known for his short essay debunking the view that the breaking of a window could result in an overall benefit for a society. “The Broken Window” (La vitre casée) was a chapter in a short book he wrote as he was dying from throat cancer in July 1850, *Ce qu'on voit et ce qu'on ne voit pas* (What is Seen and What is not Seen),<sup>3</sup> which also carried the marvelous and also true subtitle “Economics in One Lesson”. He took precious time off from writing his treatise on economic theory, *Harmonies Économiques*, the first half of which appeared in 1850 and the second half of which appeared in 1851 and was cobbled together from his unfinished manuscripts by his literary executors Prosper Paillottet and Roger Fonteyraud, or as they called themselves on the title page “Les Amis de Frédéric Bastiat.” The key insight which Bastiat articulated in this and other chapters in the book is the notion that there are consequences of economic activity (gains and losses for different individuals) which are immediately obvious to every observer (what he called “the seen”), and more importantly sometimes, there are consequences which remain hidden for a period of time, or are indirect and

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<sup>2</sup> I personally regret the fact that Bastiat did not live to finish his next proposed book, a “History of Plunder”, in which he would have developed his ideas on plunder, its institutionalization in the form of the State, and the many sociological and historical insights he had already developed in the conclusion to ES1, the opening chapters of ES2, and in several of his anti-socialist pamphlets. Had he been able to do this I believe Bastiat might have been on the way to becoming the “Karl Marx of the Classical Liberal Movement.” See my post on the “Liberty Matters” online forum for July 2013 on *Frédéric Bastiat and Political Economy*, “17. David M. Hart, “What Might Bastiat Have Achieved If He Had Lived as Long as Karl Marx? Some Counterfactual Thoughts, Some What Might Have Beens, and Some Regrets” [Posted: July 26, 2013]”. In “Liberty Matters” Forum on *Frédéric Bastiat and Political Economy* (July, 2013) <[http://oll.libertyfund.org/index.php?option=com\\_content&task=view&id=1679&Itemid=366#conversation17](http://oll.libertyfund.org/index.php?option=com_content&task=view&id=1679&Itemid=366#conversation17)>. This post is reproduced here as Appendix 4.

<sup>3</sup> Original edition: *Ce qu'on voit et ce qu'on ne voit pas, ou l'Économie politique en une leçon*. Par M. F. Bastiat, Représentant du peuple à l'Assemblée nationale, Membre correspondant de l'Institut (Paris: Guillaumin, 1850). Also Frédéric Bastiat, *Selected Essays on Political Economy*, trans. Seymour Cain, ed. George B. de Huszar, introduction by F.A. Hayek (Irvington-on-Hudson: Foundation for Economic Education, 1995). *What Is Seen and What Is Not Seen*. <<http://oll.libertyfund.org/title/956/35425>>.

are not immediately apparent to observers, or which are unintended and thus not expected, but which need to be taken into account nevertheless (what he called “the unseen”). As was his wicked and amusing way, Bastiat called the economists who expected there to be “unseen” consequences, “good economists”, and those who only saw the immediately obvious, “the seen”, “bad economists.”

In addition, Bastiat also wanted to be able to calculate the gains and losses caused by these indirect, hidden or unexpected events, whether natural by means of storms or fires (the commonly discussed example in Bastiat’s day was the Great Fire of London in September 1666), or the result of human actions (whether by hooligan sons throwing rocks through windows or governments imposing taxes and regulations on economic activity). The arguments which he presented in WSWNS<sup>4</sup> were not his final thoughts on the matter as he had been thinking about this problem in several of his essays written between 1845 and 1848 which appeared in his collections of *Sophismes Économiques*, as well as in some of the chapters he was writing for the *Harmonies Économiques*. Unfortunately, he was not able to bring all his scattered thoughts and incomplete arguments into a coherent theory of the calculation of the economic costs and benefits of “the unseen” before he died. What we will attempt to show in this paper is how his thinking on this topic was evolving and where it might have ended up if he had not died before he could complete the task. Also at the back of our mind is the question of “how Austrian” was Bastiat in his insights?

## BASTIAT’S FIRST FORMULATION IN 1847: “THE DOUBLE INCIDENCE OF LOSS”

The trajectory his thinking took was to begin with a crude three-party analysis in which the amounts of the gains and losses were equal for each participant, with one party gaining and two parties losing an equal amount, hence there is a “double incidence of loss.” “The Double Incidence of Loss” is a theory first formulated by the anti-corn law campaigner Colonel Perronet

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<sup>4</sup> The abbreviations used in this paper are as follows: WSWNS = *What is Seen and What is Not Seen*; ES1 = *Economic Sophisms Series I* which were published in January 1846; ES2 = *Economic Sophisms Series II* which were published in January 1848; and ES3 = *Economic Sophisms Series III* which were never published in book form during Bastiat’s lifetime; OC = *Oeuvres complètes* is the *Complete Works* of Bastiat edited by Prosper Paillottet in two editions in 1854 and then in 1862; CW = *The Collected Works of Frédéric Bastiat* published in 6 vols. by Liberty Fund (2011).

Thompson (1783-1869)<sup>5</sup> in 1834-36 and taken up by Bastiat in 1847 when the campaign against protectionism was gaining momentum in the Chamber of Deputies. Bastiat was aware of Thompson because of his prominent position within the Anti-Corn Law league which Bastiat so much admired. The League's success in getting the protectionist Corn Laws repealed in 1846 inspired Bastiat to set up a French Free Trade Association in mid 1846 and to lobby for tariff reform within France over the coming year. [This campaign was ultimately unsuccessful and the free trade lobby were defeated in Committee in mid 1847.] Thus Thompson's and Bastiat's first use of this theory had to do with tariffs and their impact on consumers. Later Bastiat was to make this theory more general when he applied it to the impact of any economic intervention in the economy (such as taxation) or any natural or human disaster such as the destruction of property, as in "The Broken Window" essay in 1850.

With respect to the impact of tariff protection or subsidies to industry on the economy, Thompson and Bastiat argued that they resulted in a directly observable and obvious profit for one industry (and its workers) but at the expense of two other participants in the market. These other participants (or would-be participants) suffer a loss *equal* to the benefit gained by the first party: the consumer loses by having to pay a higher price for a good which he or she could have bought more cheaply from another supplier (often foreign), and unknown third parties also lose because the consumer who was forced to pay more for a good which is protected or subsidized has that much less to spend on other goods and services. Hence there is one party which benefits and two which lose out to the *same amount*.

The phrase appears in Thompson's *A Running Commentary on Anti-Commercial Fallacies* which were a series of articles which appeared in *The Spectator* magazine between February and June 1834, in which attempts to quantify the losses to consumers (and by extension the nation) caused by protected industries:

(T)he (part) of the sum gained to the monopolists and lost twice over by the rest of France, - (viz. once by a corresponding diminution of business to some other French traders, and once more by the loss to the consumers, who are the nation)... The understanding of the misery of this basis, depends upon a clear comprehension of

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<sup>5</sup> Thomas Perronet Thompson (1783-1869). Thompson had a colorful career as a soldier, politician, polymath writer, and pamphleteer and agitator for the Anti-Corn Law League. He was a member of the Philosophical Radicals who were inspired by utilitarian and reformist ideas of Jeremy Bentham. Thompson was active in urging Catholic emancipation, the repeal of the Corn Laws, and the abolition of slavery, and played a leading role in managing the reformist journal the *Westminster Review*. His most significant works include *The True Theory of Rent* (1829), *Catechism on the Corn Laws; with a List of Fallacies and Answers* (1827), *Contre-Enquête: par l'Homme aux Quarante Ecus* (1834) a defense of free trade written in response to a French government inquiry. He published a collection of his essays as *Exercises, Political and Others. In Six volumes*. (London: Effingham Wilson, 1842).

the way in which the gain to the monopolist is lost twice over by other parties; or what in England has been called the double incidence of loss.”<sup>6</sup>

Later that same year Perronet Thompson put the argument in its reverse format, namely an attempt to calculate the gains to consumers provided by free trade. In a paragraph by paragraph refutation of a French government inquiry into tariff policy in 1834 called *Contre-Enquête* (Counter-Inquiry) he notes that free trade increases “la masse de la consommation collective” (the aggregate total of consumption) because it lowers the price of goods and “the difference of price” enjoyed by the consumers was a “nett gain” for the country:

40. There is no difficulty about having facts. Why has nobody asked the witness under examination, “If there was liberty of trade, do you think that supplying the goods to be given for the foreign cloths would make a gain [un gain] to anybody, and to what amount? Do you think that the expenditure of the difference of price by the consumer [la différence du prix pa la consommateur] would make a gain to anybody, and to what amount? Do you think that these two gains put together might equal what *you* would lose [deux gains ensemble pussent égaler vos pertes]? Do you think that after this, the gain of consumers, who are France, would stand out as *nett gain*?” It is pity there should be any scarcity of facts. [p. 211]

41. The liberty of commerce would increase the aggregate total of consumption [la masse de la consommation collective], by all the difference of prices; in the same manner as the quantity of wood a man cuts, would be increased by the liberty of using a sharp hatchet instead of a blunt one. [p. 213]<sup>7</sup>

Bastiat recognized that this was a powerful argument which could be used against defenders of tariff protection and subsidies to industry which he used for the first time in two articles which he wrote in May 1847 for the free trade journal *Libre-Échange* which he edited. The first was “Un profit contre deux pertes” (One Profit versus Two Losses) (9 May 1847) and the second was “Deux pertes contre un profit” (Two Losses versus One Profit) (30 May 1847).<sup>8</sup> These two essays were not republished in his collections of similar essays which were called the *Sophismes*

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<sup>6</sup> See Thomas Perronet Thompson, *Letters of a representative to his constituents, during the session of 1836. To which is added, A running commentary on anti-commercial fallacies, reprinted from the Spectator of 1834. With additions and corrections.* (London: Effingham Wilson, 1836), pp. 188-89.

<sup>7</sup> Thomas Perronet Thompson, *Contre-Enquête. Par l’Homme aux Quarante Ecus. Contenant un Examen des Arguments et des Principes mis en avant dans l’Enquête Commercial* (Paris: Charpentier, 1834). [Counter-Inquiry. By the Man with the Forty Crowns a Year. Containing an Examination of the Arguments and Principles advanced in the French Commercial Inquiry]. Published in *The Westminster Review*, 1 January, 1835 and in *Exercises, Political and Others. In Six volumes.* (London: Effingham Wilson, 1842), vol. 3, pp. 177-213.

<sup>8</sup> “Un profit contre deux pertes” (One Profit versus Two Losses) [9 May 1847, *Le Libre-Échange*] in *Oeuvres complètes* (1st ed. 1854-55), Vol. 2: *Le Libre-Échange* (1855), pp. 377-84.; “Deux pertes contre un profit” (Two Losses versus One Profit) [30 May 1847, *Le Libre-Échange*] in *Oeuvres complètes* (1st ed. 1854-55), Vol. 2: *Le Libre-Échange* (1855), pp. 384-91. Both these essays are included as an Appendix to this paper in the original French and in Liberty Fund’s new translation.

*Économique*, two series of which appeared in January 1846 (ES1) and late 1847 or early 1848 (ES2), and thus did not get wider circulation. He had enough material for a third series of *Sophisms* (ES3) but did not live long enough to publish it. Therefore these and other articles languished in the relative obscurity of his *Oeuvres complètes* (1854-55). They will however be reinstated in a complete collection of his *Sophisms* which will be published by Liberty Fund in volume 3 of his *Collected Works* (forthcoming).

This is how Bastiat in May 1847 first defined the problem of calculating gains and losses after some act of destruction. Bastiat refuses to name the source for his insight as Perronet Thompson had acquired some notoriety for his mathematical equations and geometrical analyses which were regarded with some suspicion and thought of as overly complex.

“I will therefore suppress the name of the author and the algebraic form and reproduce the argument, which is limited to establishing that any advantage flowing from tariffs will of necessity bring about the following:

1. A profit for one industry;
2. An *equal loss* for another industry;
3. An *equal loss* for the consumer.”<sup>9</sup>

[Supprimant donc le nom de l’auteur et la forme algébrique, je reproduirai l’argument qui se borne à établir que toute faveur du tarif entraîne nécessairement :

- 1° Un profit pour une industrie ;
- 2° Une perte égale pour une autre industrie ;
- 3° Une perte égale pour le consommateur.]

Bastiat used the same formula in his 30 May letter to the mathematician and astronomer François Arago (1786-1853)<sup>10</sup> which he capitalizes for special emphasis:

IF A PROTECTIONIST DUTY RAISES THE PRICE OF AN OBJECT BY A GIVEN QUANTITY, THE NATION GAINS THIS QUANTITY ONCE AND LOSES IT TWICE.

[SI UN DROIT PROTECTEUR ÉLÈVE LE PRIX D’UN OBJET D’UNE QUANTITÉ DONNÉE, LA NATION GAGNE CETTE QUANTITÉ UNE FOIS ET LA PERD DEUX FOIS.]

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<sup>9</sup> LF translation of “Un profit contre deux pertes” (One Profit versus Two Losses) [9 May 1847, *Le Libre-Échange*].

<sup>10</sup> François Arago (1786-1853) was the eldest of four successful Arago brothers, the youngest of which, Étienne Arago (1802-1892) may have gone to school with Bastiat in Sorèze. François was a famous astronomer and physicist who was also active in republican politics throughout the 1830s and 1840s. He is mentioned several times in Bastiat's correspondence. After the outbreak of the Revolution in February 1848 he became Minister of War, the Navy and Colonies and played an important role in the abolition of slavery in the French colonies. François also edited the works of Condorcet on the eve the 1848 Revolution.

Bastiat was still using the 3 party model when he wrote “La vitre cassée” (The Broken Window) in WSWNS (July 1850). His editor Paillottet tells us that Bastiat wrote this at least a year earlier but had lost the manuscript and had rewritten it from memory. This might explain why he makes no reference to “the ricochet effect” but sticks with the theory of “the double incidence of loss.” Here is how he concludes “The Broken Window”:

The reader must take care to note clearly that there are not just two characters, but three, in the little drama that I have put before him. One, Jacques Bonhomme, represents the Consumer, reduced by the breakage to enjoy one good instead of two. The second is the Glazier, who shows us the Producer whose activity is stimulated by the accident. The third is the Shoemaker (or any other producer) whose output is reduced to the *same extent* for the same reason. It is this third character that is always kept in the background and who, by personifying *what is not seen*, is an essential element of the problem. He is the one who makes us understand how absurd it is to see profit in destruction. He is the one who will be teaching us shortly that it is no less absurd to see profit in a policy of trade restriction, which is after all, nothing other than partial destruction.

[Il faut que le lecteur s’attache à bien constater qu’il n’y a pas seulement deux personnages, mais trois dans le petit drame que j’ai soumis à son attention. L’un, Jacques Bonhomme, représente le Consommateur, réduit par la destruction à une jouissance au lieu de deux. L’autre, sous la figure du Vitrier, nous montre le Producteur dont l’accident encourage l’industrie. Le troisième est le Cordonnier (ou tout autre industriel) dont le travail est découragé d’autant par la même cause. C’est ce troisième personnage qu’on tient toujours dans l’ombre et qui, personnifiant *ce qu’on ne voit pas*, est un élément nécessaire du problème. C’est lui qui nous fait comprendre combien il est absurde de voir un profit dans une destruction. C’est lui qui bientôt nous enseignera qu’il n’est pas moins absurde de voir un profit dans une restriction, laquelle n’est après tout qu’une destruction partielle.]

The next stage in his thinking was firstly, the realization that more than three parties were involved and secondly, that sometimes these “unseen” consequences could have positive effects and were not always negative. There is a hint of this in the 9 May article where he refers in passing to numerous “ancillary losses” but it is left tantalizingly undeveloped:

“These (3 costs and benefits) are the *direct and necessary* effects of protection. In all justice, and to complete the assessment, we ought in addition to impute to it a number of *ancillary losses*, such as the cost of surveillance, expensive formalities, commercial uncertainty, fluctuations in duties, aborted operations, the increased likelihood of war, smuggling, repression, etc.”

[Ce sont là les effets *directs et nécessaires* de la protection. En bonne justice, et pour compléter le bilan, il faudrait encore lui imputer de nombreuses *pertes accessoires*, telles que : frais de surveillance, formalités dispendieuses, incertitudes commerciales, fluctuations de tarifs, opérations contrariées, chances de guerre multipliées, contrebande, répression, etc.]

By moving beyond the three-party model he recognized the interconnectedness of all economic activity which meant that potentially millions of individuals might be influenced to one degree or another by an economic action. He also offers in the 30 May article another tantalizing

insight about the role that the “circulation ultérieure” (subsequent circulation) of money might play in spreading the harms and benefits of government intervention. He throws his arms up figuratively in despair because he does not know how to calculate the impact of “des parallèles infinies” (infinite trajectories) created by the circulation of money.

“The following is also said: the franc that the cutler receives as a supplement, thanks to trade protection, he pays to his workers. My reply is this : the franc that the bookseller would receive in addition, thanks to free trade, he would also pay to other workers, so that in this respect the balance is not upset, and it remains true that under one regime you have a book and on the other you do not. To avoid the confusion, intentional or not, that will not fail to be cast over this subject, you have to make a clear distinction between the original distribution of your 3 francs and their subsequent circulation which, in both hypotheses, follows infinite trajectories and can never affect our calculation.”

[On dira encore ceci : Le franc que le coutelier reçoit en plus, grâce à la protection, il le fait gagner à des travailleurs. — Je réponds : Le franc que le libraire recevrait en plus, grâce à la liberté, il le ferait gagner aussi à d’autres travailleurs ; en sorte que, de ce côté, la compensation n’est pas détruite, et il reste toujours que, sous un régime vous avez un livre, et sous l’autre vous n’en avez pas. — Pour éviter la confusion volontaire ou non qu’on ne manquera pas de faire à ce sujet, il faut bien distinguer la distribution originale de vos 3 francs d’avec leur circulation ultérieure, laquelle, dans l’une et dans l’autre hypothèse, suit des parallèles infinies, et ne peut jamais affecter notre calcul.

His hope is that the mathematician and astronomer François Arago would come to his rescue with the requisite mathematics which would enable him to calculate scientifically the gains and losses to the relevant parties and thus make his theoretical arguments against tariffs and subsidies “invincible” (“I would like to see this demonstration clad in the invincible evidence that the language of equations communicates” (je désire voir cette démonstration revêtue de l’évidence invincible que communique la langue des équations)). Unfortunately his reply is not known and nothing came of the matter as far as we know:

Another complication was that the losses to one party and gains to another *might not be exactly equal* as he had first thought. They could of course, just cancel each other out or, if a sufficiently large number of participants were involved, then the relative gains and losses would gradually diminish (like waves on a pond or lines disappearing into infinity “des parallèles infinies”) and thus have to be calculated using mathematics which he did not possess, especially as the impact became smaller, more distant and indirect over time.

## THE “TRIPLE INCIDENCE OF LOSS”

Had Bastiat thought about Thompson’s theory a bit more he might have come to the realisation that the damage caused by a broken window was even worse than he had first thought. It was true that at least three parties were involved but he ignores the fact that Jacques actually suffers a double not a single loss when his window gets broken. He loses the capital value of the window and then the value of his time in making temporary repairs and arranging for the window to be replaced, and then the out of pocket cost of buying the new window and having it installed. Since a new window cost Fr 6, and the average wage of a semi-skilled labourer was Fr 2-3 per day, his total losses would be the sum of the discounted capital value of the window which was broken (Fr 2), the time he spends cleaning up and making temporary repairs and arranging for a glazier to come (Fr. 1.5), the cost of the glazier’s repairs (Fr 6 for the window plus Fr 2 for time). When these additional factors are taken into account the costs to Jacques are no longer just Fr 6 but closer to Fr 12 or double the figure Bastiat was working with. Jacques could have been out of pocket the equivalent of 4-6 days work for an average semi-skilled labourer.

If one were a Keynesian one might object to Bastiat’s reasoning that the losses resulting from a broken window (or other natural disaster) *always outweigh* the gains by reversing the analysis. The glazier who gains the Fr 6 for repairing the broken window likewise will spend some or all of it on other things such as a new pair of shoes or a chicken for the Sunday pot. This purchase by the glazier is also “unseen” just as Jacques Bonhomme’s unmade purchase is also “unseen.” Bastiat in turn might admit that the sum of losses on Jacques’ side of the equation might equal the gains on the glazier’s side of the equation but that there is still a net loss to the economy in the form of the destroyed capital stock of a broken window. This Keynesian economist might go further by arguing that if the government had broken some strategically placed “windows” then the glazier’s income and his subsequent expenditure might have “multiplier effects” as they unlocked “idle resources” which were not being used productively in the economy. But this is another story.

Another twist in the argument is introduced if one examines a criminal act rather than an act of nature. It may well be that, in the case of an act of nature, the benefits accruing to “the glazier” and all the recipients of his new expenditure might equal those which would have accrued to the “unseen” shopkeepers had Jacques Bonhomme not had to replace his brown window. But if one considers an act of robbery does this change the mathematics of calculating gains and losses? This was an argument used by Perronet Thompson in “A Running Commentary on Anti-Commercial Fallacies” who regarded the beneficiaries of a tariff to be “robbers”. Would it be a reasonable economic argument to say that once the robbery had been committed one could argue in favour of it because the expenditure of the newly acquired money



by the robbers stimulated consumption and production in all the businesses they subsequently frequented?

The Commission, however, think they have settled the point to all eternity; and they proceed without hesitation to avow, that in fixing the articles of the tariff, they pay not the slightest attention to the fact that France is the loser by each and every act of robbery, but confine themselves entirely to the question whether the several robbers declare their respective robberies to be "profitable" to themselves. [p. 188]

I suspect that Bastiat may have been aware of some of these concerns and tried to address them in his related theory which he called the "ricochet effect" (par ricochet) or "flow on effect." By this he meant the indirect consequences of an economic action which flow or knock on to third or more parties, sometimes with positive results but more often with negative results.

### 3.The Sophism Bastiat never wrote: the Sophism of the Ricochet Effect

#### PREPARATORY WORK AND REGRETS

Bastiat worked on this new theory intermittently during late 1847 and early 1848, before dropping it to work on more pressing matters such as his work as Vice-President of the Finance in the Constituent and then the National Assembly to which he had been elected in April 1848, writing a series of pamphlets in the pamphlet war against the socialists which he took up in 1849, and working on the first half of *Harmonies économiques*.

Something should be said about why the translator of the FEE edition of Bastiat's works missed this crucial expression and its related terms. Firstly, they only translated the two Series of *Economic Sophisms* which were published in Bastiat's lifetime. The material he did not have time to edit into a third series, which was discussed as a possibility by Paillottet the French editor, contains the three essays which included his lengthy discussion of the theory of "the double incidence of loss" and the sophism "Monita secreta" (Monita secreta) (20 Feb 1848) ES3 XVIII which contain 5 references to "ricochet".

Secondly, when they did come across the word, for example in ES2 IV, they translated "par ricochet" as "rebounds", or in *WSWNS* III. "L'impôt" (Taxes) they translated "ses ricochets sur l'industrie" as "their indirect effects on industry". This also occurred in *Harmonies économiques*. Chap. XVII. "Services privés, service public" (Private Services, Public Services) where they translated the several references to "ricochet" as the "indirect effect of spending". Even when there was an explicit reference to "le sophisme des ricochets" in the essay "Spoliation et loi" (Plunder and Law) they translated it somewhat strangely as "the sophism of chain reactions." [This is in fact the reverse of what Bastiat was getting at. A chain reaction suggest an out of control and ever increasing reaction leading to an explosion. Ricochet suggests the opposite, as in a stone ricocheting across a pond with ever diminishing energy as each bounce becomes smaller and smaller, until the stone sinks beneath the surface. Bastiat realized that the impact of an economic action had a diminishing effect the further it moved away from its original source. The problem was how to calculate the total of these effects, which is where the need for calculus comes into the picture. hence his appeal to the astronomer Arago.]

An analysis of the electronic version of Bastiat's *Oeuvres complètes* shows that Bastiat makes the following explicit references to “ricocher” (verb) or “ricochet” (noun) for a total of 24 uses of the word:

- 1 explicit reference to “ricocher” (the verb) in the essays published in ES1 (January 1846): ES1 XXI. “Matières premières” (Raw Materials)
- 1 reference to “ricochet” in the essays published in ES2 (January 1848): ES2 IV. “Conseil inférieur du travail” (The Lower Council of Labor)
- **6 references** to “ricochet” in the essays we have called ES3 (articles written between January 1846 and February 1848): 1 in ES3 XII. “L'indiscret” (The Man who asked Embarrassing Questions) (12 Dec. 1847); 5 in the *Sophism* he wrote in February 1848 just before the outbreak of the Revolution, ES3 XVIII. “Monita secreta” (Monita secreta) [20 February 1848]
- 2 references to “ricochet” in speeches and other writings in 1847: 1 in “Cinquième discours, à Lyon” (Fifth Speech given at Lyons) (August 1847); 1 in “Réponse au journal *l'Atelier*” (Response to the journal *The Workshop*) (12 Sept. 1847)
- **6 references** to “ricochet” in speeches and other writings in 1848: 2 in “Réponse à divers” (Response to various (criticisms)) (1 Jan. 1848); 4 in “Septième Discours, à Paris, Salle Montesquieu” (Seventh Speech at the Salle Montesquieu in Paris) (7 Jan 1848)
- 1 reference to “ricochet” in 1849: “Paix et liberté ou le budget républicain” (Peace and Freedom or the Republican Budget) (February 1849)
- **7 references** to “ricochet” in 1850: 1 in “Spoliation et loi” (Plunder and Law) (15 May 1850), only 1 in WSWNS (July 1850), 5 in *Economic Harmonies* with 1 reference in Chap. XI. Producteur. - Consommateur (Producer, Consumer) and 4 in Chap. XVII. “Services privés, service public” (Private Services, Public Services) with an explicit reference to “the Sophism of the Ricochet Effect.”

This analysis of key words shows a clustering of interest in the topic in January and February 1848 and then in late 1850. Bastiat seems to have returned to work on the ricochet effect in late 1850 when he was rushing to complete the second half of *Harmonies économiques* before he died. His most detailed comments on the theory of the ricochet effect appeared in the unfinished chapters in the second half of *Harmonies Économiques*, Chap. XI. Producteur. - Consommateur (Producer, Consumer) and Chap. XVII. “Services privés, service public” (Private Services, Public Services). There was no mention of ricochet in the first part of 10 chapters which was published in the last year of his life. However, all the references are to be found in the notes and fragments he left behind which Paillottet put together for the second half of the treatise which appeared in 1851. A hint perhaps of the growing importance Bastiat was placing on this new kind of economic sophism.

As the second series of *Economic Sophisms* was being printed in January 1848 Bastiat expressed some regret in a public lecture he gave for the Free Trade Association at the Salle Montesquieu in Paris that he had never got around to writing a Sophism explicitly about what he called “le sophisme des ricochets” (the sophism of ricochet effects). Many in the audience must have read

his earlier thoughts on the matter as they responded very positively to his comments about his plans for “the next edition” of the *Economic Sophisms*<sup>11</sup> which he promised would contain such an essay.

In his lecture Bastiat was reflecting on why the Swiss refused to impose tariffs on their economy in spite of the fact that they had large landowners, as France did, who had an economic interest in using the power of the state to gain benefits in this way. The answer, he thought, lay in the fact that Swiss voters, unlike their French counterparts, were not deceived by the sophistical arguments about the claimed benefits to ordinary workers of the “gros avantages par ricochet” (the considerable advantages of the ricochet effect). By this is meant the argument used by those in favour of high taxes and high tariffs that the ordinary worker will eventually benefit as a result of a form of “trickle down” theory. The beneficiaries of high taxes (the government) and tariffs (agriculture or industry), it is argued, will eventually spend their money in ways which will benefit the ordinary worker. Bastiat argued that the Swiss were different from other Europeans on the question of tariffs not because they lived in a mountainous country (as some defenders of French tariffs rather dismissively maintained) but because they had not been duped by the protectionists specious arguments:

It is not that Switzerland lacks large proprietors of agricultural land and forests, or large entrepreneurs who would attempt to introduce trade restrictions. These men who sell products said to those who sell their labour: Be good chaps; let us raise the price of our products and we will enrich ourselves, we will spend it, and it will come back to you by the ricochet effect to your great advantage. (Great mirth). But they were never able to persuade the Swiss people that it would be to their advantage to pay a high price for something that could be got cheaply. The theory of the ricochet effect has not sold well in this country. And indeed, there is no abuse which couldn't be justified by the idea. Before 1830 one could also have said: It is a very great honor for the people to pay 36 million francs for the Civil List. The Royal Court lives lavishly and industry profits from the ricochet effect...

Truthfully, I believe that I neglected to include in a certain small volume an article entitled “the Sophism of the Ricochet Effect.”

I will repair this oversight in the next edition [prolonged hilarity from the audience]. Our adversaries claim that the example provided by the Swiss doesn't count because it is a mountainous country. [Laughter].<sup>12</sup>

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<sup>11</sup> A Series III of the *Economic Sophisms* never appeared in Bastiat's lifetime in spite of the fact that he expressed a wish to do so several times but his untimely death on 24 December 1850 prevented this from happening. His literary executor and editor Prosper Paillottet collected what he considered to be a Series III in *OC*, vol. 2 but Liberty Fund's edition of his *Collected Works* is the first time they have been brought together in a way Bastiat might have wished. They are certainly the first time these essays have been translated into English.

<sup>12</sup> See [*CW6*, forthcoming] *OC2*. 48. Septième Discours, à Paris, Salle Montesquieu, 7 Janvier 1848.

[Ce n'est pas qu'il ait manqué de gros propriétaires de champs et de forêts, de gros entrepreneurs qui aient essayé d'implanter en Suisse la restriction. Ces hommes qui vendent des produits disaient à ceux qui vendent leur travail : Soyez bonnes gens ; laissez-nous renchérir nos produits, nous nous enrichirons, nous ferons de la dépense, et il vous en reviendra de gros avantages par ricochet. (Hilarité.) Mais jamais ils n'ont pu persuader au peuple suisse qu'il fût de son avantage de payer cher ce qu'il peut avoir à bon marché. La doctrine des ricochets n'a pas fait fortune dans ce pays. Et, en effet, il n'y a pas d'abus qu'on ne puisse justifier par elle. Avant 1830, on pouvait dire aussi : C'est un grand bonheur que le peuple paye une liste civile de 36 millions. La cour mène grand train, et l'industrie profite par ricochet...

En vérité, je crois que, dans certain petit volume, j'ai négligé d'introduire un article intitulé : Sophisme des ricochets.

Je réparerai cet oubli à la prochaine édition. (Hilarité prolongée.)]

Since Bastiat never lived to write "The Sophism of the Ricochet Effect" we can only collect the scattered remarks he did make about it and attempt to reconstruct what he might have written had he lived longer.

## THE INTELLECTUAL ORIGINS OF "THE RICOCHET EFFECT"

The word "ricochet" is a curious one for an economist like Bastiat to adopt. Its traditional meanings include a literal sense, as in English, of an object bouncing off objects in its path, such as a flat stone being bounced off the surface of a body of water. Bastiat used the word in this sense on several occasions along with other water images.

It also had a military meaning, referring to the strategy of firing artillery shells high in the air so they would land just behind the wall of a fortress thereby causing maximum damage to the walls and to any humans standing nearby from flying shrapnel ricocheting off the walls.<sup>13</sup>

There were also several uses of the word in political writings in the 1830s and 1840s. The socialist Charles Fourier used it in *Le Nouveau monde industriel et sociétaire* (1829) as part of his theory of class, where he talks about the "ricochet de mépris des supérieurs aux inférieurs, et ricochet de

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<sup>13</sup> See the definition of "Ricochet" in *Vocabulaire de la langue française: extrait de la dernière édition du Dictionnaire de l'Académie publié en 1835*, ed. Charles Nodier, Paul Ackermann (Paris: Firmin-Didot, 1836). See also the online dictionaries at Centre National de Ressources Textuelles et Lexicales (CNRTL) <<http://www.cnrtl.fr/>>.

haines des inférieurs aux supérieurs" (the flow (ricochet) of disdain by the superior classes to the inferior, and the flow (ricochet) of hatred of the inferior classes for the superior classes"<sup>14</sup>

The anarchist socialist Proudhon used the term as part of his theory of property developed in *Qu'est-ce que la propriété?* (1841). He believed that the ownership of property creates a privilege and a benefit which puts the worker on wages at a disadvantage to the property owner on the "social ladder" (l'échelle sociale) resulting in "un ricochet de spoliation du plus fort au plus faible" (a cascade of plunder by the strongest of the weakest) where "la dernière classe du peuple est littéralement mise à nu et mangée vive par les autres" (the lowest class of the people is literally stripped naked and eaten alive by the others).<sup>15</sup>

The classical liberal economist and associate of Bastiat's, Louis Reybaud, used the word ricochet in his amusing critiques of French society and politics, *Mémoires de Jérôme Paturot*, which appeared in serial form between 1843 and 1848, in particular his witty critique of how bureaucracies functioned. Reybaud describes the behaviour of individuals within the "ruche bureaucratique" (bureaucratic hive) where appointments are solicited by the weak and powerless from the powerful and well-connected thus creating a network of obligation and control throughout the hierarchy which radiates outwards to infinity ("ces ricochets allaient à l'infini"). This and other insights come from his witty and clever satirical stories about the exploits of the ambitious Jérôme Paturot about whom he wrote for over 20 years to much popular acclaim. In the story "Paturot publiciste officiel" Jérôme visits a friend who works in a large government bureaucracy and as the public servants stream out of the building at the end of the work day his friend explains the nepotism and connections which got them their jobs!<sup>16</sup>

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<sup>14</sup> *Œuvres complètes de Ch Fourier. Tome sixième. Le Nouveau monde industriel et sociétaire* (Paris: La Société pour la propagation et pour la réalisation de la théorie de Fourier, 1841), Section V. De l'équilibre général des passions, Chap. XXXVI "Des accords transcendants, ou ralliements de seize antipathies naturelles," p. 324-25. See Appendix 3 for the full passage from which this quotation comes.

<sup>15</sup> Pierre-Joseph Proudhon, *Qu'est-ce que la propriété?: ou recherches sur le principe du droit et du gouvernement. Premier mémoire* (Paris: Prévot, 1841), p. 203. The full passage is: "Si, dans toutes les professions, le salaire de l'ouvrier était le même, le déficit occasionné par le prélèvement du propriétaire se ferait sentir également partout; mais aussi la cause du mal serait tellement évidente, qu'elle eût été dès longtemps aperçue et réprimée. Mais comme entre les salaires, depuis celui de balayeur jusqu'à celui de ministre, il règne la même inégalité qu'entre les propriétés, il se fait un ricochet de spoliation du plus fort au plus faible, si bien que le travailleur éprouvant d'autant plus de privations qu'il est placé plus bas dans l'échelle sociale, la dernière classe du peuple est littéralement mise à nu et mangée vive par les autres."

<sup>16</sup> Louis Reybaud, *Jérôme Paturot à la recherche d'une position sociale. Édition illustrée par J. J. Grandville* (Paris: J.J. Dubochet, 1846), Chap. XIII. "Paturot publiciste officiel. - Son ami l'homme de lettres," pp. 126-27.

The life of the employees can be summarized by two preoccupations: to arrive as late as possible and to leave as soon as possible. And if you add to work as little as possible, then you get the three ends of administrative existence ...

The employees file out before us, both the senior bureaucrats as well as the junior ones. Max names them for me, telling me about their functions (pretty much as weighty as his), summing up their future prospects and telling me who their protectors are. Deputies (i.e. elected politicians) still play a very important role in this hierarchy: the bureaux were populated with their creatures. The son of a Deputy, the cousin of a Deputy, the nephew of a Deputy, the god child of a Deputy, these were the words which resounded in my ears. On the other hand, their influence was indirect without being any less powerful. There was an influential voter who was recommended to a Deputy, who in his turn recommended him to the Minister. These "ricochets" go on to infinity; in this way one could say, at a pinch, that no employee holds his position because of his own merit or his personal ability. Favouritism dominates and with this, incompetence.

[La vie des employés peut se résumer par deux préoccupations: arriver le plus tard possible, partir le plus tôt possible; et, si l'on y ajoute travailler le moins possible. on obtient les trois termes de l'existence administrative. ... (p. 126)

[p. 126] Nous sortîmes, et déjà l'essaim (swarm) des employés sortait aussi, en bourdonnant (buzzing), de la ruche bureaucratique. Depuis une heure, on brossait les chapeaux, les paletots et les pantalons; on essuyait la poussière des pupitres, on rangeait dans les casiers les papiers épars. La taille des plumes était généralement suspendue, et le mot commencé remis au lendemain. Les employés défilèrent devant nous, les supérieurs comme les inférieurs, Max me les nomma, en me mettant au courant de leurs fonctions, à peu près aussi lourdes que les siennes, en me récapitulant leurs chances et me nommant leurs protecteurs. Les députés jouaient encore un grand rôle dans cette hiérarchie: les bureaux étaient peuplés de leurs créatures. Fils de député, cousin de député, neveu de député, filleul (godchild) de député, voilà ce qui retentissait à mon oreille. D'autres fois, l'influence était indirecte sans être moins active. C'était un électeur considérable qui recommandait au député, lequel recommandait à son tour au ministre. Ces ricochets allaient à l'infini; de sorte qu'on pouvait, à la rigueur, dire que pas un employé ne se trouvait là à cause de son propre mérite et pour ses services personnels. La faveur dominait, et avec elle l'impéritie (incompetence).]

What is clear from this brief analysis is that originally the word "ricochet" was used in order to explain certain political or social relationships of a hierarchical or "vertical" nature between those with power and those without power. The first was a political sense in which ricochet referred to the mutual ties of political influence and dependence which existed in a political or bureaucratic structure, as described by Louis Reybaud, where one's position in the hierarchy was acquired through cronyism and nepotism, and where influence peddling determined the level of one's success. Here, waves of power and influence would "ricochet" up and down the bureaucratic ladder, or, to return to Reybaud's colorful image of the "ruche bureaucratique" (bureaucratic hive) one could almost hear the hive throbbing with power.

The socialist Fourier and Proudhon used the word “ricochet” in order to criticize what they regarded as unjust social and economic relationships which existed in the economic order. Because they were socialists they did not understand how the free market operated and they therefore falsely attributed to the market the “ricochets of plundering” (ricochet de spoliation) between the property owner and the propertyless (Proudhon), and the “ricochets of disdain and hatred” (ricochet de mépris et de haines) (Fourier) between the social classes, which, as Bastiat fully realized, were more properly the result of “disturbing factors” (des causes perturbatrices (also “des forces perturbatrices”)) caused by government privileges and use of coercion.<sup>17</sup>

Bastiat’s innovation was to “flatten” the concept of ricochet so that it referred to the consequences an economic action had on other participants in an economy. These consequences were often indirect, unforeseen, and unintended and Bastiat compared them to ripples in a pond spreading out from its point of impact.

## BASTIAT’S USE OF THE TERM RICOCHET

Bastiat knew the work of Fourier, Proudhon, and Reybaud and would no doubt have been familiar with their ideas about the ricochet effect in their social and political meanings of the term. However, Bastiat’s first use of the word was in a purely literal and negative sense of a flat stone being bounced across a body of water. He does this in a discussion in ES1 XXI. “Matières premières” (Raw Materials) (c. 1845) where he talks about trade restrictions which encourage cargo ships to carry “useless refuse” on their return journeys because Navigation Laws restricted what cargoes could be carried by what nations from port to port. Bastiat describes this as a wasteful of human energy as paying sailors “pour faire ricocher des cailloux sur la surface de l’eau” (to make pebbles skim across the surface of the water.)<sup>18</sup> In other words it was a wasteful government make-work scheme for sailors. It is clear that in this instance Bastiat is using the word “ricochet” in a purely literary and figurative manner with no real economic significance attached to it. He was later to move beyond this and develop a new economic meaning for this colorful metaphor.

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<sup>17</sup> See chapter XVIII “Causes perturbatrices” in *Harmonies Économiques* (1851). There are many references to this idea throughout the book.

<sup>18</sup> ES1 XXI “Matières premières” (Raw Materials) [no date given] [1st published in book]. *Oeuvres complètes* (1st ed. 1854-55), Vol. 4: Sophismes économiques. Petits pamphlets I. (1854), 5th ed., pp. 105-15. Also Frédéric Bastiat, *Economic Sophisms*, trans. Arthur Goddard, introduction by Henry Hazlitt (Irvington-on-Hudson: Foundation for Economic Education, 1996). Chapter: First Series, Chapter 21: Raw Materials. <<http://oll.libertyfund.org/title/276/23370>>.



Whereas Fourier, Proudhon, and Reybaud used the term “ricochet” in a vertical or “political” sense, of waves of hatred and disdain going up and down the social hierarchy, or ties of power and influence going up and down the levels within a bureaucracy, Bastiat came to use the word primarily in a horizontal or “economic” sense. In fact, he seems to view it much like horizontal flows of water (or electricity) which radiate out from a central point. Thus, by "the ricochet effect" Bastiat meant the concatenation of effects caused by a single economic event which "rippled" outwards from its source causing indirect flow on effects to third and other parties.<sup>19</sup> A key insight behind this term is the idea that all economic events are tied together by webs of connectivity and mutual influence. The analogies he liked to use often involved water or lines of force, such as:

- stones and pebbles thrown into water, or dropping coins into a cup, causing concentric circles of ripples to fan outwards
- objects bouncing or rebounding of each other or walls
- water splashing back, or blowing back in one’s face - “rejaillir” (to spill, , to cascade, to splash over)<sup>20</sup>
- water flowing over objects - “glisser” (to slide or slip over something)<sup>21</sup>
- communication flows through “canaux secrets” (hidden channels)<sup>22</sup> or “parallèles infinies” (infinite trajectories)<sup>23</sup> - In this context he has an intriguing and precocious statement about the “circulation of money” - “il faut bien distinguer la distribution originaire de vos 3 francs d’avec leur circulation ultérieure, laquelle, dans l’une et dans l’autre hypothèse, suit des parallèles infinies” (it is necessary to distinguish between the original distribution of your 3 francs and their subsequent circulation, which in either one of the hypotheses, follows infinite trajectories)
- consumers are like reservoirs of water or electricity out of which all costs from intervention must be paid

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<sup>19</sup> Other words one could use for "ricochet" include the following: ripples, trickle down, flow on, knock on, cascading (Bastiat uses the word "rejaillir" or splashing), bouncing, indirect, repercussions, reverberations, concatenation, and so on. The translator of the FEE edition and our original translator valiantly attempted to find synonyms like these to translate the rather awkward word “ricochet” or phrase “par ricochet” (ricochet effect) without recognizing that Bastiat was using it in a specific, technical way to describe certain economic phenomenon which he wanted to understand and explain.

<sup>20</sup> See ES3 XII. “The Man who asked Embarrassing Questions” (12 December 1847).

<sup>21</sup> See ES1 IV. “Equalizing the Conditions of Production” (July 1845).

<sup>22</sup> See WSWNS VIII. “Machines”.

<sup>23</sup> See ES3 VII. “Deux pertes contre un profit” (Two Losses versus One Profit) [30 May 1847].

The following is a listing of some of these key words and phrases which Bastiat used to explain economic actions. They include his use of colorful metaphors to understand economic activity, his use of expressions which suggest the unintended consequences of economic actions, and his criticism of the sophistical use of ricochet to justify government actions.

### *1. Bastiat's use of metaphors to understand economic activity*

[see Appendix 3 for a longer version of the quotation and publishing details]

1. Q1. “pour **faire ricocher des cailloux** sur la surface de l'eau” (making pebbles skim or bounce across the surface of the water)
2. Q5. “la distribution originaire de vos 3 francs d'avec **leur circulation ultérieure**, laquelle, dans l'une et dans l'autre hypothèse, suit **des parallèles infinies**, et ne peut jamais affecter notre calcul” (the original distribution of your 3 francs and their subsequent circulation which, in both hypotheses, follows infinite trajectories and can never affect our calculation)
3. Q8. “ne doit-il pas arriver que **la détresse des non-protégés rejaille sur les protégés** ? — Je le crois. Je suis convaincu qu'à la longue la perte tend à se répartir sur tout le monde.” (should the distress of those not protected not spill over [rejaillir] on to those protected? I think so. I am convinced that in the long run the loss tends to spread over everyone)
4. Q12. “quand on a étudié **le mécanisme naturel des impôts, leurs ricochets, leurs contre-coups**, on sait bien que ce que le fisc demande à une classe est payé en grande partie par une autre” (when you have studied the natural mechanism of taxes, their rebounds and repercussions, you know full well that what the tax authorities require from one class is paid for the most part by another)
5. Q16. “Cette bienheureuse pièce de cent sous, que vous ferez tomber dans mon coffre-fort, comme une pierre qu'on jette dans un lac, fera **rayonner au loin un nombre infini de cercles concentriques**.” (This fortunate hundred sou coin that you drop into my coffer will radiate outwards to the far corners of the country an infinite number of concentric circles, just like a stone thrown into a lake.)
6. Q16. “**La pierre n'est jetée sur un point du lac** que parce qu'elle a été législativement empêchée d'être jetée sur un autre.” (The stone is merely cast into a particular point on the lake because it has been prevented by law from being cast into another.)
7. Q17. “Le consommateur, le public est donc, relativement à la perte ou au bénéfice qui affectent d'abord telle ou telle classe de producteurs, **ce que la terre est à l'électricité: le grand réservoir commun**. Tout en sort; et, après quelques détours plus ou moins longs,

après avoir engendré des phénomènes plus ou moins variés, tout y rentre. Nous venons de constater que **les résultats économiques ne font que glisser, pour ainsi dire, sur le producteur pour aboutir au consommateur**, et que, par conséquent, toutes les grandes questions doivent être étudiées au point de vue du consommateur, si l'on veut en saisir les conséquences générales et permanentes.” (In relation to the profit or loss that initially affect this or that class of producers, the consumer, the general public, is what earth is to electricity: the great common reservoir. Everything comes out of this reservoir, and after a few more or less long detours, after the generation of a more or less great variety of phenomena, everything returns to it. We have just noted that the economic results just flow over producers, to put it this way, before reaching consumers, and that consequently all the major questions have to be examined from the point of view of consumers if we wish to grasp their general and permanent consequences.)

## *2. Bastiat’s use of expressions which suggest that economic actions can have unintended consequences*

Some examples of Bastiat’s use of expressions which suggest unintended bad consequences of actions which “blow back” in the faces of those who expected good consequences:

1. Q2. “le mal indirect qui, **frappant leur clientèle, retombe par ricochet sur eux**” (the indirect harm which, as it affected their customers, ricocheted on to them)
2. Q4. “lui imputer de **nombreuses pertes accessoires**, telles que : frais de surveillance, formalités dispendieuses, incertitudes commerciales, fluctuations de tarifs, opérations contrariées, chances de guerre multipliées, contrebande, répression, etc.” (to impute to it (protection) a number of ancillary losses, such as the cost of surveillance, expensive formalities, commercial uncertainty, fluctuations in duties, aborted operations, the increased likelihood of war, smuggling, repression, etc.)

## *3. Bastiat’s criticism of the sophistical use of the term “ricochet” to justify government actions*

Bastiat also used the word ricochet in the vertical and sophistical (i.e., false) sense used by many of his opponents when they argued that high taxes or high tariffs would have a “trickle down effect” on ordinary consumers eventually. He was scathing in his criticism of this way of thinking about the economy. He saw it as an obvious ploy by the powerful elites to “dupe” the taxpayers and consumers into accepting their own exploitation. The following are some examples of this sophistical use of ricochet to justify government actions:

1. Q3. “PIERRE. C’est précisément **la cherté des produits qui amènera la cherté des salaires.**” (PIERRE: It is precisely the high prices of products that **will produce higher wages as a result of the ricochet or flow on effect!**)

2. Q6. “**vous nous promettiez que le ricochet de ces mesures élèverait notre salaire** en proportion et même au delà” (You promised us that the ricochet effect of these measures (higher taxes and tariffs on food etc) would increase our wages by the same amount, and even higher)

3. Q7. “On dit bien que **le travail profite par ricochet de ces monopoles**” (It is said that labour will profit from the ricochet effect of these monopolies)

4. Q9. “What is worse about these claims is that those who make them don’t believe a single word themselves... because, if **this protection by the ricochet effect** which so soothes the people (is so good), why don’t the manufacturers apply it to themselves? why don’t they pass a law which doubles their salaries, since so much good will come to them by means of **the ricochet effect?**” (Ce qu’il y a de pire dans ces assertions, c’est que ceux qui se les permettent n’en croient pas un mot eux-mêmes.... car, quant à **cette protection par ricochet dont on berce le peuple**, pourquoi les manufacturiers ne la prennent-ils pas pour eux ? pourquoi ne font-ils pas une loi qui double les salaires, en vue du bien **qu’il leur en reviendra par ricochet** ?

5. Q10. “laissez-nous renchérir nos produits, nous nous enrichirons, nous ferons de la dépense, et **il vous en reviendra de gros avantages par ricochet**” (let us increase the price of our products, we will enrich ourselves, we will make up (?) the added expence, and great advantages/benefits will come to us as a result of the ricochet effect)

6. Q11. “Since you force products to be expensive by recourse to the law, you ought also, in order to be fair, to force wages to be expensive by recourse to the law.” Let the argument drop for as long as you can. When you can no longer remain silent, answer: “The high price of products encourages us to make more of them, and in order to do this we need more workers. This increase in the demand for labor raises your wages and in this way, indirectly, our privileges extend to you **by the ricochet or flow on effect**. Workers will perhaps then answer you: “This would be true if the excess production stimulated by high prices was achieved with **capital that had fallen from the moon**. But if all that you can do is to take it from other sectors of industry, there will be no increase in wages, since there has been no increase in capital. We now, accordingly, have to pay more for the things we need and **your ricochet or flow on effect is a trick.**” (« Puisque vous forcez la cherté des produits par l’opération de la loi, vous devriez bien aussi, pour être justes, forcer la cherté des salaires par l’opération de la loi. » Laissez tomber l’argument aussi longtemps que possible. Quand vous ne pourrez plus vous taire, répondez : La cherté des produits nous encourage à en faire

davantage ; pour cela, il nous faut plus d'ouvriers. Cet accroissement de demande de main-d'œuvre hausse vos salaires, et c'est ainsi que nos privilèges **s'étendent à vous par ricochet**. L'ouvrier vous répondra peut-être : « Cela serait vrai si l'excédant de production excité par la cherté se faisait au moyen de **capitaux tombés de la lune**. Mais si vous ne pouvez que les soutirer à d'autres industries, n'y ayant pas augmentation de capital, il ne peut y avoir augmentation de salaires. Nous en sommes pour payer plus cher les choses qui nous sont nécessaires, et **votre ricochet est une déception**. »

7. Q13. “However, as I have already said, I am not discussing today the economic consequences of legal plunder. When the supporters of protectionism are ready, they will find me ready to examine **the ricochet sophism** which, besides, can be quoted for all sorts of theft and fraud.” (Mais, je l'ai déjà dit, je ne discute pas aujourd'hui les conséquences économiques de la Spoliation légale. Quand MM. les protectionistes le voudront, ils me trouveront prêt à examiner **le sophisme des ricochets**, qui du reste peut être invoqué pour tous les genres de vols et de fraudes.)

8. Q14. “**L'impôt**, c'est le meilleur placement ; **c'est une rosée fécondante** ? Voyez combien de familles il fait vivre, et suivez, par la pensée, **ses ricochets sur l'industrie** : c'est l'infini, c'est la vie” (Taxes are the best investment; they are a life-giving dew. See how many families gain a livelihood from them; work out their ricochet or flow on effects on industry; this is beyond measure, it is life)

9. Q18. “De là on tire cette conclusion: **La spoliation est avantageuse à tout le monde**: à la classe spoliatrice qu'elle enrichit directement, **aux classes spoliées qu'elle enrichit par ricochet**. En effet, la classe spoliatrice, devenue plus riche, est en mesure d'étendre le cercle de ses jouissances. Elle ne le peut sans demander, dans une plus grande proportion, les services des classes spoliées.” (The argument is made that) Plunder is advantageous for everybody: the plundering class that it enriches directly and the plundered classes that it enriches by means of the ricochet effect. Indeed, the plundering class that has become wealthier has the means of expanding the circle of its benefits. It cannot do this without requiring the services of the plundered classes to a greater extent.)

## THE DISTINCTION BETWEEN “POSITIVE RICOCHET EFFECTS” (PRE) AND “NEGATIVE RICOCHET EFFECTS” (NRE)

As Bastiat worked on his theory of the ricochet effect between 1848 and 1850 he came to realize that it was a two-sided sword, that it could have both positive and negative effects on the economy. In the work he published in 1846-1848 he focussed on the "negative ricochet effects" (NRE) because they better suited his political agenda of fighting against protectionism.

The sophisticated use of the ricochet effect was taken up by defenders of increased taxes or tariffs in the battle between free trade and protectionism in 1846-47 to show that their proposed measure would only have PRE for the nation and that any NRE would be minor or even non-existent. Economists like Bastiat used the ricochet effect in order to debunk this sophistry by showing firstly that there were always NRE which had to be taken into account (“the unseen”) and that these were almost always harmful to the interests of taxpayers and consumers at large. His classic example was a tax or tariff which raises the price of a particular commodity. It may have been designed to benefit a particular favoured industry and its employees (who may have been promised higher wages as a side benefit) but it has a ricochet effect in that the higher price flows though eventually to all consumers, including the protected or subsidized workers, and even other producers. If many other industries also receive benefits from the state in the form of subsidies and tariffs the cost structure of the entire economy is eventually raised as a result of similar ricochet effects. As Bastiat argues, all increased costs and taxes are eventually borne by consumers:

In relation to the profit or loss that initially affect this or that class of producers, the consumer, the general public, is what earth is to electricity: the great common reservoir. Everything comes out of this reservoir, and after a few more or less long detours, after the generation of a more or less great variety of phenomena, everything returns to it.

We have just noted that the economic results just flow over (glisser) producers, to put it this way, before reaching consumers, and that consequently all the major questions have to be examined from the point of view of consumers if we wish to grasp their general and permanent consequences.<sup>24</sup>

[Le consommateur, le public est donc, relativement à la perte ou au bénéfice qui affectent d'abord telle ou telle classe de producteurs, ce que la terre est à l'électricité: le grand réservoir commun. Tout en sort; et, après quelques détours plus ou moins longs, après avoir engendré des phénomènes plus ou moins variés, tout y rentre. Nous venons de constater que les résultats économiques ne font que glisser, pour ainsi dire, sur le producteur pour aboutir au consommateur, et que, par conséquent, toutes les grandes questions doivent être étudiées au point de vue du consommateur, si l'on veut en saisir les conséquences générales et permanentes.]

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<sup>24</sup> *Harmonies économiques*. Chap. XI. Producteur. - Consommateur (Producer, Consumer) [OC, vol. 6] [CW, vol. 5, forthcoming].

As he gradually turned more to economic theory in his latter years he realised that the ricochet effect could have profound positive effects as well, but unfortunately he had less time to explore this dimension of the theory. Examples of a “Positive Ricochet Effect” include the benefits of international free trade and technological inventions such as the printing press and steam powered transport. According to Bastiat, international free trade in the medium and long term has the effect of dramatically lowering costs for consumers and increasing their choice of things to buy. These lower costs and greater choice eventually flow on to all consumers thereby improving their standard of living. Technological inventions like steam powered locomotives or ships lower the cost of transport for every consumer and industry in an economy, thus lowering the overall cost structure and having an economy-wide PRE. The invention of printing by Gutenberg likewise had a profound impact on lowering the cost of the transmission of knowledge which all consumers could benefit from as the savings worked their way through the economy.

## CONCLUSION

The significance of Bastiat’s work on the theory of “the ricochet effect” is that it reveals some startlingly original insights into how the economy functioned and the impact of government intervention which were not fully developed by Bastiat for a number of reasons: he was busy as an elected member of the National Assembly, he was busy fighting a pamphlet war with the socialists, and he was trying to finish his treatise on political economy. These insights can be summarized as follows:

- the attempt to mathematically quantify the harm caused by government intervention in the economy. He began with a crude “three party” theory of “the double incidence of loss” (which were all equal in size) but came to realize this was inadequate and attempted to develop a more sophisticated theory of “the ricochet effect” which would involve taking into account many (perhaps millions) of parties and required some complex mathematics (calculus) to describe scientifically. [This is interesting because at the same time he was also attempting to make economic theory more abstract with his version of the theory of human action in his “Crusoe economics” which he used in *Economic Harmonies* and other essays]
- the development of an early version of the “multiplier effect” where his idea of the “ricochet” is similar in many ways to the Keynesian notion of a “multiplier”. Bastiat was aware that defenders of protectionism believed that tariffs and subsidies had a “positive multiplier effect” in stimulating production; he initially saw this as really a “negative multiplier effect” [“divider effect” or a “multiplier of harms”]. He later came to see that

technological innovations could also have a “positive multiplier effect” in the economy by reducing costs for everyone.

- the interconnectedness of economic activity where an action has “ripple” or “flow on” effects which effect perhaps millions of others in an economy.
- that there are unintended consequences of economic action which can be either positive or negative. These unintended consequences are part of what Bastiat called “the unseen.”
- that economic information is transmitted to other participants in the economy by various methods. Bastiat uses a number of hydraulic or electrical analogies such as flows of water in “secret channels”, waves in a pond, and so on, but does not seem to have a clear idea of the role of prices in doing this, although he hints at it.

Two points could be made at this juncture. The first is that, given the number of interesting and original insights he developed in the last three years of his life, it is intriguing to speculate about what he might have done with these ideas if he had had the time to explore them further. Ideas such as opportunity costs, the multiplier effect (positive and negative), the use of mathematics to quantify costs and benefits of economic actions, among others.

The second is the striking similarity of some of Bastiat’s ideas and what would later be called Austrian economics. Some of Bastiat’s ideas with strong similarities to Austrian insights include the use of thought experiments (“Crusoe economics”) to explore the nature of human action in the abstract, the interconnectedness of all economic activity, the idea of unintended consequences, the transmission of economic information to other economic actors (not the Hayekian idea of the transmission of information through prices but quite close), not to mention all the other points of similarity identified by Hülsmann, Thornton, and DiLorenzo.

Thus Bastiat’s premature death in 1850 was not only a severe blow to the classical liberal movement in Paris but also to the emergence of “Austrian” ways of thinking about economic theory.



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# Appendix 1: Sophisms on the Double Incidence of Loss

## INTRODUCTION

The following articles come from volume three of Liberty Fund's (as yet unpublished) translation of the *Collected Works of Frédéric Bastiat*, two volumes of which can be found online at the Online Library of Liberty website.<sup>25</sup>

Below are two articles from the Third Series of *Economic Sophisms* which Bastiat had wanted to publish as a single volume to accompany Series I (1846) and Series II (1848) but did not get around to doing so. They were collected by his French editor Prosper Paillottet in his *Oeuvres complètes* and have never been translated into English before. They date from May 1847. They are interesting because they show Bastiat struggling to find a way to accurately measure the losses, both personal and societal, caused by government interventions in the economy, such as tariffs and subsidies.

In the first piece “Un profit contre deux pertes” (One Profit versus Two Losses) (9 May 1847)<sup>26</sup> Bastiat outlines Perronet Thompson's theory of “the double incidence of loss” and illustrates it in an amusing story between an iron master and a woodcutter in his typical conversational and witty style.

In the second piece, “Deux pertes contre un profit” (Two Losses versus One Profit) (30 May 1847)<sup>27</sup> we see Bastiat appealing to a famous astronomer and mathematician François Arago for help in coming up with the mathematics which would allow him to do this.

We also include the new translation of the chapter “The Broken Window” from our edition of *What is Seen and What is Not Seen*.<sup>28</sup> Here Bastiat gives his most famous account of the theory of

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<sup>25</sup> Vol. 1 <<http://oll.libertyfund.org/title/2393>> and Vol. 2 <<http://oll.libertyfund.org/title/2450>>.

<sup>26</sup> ES3 IV “Un profit contre deux pertes” (One Profit versus Two Losses) [9 May 1847, *Le Libre-Échange*] in Paillottet's edition: *Oeuvres complètes* (1st ed. 1854-55), Vol. 2: *Le Libre-Échange* (1855), pp. 377-84.

<sup>27</sup> ES3 VII “Deux pertes contre un profit” (Two Losses versus One Profit) [30 May 1847, *Le Libre-Échange*] in Paillottet's edition: *Oeuvres complètes* (1st ed. 1854-55), Vol. 2: *Le Libre-Échange* (1855), pp. 384-91.

<sup>28</sup> Original edition: *Ce qu'on voit et ce qu'on ne voit pas, ou l'Économie politique en une leçon*. Par M. F. Bastiat, Représentant du peuple à l'Assemblée nationale, Membre correspondant de l'Institut (Paris: Guillaumin, 1850).

the “double incidence of loss” in a story about the bourgeois Jacques Bonhomme whose window is broken by his son and who therefore needs to pay a glazier to replace it, and the economic costs and benefits which result.

## ES3 IV. ONE PROFIT VERSUS TWO LOSSES [9 MAY 1847]

Publishing history:

- Original title, place and date of publication: “Un profit contre deux pertes” (One Profit versus Two Losses) [9 May 1847, *Le Libre-Échange*]
- Published as book or pamphlet: [not applicable]
- Location in Paillottet's edition: *Oeuvres complètes (1st ed. 1854-55), Vol. 2: Le Libre-Échange* (1855), pp. 377-84.
- Previous translation: [none]

It is now seventeen years since a political writer, whom I will not name, directed an argument against protection by the Customs Service in an algebraic form, which he called *the double incidence of loss*.<sup>29</sup>

This argument made something of an impression. Those benefiting from privilege made haste to refute it, but it so happened that all they did to this end served only to elucidate the argument, to make it increasingly invincible and, what is more, make it popular, to the extent that these days, in the country in which this took place, protection no longer has any partisans.

Perhaps people will ask me why I do not mention the name of the author? Because my philosophy master taught me that this sometimes very adversely compromises the effect of the quotation.<sup>30</sup>

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<sup>29</sup> Bastiat is referring to an idea developed by Colonel Perronet Thompson (1783-1869) who was an anti-corn law advocate. Bastiat says here that Thompson's argument about “the double incidence of loss” appeared 17 years earlier in 1830 but no new work by Thompson appeared in that year. The phrase does appear in his “A running commentary on anti-commercial fallacies” which was published in 1834, in which he observes that “the (part) of the sum gained to the monopolists and lost twice over by the rest of France, - (viz. once by a corresponding diminution of business to some other French traders, and once more by the loss to the consumers, who are the nation)... The understanding of the misery of this basis, depends upon a clear comprehension of the way in which the gain to the monopolist is lost twice over by other parties; or what in England has been called the double incidence of loss.” pp. 188-89. See Thomas Perronet Thompson, *Letters of a representative to his constituents, during the session of 1836. To which is added, A running commentary on anti-commercial fallacies, reprinted from the Spectator of 1834. With additions and corrections.* (London: Effingham Wilson, 1836).

<sup>30</sup> (Paillottet's note) The name that the author does not mention is that of an eminent member of the English League, Colonel Perronet Thompson. See . [DMH - Paillottet misspells Perronet Thompson's name.]



This master imposed on us a course peppered with passages some of which were taken from Voltaire and Rousseau and invariably preceded by the following formula: “A famous author said, etc.” As a few volumes of these tiresome writers had slipped into our school, we were well aware to whom he was referring. We therefore never failed, when reciting a lesson, to replace the formula with these words: Rousseau said or Voltaire said. But instantly, the teacher, raising his arms to the sky, would cry out: “Do not mention names, friend B.; you have to learn that many people will admire the phrase but would consider it dreadful if they knew where it came from.” It was at the time when opinion inspired our great songwriter<sup>31</sup>, or I ought rather to say our great poet, to pen the following chorus:

It is Voltaire’s fault,  
It is Rousseau’s fault.<sup>32</sup>

I will therefore suppress the name of the author and the algebraic form and reproduce the argument, which is limited to establishing that any advantage flowing from tariffs will of necessity bring about the following:

1. A profit for one industry;
2. An equal loss for another industry;
3. An equal loss for the consumer.

These are the *direct* and *necessary* effects of protection. In all justice, and to complete the assessment, we ought in addition to impute to it a number of *ancillary losses*, such as the cost of surveillance, expensive formalities, commercial uncertainty, fluctuations in duties, aborted operations, the increased likelihood of war, smuggling, repression, etc.

However, I will limit myself here to the *necessary* consequences of protection.

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<sup>31</sup> Pierre-Jean de Béranger (1780-1857) was a liberal poet and songwriter who rose to prominence during the Restoration period with his funny and clever criticisms of the monarchy and the church. He was sent to prison twice in the 1820s for offending the political authorities with his irreverent verses. Bastiat knew him and was known to have sung his drinking songs on occasion.

<sup>32</sup> These lines come from the satirical song by Béranger, “Mandement des vicaires généraux de Paris” (Pastoral from the vicars general of Paris) (1817) which mocks the ruling elites of the early Restoration who blamed every problem of the day on the ideas of Rousseau and Voltaire. A typical verse is the following: “In order to teach children that they were born to be slaves, shackles were fitted when they first learned to move. If mankind is free in the cradle it is the fault of Rousseau; if reason enlightens them then it is the fault of Voltaire.” Pierre-Jean de Béranger (1780-1857) was a liberal poet and songwriter who rose to prominence during the Restoration period with his funny and clever criticisms of the monarchy and the church. He was sent to prison twice in the 1820s for offending the political authorities with his irreverent verses. Bastiat knew him and was known to have sung his drinking songs on occasion. *Chansons de Béranger. Nouvelle édition* (Bruxelles: A. Wahlen, 1832), pp. 442-447.

A short story will perhaps clarify the explanation of our problem.

An ironmaster needed wood for his factory. He had negotiated with a poor woodcutter who was not very educated and who had to chop wood one day a week, from morning to night, for 40 sous.

This may seem curious, but it so happened that by dint of hearing talk on protection, domestic industry, the superiority of foreign goods, cost prices, etc. our woodcutter became an economist in the style of *Le Moniteur industriel*,<sup>33</sup> so effectively that a bright idea entered his mind at the same time as the thought of a monopoly entered his heart.

He went to find the ironmaster and said to him:

“Master, you give me 2 francs for one day of work; in future you will give me 4 francs and I will work for 2 days.”

“Friend”, replied the ironmaster, “I have enough wood with the wood you split in one day.”

“I know,” said the woodcutter, “and so I have taken steps. Look at my axe; see how blunted and ragged it is. I assure you that I will take two full days to split the wood that I split now in one day.”<sup>34</sup>

“I will lose 2 francs in this arrangement.”

“Yes, but I, for my part, will gain them and, with regard to the wood and you, I am the producer and you are just a consumer. A consumer! Does he warrant any pity?”

“And if I proved to you that apart from the 40 sous<sup>35</sup> it will cause me to lose, this agreement will also cost another worker 40 sous?”

“Then I will say that his loss balances my gain, and that the final result of my invention is that you, and consequently the nation as a whole, will suffer a clear loss of 2 francs. But who is this worker who will have something to complain about?”

“Jacques the gardener, for example, whom I will no longer give the opportunity to earn 40 sous a week as he does now, since I will have already spent the 40 sous; and if I do not deprive Jacques of this sum, I will be depriving someone else.”

“That is true, I give up and will go to sharpen my axe. Incidentally, if because of my axe, work to the value of 2 francs is lost to the world, that is a loss and it has to fall on someone ...

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<sup>33</sup> *Le Moniteur industriel* was the journal of the protectionist "Association pour la défense du travail national" (Association for the Defense of National Employment) founded by Mimerel de Roubaix in 1846.

<sup>34</sup> See the similar story about “The Two Axes” in ES2 no. III, p. ???

<sup>35</sup> 1 Franc = 20 sous.

Pardon me, Master, I have just had an idea. If you allow me to earn these 2 francs, I will enable the café owner to earn them and this gain will compensate the loss to Jacques.”

“My friend, you would be doing only what Jacques would do himself as long as I employed him and what he would no longer do if I dismissed him, as you are asking me to do.”

“That is true, I am defeated and can clearly see that there is no profit to the nation to be had from dulling the blades of axes.”

However, our woodcutter went over the problem in his head, while chopping wood. He said to himself: “Nonetheless, I have heard it said to the boss a hundred times that it was beneficial to protect producers at the expense of consumers. It is true that he has pointed out here another producer whom I had not considered.”

A short time later, he went to the ironmaster and said to him:

“Master, I need 20 kilograms of iron and here is 5 francs to pay for it.”

“My friend, for this price, I can give you only 10 kilograms.”

“That is a shame for you since I know an Englishman who will give me the 20 kilograms I need for 5 francs.”

“He is a scoundrel.”

“So be it.”

“An egoist, a perfidious man who acts in his own interest.”

“So be it.”

“An individualist, a bourgeois, a trader who does not know what self-denial, self-sacrifice, fraternity or philanthropy are.”

“So be it, but he is giving me 20 kilograms of iron for 5 francs while you, as fraternal, self-sacrificing and philanthropic as you are, you are giving me only 10.”

“That is because his machines are more advanced than mine.”

“Oh! Oh! Mr. Philanthropist! So you are working with a dull axe and you want me to bear the loss?”

“My friend, you have to, so that my industry may be favored. In this world, we must not always think of ourselves and our own interests.”

“But it seems to me that it is always your turn to think of your interests. In the last few days you have not wanted to pay me for using a bad axe and today you want me to pay you for using bad machines.”

“My friend, that is quite different! My industry is a national one and of great importance.”

“With regard to the 5 francs in question, it is not important for you to gain them if I have to lose them.”

“And do you no longer remember that when you suggested to me that my wood be split with a blunt axe I proved to you that in addition to my loss, an additional loss, equal to mine, would be suffered by poor Jacques, and each of these losses would equal your profit, which in the end would amount to a clear loss for the nation as a whole of 2 francs? For the two cases to be equal, you would have to prove that if my gain and your loss were in balance there would still be loss caused to a third party.”

“I do not see that this proof is very necessary, for according to what you say, whether I buy from you or the Englishman, the nation is not bound to lose or gain anything. And in this case, I do not see why I should spend for your benefit and not mine what I have earned through the sweat of my brow. What is more, I think I can prove that if I give you 10 francs for your 20 kilograms of iron, I would lose 5 francs and someone else would lose 5 francs; you would gain only 5 francs with the result that the entire nation would suffer a clear loss of 5 francs.”

“I am intrigued at the prospect of listening to your chopping down my proof”.

“And if I split it neatly, will you agree that your claim is unjust?”

“I do not promise to agree with your case, you know, because where these matters are concerned, I am a little like the gambler in the comedy<sup>36</sup> and I say to political economy:

You may well convince me, oh, science, my enemy,  
But make me admit it, there I challenge you!

But let us take a look at your argument.”

“First of all, you have to know one thing. The Englishman has no intention of taking my 100 sous coin back to his own country. If we strike a bargain (the ironmaster remarks *as an aside: I'll sort that out*), he has asked me to buy two pairs of gloves for 5 francs, which I will give him in return for his iron.”

“That is not important. Get on with your proof.”

“Very well, let us now make the calculation. With regard to the 5 francs that represent the natural price for the iron, it is clear that French production will be neither more nor less stimulated overall whether I give this money to you to make the iron directly or whether I give it

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<sup>36</sup> These lines come from *Le Joueur* (The Gambler) (1696) a comedy by J.F. Regnard (1685-1709). Bastiat changes the original "fortune" to "science" in order to suit his purpose in this Sophism. In the original, Valère, a compulsive gambler, says “You can make me lose, oh, fortune, my enemy! But to make me pay, hell, I challenge you! Because I don't have a sou”. *Oeuvres de Regnard*. Tome 1 (Paris: Martel Ardant frères, 1847), Act I, scene IV, p. 79.

to the glove maker to supply me with the gloves the Englishman has requested in exchange for the iron.”

“That sounds reasonable.”

“So let us leave aside these first 100 sous. There remains the problem of the other 5 francs. You say that if I agree to lose them, you would gain them and your industry would benefit by this amount.”

“Doubtless.”

“But if I reach agreement with the Englishman, these 100 sous would remain in my pocket. As it happens, I find that I have a pressing need for a pair of shoes. Here then is a third person, the shoemaker, who is concerned by this matter. If I deal with you, your industry would be stimulated to the extent of 5 francs; that of the shoemaker would be depressed to the extent of 5 francs, which is the exact balance. And in the end, I would not have any shoes; so that my loss would be clear and the nation, in my person, would have lost 5 francs.”

“Not a bad line of reasoning for a woodcutter! But you have lost sight of one thing, and that is that the 5 francs you will cause the shoemaker to earn, if you traded with the Englishman, I would myself allow him to earn if you traded with me.”

“I beg your pardon, Master, but you yourself taught me the other day that I should beware of this confusion.

I have 10 francs.

If I trade with you I will give them to you, and you will do what you want with them.

If I trade with the Englishman, I will distribute them thus: 5 francs to the glove maker and 5 francs to the shoemaker, and they will do what they like with them.

The subsequent consequences of the circulation of these 10 francs, by you in one case and by the glove maker and shoemaker in the other, are identical and cancel each other out. There should be no question of this.<sup>37</sup>

There is therefore just one difference in all this. Following the first bargain, I would not have any shoes; following the second, I *would have*.”

The ironmaster goes off grumbling: “Ah, where the devil is political economy taking us? Two good laws will stop all this nonsense; a Customs law that will give me the power of the State, since I will not be in the right, and a law on education that will send all the young people to study

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<sup>37</sup> (Paillottet’s note) See chapter VII of the pamphlet *What is seen as what is not seen*, farther in this volume.

society in Sparta or Rome.<sup>38</sup> It is not a good thing for the people to have such a clear view of its affairs.”<sup>39</sup>

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<sup>38</sup> Bastiat had a deep dislike of the classics and disapproved of teaching them in the schools. He thought that the Greek and Roman authors whom school children had to read had served in the army, held high political office, owned slaves, and disdained most economic activity. He regarded them as conquerors and plunderers who should not be used as models. See his many references to the classics in his correspondence, *Collected Works*, vol. 1.

<sup>39</sup> (Paillottet’s note) See the pamphlet *Baccalaureate and Socialism* on page in vol. II.

(57.) UN PROFIT CONTRE DEUX PERTES [ONE PROFIT VERSUS TWO LOSSES] [9  
MAY 1847]

Il y a maintenant dix-sept ans qu'un publiciste, que je ne nommerai pas, dirigea contre la protection douanière un argument, sous forme algébrique, qu'il nommait la *double incidence de la perte*.

Cet argument fit quelque impression. Les privilégiés se hâtèrent de le réfuter ; mais il arriva que tout ce qu'ils firent dans ce but ne servit qu'à élucider la démonstration, à la rendre de plus en plus invincible, et, en outre, à la populariser ; si bien qu'aujourd'hui, dans le pays où s'est passée la chose, la protection n'a plus de partisans.

On me demandera peut-être pourquoi je ne cite pas le nom de l'auteur ? Parce que mon maître de philosophie m'a appris que cela met quelquefois en péril l'effet de la citation.<sup>40</sup>

Il nous dictait un cours parsemé de passages dont quelques-uns étaient empruntés à Voltaire et à Rousseau, invariablement précédés de cette formule : « Un célèbre auteur a dit, etc. » Comme il s'était glissé quelques éditions de ces malencontreux écrivains dans le collège, nous savions fort bien à quoi nous en tenir. Aussi nous ne manquions jamais, en récitant, de remplacer la formule par ces mots : Rousseau a dit, Voltaire a dit. — Mais aussitôt le pédagogue, levant les mains au ciel, s'écriait : « Ne citez pas, l'ami B... ; apprenez que beaucoup de gens admireront la phrase qui la trouveraient détestable s'ils savaient d'où elle est tirée. » C'était le temps où régnait une opinion qui détermina notre grand chansonnier, je devrais dire notre grand poète, à mettre au jour ce refrain :

C'est la faute de Voltaire,

C'est la faute de Rousseau.

Supprimant donc le nom de l'auteur et la forme algébrique, je reproduirai l'argument qui se borne à établir que toute faveur du tarif entraîne nécessairement :

1° Un profit pour une industrie ;

2° Une perte égale pour une autre industrie ;

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<sup>40</sup> Le nom que l'auteur ne cite pas est celui d'un membre éminent de la ligue anglaise, le colonel Perronnet Thompson. Voir tome III, page 89, 218 et 282 (*Note de l'éditeur.*)

3° Une perte égale pour le consommateur.

Ce sont là les effets *directs et nécessaires* de la protection. En bonne justice, et pour compléter le bilan, il faudrait encore lui imputer de nombreuses *pertes accessoires*, telles que : frais de surveillance, formalités dispendieuses, incertitudes commerciales, fluctuations de tarifs, opérations contrariées, chances de guerre multipliées, contrebande, répression, etc.

Mais je me restreins ici aux conséquences *nécessaires* de la protection.

Une anecdote rendra peut-être plus claire la démonstration de notre problème.

Un maître de forges avait besoin de bois pour son usine. Il avait traité avec un pauvre bûcheron, quelque peu clerc, qui, pour 40 sous, devait bûcher du matin au soir, un jour par semaine.

La chose paraîtra singulière ; mais il advint qu'à force d'entendre parler protection, travail national, supériorité de l'étranger, prix de revient, etc., notre bûcheron devint économiste à la manière du *Moniteur industriel* : si bien qu'une pensée lumineuse se glissa dans son esprit en même temps qu'une pensée de monopole dans son cœur.

Il alla trouver le maître de forges, et lui dit :

— Maître, vous me donnez 2 francs pour un jour de travail ; désormais vous me donnerez 4 francs et je travaillerai deux jours.

— L'ami, répondit le maître de forges, j'ai assez du bois que tu refends dans la journée.

— Je le sais, dit le bûcheron ; aussi j'ai pris mes mesures. Voyez ma hache, comme elle est émoussée, ébréchée. Je vous assure que je mettrai deux jours pleins à hacher le bois que j'expédie maintenant en une journée.

— Je perdrai 2 francs à ce marché.

— Oui, mais je les gagnerai, moi ; et, relativement au bois et à vous, je suis producteur et vous n'êtes que consommateur. Le consommateur ! cela mérite-t-il aucune pitié ?

— Et si je te prouvais qu'indépendamment des 40 sous qu'il me fera perdre, ce marché fera perdre aussi 40 sous à un autre producteur ?

— Alors je dirais que sa perte balance mon gain, et que le résultat définitif de mon invention est pour vous, et par conséquent pour la nation en masse, une perte sèche de 2 francs. Mais quel est ce travailleur qui aura à se plaindre ?

— Ce sera, par exemple, Jacques le jardinier, auquel je ne pourrai plus faire gagner comme aujourd'hui 40 sous par semaine, puisque ces 40 sous, je te les aurai donnés ; et si je n'en prive pas Jacques, j'en priverai un autre.



— C'est juste, je me rends et vais aiguiser ma hache. Au fait, si par la faute de ma hache il se fait moins de besogne dans le monde pour une valeur de 2 francs, c'est une perte, et il faut bien qu'elle retombe sur quelqu'un... Mais, pardon, maître, il me vient une idée. Si vous me faites gagner ces 2 francs, je les ferai gagner au cabaretier, et ce gain compensera la perte de Jacques.

— Mon ami, tu ne ferais là que ce que Jacques fera lui-même tant que je l'emploierai, et ce qu'il ne fera plus si je le renvoie, comme tu le demandes.

— C'est vrai ; je suis pris, et je vois bien qu'il n'y a pas de profit national à ébrécher les haches.

Cependant, notre bûcheron, tout en bûchant, ruminait le cas dans sa tête. Il se disait : Pourtant, j'ai cent fois entendu dire au patron qu'il était avantageux de protéger le producteur aux dépens du consommateur. Il est vrai qu'il a fait apparaître ici un autre producteur auquel je n'avais pas songé.

À quelque temps de là, il se présenta chez le maître de forges, et lui dit :

— Maître, j'ai besoin de 20 kilogrammes de fer, et voici 5 francs pour les payer.

— Mon ami, à ce prix je ne t'en puis donner que 10 kilogrammes.

— C'est fâcheux pour vous, car je sais un Anglais qui me donnera pour mes 5 francs les 20 kilogrammes dont j'ai besoin.

— C'est un coquin.

— Soit.

— Un égoïste, un perfide, un homme que l'intérêt fait agir.

— Soit.

— Un individualiste, un bourgeois, un marchand qui ne sait ce que c'est qu'abnégation, dévouement, fraternité, philanthropie.

— Soit ; mais il me donne pour 5 francs 20 kilogrammes de fer, et vous, si fraternel, si dévoué, si philanthrope, vous ne m'en donnez que 10.

— C'est que ses machines sont plus perfectionnées que les miennes.

— Oh ! Oh ! Monsieur le philanthrope, vous travaillez donc avec une hache obtuse, et vous voulez que ce soit moi qui supporte la perte.

— Mon ami, tu le dois, pour que mon industrie soit favorisée. Dans ce monde, il ne faut pas toujours songer à soi et à son intérêt.

— Mais il me semble que c'est toujours votre tour d'y songer. Ces jours-ci vous n'avez pas voulu me payer pour me servir d'une mauvaise hache, et aujourd'hui vous voulez que je vous paye pour vous servir de mauvaises machines.

— Mon ami, c'est bien différent ; mon industrie est nationale et d'une haute importance.

— Relativement aux 5 francs dont il s'agit, il n'est pas important que vous les gagniez si je dois les perdre.

— Et ne te souvient-il plus que lorsque tu me proposais de fendre mon bois avec une hache émoussée, je te démontrai qu'outre ma perte, il en retomberait sur le pauvre Jacques une seconde, égale à la mienne, et chacune d'elles égale à ton profit, ce qui, en définitive, constituait, pour la nation en masse, une perte sèche de 2 francs ? — Pour qu'il y eût parité dans les deux cas, il te faudrait prouver que mon gain et ta perte se balançant, il y aura encore un préjudice causé à un tiers.

— Je ne vois pas que cette preuve soit très nécessaire ; car, selon vous-même, que j'achète à vous, que j'achète à l'Anglais, la nation ne doit rien perdre ni gagner. Et alors, je ne vois pas pourquoi je disposerais à votre avantage, et non au mien, du fruit de mes sueurs. Au surplus, je crois pouvoir prouver que si je vous donne 10 francs de vos 20 kilogrammes de fer, je perdrai 5 francs, et une autre personne perdra 5 francs ; vous n'en gagnerez que 5, d'où résultera pour la nation entière une perte sèche de 5 francs.

— Je suis curieux de t'entendre bûcher cette démonstration.

— Et si je la refends proprement, conviendrez-vous que votre prétention est injuste ?

— Je ne te promets pas d'en convenir ; car, vois-tu, en fait de ces choses-là, je suis un peu comme le Joueur de la comédie, et je dis à l'économie politique :

Tu peux bien me convaincre, ô *science* ennemie,

Mais me faire avouer, morbleu, je t'en défie !

Cependant voyons ton argument.

— Il faut d'abord que vous sachiez une chose. L'Anglais n'a pas l'intention d'emporter dans son pays ma pièce de 100 sous. Si nous faisons marché, (— le maître de forges, *à part* : j'y mettrai bon ordre, —) il m'a chargé d'acheter pour 5 francs deux paires de gants que je lui remettrai en échange de son fer.

— Peu importe, arrive enfin à la preuve.

— Soit ; maintenant calculons. — En ce qui concerne les 5 francs qui représentent le prix naturel du fer, il est clair que l'industrie française ne sera ni plus ni moins encouragée, dans son ensemble, soit que je les donne à vous pour faire le fer directement, soit que je les donne au gantier qui me fournit les gants que l'Anglais demande en échange du fer.

— Cela paraît raisonnable.

— Ne parlons donc plus de ces premiers 100 sous. Restent les autres 5 francs en litige. Vous dites que si je consens à les perdre, vous les gagnerez, et que votre industrie sera favorisée d'autant.

— Sans doute.

— Mais si je conclus avec l'Anglais, ces 100 sous me resteront. Précisément, je me trouve avoir grand besoin de chaussures, et c'est juste ce qu'il faut pour acheter des souliers. Voilà donc un troisième personnage, le cordonnier, intéressé dans la question. — Si je traite avec vous, votre industrie sera encouragée dans la mesure de 5 francs ; celle du cordonnier sera découragée dans la mesure de 5 francs, ce qui fait la balance exacte. — Et, en définitive, je n'aurai pas de souliers ; en sorte que ma perte sera sèche, et la nation, en ma personne, aura perdu 5 francs.

— Pas mal raisonné pour un bûcheron ! mais tu perds de vue une chose, c'est que les 5 francs que tu ferais gagner au cordonnier, — si tu traitais avec l'Anglais, — je les lui ferai gagner moi-même si tu traites avec moi.

— Pardon, excuse, maître ; mais vous m'avez vous-même appris, l'autre jour, à me préserver de cette confusion.

J'ai 10 francs ;

Traitant avec vous, je vous les livre et vous en ferez ce que vous voudrez.

Traitant avec l'Anglais, je les livre, savoir : 5 francs au gantier, 5 francs au cordonnier, et ils en feront ce qu'ils voudront.

Les conséquences ultérieures de la circulation qui sera imprimée à ces 10 francs par vous dans un cas, par le gantier et le cordonnier dans l'autre, sont identiques et se compensent. Il ne doit pas en être question.<sup>41</sup>

Il n'y a donc en tout ceci qu'une différence. Selon le premier marché, je n'aurai pas de souliers ; selon le second, j'en aurai.

Le maître de forges s'en allant : « Ah ! où diable l'économie politique va-t-elle se nicher ? Deux bonnes lois feront cesser ce désordre : une loi de douanes qui me donnera la force, puisque aussi bien je n'ai pas la raison, — et une loi sur l'enseignement, qui envoie toute la jeunesse étudier la société à Sparte et à Rome. Il n'est pas bon que le peuple voie si clair dans ses affaires !<sup>42</sup> »

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<sup>41</sup> V. au tome V, page 363, le chapitre VII du pamphlet *Ce qu'on voit et ce qu'on voit pas*. (Note de l'éditeur.)

<sup>42</sup> V. au tome IV, page 442, le pamphlet *Baccalauréat et Socialisme*. (Note de l'éditeur.)



## ES3 VII. TWO LOSSES VERSUS ONE PROFIT [30 MAY 1847]

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- Previous translation: [none]

*To Mr. Arago,<sup>43</sup> of the Academy of Sciences*

Sir,

You have the secret of making the greatest scientific truths accessible to the minds of all. Oh! If only, to a great power of  $x$ , you could find for the theorem that follows, one of these demonstrations by  $a + b$  that leaves no room for controversy!<sup>44</sup> Simply setting it out will be enough to show the immense service you would be giving to the country and the human race. Here it is:

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<sup>43</sup> François Arago (1786-1853) was the eldest of four successful Arago brothers, the youngest of which, Étienne Arago (1802-1892) may have gone to school with Bastiat in Sorèze. François was a famous astronomer and physicist who was also active in republican politics throughout the 1830s and 1840s. He is mentioned several times in Bastiat's correspondence. After the outbreak of the Revolution in February 1848 he became Minister of War, the Navy and Colonies and played an important role in the abolition of slavery in the French colonies. François also edited the works of Condorcet on the eve the 1848 Revolution.

<sup>44</sup> [DMH - is this a mathematical expression? (calculus???) pp. 384-5 Fr. grand renfort d' $x$ , trouver au théorème suivant de ces démonstrations par  $a + b$ ]???

IF A PROTECTIONIST DUTY RAISES THE PRICE OF AN OBJECT BY A GIVEN QUANTITY, THE NATION GAINS THIS QUANTITY ONCE AND LOSES IT TWICE.<sup>45</sup>

If this proposition is true, it follows that nations are inflicting incalculable losses on themselves. It would have to be acknowledged that there is not one of us who does not throw one franc coins in the river each time he eats or drinks, each time he takes it into his head to touch a tool or an item of clothing.<sup>46</sup>

And as this way of doing things has been going on for a long time, we should not be surprised if, in spite of the advance of science and industry, a very heavy burden of destitution and suffering is still weighing on our fellow citizens.

On the other hand, everyone agrees that a protectionist regime is a source of damage, uncertainty and danger outside this calculus of profits and losses. It feeds national animosities, postpones unity between peoples, increases the opportunities for war and inscribes actions that are innocent in themselves as misdemeanors and crimes in our laws. We just have to submit to these inconvenient lesser outcomes of our arrangements once we come to believe that they rest on the following concept: *any increase in price is, by its very nature, a national gain*. For, Sir, I believe that I have observed, and you will perhaps have observed as I have, that in spite of the great scorn that individuals and nations display for *gain*, they have difficulty in giving it up. If it happened to be proved, however, that this alleged gain is accompanied in the first instance by an *equal loss*, which offsets it and then by a *second loss that is also equal*, this latter one involving absolutely blatant

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<sup>45</sup> The "Double Incidence of Loss" is a theory first formulated by the anti-corn law campaigner Colonel Perronet Thompson (1783-1869) in 1834-36 and taken up by Bastiat in 1847 in which it is argued that tariff protection or subsidies to industry result in a directly observable and obvious profit for one industry (and its workers) but at the expense of two other participants in the market. These other participants (or would be participants) suffer an equal loss to the benefit gained by the first party: the consumer loses by having to pay a higher price for a good which he or she could have bought more cheaply from another supplier (often foreign), and unknown third parties also lose because the consumer who was forced to pay more for a good which is protected or subsidized has that much less to spend on other goods and services. Hence there is one party which benefits and two which lose out to the same amount, i.e. "the double incidence of loss." The theory of "the double incidence of loss" should be seen as an early and simpler version of the theory which was later to become "the ricochet (or flow on) effect."

<sup>46</sup> The English campaigner against the Corn Laws, Perronet Thompson, remarks that the French tariff laws were tantamount to an order that every Frenchman throw every "third franc into the sea." See "A Running Commentary on Anti-Commercial Fallacies" (1834), p. 189.

deceit,<sup>47</sup> then since the horror of loss is as strongly entrenched in the human heart as the love of profit, we would be bound to assume that the protectionist regime and all its direct and indirect consequences would evaporate with the illusion that gave rise to them.

You will therefore not be surprised, sir, that I would like to see this demonstration clad in the invincible evidence that the language of equations communicates. You will not consider it a bad thing that I have turned to you, for, among all the problems presented by the sciences that you pursue with so much renown, there is certainly none more worthy of occupying your powerful abilities, at least for a few moments. I dare say that the man who provides an irrefutable solution to it, were it the only thing he did in this life, would have done enough for the human race and his own reputation.<sup>48</sup>

Allow me therefore to set out in common parlance what I would like to see put into mathematical language.

Let us suppose that an English knife is sold in France for 2 francs.

That means that it is traded for 2 francs or for any other object which itself is worth 2 francs, for example, a pair of gloves at this price.

Let us assume that a similar knife cannot be produced in this country for less than 3 francs.

Under these circumstances, a French cutler turns to the government and says to it: "Protect me. Prevent my fellow countrymen from buying English knives and I will ensure that I will provide them for 3 francs.

I say that this increase in price of one franc will be *made once only*, but add that it will be *lost twice* by France, and that the same phenomenon will be seen in all similar cases.

First of all, let us put aside for a moment the 2 francs which are not relevant to increasing prices.. As far as these 2 francs are concerned, it is very clear that French industry will not have gained or lost anything through this measure. Whether these 2 francs go to the cutler or the glove

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<sup>47</sup> Bastiat uses the word "duperie" here. The words "duperie" (deceit) and "dupes" (those who are deceived) are key terms in Bastiat's theory of plunder ("spoliation"), according to which the plunderers ("les spoliateurs") deceive their victims by means of "la ruse" (deception, fraud) to justify and disguise what they are doing. By means of "Sophisms" (sophistical arguments and fallacies) the dupes are persuaded that the plundering of their property is necessary for the well-being of the nation and thus ultimately for their own good as well. See ES2 I. "The Physiology of Plunder" and the glossary entry on "Bastiat on Plunder."

<sup>48</sup> Bastiat is obviously quite excited at the prospect of using mathematics to demonstrate the truth of his claims about the deleterious impact of tariffs on the French economy. He had learned about the principle of "the double incidence of loss" from Perronet Thompson who also had some mathematics to support his claims. Since Bastiat did not have the requisite skills he was appealing to a renowned mathematician for assistance.

maker, that may suit one of these industrialists and inconvenience the other, but they have no effect on *national production*. Up to that point, there has been a change of direction, but no increase or decrease in output: 2 francs more go to cutlery and 2 francs less go to glove making, that is all. An unjust favor here, a no less unjust oppression there, is all we can see; let us therefore say no more about these 2 francs.

However, there is a third franc whose course needs to be followed; it constitutes the increase in price of the knife: it is the *given amount* by which the price of knives is raised. It is the amount that I say is gained once and lost twice by the country.

That it is gained once, there is no doubt. Obviously the cutlery industry is favored by prohibition to the amount of one franc that will go to pay for salaries, profits, iron and steel. In other terms, the production of gloves is discouraged by only 2 francs and the cutlery industry is stimulated by 3 francs which certainly constitutes a surplus stimulus of 20 sous, 1 franc or 100 centimes,<sup>49</sup> whatever you like to call it, for national output.

But it is just as obvious that when the person acquired the knife from England in exchange for a pair of gloves he paid only 2 francs, whereas he is now paying 3. In the first case, he had *one franc* available over and above the cost of the knife, and as we all are in the habit of using francs for something, we have to take it as certain that this franc would have been spent in some way and would have stimulated national industry just as far as a franc can be stretched.

If, for example, you were this buyer, before prohibition you would have been able to buy a pair of gloves for 2 francs, in exchange for which you would have obtained the knife from England. And what is more, you would have had 1 franc left, with which you would have bought, depending on your tastes, a few small pies or a small book.

If therefore we do the accounts of *national output*, we will instantly find an equivalent loss to counter the gain of the cutler, which is that of the pastry cook or the bookseller.

I think it is impossible to deny that in either case your 3 francs, since you had them, encouraged the industry of the country in exactly the same way. Under a regime of liberty, they would be shared between the glove maker and the bookseller; under the protectionist regime, they would go entirely to the cutler, a truth we could safely challenge the very genius of prohibition itself to try to undermine.

Thus, the franc is gained once by the cutler and lost once by the bookseller.

All that remains is to evaluate your own position, as purchaser and consumer. Does it not leap to the eye that before prohibition, for 3 francs you had both a knife and a small pocket-sized book, whereas since then, for your same 3 francs, you would just have a knife and no small

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<sup>49</sup> These are just different ways of saying the same thing, namely 1 franc. 1 franc = 100 centimes = 20 sous.



pocket-sized book? You are therefore losing the pocketbook in this matter, or the equivalent of *one franc*. Well, if this second loss is not offset by any gain for anyone in France, I am right in saying that this franc, gained once, is lost twice.

Do you know, Sir, what the reply to this is, for it is right that you should know the objection? It is said that your loss is offset by the profit earned by the cutler or, in general terms, that the loss suffered by the consumer is offset by the profit to the producer.

In your wisdom you would rapidly have discovered that the sleight of hand here consists in casting a shadow over the fact, already established, that profit to one producer, the cutler, is offset by the loss to another producer, the bookseller, and that your franc, by the very fact that it has gone to stimulate the cutlery industry, has not gone to stimulate the bookshop, as it ought to have done.

After all, as it is a question of equal amounts, whether you establish, if you prefer, compensation between the producer and the consumer, it does not matter, provided that the bookshop is not forgotten and that you do not make the same gain appear twice to offset it alternatively to very distinct losses.

It is also said that all this is very small-minded and cheap. It is scarcely worth the trouble of making so much noise for one small franc, one small knife and one small pocket-sized book. I do not need to draw your attention to the fact that the franc, the knife and the book are my algebraic symbols and that they represent the lives and substance of nations, and it is because I do not know how to use *a*, *b* or *c* to generalize questions that I am placing them under your patronage.

The following is also said: the franc that the cutler receives as a supplement, thanks to trade protection, he pays to his workers. My reply is this : the franc that the bookseller would receive in addition, thanks to free trade, he would also pay to other workers, so that in this respect the balance is not upset, and it remains true that under one regime you have a book and on the other you do not. To avoid the confusion, intentional or not, that will not fail to be cast over this subject, you have to make a clear distinction between the original distribution of your 3 francs and their subsequent circulation which, in both hypotheses, follows infinite trajectories and can never affect our calculation.<sup>50</sup>

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<sup>50</sup> (Paillottet's note) See number 48, page 320, on the Sophism of ricochets, in this volume; pages 74, 160 and 229 in Tome IV. and in Tome V., independently of pages 80 to 83, pages 336 et seq. containing the pamphlet What is seen and what is not seen. [DMH - Paillottet notes that Bastiat is grappling with the idea of the "ricochet effect" which emerges in his thinking towards the end of 1847. By the "ricochet effect" Bastiat means the indirect consequences of an economic action which flow or knock on to 3rd parties, sometimes with positive results but more often with negative results. Here he uses paraphrases of the idea such as "subsequent circulation" and "infinite trajectories."

It seems to me that people would have to be of extremely bad faith to plead in favor of the relative importance of the two industries under comparison by saying that cutlery is worth more than glove making or bookshops. It is clear that my line of argument has nothing in common with this type of thinking. I am seeking the general effect of prohibition on production as a whole, and not to ascertain whether one sector is more important than another. It would have been enough for me to take another example to show that what in my hypothesis results in depriving someone of a book is, in many cases, deprivation of bread, clothing, education, independence and dignity.

In the hope that you will allocate the truly radical importance that I think it merits to the solution of this problem, please allow me to underline once more some of the objections that may be made to it. People will say: "The loss will not be *one franc*, since internal competition will be enough to bring down the price of French knives to 2 francs 50 and perhaps to 2 francs 25. I agree that this may happen. In that case, my figures will have to be changed. The *two losses* would be less and *so would the gain*, but there would nonetheless be two losses for one gain for as long as protectionism protects a given producer.

Finally, the objection would doubtless be raised that national industry should at least be protected because of the taxes it has to bear. The reply to this may be deduced from my argument itself. To subject a nation to two losses for one gain is an unfortunate method of relieving its burdens. Let people assume taxes to be as high as they like, let them assume that the government takes 99 percent of our income from us; is it an admissible solution, I ask you, to grant the over-taxed cutler one franc taken from the over-taxed bookseller with, in addition, the loss of one franc to the over-taxed consumer?

I do not know, Sir, if I am deluding myself, but it appears to me that the strict proof I am asking you to provide, should you take the trouble to formulate it, will not be an object of pure scientific curiosity, but will dissipate a great many disastrous preconceived ideas.

For example, you know how intolerant we are of any *foreign competition*. This is the monster on which all business anger is vented. Well then! What do we see in the case put forward? Where is the genuine rivalry? Who is the true and dangerous competitor of the glove maker and the bookseller in France? Is it not the French cutler who is asking for the support of the law in order to take for himself alone the income of his two colleagues, even at the expense of a clear loss for the general public? And in the same way, who are the true and dangerous opponents of the French cutler? It is not the cutler from Birmingham, it is the French bookseller and glove maker who, at least if they are not blind in some way, will make constant efforts to take from the cutler customers that he has legally and unjustly snatched from them. Is it not strange to find that this monster of competition, whose roar we think we hear from across the Channel, is being

nourished by us in our very midst? Other points of view, both original and true, will no doubt emerge from this equation as a result of your enlightenment and patriotism.<sup>51</sup>

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<sup>51</sup> (Paillottet's note) See page 45, Tome IV on Competition and chapter X in Tome VI.

(58.) DEUX PERTES CONTRE UN PROFIT [TWO LOSSES VERSUS ONE PROFIT] [30 MAY 1847]

À M. Arago, de l'Académie des sciences.

MONSIEUR,

Vous avez le secret de rendre accessibles à tous les esprits les plus hautes vérités de la science. Oh ! ne pourriez-vous, à grand renfort d' $x$ , trouver au théorème suivant une de ces démonstrations par  $a+b$ , qui ne laissent plus de place à la controverse ! Son simple énoncé suffira pour montrer l'immense service que vous rendriez au pays et à l'humanité. Le voici :

SI UN DROIT PROTECTEUR ÉLÈVE LE PRIX D'UN OBJET D'UNE QUANTITÉ DONNÉE, LA NATION GAGNE CETTE QUANTITÉ UNE FOIS ET LA PERD DEUX FOIS.

Si cette proposition est vraie, il s'ensuit que les nations s'infligent à elles-mêmes des pertes incalculables. Il faudrait reconnaître qu'il n'est aucun de nous qui ne jette des pièces d'un franc dans la rivière chaque fois qu'il mange ou qu'il boit, qu'il s'avise de toucher à un outil ou à un vêtement.

Et comme il y a longtemps que ce jeu dure, il ne faut pas être surpris si, malgré le progrès des sciences et de l'industrie, une masse bien lourde de misère et de souffrances pèse encore sur nos concitoyens.

D'un autre côté, tout le monde convient que le régime protecteur est une source de maux, d'incertitudes et de dangers, en dehors de ce calcul de profits et de pertes. Il nourrit les animosités nationales, retarde l'union des peuples, multiplie les chances de guerre, fait inscrire dans nos codes, au rang des délits et des crimes, des actions innocentes en elles-mêmes. Ces inconvénients accessoires du système, il faut bien s'y soumettre quand on croit que le système repose lui-même sur cette donnée : *que tout renchérissement, de son fait, est un gain national*. — Car, Monsieur, je crois avoir observé et vous aurez peut-être observé comme moi que, malgré le grand mépris que les individus et les peuples affichent pour le *gain*, ils y renoncent difficilement, — mais s'il venait à être prouvé que ce prétendu gain est accompagné d'abord d'une *perte égale*, ce qui fait compensation, puis d'une *seconde perte encore égale*, laquelle constitue une duperie bien caractérisée ; comme dans le cœur humain l'horreur des pertes est aussi fortement enracinée que l'amour des profits, il faut croire que le régime protecteur et toutes ses conséquences directes et indirectes s'évanouiraient avec l'illusion qui les a fait naître.

Vous ne serez donc pas surpris, Monsieur, que je désire voir cette démonstration revêtue de l'évidence invincible que communique la langue des équations. Vous ne trouverez pas mauvais non plus que je m'adresse à vous ; car, parmi tous les problèmes qu'offrent les sciences que vous cultivez avec tant de gloire, il n'en est certainement aucun plus digne d'occuper, au moins quelques instants, vos puissantes facultés. J'ose dire que celui qui en donnerait une solution irréfutable, n'eût-il fait que cela dans ce monde, aurait assez fait pour l'humanité et pour sa propre renommée.

Permettez-moi donc d'établir en langue vulgaire ce que je voudrais voir mettre en langue mathématique.

Supposons qu'un couteau anglais se donne en France pour 2 fr.

Cela veut dire qu'il s'échange contre 2 fr. ou tout autre objet valant lui-même 2 fr., par exemple une paire de gants de ce prix.

Admettons qu'un couteau semblable ne puisse se faire chez nous à moins de 3 fr.

Dans ces circonstances, un coutelier français s'adresse au gouvernement et lui dit : Protégez-moi. Empêchez mes compatriotes d'acheter des couteaux anglais, et moi je me charge de les pourvoir à 3 fr.

Je dis que ce renchérissement d'un franc sera *gagné une fois*, mais j'ajoute qu'il sera *perdu deux fois* par la France, et que le même phénomène se présentera dans tous les cas analogues.

D'abord, finissons-en avec les 2 fr. qui sont en dehors du renchérissement. En tant que cela concerne ces 2 fr., il est bien clair que l'industrie française n'aura rien gagné ni perdu à la mesure. Que ces 2 fr. aillent au coutelier ou au gantier, cela peut arranger l'un de ces industriels et déranger l'autre, mais cela n'affecte en rien l'ensemble du *travail national*. Jusque-là, il y a changement de direction, mais non accroissement ou décroissement dans l'industrie : 2 fr. de plus prennent le chemin de la coutellerie, 2 fr. de moins prennent celui de la ganterie, voilà tout. Injuste faveur ici, oppression non moins injuste là, c'est tout ce qu'il est possible d'apercevoir ; ne parlons donc plus de ces 2 fr.

Mais il reste un troisième franc dont il est essentiel de suivre la trace ; il constitue le surenchérissement du couteau ; c'est la *quantité donnée* dont le prix des couteaux est élevé. C'est celle que je dis être gagnée une fois et perdue deux par le pays.

Qu'elle soit gagnée une fois, cela est hors de doute. Évidemment l'industrie coutelière est favorisée, par la prohibition, dans la mesure de *un franc*, qui va solder des salaires, des profits, du fer, de l'acier. En d'autres termes, la production des gants n'est découragée que de 2 fr. et celle des couteaux est encouragée de 3 fr., ce qui constitue bien pour l'ensemble de l'industrie nationale, tout balancé jusqu'ici, un excédant d'encouragement de 20 sous, 1 franc ou 100 centimes, comme on voudra les appeler.

Mais il est tout aussi évident que l'acquéreur du couteau, quand il l'obtenait d'Angleterre contre une paire de gants, ne déboursait que 2 fr., tandis que maintenant il en dépense 3. Dans le premier cas, il restait donc à sa disposition *un franc* au delà du prix du couteau ; et, comme nous sommes tous dans l'habitude de faire servir les francs à quelque chose, nous devons tenir pour certain que ce franc aurait été dépensé d'une manière quelconque et aurait encouragé l'industrie nationale tout autant qu'un franc peut s'étendre.

Si, par exemple, vous étiez cet acheteur, — avant la prohibition vous pouviez acheter une paire de gants pour 2 fr., contre laquelle paire de gants vous auriez obtenu le couteau anglais. — Et, en outre, il vous serait resté 1 fr., avec lequel vous auriez acheté, selon votre bon plaisir, des petits pâtés ou un petit volume in-12.

Si donc nous faisons le compte du *travail national*, nous trouvons de suite à opposer au gain du coutelier une perte équivalente, savoir celle du pâtissier ou du libraire.

Il me semble impossible de nier que, dans un cas comme dans l'autre, vos 3 fr., puisque vous les aviez, ont encouragé dans une mesure exactement semblable l'industrie du pays. Sous le régime de la liberté, ils se sont partagés entre un gantier et un libraire ; sous le régime de la protection, ils sont allés exclusivement au coutelier, et je crois qu'on pourrait défier le génie de la prohibition lui-même d'ébranler cette vérité.

Ainsi, voilà le franc gagné une fois par le coutelier et perdu une fois par le libraire.

Reste à examiner votre propre situation, vous acheteur, vous consommateur. Ne saute-t-il pas aux yeux qu'avant la prohibition, vous aviez pour vos 3 fr. et un couteau et un petit volume in-12, tandis que depuis, vous ne pouvez avoir pour vos mêmes 3 fr. qu'un couteau et pas de volume in-12 ? Vous perdez donc dans cette affaire un volume, soit l'équivalent d'un franc. Or, si cette seconde perte n'est compensée par aucun profit pour qui que ce soit en France, j'ai raison de dire que ce franc, gagné une fois, est perdu deux fois.

Savez-vous, Monsieur, ce qu'on dit à cela ? car il est bon que vous connaissiez l'objection. On dit que votre perte est compensée par le profit du coutelier, ou, en termes généraux, que la perte du consommateur est compensée par le profit du producteur.

Votre sagacité aura bien vite découvert que la mystification ici consiste à laisser dans l'ombre le fait déjà établi que le profit d'un producteur, le coutelier, est balancé par la perte d'un autre producteur, le libraire ; et que votre franc, par cela même qu'il a été encourager la coutellerie, n'a pu aller encourager, comme il l'aurait fait, la librairie.

Après tout, comme il s'agit de sommes égales, qu'on établisse, si on le préfère, la compensation entre le producteur et le consommateur, peu importe, pourvu qu'on n'oublie pas le libraire, et qu'on ne fasse pas reparaître deux fois le même gain pour l'opposer alternativement à deux pertes bien distinctes.

On dit encore : Tout cela est bien petit, bien mesquin. Il ne vaut guère la peine de faire tant de bruit pour un petit franc, un petit couteau, et un petit volume in-12. Je n'ai pas besoin de vous faire observer que le franc, le couteau et le livre sont mes signes algébriques, qu'ils représentent la vie, la substance des peuples ; et c'est parce que je ne sais pas me servir des *a, b, c*, qui généralisent les questions, que je mets celle-ci sous votre patronage.

On dira encore ceci : Le franc que le coutelier reçoit en plus, grâce à la protection, il le fait gagner à des travailleurs. — Je réponds : Le franc que le libraire recevrait en plus, grâce à la liberté, il le ferait gagner aussi à d'autres travailleurs ; en sorte que, de ce côté, la compensation n'est pas détruite, et il reste toujours que, sous un régime vous avez un livre, et sous l'autre vous n'en avez pas. — Pour éviter la confusion volontaire ou non qu'on ne manquera pas de faire à ce sujet, il faut bien distinguer la distribution originale de vos 3 francs d'avec leur circulation ultérieure, laquelle, dans l'une et dans l'autre hypothèse, suit des parallèles infinies, et ne peut jamais affecter notre calcul.<sup>52</sup>

Il me semble qu'il faudrait être de bien mauvaise foi pour venir argumenter de l'importance relative des deux industries comparées, disant : Mieux vaut la coutellerie que la ganterie ou la librairie. Il est clair que mon argumentation n'a rien de commun avec cet ordre d'idées. Je cherche l'effet général de la prohibition sur l'ensemble de l'industrie, et non si l'une a plus d'importance que l'autre. Il m'eût suffi de prendre un autre exemple pour montrer que ce qui, dans mon hypothèse, se résout en privation d'un livre est, dans beaucoup de cas, privation de pain, de vêtements, d'instruction, d'indépendance et de dignité.

Dans l'espoir que vous attacherez à la solution de ce problème l'importance vraiment radicale qu'il me semble mériter, permettez-moi d'insister encore sur quelques objections qu'on pourra faire. — On dit : La perte ne sera pas d'un franc, parce que la concurrence intérieure suffira pour faire tomber les couteaux français à 2 fr. 50, peut-être à 2 fr. 25. Je conviens que cela pourra arriver. Alors il faudra changer mes chiffres. Les deux pertes seront moindres, et le gain aussi ; mais il n'y aura pas moins deux pertes pour un gain tant que la protection protégera.

Enfin, on objectera, sans doute, qu'il faut au moins protéger l'industrie nationale en raison des taxes dont elle est grevée. La réponse se déduit de ma démonstration même. Soumettre le peuple à deux pertes pour un gain, c'est un triste moyen d'alléger ses charges. Qu'on suppose les impôts aussi élevés qu'on voudra ; qu'on suppose que le gouvernement nous prend les 99 centièmes de nos revenus, est-ce un remède proposable, je le demande, que de gratifier le coutelier surtaxé

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<sup>52</sup> Sur le *Sophisme des ricochets*, V. au présent volume, n° 48, p. 320 ; au tome IV, les pages 74, 160, 229 ; et au tome V, indépendamment des pages 80 à 83, les pages 336 et suivantes, contenant le pamphlet *Ce qu'on voit et ce qu'on ne voit pas*. (*Note de l'éditeur.*)

d'un franc pris au libraire surtaxé, avec perte par-dessus le marché d'un franc pour le consommateur surtaxé ?

Je ne sais, Monsieur, si je me fais illusion, mais il me semble que la démonstration rigoureuse que je sollicite de vous, si vous prenez la peine de la formuler, ne sera pas un objet de pure curiosité scientifique, mais dissipera bien des préjugés funestes.

Par exemple, vous savez combien on est impatient de toute *concurrence étrangère*. C'est le monstre sur lequel se déchargent toutes les colères industrielles. Eh bien ! que voit-on dans le cas proposé ? où est la rivalité réelle ? quel est le vrai, le dangereux concurrent du gantier et du libraire français ? N'est-ce pas le coutelier français qui sollicite l'appui de la loi, pour absorber à lui seul la rémunération de ses deux confrères, même aux dépens d'une perte sèche pour le public ? Et de même, quels sont les vrais, les dangereux antagonistes du coutelier français ? Ce n'est pas le coutelier de Birmingham ; ce sont le libraire et le gantier français, qui, du moins s'ils n'ont pas une taie sur les yeux, feront des efforts incessants pour reprendre au coutelier une clientèle qu'il leur a législativement et injustement ravie. N'est-il pas assez singulier de découvrir que ce monstre de la concurrence, dont nous croyons entendre les rugissements de l'autre côté du détroit, nous le nourrissons au milieu de nous ? D'autres points de vue aussi neufs qu'exactes sortiront de cette équation que j'ose attendre, Monsieur, de vos lumières et de votre patriotisme.<sup>53</sup>

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<sup>53</sup> Sur la *Concurrence*, V. tome IV, page 45, et au tome VI, le chap. X. (*Note de l'éditeur.*)



## WHAT IS SEEN AND WHAT IS NOT SEEN [JULY 1850]<sup>54</sup>

### *[The Author's Introduction]*

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;<sup>55</sup> we are lucky if we foresee them.

The entire difference between a bad and a good Economist is apparent here. A bad one relies on the visible effect while the good one takes account both of the effect one can see and of those one must foresee.

However, the difference between these is huge, for it almost always happens that when the immediate consequence is favorable the later consequences are disastrous, and vice versa. From which it follows that a bad Economist will pursue an small current benefit that is followed by a large disadvantage in the future, while a true Economist will pursue a large benefit in the future at the risk of suffering a small disadvantage immediately.<sup>56</sup>

This distinction is also true, moreover, for hygiene and the moral code. Often, the sweeter the first fruit of a habit, the more bitter are those that follow. Examples of this are debauchery, laziness and prodigality. So when a man, touched by some effect that can be seen, has not yet learnt to discern those that are not seen, he gives way to disastrous habits, not just through inclination but deliberately.

This explains the inexorably painful evolution of the human race. Ignorance surrounds its cradle; it therefore makes up its mind with regards to its acts according to their initial

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<sup>54</sup> This translation comes from the new Liberty Fund translation which will appear in the *Collected Works of Frédéric Bastiat*, vol. 3 *Economic Sophisms and What is Seen and What is not Seen* (forthcoming).

<sup>55</sup> Bastiat's first use of these concepts is most likely in ES1 XX "Human Labor and Domestic Labor" (c. 1845) where he contrasts "immediate and transitory effects" and "general and definitive consequences."

<sup>56</sup> During the course of 1849 when Bastiat repeatedly rewrote this pamphlet as he could not decide on the appropriate style to use, whether serious or satirical, he had developed his thinking on two ideas which were of great concern to him for the previous few years. These were firstly, the immediately observable and obvious consequences of an economic act ("the seen") and the longer term and less apparent consequences ("the unseen"), and secondly the "ricochet" or flow on effects of economic actions which may or may not have positive or negative consequences. This pamphlet is an extended exploration of the former set of ideas. See the glossary entry on "The Double Incidence of Loss" and the Appendices "Bastiat and the Ricochet Effect" and "The Sophism Bastiat never wrote: the Sophism of the Ricochet Effect."

consequences, the only ones it is able to see originally. It is only in the long run that it learns to take account of the others.<sup>57</sup> Two masters, very different from one another, teach it this lesson: experience and foresight. Experience governs effectively but brutally. It teaches us all the effects of an action by having us feel them and we cannot fail to end up learning that fire burns, by burning ourselves. For this rough teacher, I would like, as far as possible to substitute a gentler one: foresight. This is why I will be seeking the consequences of certain economic phenomena by opposing those that are not seen to those that are seen.

### *The Broken Window*<sup>58</sup>

Have you ever witnessed the fury of the good bourgeois Jacques Bonhomme<sup>59</sup> when his dreadful son succeeded in breaking a window? If you have witnessed this sight, you will certainly have noted that all the onlookers, even if they were thirty in number, appeared to have agreed mutually to offer the unfortunate owner this uniform piece of consolation: “Good comes out of everything. Accidents like this keep production moving. Everyone has to live. What would happen to glaziers if no window panes were ever broken?”

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<sup>57</sup> (Paillottet’s note) See chapter XX in vol. VI. . [DMH - This is a reference to Chap. XX “Responsibility” in the *Economic Harmonies*.]

<sup>58</sup> The American journalist Henry Hazlitt played an important role in bringing the work of Bastiat to the attention of Americans in the immediate post-World War Two period. In his preface to his book *Economics in One Lesson* (1946) he acknowledged his debt to Bastiat’s pamphlet “What is Seen and What is no Seen”: “My greatest debt, with respect to the kind of expository framework on which the present argument is being hung, is to Frédéric Bastiat’s essay *Ce qu’on voit et ce qu’on ne voit pas*, now nearly a century old. The present work may, in fact, be regarded as a modernization, extension, and generalization of the approach found in Bastiat’s pamphlet” (p. 9). Hazlitt’s first chapter was entitled “The Broken Window” which is a reference to one of Bastiat’s better known Sophisms and the very title of Hazlitt’s book probably is drawn from the subtitle used in the printed edition of the pamphlet by the Guillaumin publishing firm, “ou l’économie politique en une leçon” (or, political economy in one lesson). See Henry Hazlitt, *Economics in One Lesson* (1st edition Harper and Brothers, 1946). The edition used for the quote is New York: Manor Books Inc, 1974.

<sup>59</sup> “Jacques Bonhomme” (literally Jack Goodfellow) is the name used by the French to refer to “everyman,” sometimes with the connotation that he is the archetype of the wise French peasant. Bastiat uses the character of Jacques Bonhomme frequently in his constructed dialogues in the *Economic Sophisms* as a foil to criticise protectionists and advocates of government regulation. The name *Jacques Bonhomme* was given to the small magazine that Bastiat and Molinari published and handed out on the street corners of Paris in June and July 1848.

Well, there is an entire theory in this consoling formula, which it is good to surprise in *flagrante delicto* in this very simple example, since it is exactly the same as the one that unfortunately governs the majority of our economic institutions.

If you suppose that it is necessary to spend six francs to repair the damage, if you mean that the accident provides six francs to the glazing industry and stimulates the said industry to the tune of six francs, I agree and I do not query in any way that the reasoning is accurate. The glazier will come, do his job, be paid six francs, rub his hands and in his heart bless the dreadful child. *This is what is seen.*

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 window 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 be able to.

Let us therefore draw up the accounts of industry *in general.*

As the window was broken, the glazing industry is stimulated to the tune of six francs; *this is what is seen.*

If the window had not been broken, the shoemaking industry (or any other) would have been stimulated to the tune of six francs; *this is what is not seen.*

And if we took into consideration *what is not seen*, because it is a negative fact, as well as *what is seen*, because it is a positive fact, we would understand that it makes no difference to national output and employment, taken as a whole, whether window panes are broken or not.

Let us now draw up Jacques Bonhomme's account.<sup>60</sup>

In the first case, that of the broken window, he spends six francs and enjoys the benefit of a window neither more nor less than he did before.

In the second, in which the accident had not happened, he would have spent six francs on shoes and would have had the benefit of both a pair of shoes and a window.

Well, since Jacques Bonhomme is a member of society, it has to be concluded that, taken as a whole and comparing what he has to do with his benefits, society has lost the value of the broken window.

From which, as a generalization, we reach the unexpected conclusion: "Society loses the value of objects destroyed to no purpose", and the aphorism that will raise the hackles of protectionists: "Breaking, shattering and dissipating does not stimulate the national employment", or more succinctly: "Destruction is not profitable".

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<sup>60</sup> In drawing up this account Bastiat was keen to introduce some mathematical precision into his calculations. He was first inspired by the work of the anti-corn law advocate Colonel Perronet Thompson (1783-1869) who between 1834-36 developed the idea of a calculable "double incidence of loss" by which he meant "the (part) of the sum gained to the monopolists and lost twice over by the rest of France, - (viz. once by a corresponding diminution of business to some other French traders, and once more by the loss to the consumers, who are the nation)... The understanding of the misery of this basis, depends upon a clear comprehension of the way in which the gain to the monopolist is lost twice over by other parties; or what in England has been called the double incidence of loss." [See footnote above, pp. ??? for details]. Bastiat took up this idea and made it the basis for two sophisms beginning with ES3 IV. "One profit vs. Two Losses" (7 May 1847). Later that month he wrote an appeal to one of the leading physicists in France, François Arago (1786-1853), who was active in liberal politics to assist him in making these arguments more rigorous mathematically and thus "invincible." See "Two Losses vs. One Profit" (30 May 1847) above, pp. ???

<sup>61</sup> *Le Moniteur industriel* was the journal of the protectionist "Association pour la défense du travail national" (Association for the Defense of National Employment) founded by Mimerel de Roubaix in 1846.

<sup>62</sup> Saint-Chamans was a deputy (1824-27) and a Councillor of State. He advocated protectionism and a mercantilist theory of the balance of trade.

What will *Le Moniteur industriel* say,<sup>61</sup> and what will the opinion be of the followers of the worthy Mr. de Saint-Chamans,<sup>62</sup> who has so accurately calculated what productive activity would gain from the burning of Paris because of the houses that would have to be rebuilt?<sup>63</sup>

It grieves me to upset his ingenious calculations, especially since he has introduced their spirit into our legislation. But I beg him to redo them, introducing into the account *what is not seen* next to *what is seen*.

The reader must take care to note clearly that there are not just two characters, but three, in the little drama that I have put before him. One, Jacques Bonhomme, represents the Consumer, reduced by the breakage to enjoy one good instead of two. The second is the Glazier, who shows us the Producer whose activity is stimulated by the accident. The third is the Shoemaker (or any other producer) whose output is reduced to the same extent for the same reason. It is this third character that is always kept in the background and who, by personifying *what is not seen*, is an essential element of the problem. He is the one who makes us understand how absurd it is to see profit in destruction. He is the one who will be teaching us shortly that it is no less absurd to see profit in a policy of trade restriction, which is after all, nothing other than partial destruction. Therefore, go into the detail of all the arguments brought out to support it and you will merely find a paraphrase of that common saying: "*What would happen to glaziers if window were never broken?*"<sup>64</sup>

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<sup>63</sup> Bastiat misremembers Saint-Chamans' argument in this passage. In his *Traité d'économie politique* (1852), which was a reworking of a previous work on *Nouvel essai sur la richesse des nations* (1824), Saint-Chamans argues against the free market economist Joseph Droz (1773-1850) who stated that that a sudden loss of a large amount of accumulated capital in Europe would cause severe hardship and would take considerable time to overcome. Saint-Chamans countered this by arguing that the Great Fire of London in 1666 (so not Paris) destroyed a huge amount of the capital stock which was quickly replaced and was thus a net gain for the nation of some one million pounds sterling (or 25 million francs) (see above, pp. ???). See M. le vicomte de Saint-Chamans, *Traité d'économie politique suivi d'un aperçu sur les finances de la France* (Paris: Dentu et Ledoyen, 1852), vol. 1.

<sup>64</sup> (Paillottet's note) See pages 100 et seq. of chapter XX of the first series of *Sophisms* in Tome IV. . [DMH - This is a reference to Chap. XX "Travail humain, travail national" (Human Labor and Domestic Labor" in *Economic Sophisms* Part I.]

## CE QU'ON VOIT ET CE QU'ON NE VOIT PAS

### *[Author's Introduction]*

Dans la sphère économique, un acte, une habitude, une institution, une loi n'engendrent pas seulement un effet, mais une série d'effets. De ces effets, le premier seul est immédiat ; il se manifeste simultanément avec sa cause, *on le voit*. Les autres ne se déroulent que successivement, *on ne les voit pas* ; heureux si on les *prévoit*.

Entre un mauvais et un bon Économiste, voici toute la différence : l'un s'en tient à l'effet *visible* ; l'autre tient compte et de l'effet qu'on *voit* et de ceux qu'il faut *prévoir*.

Mais cette différence est énorme, car il arrive presque toujours que, lorsque la conséquence immédiate est favorable, les conséquences ultérieures sont funestes, et *vice versa*. — D'où il suit que le mauvais Économiste poursuit un petit bien actuel qui sera suivi d'un grand mal à venir, tandis que le vrai Économiste poursuit un grand bien à venir, au risque d'un petit mal actuel.

Du reste, il en est ainsi en hygiène, en morale. Souvent, plus le premier fruit d'une habitude est doux, plus les autres sont amers. Témoin : la débauche, la paresse, la prodigalité. Lors donc qu'un homme, frappé de l'effet *qu'on voit*, n'a pas encore appris à discerner ceux *qu'on ne voit pas*, il s'abandonne à des habitudes funestes, non seulement par penchant, mais par calcul.

Ceci explique l'évolution fatalement douloureuse de l'humanité. L'ignorance entoure son berceau ; donc elle se détermine dans ses actes par leurs premières conséquences, les seules, à son origine, qu'elle puisse voir. Ce n'est qu'à la longue qu'elle apprend à tenir compte des autres.<sup>6</sup> Deux maîtres, bien divers, lui enseignent cette leçon : l'Expérience et la Prévoyance. L'expérience régente efficacement mais brutalement. Elle nous instruit de tous les effets d'un acte en nous les faisant ressentir, et nous ne pouvons manquer de finir par savoir que le feu brûle, à force de nous brûler. À ce rude docteur, j'en voudrais, autant que possible, substituer un plus doux : la Prévoyance. C'est pourquoi je rechercherai les conséquences de quelques phénomènes économiques, opposant à celles *qu'on voit* celles *qu'on ne voit pas*.

### *I. La vitre cassée*

Avez-vous jamais été témoin de la fureur du bon bourgeois Jacques Bonhomme, quand son fils terrible est parvenu à casser un carreau de vitre ? Si vous avez assisté à ce spectacle, à coup sûr vous aurez aussi constaté que tous les assistants, fussent-ils trente, semblent s'être donné le mot pour offrir au propriétaire infortuné cette consolation uniforme : « À quelque chose malheur est

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<sup>65</sup> V. le chap. XX du tome VI. (*Note de l'éditeur*)

bon. De tels accidents font aller l'industrie. Il faut que tout le monde vive. Que deviendraient les vitriers, si l'on ne cassait jamais de vitres ? »

Or, il y a dans cette formule de condoléance toute une théorie, qu'il est bon de surprendre *flagrante delicto*, dans ce cas très simple, attendu que c'est exactement la même que celle qui, par malheur, régit la plupart de nos institutions économiques.

À supposer qu'il faille dépenser six francs pour réparer le dommage, si l'on veut dire que l'accident fait arriver six francs à l'industrie vitrière, qu'il encourage dans la mesure de six francs la susdite industrie, je l'accorde, je ne conteste en aucune façon, on raisonne juste. Le vitrier va venir, il fera besogne, touchera six francs, se frottera les mains et bénira dans son cœur l'enfant terrible. *C'est ce qu'on voit.*

Mais si, par voie de déduction, on arrive à conclure, comme on le fait trop souvent, qu'il est bon qu'on casse les vitres, que cela fait circuler l'argent, qu'il en résulte un encouragement pour l'industrie en général, je suis obligé de m'écrier : halte-là ! Votre théorie s'arrête à *ce qu'on voit*, elle ne tient pas compte de *ce qu'on ne voit pas*.

*On ne voit pas* que, puisque notre bourgeois a dépensé six francs à une chose, il ne pourra plus les dépenser à une autre. *On ne voit pas* que s'il n'eût pas eu de vitre à remplacer, il eût remplacé, par exemple, ses souliers éculés ou mis un livre de plus dans sa bibliothèque. Bref, il aurait fait de ses six francs un emploi quelconque qu'il ne fera pas.

Faisons donc le compte de l'industrie *en général*.

La vitre étant cassée, l'industrie vitrière est encouragée dans la mesure de six francs ; *c'est ce qu'on voit.*

Si la vitre n'eût pas été cassée, l'industrie cordonnrière (ou toute autre) eût été encouragée dans la mesure de six francs ; *c'est ce qu'on ne voit pas.*

Et si l'on prenait en considération *ce qu'on ne voit pas*, parce que c'est un fait négatif, aussi bien que *ce que l'on voit*, parce que c'est un fait positif, on comprendrait qu'il n'y a aucun intérêt pour l'industrie *en général*, ou pour l'ensemble du *travail national*, à ce que des vitres se cassent ou ne se cassent pas.

Faisons maintenant le compte de Jacques Bonhomme.

Dans la première hypothèse, celle de la vitre cassée, il dépense six francs, et a, ni plus ni moins que devant, la jouissance d'une vitre.

Dans la seconde, celle où l'accident ne fût pas arrivé, il aurait dépensé six francs en chaussure et aurait eu tout à la fois la jouissance d'une paire de souliers et celle d'une vitre.

Or, comme Jacques Bonhomme fait partie de la société, il faut conclure de là que, considérée dans son ensemble, et toute balance faite de ses travaux et de ses jouissances, elle a perdu la valeur de la vitre cassée.

Par où, en généralisant, nous arrivons à cette conclusion inattendue : « la société perd la valeur des objets inutilement détruits, » — et à cet aphorisme qui fera dresser les cheveux sur la tête des protectionistes : « Casser, briser, dissiper, ce n'est pas encourager le travail national, » ou plus brièvement : « destruction n'est pas profit. »

Que direz-vous, *Moniteur industriel*, que direz-vous, adeptes de ce bon M. de Saint-Chamans, qui a calculé avec tant de précision ce que l'industrie gagnerait à l'incendie de Paris, à raison des maisons qu'il faudrait reconstruire ?

Je suis fâché de déranger ses ingénieux calculs, d'autant qu'il en a fait passer l'esprit dans notre législation. Mais je le prie de les recommencer, en faisant entrer en ligne de compte ce qu'*on ne voit pas* à côté de ce qu'*on voit*.

Il faut que le lecteur s'attache à bien constater qu'il n'y a pas seulement deux personnages, mais trois dans le petit drame que j'ai soumis à son attention. L'un, Jacques Bonhomme, représente le Consommateur, réduit par la destruction à une jouissance au lieu de deux. L'autre, sous la figure du Vitrier, nous montre le Producteur dont l'accident encourage l'industrie. Le troisième est le Cordonnier (ou tout autre industriel) dont le travail est découragé d'autant par la même cause. C'est ce troisième personnage qu'on tient toujours dans l'ombre et qui, personnifiant *ce qu'on ne voit pas*, est un élément nécessaire du problème. C'est lui qui nous fait comprendre combien il est absurde de voir un profit dans une destruction. C'est lui qui bientôt nous enseignera qu'il n'est pas moins absurde de voir un profit dans une restriction, laquelle n'est après tout qu'une destruction partielle. — Aussi, allez au fond de tous les arguments qu'on fait valoir en sa faveur, vous n'y trouverez que la paraphrase de ce dicton vulgaire : « *Que deviendraient les vitriers, si l'on ne cassait jamais de vitres*<sup>66</sup>? »

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<sup>66</sup> V., au tome IV, le chap. XX de la 1<sup>re</sup> série des *Sophismes*, p. 100 et suiv. (*Note de l'éditeur.*)



## Appendix 2: Chronological List of Bastiat's use of the Term "Ricochet" and related Expressions

### A CHRONOLOGICAL LIST OF WORKS USING THESE EXPRESSIONS

A list of occurrences of key words and phrases:

1. (c. 1845) - ES1 XXI. "Matières premières" (Raw Materials) [1 ricocher]
2. (c.1847) - ES2 IV. "Conseil inférieur du travail" (The Lower Council of Labor) [1 ricochet]
3. (c.1847) - ES2 XIII. "La protection ou les trois Échevins" (Protection, or the Three Municipal Magistrates) [implied use with reference to trickle down effect]
4. (9 May 1847) - ES3 IV. "Un profit contre deux pertes" (One Profit versus Two Losses) [DIL - imputed ancillary losses]
5. ??? (30 May 1847) - ES3 VII. "Deux pertes contre un profit" (Two Losses versus One Profit) [DIL - infinite trajectories]
6. (August 1847) - "Cinquième discours, à Lyon" (Fifth Speech given at Lyons) [1 ricochet]
7. (12 Sept. 1847) - "Réponse au journal *l'Atelier*" (Response to the journal *The Workshop*) [1 ricochet]
8. (12 December 1847) - ES3 XII. "L'indiscret" (The Man who asked Embarrassing Questions) [rejaillir, 1 ricochet]
9. (1 Jan. 1848) - "Réponse à divers" (Response to various (criticisms) [2 ricochet]
10. (7 Jan 1848) - "Septième Discours, à Paris, Salle Montesquieu" (Seventh Speech at the Salle Montesquieu in Paris) [4 ricochet - specific reference to Sophisms of Ricochet]
11. (20 Feb 1848) - ES3 XVIII. "Monita secreta" (Monita secreta) [rejaillir, 5 ricochet, moon money]
12. (February 1849) - "Paix et liberté ou le budget républicain" (Peace and Freedom or the Republican Budget) [1 ricochet]
13. (15 May 1850) - "Spoliation et loi" (Plunder and Law) [1 ricochet - explicit reference to sophism of ricochet]
14. (July 1850) - WSWNS III. "L'impôt" (Taxes) [1 ricochet]
15. (July 1850) - WSWNS XII. "The Right to Work and the Right to Profit" [PP published note by FB: dispersed harm, benefit concentrated at single point]
16. (July 1850) - WSWNS VII. "Restriction" (Trade Restrictions) [2 stone thrown in lake and concentric circles, moon money]

17. (late 1850 - not 1st ed. but 1851 ed.) - *Harmonies économiques*. Chap. XI. Producteur. - Consommateur (Producer, Consumer) [5 ricochet in total, 1 ricochet in this chap, glisser, electricity, reservoir,
18. (late 1850 - not 1st ed. but 1851 ed.) - *Harmonies économiques*. Chap. XVII. “Services privés, service public” (Private Services, Public Services) [4 ricochet, explicit reference to sophism of ricochet]

## PASSAGES IN WHICH BASTIAT MENTIONS THE RICOCHET EFFECT AND RELATED IDEAS

### 1. (c. 1845) - *ES1 XXI. “Matières premières” (Raw materials)*

Source: *ES1 XXI “Matières premières” (Raw Materials)* [no date given] [1st published in book]. *Oeuvres complètes* (1st ed. 1854-55), Vol. 4: *Sophismes économiques. Petits pamphlets I.* (1854), 5th ed., pp. 105-15.

[This first use is the entirely literal and negative sense of a flat stone being bounced across a body of water. He does this in a discussion where he talks about trade restrictions which encourage cargo ships to carry “useless refuse” on their return journeys because Navigation Laws restrict what cargoes can be carried by what nations from port to port. Bastiat describes this as as wasteful of human energy as paying sailors “**to make pebbles skim across the surface of the water.**” (pour faire ricocher des cailloux sur la surface de l’eau)]

“The purpose of manufacturing, of shipping, and of labor is the general good, the public good. Creating industries that serve no purpose, encouraging superfluous transport and supporting unnecessary labor, not for the public good but at public expense, is to achieve a genuine contradiction in terms. It is not labor that is intrinsically desirable but consumption. Any labor that yields no output represents a loss. To pay sailors to carry useless refuse across the sea is **as though they were being paid to make pebbles skim across the surface of the water.** We therefore come to the conclusion that all economic sophisms, in spite of their infinite variety, have this in common: they confuse the means with the end and develop one at the expense of the other.”

[FEE trans. “ricocher” trans. “skimming”]

[L'industrie, les forces navales, le travail ont pour but le bien général, le bien public ; créer des industries inutiles, favoriser des transports superflus, alimenter un travail surnuméraire, non pour le bien du public, mais aux dépens du public, c'est réaliser une véritable pétition de principe. Ce n'est pas le travail qui est en soi-même une chose désirable, c'est la consommation : tout travail sans résultat est une perte. Payer des marins pour porter à travers les mers d'inutiles résidus, c'est **comme les payer pour faire ricocher des cailloux sur la surface de l'eau**. Ainsi nous arrivons à ce résultat, que tous les sophismes économiques, malgré leur infinie variété, ont cela de commun qu'ils confondent le moyen avec le but, et développent l'un aux dépens de l'autre.]

## 2. (c.1847) - ES2 IV. "Conseil inférieur du travail" (*The Lower Council of Labor*)

Source: (c.1847) - ES2 IV. "Conseil inférieur du travail" (*The Lower Council of Labor*) [n.d. c.1847] [1st published ES2 1848] [OC, vol. 4, pp. 160-63] [CW, vol. 3, above p. ???]

[In this discussion Bastiat is contrasting the right of large producers to form associations of all kinds but smaller and poorer groups are denied permission to do things such as form self-help groups. He then notes that the small producers realize what is going on and that the costs of protection harm their customers and that this eventually "ricochets" back on to them.]

"What I noted above all was the common sense with which our villagers saw not only the direct harm that the protectionist regime was doing them but also **the indirect harm which, as it affected their customers, ricocheted on to them.**"

[FEE trans. "par ricochet" trans. "rebounds"]

[Mais, hélas ! dans notre pays des Landes, les pauvres laboureurs, tout protégés qu'ils sont, n'ont pas le sou, et, après y avoir mis leurs bestiaux, ils ne peuvent entrer eux-mêmes dans des sociétés de secours mutuels. Les prétendues faveurs de la protection ne les empêchent pas d'être les parias de notre ordre social. Que dirai-je des vigneron ?

Ce que je remarquai surtout, c'est le bon sens avec lequel nos villageois avaient aperçu non-seulement le mal direct que leur fait le régime protecteur, mais aussi **le mal indirect qui, frappant leur clientèle, retombe par ricochet sur eux.**

C'est ce que ne paraissent pas comprendre, me dis-je, les économistes du *Moniteur industriel*.]

3. (c.1847) - ES2 XIII. “*La protection ou les trois Échevins*” (*Protection, or the Three Municipal Magistrates*)

Source: (c.1847) - ES2 XIII. “*La protection ou les trois Échevins*” (*Protection, or the Three Municipal Magistrates*) [n.d. c.1847] [1st published ES2 1848] [OC, vol. 4, pp. 229-41].

[In this quite elaborate play about the impact of domestic tolls and trade restrictions Jacques Bonhomme is trying to persuade the people of Paris that they have been harmed by these restrictions but they are not responsive to his arguments, merely chanting in support for whatever measure they last heard put to them. We have added the phrase “the ricochet or flow on effect” because it fits the context here and is very similar to other passages where Bastiat does use it.]

JACQUES: Use city tolls, if you can, to raise wages but not to make products more expensive. The people of Paris are not asking for charity, but justice!

THE PEOPLE: Long live JUSTICE!

PIERRE: It is precisely the high prices of products that **will produce higher wages as a result of the ricochet or flow on effect!** [has this reference been inserted by translator???

THE PEOPLE: Long live HIGH PRICES!

[JACQUES. Faites servir l’octroi, si vous pouvez, à hausser les salaires, ou ne le faites pas servir à renchérir les produits. Les Parisiens ne demandent pas la charité, mais la justice.

LE PEUPLE. Vive, vive la JUSTICE !

PIERRE. C’est précisément **la cherté des produits qui amènera la cherté des salaires.**

LE PEUPLE. Vive, vive la CHERTÉ !]

#### 4. (9 May 1847) - ES3 IV. “Un profit contre deux pertes” (One Profit versus Two Losses)

Source: (9 May 1847) - ES3 IV. “Un profit contre deux pertes” (One Profit versus Two Losses) [9 May 1847, LÉ] [OC, vol. 2, pp. 377-84].

[This is the first of 2 early statements of Bastiat’s theory of “the double incidence of loss” which he write in May 1847. He is coyly referring to his source for the idea, Perronet Tompson, whose mathematical equations has won him some notoriety for over complexity, and repeats his “one profit” and “two losses” equation. However he does hint that there might be more factors to take into account, namely the numerous “ancillary losses” which can be imputed from the imposition of the tariff. He makes no attempt to calculate these at this stage.]

I will therefore suppress the name of the author and the algebraic form and reproduce the argument, which is limited to establishing that any advantage flowing from tariffs will of necessity bring about the following:

1. A profit for one industry;
2. An equal loss for another industry;
3. An equal loss for the consumer.

These are **the direct and necessary effects of protection**. In all justice, and to complete the assessment, we ought in addition **to impute to it a number of ancillary losses**, such as the cost of surveillance, expensive formalities, commercial uncertainty, fluctuations in duties, aborted operations, the increased likelihood of war, smuggling, repression, etc.

[Supprimant donc le nom de l’auteur et la forme algébrique, je reproduirai l’argument qui se borne à établir que toute faveur du tarif entraîne nécessairement :

- 1° Un profit pour une industrie ;
- 2° Une perte égale pour une autre industrie ;
- 3° Une perte égale pour le consommateur.

Ce sont là **les effets directs et nécessaires de la protection**. En bonne justice, et pour compléter le bilan, il faudrait encore **lui imputer de nombreuses pertes accessoires**, telles que : frais de surveillance, formalités dispendieuses, incertitudes commerciales, fluctuations de tarifs, opérations contrariées, chances de guerre multipliées, contrebande, répression, etc.]

5. (30 May 1847) - ES3 VII. “*Deux pertes contre un profit*” (*Two Losses versus One Profit*)

Source: ES3 VII. “Deux pertes contre un profit” (Two Losses versus One Profit) [30 May 1847]

[This is the second article written in May 1847 in which Bastiat discusses the theory of “the double incidence of loss.” He goes into some detail as he is appealing to the mathematician and astronomer François Arago for assistance with the mathematics to better describe what he believes is going on in the economy when there are interventions. In this passage “ricochet” is not mentioned explicitly but he refers to a related concept, namely “suite des parallèles infinies” (circulation of money which follows infinite trajectories).]

“The following is also said: the franc that the cutler receives as a supplement, thanks to trade protection, he pays to his workers. My reply is this : the franc that the bookseller would receive in addition, thanks to free trade, he would also pay to other workers, so that in this respect the balance is not upset, and it remains true that under one regime you have a book and on the other you do not. To avoid the confusion, intentional or not, that will not fail to be cast over this subject, you have to make a clear distinction between the original distribution of your 3 francs and **their subsequent circulation which, in both hypotheses, follows infinite trajectories and can never affect our calculation.**”

[On dira encore ceci : Le franc que le coutelier reçoit en plus, grâce à la protection, il le fait gagner à des travailleurs. — Je répons : Le franc que le libraire recevrait en plus, grâce à la liberté, il le ferait gagner aussi à d’autres travailleurs ; en sorte que, de ce côté, la compensation n’est pas détruite, et il reste toujours que, sous un régime vous avez un livre, et sous l’autre vous n’en avez pas. — Pour éviter la confusion volontaire ou non qu’on ne manquera pas de faire à ce sujet, il faut bien distinguer la distribution originaire de vos 3 francs d’avec **leur circulation ultérieure, laquelle, dans l’une et dans l’autre hypothèse, suit des parallèles infinies**, et ne peut jamais affecter notre calcul. [67]

[fn - 67] Sur le Sophisme des ricochets, V. au présent volume, n° 48, p. 320 ; au tome IV, les pages 74, 160, 229 ; et au tome V, indépendamment des pages 80 à 83, les pages 336 et suivantes, contenant le pamphlet Ce qu’on voit et ce qu’on ne voit pas. (Note de l’éditeur.)

6. (August 1847) - “Cinquième discours, à Lyon” (*Fifth Speech given at Lyons*)

Source: (August 1847) - “Cinquième discours, à Lyon” (Fifth Speech given at Lyons) [OC, vol. 2. 46.] [CW, vol. 6, forthcoming]. [Prononcé dans la seconde réunion publique tenue à Lyon, en août 1847, sur l’influence du régime protecteur à l’égard des salaires]

[In this speech Bastiat imagines an ordinary worker speaking before the Chamber and denouncing them for having deceived him about the beneficial effects of the “flow on effect” of taxes and tariffs which have raised the costs of goods.]

“You have increased by means of the law the prices of food, clothing, iron goods, and fuel. You promised us that **the ricochet effect of these measures** would increase our wages by the same amount, and even higher. We believed you because, alas!, the lure of profit however illegitimate, made us credulous. But you failed to keep your promise.”

[Aux entrepreneurs d’industrie, le régime restrictif offre des compensations. S’ils payent plus cher ce qu’ils achètent, ils font payer plus cher ce qu’ils vendent ; non qu’ils ne perdent, en définitive, mais enfin leur perte est atténuée ; pour l’ouvrir, il n’y a aucune atténuation possible.

Aussi, je me représente quelquefois un simple ouvrier, trouvant, je ne sais par quelle issue, accès dans l’enceinte législative. Ce serait certainement un spectacle curieux et même imposant, s’il se présentait à la barre de l’assemblée étonnée, — calme, modéré, mais résolu, et si, au milieu du silence universel, il disait : « Vous avez élevé, par la loi, le prix des aliments, des vêtements, du fer, du combustible ; vous nous promettiez **que le ricochet de ces mesures élèverait notre salaire en proportion et même au delà**. Nous vous croyions, car l’appât d’un profit, fût-il illégitime, hélas ! rend toujours crédule. Mais votre promesse a failli. Il est bien constaté maintenant que votre loi, **n’ayant pu que déplacer le capital et non l’accroître**, n’a eu d’autre résultat que de faire peser sur nous, sans compensation, le poids de la cherté. Nous venons vous demander d’élever législativement le taux des salaires, au moins dans la même mesure que vous avez élevé législativement le prix de la subsistance. »

Je sais bien ce qu’on répondrait à ce malencontreux pétitionnaire. On lui dirait, et avec raison : « Il nous est impossible d’élever par la loi le taux du salaire ; car la loi ne peut pas faire qu’on tire d’un capital donné plus de salaires qu’il n’en renferme. »]

7. (12 Sept. 1847) - “Réponse au journal l’Atelier” (*Response to the journal The Workshop*)

Source: (12 Sept. 1847) - “Réponse au journal l’Atelier” (Response to the journal The Workshop) [12 Sept. 1847] [OC, vol. 2. 23.] [CW6]

[Bastiat argues in this response to something written in the socialist journal *l’Atelier* that society is divided into two classes, one of which uses law to create monopolies for itself. It was often argued that these monopolies were beneficial to ordinary workers and consumes because of the ricochet effect these monopolies had.]

“In the current state of society, and in order for us to keep to the subject, under the empire of the restrictionist regime, we believe that there is a privileged class and an oppressed class. The law bestows monopolies on certain kinds of property, but not on labour which is also a kind of property.

It is said that labour will profit from **the ricochet effect of these monopolies**, and that the organization which has been formed to maintain them has even taken the name “the Association for the Defense of National Employment”, a name which is a lie which everyone will soon see for what it is.”

[La distinction entre classes riches et classes pauvres donne lieu, de nos jours, à tant de déclamations que nous croyons devoir nous expliquer à ce sujet.

Dans l’état actuel de la société, et pour nous en tenir à notre sujet, sous l’empire du régime restrictif, nous croyons qu’il y a une classe privilégiée et une classe opprimée. La loi confère à certaines natures de propriété des monopoles qu’elle ne confère pas au travail, qui est aussi une propriété.

On dit bien que **le travail profite par ricochet de ces monopoles**, et la société qui s’est formée pour les maintenir a été jusqu’à prendre ce titre : Association pour la défense du travail national, titre dont le mensonge éclatera bientôt à tous les yeux.

Une circonstance aggravante de cet ordre de choses, c’est que la propriété privilégiée par la loi est entre les mains de ceux qui font la loi. C’est même une condition, pour être admis à faire la loi, qu’on ait une certaine mesure de propriété de cette espèce. La propriété opprimée au contraire, celle du travail, n’a voix ni délibérative ni consultative. On pourrait conclure de là que le privilège dont nous parlons est tout simplement la loi du plus fort.]



8. (12 December 1847) - ES3 XII. “L'indiscret” (*The Man who asked Embarrassing Questions*)

Source: (12 December 1847) - ES3 XII. “L'indiscret” (*The Man who asked Embarrassing Questions*) [12 December 1847, LÉ] [OC, vol. 2, pp. 435-46]. [CW, vol. 3, above p. ???]

[Continuing the water metaphor Bastiat uses the word “rejaillir” (spill over or splash back) to describe the effects of interventions. If the incomes of consumers goes down because of a tariff this will eventually have a spill over effect on the very producers who are being protected. Like water, these bad consequences will spread to everybody.]

The worker: “Are these figures accurate?”

“I do not claim they are, all I want is to make you understand that if out of a total that is smaller, those protected take a larger share, those not protected bear all the weight not only of the total decrease but also of the excess amount that those protected allocate to themselves.”

The worker: “If this is so, should **the distress of those not protected not spill over [rejaillir] on to those protected?**”

“I think so. I am convinced that in the long run **the loss tends to spread over everyone.** I have tried to make those protected understand this but have not succeeded in doing so.”

Another worker: “Although protection is not directly given to us, we are told that it reaches us, so to speak, **by the ricochet or flow on effect.**”

“Then all our arguments have to be turned upside down, though they must continue to start from this fixed and acknowledged point, that restriction reduces total national wealth. If, nevertheless, your share is larger, the share of those protected is all the more undermined. In this case, why are you demanding the right to vote? It is quite clear that you ought to leave to such disinterested men the burden of making the laws.”

[L'ouvrier. S'il en est ainsi, ne doit-il pas arriver que la détresse des non-protégés **rejaillisse sur les protégés ?**

— Je le crois. Je suis convaincu qu'à la longue **la perte tend à se répartir sur tout le monde.** J'ai essayé de le faire comprendre aux protégés, mais je n'ai pas réussi.

Un autre ouvrier. Quoique la protection ne nous soit pas accordée directement, on assure qu'elle nous arrive **par ricochet.**

— Alors il faut renverser tout notre raisonnement en partant toujours de ce point fixe et avoué, que la restriction amoindrit le total de la richesse nationale. Si, néanmoins, votre part est plus grande, celle des protégés est doublement ébréchée. En ce cas, pourquoi réclamez-vous le droit de suffrage ? Assurément, vous devez laisser à des hommes si désintéressés le soin de faire les lois.]

9. (1 Jan. 1848) - “Réponse à divers” (*Response to various (criticisms)*)

Source: (1 Jan. 1848) - “Réponse à divers” (*Response to various (criticisms)*) [1 Jan. 1848] [OC, vol. 2. 24.] [CW, vol. 6. forthcoming]

[Bastiat argues that free trade is in the interests of the people. He has a worker mock the protectionists for not believing the truth of their own words - if high prices caused by tariffs are good for the workers via the trickle down or ricochet effect, then why don't the protected manufacturers just double the salaries of their workers and see the beneficial results of the ricochet effect as these better paid workers spend their money in the economy.]

“What is worse about these claims is that those who make them don't believe a single word themselves... because, if **this protection by the ricochet effect** which so soothes the people (is so good), why don't the manufacturers apply it to themselves? why don't they pass a law which doubles their salaries, since so much good will come to them by means of **the ricochet effect?**”

[Ce qu'il y a de pire dans ces assertions, c'est que ceux qui se les permettent n'en croient pas un mot eux-mêmes. Ils savent bien, et Bayonne en fournit de nombreux exemples, que l'on peut être partisan de la liberté sans être nécessairement ministériel, sans recevoir l'impulsion de haut lieu. Ils savent bien que la liberté commerciale, comme les autres, est la cause du peuple, et le sera toujours jusqu'à ce qu'on nous montre un article du tarif qui protège directement le travail des bras ; car, quant à **cette protection par ricochet dont on berce le peuple**, pourquoi les manufacturiers ne la prennent-ils pas pour eux ? pourquoi ne font-ils pas une loi qui double les salaires, en vue du bien **qu'il leur en reviendra par ricochet** ? Les journaux, auxquels nous répondons ici, savent bien que toutes les démocraties du monde sont pour le libre-échange ; qu'en Angleterre la lutte est entre l'aristocratie et la démocratie ; que la Suisse démocratique n'a pas de douanes ; que l'Italie révolutionnaire proclame la liberté ; que le triomphe de la démocratie aux États-Unis a fait tomber la protection ; que 89 et 93 décrétèrent le droit d'échanger, et que la Chambre du double vote le confisqua. Ils savent cela, et ce sera l'éternelle

honte de nos journaux indépendants d'avoir déserté la cause du peuple. Un jour viendra, et il n'est pas loin, où on leur demandera compte de leur alliance avec le privilège, surtout à ceux d'entre eux qui ont commencé par déclarer que la cause du Libre-Échange était vraie, juste et sainte en principe.]

*10. (7 Jan 1848) - "Septième Discours, à Paris, Salle Montesquieu" (Seventh Speech at the Salle Montesquieu in Paris)*

Source: (7 Jan 1848) - "Septième Discours, à Paris, Salle Montesquieu" (Seventh Speech at the Salle Montesquieu in Paris) [7 Janvier 1848] [OC, vol. 2. 48.] [CW, vol. 6, forthcoming]

[In a speech on free trade in the Salle Montesquieu used for public activities by the French Free Trade Association in Paris, Bastiat talks about the Swiss who refuse to impose tariffs. He argues that ordinary Swiss voters reject the arguments of landowners about the beneficial effects of "**de gros avantages par ricochet.**" He mocks the idea that an expensive court is justified on the grounds that their expenditure on luxury goods will have a positive trickle down effect on the broader economy. Bastiat regrets that he never wrote more on the topic and promises to write an entire article on "The Sophism of Ricochets" for the next edition.]

"Truthfully, I believe that I neglected to include in a certain small volume an article entitled "**the Sophism of the Ricochet Effect.**" I will repair this oversight in the next edition [prolonged hilarity from the audience]. Our adversaries claim that the example provided by the Swiss doesn't count because it is a mountainous country. [Laughter].

[Voici d'abord la Suisse : c'est le pays le plus démocratique de l'Europe. Là, l'ouvrier a un suffrage qui pèse autant que celui de son chef. Et la Suisse n'a pas voulu de douane même fiscale.

Ce n'est pas qu'il ait manqué de gros propriétaires de champs et de forêts, de gros entrepreneurs qui aient essayé d'implanter en Suisse la restriction. Ces hommes qui vendent des produits disaient à ceux qui vendent leur travail : Soyez bonnes gens ; laissez-nous renchérir nos produits, nous nous enrichirons, nous ferons de la dépense, et il vous en reviendra **de gros avantages par ricochet.** (Hilarité.) Mais jamais ils n'ont pu persuader au peuple suisse qu'il fût de son avantage de payer cher ce qu'il peut avoir à bon marché. **La doctrine des ricochets** n'a pas fait fortune dans ce pays. Et, en effet, il n'y a pas d'abus qu'on ne puisse justifier par elle. Avant 1830, on pouvait dire aussi : C'est un grand bonheur que le peuple paye une liste civile de 36 millions. **La cour mène grand train, et l'industrie profite par ricochet...**

En vérité, je crois que, dans certain petit volume, j'ai négligé d'introduire **un article intitulé : Sophisme des ricochets.**

Je réparerai cet oubli à la prochaine édition[1]. (Hilarité prolongée.)

Nos adversaires disent que l'exemple de la Suisse ne conclut pas, parce que c'est un pays de montagnes. (Rires.)]

11. (20 Feb 1848) - ES3 XVIII. "Monita secreta" (*Monita secreta*)

Source: (20 Feb 1848) - ES3 XVIII. "Monita secreta" (*Monita secreta*) [20 February 1848, LÉ] [OC, vol. 2, pp. 452-58] [CW, vol. 3, above p. ???]

[This late sophism written on the eve of the February Revolution in 1848 contains Bastiat's largest number of references to "the ricochet effect" before the appearance of the second part of the *Economic harmonies* (posthumously published in 1851). There are 5 references to "ricochet effects" in this essay, as well as to "rejaillir" (splash back). There is also a reference to "helicopter money" or "**capital that had fallen from the moon**".]

It might happen that one fine day the workers will open their eyes and say:

"Since you force products to be expensive by recourse to the law, you ought also, in order to be fair, to force wages to be expensive by recourse to the law."

Let the argument drop for as long as you can. When you can no longer remain silent, answer: "The high price of products encourages us to make more of them, and in order to do this we need more workers. This increase in the demand for labor raises your wages and in this way, indirectly, our privileges extend to you **by the ricochet or flow on effect.**

Workers will perhaps then answer you: "This would be true if the excess production stimulated by high prices was achieved with **capital that had fallen from the moon.** But if all that you can do is to take it from other sectors of industry, there will be no increase in wages, since there has been no increase in capital. We now, accordingly, have to pay more for the things we need and **your ricochet or flow on effect is a trick.**"

At this point, take a great deal of trouble to explain and confuse **the mechanism of the ricochet effect.**

Workers may insist and say to you:

“Since you have so much confidence in **these ricochet or flow on effects**, let us change our roles. Do not protect products any more but protect wages. Set them by law at a high rate. All the proletarians will become wealthy; they will purchase a great many of your products and you will become wealthy by **the ricochet or flow on effect**.”

[Il se peut qu’un beau jour les ouvriers, ouvrant les yeux, disent :

« Puisque vous forcez la cherté des produits par l’opération de la loi, vous devriez bien aussi, pour être justes, forcer la cherté des salaires par l’opération de la loi. »

Laissez tomber l’argument aussi longtemps que possible. Quand vous ne pourrez plus vous taire, répondez : La cherté des produits nous encourage à en faire davantage ; pour cela, il nous faut plus d’ouvriers. Cet accroissement de demande de main-d’œuvre hausse vos salaires, et c’est ainsi que nos privilèges **s’étendent à vous par ricochet**.

L’ouvrier vous répondra peut-être : « Cela serait vrai si l’excédant de production excité par la cherté se faisait au moyen de **capitaux tombés de la lune**. Mais si vous ne pouvez que les soutirer à d’autres industries, n’y ayant pas augmentation de capital, il ne peut y avoir augmentation de salaires. Nous en sommes pour payer plus cher les choses qui nous sont nécessaires, et **votre ricochet est une déception**. »

Donnez-vous alors beaucoup de mal pour expliquer et embrouiller **le mécanisme du ricochet**.

L’ouvrier pourra insister et vous dire :

« Puisque vous avez tant de confiance dans **les ricochets**, changeons de rôle. Ne protégez plus les produits, mais protégez les salaires. Fixez-les législativement à un taux élevé. Tous les prolétaires deviendront riches ; ils achèteront beaucoup de vos produits, et **vous vous enrichirez par ricochet**. [82] »

[fn - 82] V. le pamphlet Spoliation et Loi, pages 1 à 15 du tome V. (Note de l’éditeur.)]

12. (February 1849) - “*Paix et liberté ou le budget républicain*” (*Peace and Freedom or the Republican Budget*)

Source: (February 1849) - “*Paix et liberté ou le budget républicain*” (*Peace and Freedom or the Republican Budget*) [février 1849]. [OC, vol. 5. p. 407] [CW, vol. 2, pp. 282-327]

[This was a report written to urge the French government to drastically cut the budget since tax receipts had dropped alarmingly because of the economic downturn brought about by the revolution and by massive increases in government expenditure. Here he talks about the impact that taxation (especially the new English income tax) has on the economy with all their “ricochets and counter-blows” suggesting that taxes on one group also has a bad influence on other groups who are not taxed the same way. Whereas Peel wanted to solve the budget problem by introducing new taxes, Bastiat wanted “a reduction in expenditure or the pure and simple abolition of taxes is more in harmony with this thinking than shifting the tax.” ]

However, since the first part of these two systems merge in that they aim to establish the ample funding of the public treasury over the long term by relieving the working classes, is it not obvious that a reduction in expenditure or the pure and simple abolition of taxes is more in harmony with this thinking than shifting the tax?

I cannot help thinking that the second element of Peel’s plan was such as to contradict the first. Doubtless it did a great deal of good to spread the tax burden better. But when all is said and done, when you know a little about this subject, when you have studied **the natural mechanism of taxes, their rebounds [ricochets] and repercussions**, you know full well that what the tax authorities require from one class is paid for the most part by another. It is not possible for English workers not to have been affected, either directly or indirectly, by *income tax*. Thus though they were relieved on the one hand, they were to a certain extent afflicted on the other.

But let us leave these considerations aside and examine whether, in the face of the clear facts that explain the English crisis so naturally, it is possible to attribute it to the reform. The eternal false reasoning of those who are determined to incriminate something involves them in attributing to it all the evils that happen in the world. *Post hoc, ergo propter hoc*.<sup>67</sup> The preconceived idea is and always will be the scourge of reason since, by its very nature, it flees the truth when it has the misfortune of glimpsing it.

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<sup>67</sup> “With this, therefore because of this.”

[Or, puisque les deux systèmes, dans la première partie, se confondent en ce qu'ils aspirent à fonder à la longue la prospérité du trésor public sur le soulagement des classes travailleuses, n'est il pas évident que la réduction des dépenses ou le dégrèvement pur et simple est plus en harmonie avec cette pensée que le déplacement de la taxe ?

Je ne puis m'empêcher de croire que le second membre du système de Peel était de nature à contrarier le premier. C'est sans doute un bien immense que de mieux répartir les taxes. Mais enfin, quand on connaît un peu ces matières, quand on a étudié **le mécanisme naturel des impôts, leurs ricochets, leurs contre-coups**, on sait bien que ce que le fisc demande à une classe est payé en grande partie par une autre. Il n'est pas possible que les travailleurs anglais n'aient été atteints directement ou indirectement par l'*income-tax*. Ainsi, en les soulageant d'un côté, on les a, dans une mesure quelconque, frappés de l'autre.

Mais laissons de côté ces considérations, et examinons s'il est possible, en présence des faits éclatants qui expliquent d'une manière si naturelle la crise anglaise, de l'attribuer à la réforme. L'éternel sophisme des gens décidés à incriminer une chose, c'est de lui attribuer tous les maux qui surviennent dans le monde. *Post hoc, ergo propter hoc*. L'idée préconçue est et sera toujours le fléau du raisonnement, car, par sa nature, elle fuit la vérité quand elle a la douleur de l'entrevoir.]

### 13. (15 May 1850) - "*Spoliation et loi*" (*Plunder and Law*)

Source: (15 May 1850) - "*Spoliation et loi*" (*Plunder and Law*) [JDE 15 mai 1850] [OC, vol. 5, p. 1] [CW, vol. 2, pp. 266-76]

[In this pamphlet, which was one of many he wrote during the Revolution and the Second Republic and only 6 months he died, Bastiat merely warns the protectionists that he is ready to counter their arguments with a more detailed explanation of the "sophism of ricochets". he also hints that this approach can also be used in the analysis of the effects of theft and fraud.

"However, as I have already said, I am not discussing today the economic consequences of legal plunder. When the supporters of protectionism are ready, they will find me ready to examine **the ricochet sophism** which, besides, can be quoted for all sorts of theft and fraud."

[FEE trans. "Le sophisme des ricochets" as "'the sophism of chain reactions"']

[Mais, je l'ai déjà dit, je ne discute pas aujourd'hui les conséquences économiques de la Spoliation légale. Quand MM. les protectionistes le voudront, ils me trouveront prêt à examiner **le sophisme des ricochets**[8], qui du reste peut être invoqué pour tous les genres de vols et de fraudes.

Bornons-nous aux effets politiques et moraux de l'échange législativement privé de liberté.

[8] Il se trouve implicitement réfuté aux chap. xii de la première série, iv et xiii de la seconde série des Sophismes. Voy., tome IV, pages 74, 160 et 229. (Note de l'éditeur.)]

#### 14. (July 1850) - WSWNS III. "L'impôt" (Taxes)

Source: (July 1850) - WSWNS III. "L'impôt" (Taxes) [July 1850] [OC, vol. 5, pp. 343-47] [CW, vol. 3, above p. ???]

[WSWNS is the last major work Bastiat completed before his death in December. In it he provides an extended discussion of "the seen" and "the unseen" with occasional references to the ricochet effect. In the first passage he mocks the idea that taxes "are a live giving dew" because of the positive flow on effects they have when families dependent on tax money for their income spend their earnings in the economy. In the second passage he emphasizes the importance of examining all consequences of a tax or tariff in their entirety, especially those that seem to be invisible. Since the harm is broadly diffused it is hard to see, while the benefits are focused on a singly, very visible "point".]

"Taxes are the best investment; they are a life-giving dew. See how many families gain a livelihood from them; **work out their ricochet or flow on effects on industry**; this is beyond measure, it is life."

To combat this doctrine, I am obliged to repeat the preceding refutation. Political economy knows full well that its arguments are not amusing enough for people to say of them: *Repetita placent*. Repetitions are pleasing. For this reason, like Basile, it has arranged the proverb to suit itself, fully convinced that in its mouth *Repetita docent*. Repetitions teach.

The advantages that civil servants find in drawing their salaries are what is seen. The benefit that results for their suppliers is again what is seen. It is blindingly obvious to the eyes.



However, the disadvantage felt by taxpayers in trying to free themselves is what is not seen and the damage that results for their suppliers is what is not seen either, although it is blindingly obvious to the mind.

[FEE trans. “ses ricochets sur l’industrie” as “their indirect effects on industry”]

[Ne vous est-il jamais arrivé d’entendre dire :

« L’impôt, c’est le meilleur placement ; c’est une rosée fécondante ? Voyez combien de familles il fait vivre, et suivez, par la pensée, **ses ricochets sur l’industrie** : c’est l’infini, c’est la vie ».

Pour combattre cette doctrine, je suis obligé de reproduire la réfutation précédente. L’économie politique sait bien que ses arguments ne sont pas assez divertissants pour qu’on en puisse dire : Repetita placent. Aussi, comme Basile, elle a arrangé le proverbe à son usage, bien convaincue que dans sa bouche, Repetita docent.

Les avantages que les fonctionnaires trouvent à émarger, c’est ce qu’on voit. Le bien qui en résulte pour leurs fournisseurs, c’est ce qu’on voit encore. Cela crève les yeux du corps.

Mais le désavantage que les contribuables éprouvent à se libérer, c’est ce qu’on ne voit pas, et le dommage qui en résulte pour leurs fournisseurs, c’est ce qu’on ne voit pas davantage, bien que cela dût sauter aux yeux de l’esprit.]

#### 15. (July 1850) - WSWNS XII. “*The Right to Work and the Right to Profit*”

Source: WSWNS (July 1850) XII. “The Right to Work and the Right to Profit”

“(Paillottet’s note) (Unpublished note by the author) If all the consequences of an action were visited on its author, our education would be swift. But this does not happen. Sometimes the beneficial and visible consequences are in our favor and the harmful and invisible ones are for others to face, which makes them even more invisible. We then have to wait for a reaction from those who have had to bear the harmful consequences of the act. Sometimes this takes a long time and this is what preserves the reign of the error.

A man carries out an action that produces beneficial consequences worth 10 in his favor and harmful consequences worth 15 spread over 30 of his fellow men, so that what was borne by each of them was just  $\frac{1}{2}$ . In all, there was a loss and the reaction was bound to come. We can

see, however, that it will be all the slower since **the harm is more widely spread over the mass and the benefit more concentrated on a single point.**”

[La société qui écoute ce sophiste, qui se charge d'impôts pour le satisfaire, qui ne s'aperçoit pas que la perte essuyée par une industrie n'en est pas moins une perte, parce qu'on force les autres à la combler, cette société, dis-je, mérite le fardeau qu'on lui inflige.

Ainsi, on le voit par les nombreux sujets que j'ai parcourus : Ne pas savoir l'Économie politique, c'est se laisser éblouir par l'effet immédiat d'un phénomène ; la savoir, c'est embrasser dans sa pensée et dans **sa prévision l'ensemble des effets** [Note].

Note: Si toutes les conséquences d'une action retombaient sur son auteur, notre éducation serait prompte. Mais il n'en est pas ainsi. Quelquefois **les bonnes conséquences visibles sont pour nous, et les mauvaises conséquences invisibles sont pour autrui, ce qui nous les rend plus invisibles encore.** Il faut alors attendre que la réaction vienne de ceux qui ont à supporter les mauvaises conséquences de l'acte. C'est quelquefois fort long, et voici ce qui prolonge le règne de l'erreur.

Un homme fait un acte qui produit de bonnes conséquences égales à 10, à son profit, et de mauvaises conséquences égales à 15, réparties sur 30 de ses semblables, de manière qu'il n'en retombe sur chacun d'eux que 1/2. — Au total, il y a perte et la réaction doit nécessairement arriver. On conçoit cependant qu'elle se fasse d'autant plus attendre que **le mal sera plus disséminé dans la masse et le bien plus concentré en un point.**(*Ébauche inédite de l'auteur.*)]

## 16. (July 1850) - WSWNS VII. “Restriction” (Trade Restrictions)

Source: WSWNS (July 1850) VII. “Restriction” (Trade Restrictions)

Quote 1:

“My workers and I will spend more money to the great benefit of our suppliers for several leagues around. As these suppliers will have more markets, they will give more orders to various other producers, and from one sector to another the entire country will increase its activity. This fortunate hundred sou coin that you drop into my coffer **will radiate outwards to the far corners of the country an infinite number of concentric circles, just like a stone thrown into a lake.**”

[« Pour chaque quintal de fer que je livrerai au public, au lieu de recevoir dix francs, j'en toucherai quinze, je m'enrichirai plus vite, je donnerai plus d'étendue à mon exploitation, j'occuperai plus d'ouvriers. Mes ouvriers et moi ferons plus de dépense, au grand avantage de nos fournisseurs à plusieurs lieues à la ronde. Ceux-ci, ayant plus de débouchés, feront plus de commandes à l'industrie et, de proche en proche, l'activité gagnera tout le pays. Cette bienheureuse **pièce de cent sous, que vous ferez tomber dans mon coffre-fort, comme une pierre qu'on jette dans un lac, fera rayonner au loin un nombre infini de cercles concentriques.** »]

Quote 2:

“Yes, the écu thus diverted by law to the coffers of Mr. Prohibant constitutes a benefit for him and for those whose work he is bound to stimulate. And **if the decree had caused this écu to come down from the moon, these beneficial effects would not be counterbalanced by any compensating bad effects.** Unfortunately, it is not from the moon that the mysterious hundred sou coin comes, but rather from the pockets of a blacksmith, nail-maker, wheelwright, farrier, ploughman or builder, in short from the pocket of Jacques Bonhomme, who will now pay it without receiving one milligram more of iron than he did at the time when he paid ten francs. At first sight you have to see that this changes the question considerably, since very clearly the *Profit* made by Mr. Prohibant is offset by the *Loss* made by Jacques Bonhomme, and everything that Mr. Prohibant is able to do with this écu to encourage national production, Jacques Bonhomme could also have done. **The stone is merely cast into a particular point on the lake because it has been prevented by law from being cast into another.**”

[Oui, l'écu détourné ainsi législativement vers le coffre-fort de M. Prohibant, constitue un avantage pour lui et pour ceux dont il doit encourager le travail. — **Et si le décret avait fait descendre cet écu de la lune, ces bons effets ne seraient contrebalancés par aucuns mauvais effets compensateurs.** Malheureusement, ce n'est pas de la lune que sort la mystérieuse pièce de cent sous, mais bien de la poche d'un forgeron, cloutier, charron, maréchal, laboureur, constructeur, en un mot, de Jacques Bonhomme, qui la donne aujourd'hui, sans recevoir un milligramme de fer de plus que du temps où il le payait dix francs. Au premier coup d'œil, on doit bien s'apercevoir que ceci change bien la question, car, bien évidemment, le *Profit* de M. Prohibant est compensé par la *Perte* de Jacques Bonhomme, et tout ce que M. Prohibant pourra faire de cet écu pour l'encouragement du travail national, Jacques Bonhomme l'eût fait de même. **La pierre n'est jetée sur un point du lac que parce qu'elle a été législativement empêchée d'être jetée sur un autre.**]

17. (late 1850 - not 1st ed. but 1851 ed.) - *Harmonies économiques. Chap. XI. Producteur. - Consommateur (Producer, Consumer)*

Source: (late 1850 - not 1st ed. but 1851 ed.) - *Harmonies économiques. Chap. XI. Producteur. - Consommateur (Producer, Consumer)* [OC, vol. 6] [CW, vol. 5, forthcoming]

[Bastiat uses another word which has a connection to water, “glisser” (to slip or slide, or flow over) in this passage.]

“It is by way of **such ricochet** that the harmful effects tend to pass from the producer to the consumer. Immediately after the tax and the obstruction come into force, the producer tends to have himself compensated. However, since consumer demand as well as the quantity of wine remain the same, he cannot raise the price. Initially, he does not make more after the tax than before. And since before the tax he obtained only a normal reward for it, determined by the value of the services exchanged freely, he finds himself losing by the total amount of the tax. In order for prices to rise, there has to be a reduction in the quantity of wine produced...

In relation to the profit or loss that initially affect this or that class of producers, **the consumer, the general public, is what earth is to electricity: the great common reservoir. Everything comes out of this reservoir, and after a few more or less long detours, after the generation of a more or less great variety of phenomena, everything returns to it.**

We have just noted that **the economic results just flow over producers**, to put it this way, before reaching consumers, and that consequently all the major questions have to be examined from the point of view of consumers if we wish to grasp their general and permanent consequences.

[p. 344 FEE edition electronic - only use of ricochet in entire book; “glisser” translated as “slip away”]

[Ainsi, en France, on a soumis le vin à une foule d'impôts et d'entraves. Ensuite on a inventé pour lui un régime qui l'empêche de se vendre au dehors.]

Voici **par quels ricochets le mal tend à passer du producteur au consommateur.** Immédiatement après que l'impôt et l'entrave sont mis en œuvre, le producteur tend à se faire dédommager. Mais la demande des consommateurs, ainsi que la quantité de vin, restant la même, il ne peut en hausser le prix. Il n'en tire d'abord pas plus après la taxe qu'avant. Et

comme, avant la taxe, il n'en obtenait qu'une rémunération normale, déterminée par la valeur des services librement échangés, il se trouve en perte de tout le montant de la taxe. Pour que les prix s'élèvent, il faut qu'il y ait diminution dans la quantité de vin produite1 .....

**Le consommateur, le public est donc, relativement à la perte ou au bénéfice qui affectent d'abord telle ou telle classe de producteurs, ce que la terre est à l'électricité: le grand réservoir commun. Tout en sort; et, après quelques détours plus ou moins longs, après avoir engendré des phénomènes plus ou moins variés, tout y rentre.**

Nous venons de constater que **les résultats économiques ne font que glisser, pour ainsi dire, sur le producteur pour aboutir au consommateur**, et que, par conséquent, toutes les grandes questions doivent être étudiées au point de vue du consommateur, si l'on veut en saisir les conséquences générales et permanentes.]

*18. (late 1850 - not 1st ed. but 1851 ed.) - Harmonies économiques. Chap. XVII. "Services privés, service public" (Private Services, Public Services)*

Source: (late 1850 - not 1st ed. but 1851 ed.) - *Harmonies économiques*. Chap. XVII. "Services privés, service public" (Private Services, Public Services) [OC, vol. 6] [CW, vol. 5, forthcoming]

[There are four uses of the word "ricochet" in this passage which indicates the important role it could play in criticizing the argument that even plunder might have PRE for ordinary taxpayers and consumers.]

“(The argument is made that) Plunder is advantageous for everybody: the plundering class that it enriches directly and **the plundered classes that it enriches by means of the ricochet effect**. Indeed, the plundering class that has become wealthier has the means of expanding the circle of its benefits. It cannot do this without requiring the services of the plundered classes to a greater extent.

But following the February Revolution the poor had a voice in the chapter when the law was being drafted. Did they request that it should stop being a plunderer? Not at all; **the sophism of ricochets was too deep-rooted in their minds**. What did they ask for, then? That the law, that had now become impartial, should agree to plunder the wealthy in their turn. They demanded free education, the free advance of capital, retirement funds established by the State, progressive taxation etc. etc. ... The wealthy began to howl: “How scandalous! All is lost! A new set of barbarians has burst into society!” They resisted the claims of the poor desperately. They

once fought with guns but now with the ballot box. But have the wealthy abandoned plunder for all that? The thought has not even crossed their mind. They continue to use **the argument of the ricochet effect** as a pretext.”

[FEE trans. “ricochet” trans. as “indirect effect of spending”p. 467]

[Ce qu'il y a de plus déplorable, c'est que la spoliation, quand elle s'exerce ainsi à l'aide de la loi, sans qu'aucun scrupule individuel lui fasse obstacle, finit par devenir toute une savante théorie qui a ses professeurs, ses journaux, ses docteurs, ses législateurs, ses sophismes, ses subtilités. Parmi les arguties traditionnelles qu'on fait valoir en sa faveur, il est bon de discerner celle-ci: Toutes choses égales d'ailleurs, un accroissement de demande est un bien pour ceux qui ont un service à offrir; puisque ce nouveau rapport entre une demande plus active et une offre stationnaire est ce qui augmente la valeur du service. De là on tire cette conclusion: **La spoliation est avantageuse à tout le monde: à la classe spoliatrice qu'elle enrichit directement, aux classes spoliées qu'elle enrichit par ricochet.** En effet, la classe spoliatrice, devenue plus riche, **est en mesure d'étendre le cercle de ses jouissances.** Elle ne le peut sans demander, dans une plus grande proportion, les services des classes spoliées. Or, relativement à tout service, accroissement de demande, c'est accroissement de valeur. Donc les classes légèrement volées sont trop heureuses de l'être, **puisque le produit du vol concourt à les faire travailler.**

Tant que la loi s'est bornée à spolier le grand nombre au profit du petit nombre, cette argutie a paru fort spécieuse et a toujours été invoquée avec succès. «Livrons aux «riches des taxes mises sur les pauvres, disait-on; par là «nous augmenterons le capital des riches. Les riches s'a«donneront au luxe, et le luxe donnera du travail aux «pauvres.» Et chacun, les pauvres compris, de trouver le procédé infallible. Pour avoir essayé d'en signaler le vice, J'ai passé longtemps, je passe encore pour un ennemi des classes laborieuses.

Mais, après la Révolution de Février, les pauvres ont eu voix au chapitre quand il s'est agi de faire la loi. Ont-ils demandé qu'elle cessât d'être spoliatrice? Pas le moins du monde; **le sophisme des ricochets était trop enraciné dans leur tête.** Qu'ont-ils donc demandé? Que la loi, devenue impartiale, voulût bien spolier les classes riches à leur tour. Ils ont réclamé l'instruction gratuite, des avances gratuites de capitaux, des caisses de retraite fondées par l'État, l'impôt progressif, etc., etc.... Les riches se sont mis à crier: «O scandale! Tout est perdu! De nouveaux barbares font irruption dans la société!» Ils ont opposé aux prétentions des pauvres une résistance désespérée. On s'est battu d'abord à coups de fusil; on se bat à présent à coups de scrutin. Mais les riches ont-ils renoncé pour cela à la spoliation? Ils n'y ont pas seulement songé. **l'argument des ricochets continue à leur servir de prétexte.**

On pourrait cependant leur faire observer que si, au lieu d'exercer la spoliation par l'intermédiaire de la loi, ils l'exerçaient directement, leur sophisme s'évanouirait; Si, de votre autorité privée, vous preniez dans la poche d'un ouvrier un franc qui facilitât votre entrée au théâtre, seriez-vous bien venu à dire à cet ouvrier: «Mon ami, **ce franc va circuler et va donner du travail à toi et à tes frères?**» Et l'ouvrier ne serait-il pas fondé à répondre: «Ce franc «circulera de même si vous ne me le volez pas; il ira au «boulangier au lieu d'aller au machiniste; il me procurera «du pain au lieu de vous procurer des spectacles?»»

Il faut remarquer, en outre, que **le sophisme des ricochets** pourrait être aussi bien invoqué par les pauvres. Ils pourraient dire aux riches: «Que la loi nous aide à vous voler. «Nous consommerons plus de drap, cela profitera à vos «manufactures; nous consommerons plus de viande, cela «profitera à vos terres; nous consommerons plus de sucre, «cela profitera à vos armements.»»

Malheureuse, trois fois malheureuse la nation où les questions se posent ainsi; où nul ne songe à faire de la loi la règle de la justice; où chacun n'y cherche qu'un instrument de vol à son profit, et où toutes les forces intellectuelles s'appliquent à trouver des excuses dans **les effets éloignés et compliqués** de la spoliation!]

## Appendix 3: Fuller Quotation on “ricochets” from Fourier’s *Le Nouveau monde industriel* (1829)

Source: *Œuvres complètes de Ch Fourier. Tome sixième. Le Nouveau monde industriel et sociétaire* (Paris: La Société pour la propagation et pour la réalisation de la théorie de Fourier, 1841), Section V. De l'équilibre général des passions, Chap. XXXVI "Des accords transcendants, ou ralliements de seize antipathies naturelles," p. 324-25.

Ambition. Traitons d'abord de l'ambition et de ses caractères haineux. Il existe en civilisation seize classes, non compris l'esclavage (IV, 388); on voit régner parmi toutes ces classes des haines corporatives; l'ordre civilisé, avec ses verbiages de douce fraternité du commerce et de la morale, n'engendre qu'un labyrinthe de discordes qu'on peut distinguer,

en échelle ascendante de haines,  
en échelle descendante de mépris.

Observons cette échelle dans les cinq classes nommées la cour, la noblesse, la bourgeoisie, le peuple et la populace; les cinq castes se haïssent, et chacune des cinq est subdivisée en trois sous-castes, comme haute, moyenne et basse noblesse; haute, moyenne et basse bourgeoisie, etc.: la haute méprise la moyenne qui, à son tour, méprise la basse; puis, la basse hait la moyenne qui, réciproquement, hait la haute.

Examinons plus en détail **ce ricochet de haines en échelle ascendante, et de mépris en échelle descendante**. La noblesse de cour méprise la noblesse non présentée; la noblesse d'épée méprise celle de robe; les seigneurs à clocher méprisent les gentil-lâtres; ceux-ci méprisent les parvenus anoblis, qui méprisent les castes bourgeoises. On retrouve dans la bourgeoisie pareille échelle de mépris; les banquiers et financiers méprisés des nobles, s'en consolent en méprisant les gros marchands et gros propriétaires; ceux-ci tout fiers de leur rang déligibles, méprisent le petit marchand et le petit propriétaire qui ne sont qu'électeurs, mais qui, à ce titre, méprisent les savants et autres castes moins pécunieuses. Ensuite la basse bourgeoisie méprise les 3 castes de peuple dont elle se pique d'éviter les manières; enfin parmi le peuple et la populace, combien de subdivisions haineuses, telles que les compagnons du devoir et du gavot!

Telle est la douce fraternité du commerce et de la morale; tel est le savoir-faire de nos sciences philanthropiques; **ricochet de mépris des supérieurs aux inférieurs, et ricochet de haines des inférieurs aux supérieurs**.



Lorsqu'on voit en civilisation quelques lueurs de ralliement entre castes, comme à Naples où la noblesse protège les lazzarones, en Espagne où le clergé riche protège les mendiants, cette alliance de castes extrêmes n'est qu'une source de vices, l'état civilisé ne créant que des ralliements subversifs et malfaisants, soit en amour, où les rapprochements entre les grands et les femmes du peuple ne sont que des germes de désordre, par la naissance d'enfants bâtards, ou par des mariages disparates qui brouillent les familles; soit en ambition, où la classe opulente ne se rapproche du peuple que pour machiner des intrigues funestes au repos public, des affaires de parti, des lignes d'oppression.

## Appendix 4: Perronet Thompson and the “Double Incidence of Loss” (1834)

### *CONTRE-ENQUÊTE: “TWO GAINS”*

#### *Source*

*Contre-Enquête. Par l'Homme aux Quarante Ecus. Contenant un Examen des Arguments et des Principes mis en avant dans l'Enquête Commercial* (Paris: Charpentier, 1834). [Counter-Inquiry. By the Man with the Forty Crowns a Year. Containing an Examination of the Arguments and Principles advanced in the French Commercial Inquiry]. Published in *The Westminster Review*, 1 January, 1835 and in *Exercices* (1842), vol. 3, pp. 177-213. *Exercices, Political and Others. In Six volumes.* (London: Effingham Wilson, 1842).

40. *A. We are exceedingly sorry that the persons who, in their writings, have attacked the existing system, have not come before the council to defend their opinion there. If instead of a system founded on probabilities and surmises, they had opposed to us facts, we could have answered them. But what astonishes us more than all, is that the press which calls itself so liberal\* proves it so ill in the present case; for it refuses to note our observations. | Answer of M. Barbet).— Ib.*

40. There is no difficulty about having facts. Why has nobody asked the witness under examination, “If there was liberty of trade, do you think that supplying the goods to be given for the foreign cloths would make a gain [un gain] to anybody, and to what amount? Do you think that the expenditure of **the difference of price by the consumer** [la différence du prix pa la consommateur] would make a gain to anybody, and to what amount? Do you think that **these two gains put together might equal what you would lose [deux gains ensemble pussent égaler vos pertes]**? Do you think that after this, the gain of consumers, who are France, would stand out as **nett gain**?” It is pity there should be any scarcity of facts. [p. 211]

41. *If the removal of the prohibition could open us new channels for our industry, or increase the total of consumption which our manufactories supply, I could imagine some use in the measure. But if, as is my belief, it would have no effect but to bring the productions of foreigners into our market to share in our consumption, I am bound to regard the measure as ruinous, and I protest against it in the name of the general interest of my country.— Ib.*

41. The liberty of commerce would increase **the aggregate total of consumption [la masse de la consommation collective]**, by **all the difference of prices**; in the same

manner as the quantity of wood a man cuts, would be increased by the liberty of using a sharp hatchet instead of a blunt one. [p. 213]

*LETTERS OF A REPRESENTATIVE TO HIS CONSTITUENTS: LOSE THE DIFFERENCE OF PRICE TWICE OVER*

*Source*

Thomas Perronet Thompson, *Letters of a representative to his constituents, during the session of 1836. To which is added, A running commentary on anti-commercial fallacies, reprinted from the Spectator of 1834. With additions and corrections.* (London: Effingham Wilson, 1836), pp. 188-89.

["A Running Commentary on Anti-Commercial Fallacies" [Reprinted from *The Spectator*, 15 February to 28 June 1834] in *Letters of a Representative* (1836), pp. 135-209.]

[187]

165. No one has ever denied cheapness to be an advantage ; but it would be attained more safely, more usefully, by the concurrence of national labour, than by an unseasonable rivalry of foreign labour.—Ib.

A. Here the Commission let out the cloven foot. They recommend the French public to believe, that it is advisable to go on paying unnecessary prices with a national loss, in hopes that at some undefined and undefinable time the French monopolist will offer the article as cheaply as the French free trader. Their argument is of the same calibre as if they said to the owner of land, "Do not lay out your capital on [188] the portion of your land you know will pay; but lay it out on the portion you know will not, in hopes that it *will* do by-and-by." This is what M.Thiers would call making a *conquest* of the land.

166. Your Commission preferring the light of experience to the arguments of theory, has devoted its time to the investigation of facts; and convinced that there can be no general maxim applicable to the numerous interests embraced by a customs' system, has called before it the different branches of Industry; it has studied their situation, in order to fix the degree of protection that should be granted to them; and, in fixing each of the articles of the tariff, it has

diminished or augmented them, *according as that fixation seemed necessary and profitable to the interest which they regulate.* -Ib.

A. The meaning of the Commission is this. "That the monopolists gain," they say, "we will call *experience*. That **other people lose the difference of price twice over**, we will call *theory*. And then we will say that your Commission prefers the light of experience to the arguments of theory." The truth being all the time, that the fact of **other people losing the difference twice over**, is just as much matter of experience as the other, if the Commission will only take the experience of the proper persons.

The Commission, however, think they have settled the point to all eternity; and they proceed without hesitation to avow, that in fixing the articles of the tariff, they pay not the slightest attention to the fact that **France is the loser by each and every act of robbery**, but confine themselves entirely to **the question whether the several robbers declare their respective robberies to be "profitable" to themselves.**

167. Consequently, the basis of the decisions of the Commission has been the known utility of the object, and a comparison with the sum paid as a **smuggling insurance.** -Ib.

A. That is to say, the basis of the decisions of the Commission has been **the magnitude of the sum gained to the monopolists and lost twice over by the rest of France, -(viz. once by a corresponding diminution of business to some other French traders, and once more by the loss to the consumers, who are the nation),** - combined with a due and direct reference to the check arising from the smuggler.

The understanding of the misery of this basis, depends upon a clear comprehension of the way in which **the gain to the [189] monopolist is lost twice over by other parties; or what in England has been called the \*double incidence\* of the loss.** If the loss only fell once, or to its simple amount, there would be a balance, and all that was lost through the foolery would be the expense of maintaining custom-houses. But it is because **the loss falls twice over**, that the law literally says to the unhappy Frenchman, (to parody the Parisian's description of the *Veto*), "Throw that franc into the sea; and thou must throw it."

168. Such a state of things is highly detrimental to morality; it excites, it encourages, disobedience to the laws; it is ruinous to regular trade, it is a burden on those paying taxes, and without any advantage to the trader, who degrades himself by employing it. —Ib.

A. Oddly enough, this is not a description of the system of throwing the third franc into the sea, but of **smuggling**. Nations will probably continue to be obliged to throw away the third franc, till they come to a united opinion, on what has been openly avowed in England, — that

**"the smuggler is God Almighty's knight-errant, in defence of honest people against knaves and blockheads."**

169. The above, gentlemen, are the principles which have directed the Commission in its labours. You will judge whether it has properly performed the task you confided to it.—Ib.

A. The principles are, that any French trader shall be allowed **to injure other French traders and the nation to double the amount of his own gain**, to any extent he may declare he finds convenient and the smuggler will allow. And for this boon, the 200,000 electors are to return a Chamber that will adhere to the existing order of things. It is very probable, that the Commission "has properly performed the task confided to it."

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[204]

205. He thought that the difference was in no point more plainly shown than in the disregard which had been manifested towards the adoption of any one of the safe and ingenious plans for the suppression of smuggling in foreign silks which were suggested in evidence before the House of Commons.—Ib.

A. Can he not discern, that the Government is met by the opinion everywhere gaining ground, that **smuggling is the natural way of letting down an enormous wrong; that the smuggler is in fact a meritorious member of society, toiling, and with considerable risk, in neutralizing the absurdity of governments, and saving thousands upon thousands annually to the community?**

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[207]

212. Ribbon Trade. *Morning Post*. House of Commons. June 20, 1834. —What he intended to do was to promote the general interests without sacrificing in the least any particular interest.

A. What he intended to do, was **to take from some other trade or trades an amount exactly equal to what he wants to give to the maker of ribbons, and to saddle the community in the persons of the wearers of ribbons, with a gratuitous loss equal to the difference of price besides.**

213. By giving the particular protection he required, no interest would be injured, whilst one—the interest of those engaged in the manufacture of ribbons—would be materially benefited.—Ib.

A. "**No interest would be injured,**" means **no interest that can be got to bawl all together.** Raise a sum for the ribbon-weavers, by **taking double the amount from somebody else;** only take care that **the loss is divided among a greater number, and then the weavers will be easiest collected to make a noise.**

214. The only possible means by which these unfortunate people could be relieved from their distress consisted in what he meant to propose.—Ib.

A. There are two or three very possible ways. If it can be proved they want it as charity, give them 50,000l. But do not do it by a course so superhumanly unreasonable, as giving them 50,000l. through the process of taking 100,000l. from somebody else and throwing half of it away by the road. This is one way. But another way would be, to let the community at large buy food; and then the ribbon-weavers, if not instantly, yet by as quick a process as is practicable, would be in part absorbed and the rest relieved. There will always be *some* ribbon-weaving that can be better done at home than abroad. Remember, too, that this process would have taken place gradually in time past, if it had not been prevented by the system of cockering up the useless trades by prohibitions.