

#### David M. Hart, "Bastiat on Harmony and Disharmony" A Paper given to the American Institute for Economic Research Great Barrington, Mass. (8 Jan. 2020)

#### DAVID HART'S WEBPAGE

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[Updated: 3 December, 2019]



David Hart is an historian and a libertarian with interests in the history of the classical liberal tradition (especially the French), war and culture, libertarian class theory, and film. He has a PhD from King's College, Cambridge, a masters from Stanford University, and a BA Honours degree from Macquarie University in Sydney, Australia. He taught in the Department of History at the University of Adelaide in South Australia for 15 years before moving to the US where he desinged, buiklt, and managed the awarding website The Online Liberty of Liberty for a non-profit educational foundation. He is now an independent scholar and consultant. [Brief Bio] [A Bit More] [Current CV HTML or PDF] [Areas of Expertise and Scholarly Activity (PDF)]

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# • HARMONIES ÉCONOMIQUES



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#### 2me ÉDITION

AUGMENTÉE DES MANUSCRITS LAISSÉS PAR L'AUTEUR.

---- Publiée par la Société des amis de Bastiat. ---

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#### ' PARIS.

#### GUILLAUMIN ET C<sup>ie</sup>, LIBRAIRES

Éditeurs de la Collection des principaux Economistes, du Journal des Economistes, du Dictionnaire de l'Economie politique, etc. RUE RICHELIEU, 14.

#### 1851

## **BASTIAT'S PLANS FOR A MULTI-VOLUME WORK ON "THE HARMONIES"**

- \* 1 volume on "social harmonies" on human relationships and institutions in a more general fashion
- \* 1 volume on a subset of the "social harmonies" in more detail, i.e.
  "economic harmonies"
- \* 1 or more volumes on "**the disharmonies**" which prevented societies and economies from functioning as they should
  - \* he planned 1 volume on "The History of Plunder"
- \* he died before he could finish the first part of *Economic Harmonies*

# THE MASTER PLAN

I had originally thought to begin with an exposition of the *Economic Harmonies* and as a result to treat only purely economic subjects, such as value, property, wealth, competition, wages, population, money, credit, etc. Later, if I had had the time and the energy, I would have called the reader's attention to a much larger subject, the Social *Harmonies*. It is here that I would have talked about human nature, the driving force of society, individual responsibility, social solidarity, etc. ... Having conceived the project in this fashion I had commenced work on it when I realized that it would have been better to merge rather than to separate these two different kinds of approaches. But then logic demands that the study of mankind should precede that of economics. However, there was not enough time: how I wish I could correct this error in another edition!...

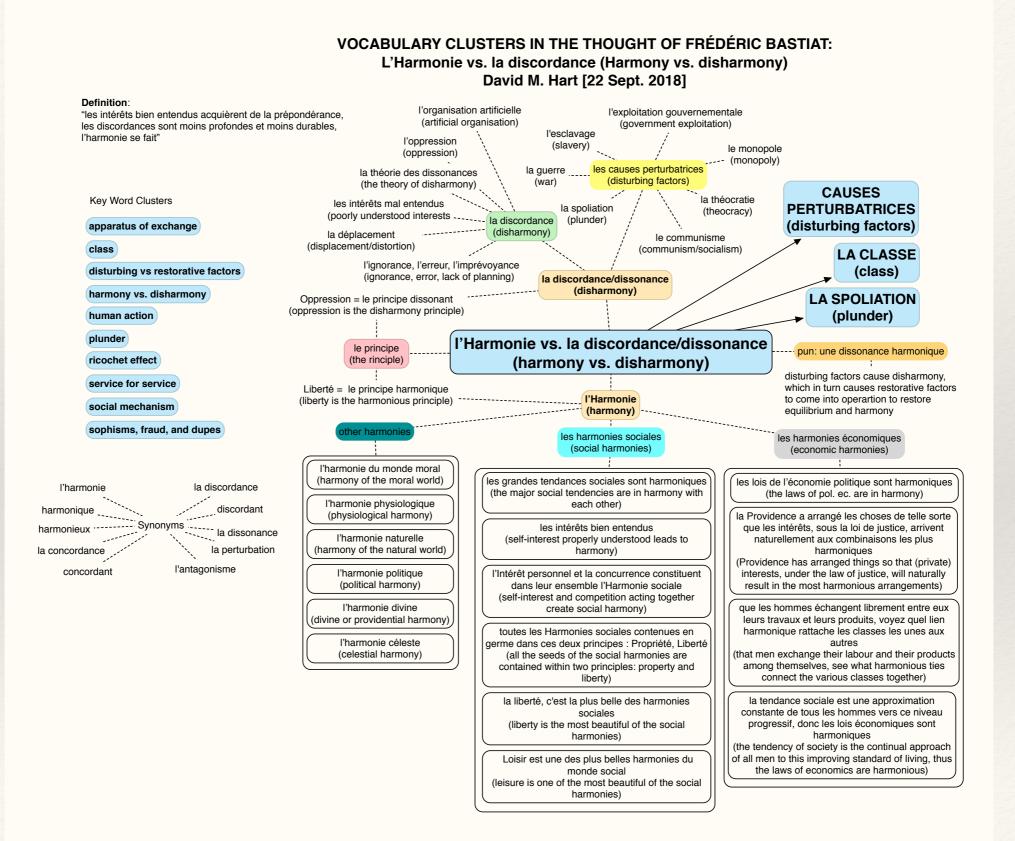
[undated note by Bastiat on the "Economic and Social Harmonies" found among his papers (c. June 1845), in CW4 (forthcoming)]

### **THE HISTORY OF PLUNDER**

A very important task to be done for political economy is to write the history of plunder. It is **a long histor**y in which, from the outset, there appeared conquests, the migrations of peoples, invasions, and all the disastrous excesses of force in conflict with justice. **Living traces of all this still remain today and cause great difficulty for the solution of the questions raised in our century**. We will not reach this solution as long as we have not clearly noted in what and how injustice, when making a place for itself amongst us, has gained a foothold in our customs and our laws.

[Footnote by Paillottet in CW3, p. 110.]

## **VOCABULARY CLUSTERS: HARMONY AND DISHARMONY**



# **BASTIAT'S THEORY OF HARMONY (1)**

#### TRAITÉ

DE

#### MÉCANIQUE CÉLESTE,

PAR P. S. LAPLACE,

Membre de l'Institut national de France, et du Bureau des Longitudes.

TOME PREMIER.

DE L'IMPRIMERIE DE CRAPELET.

A PARIS,

Chez J. B. M. DUPRAT, Libraire pour les Mathématiques, quai des Augustins.

AN VII.

- \* terminology: "l'harmonie" vs. "la discordance" or "la dissonance"
- physiological, celestial, providential, and "human" harmony
- \* the "harmony" of the physical world was scientifically observable
  - the physiological study of the human eye
  - the motions of the planets around the sun, from which the natural laws of gravitation could be deduced

# **BASTIAT'S THEORY OF HARMONY (2)**

- "harmony" or "order" in the human world was of two types: social harmony (or harmonies) and economic harmonies
- \* also observable by economists and historians
  - the universal establishment of markets and the tendency of human beings to exchange/trade with each other
  - the emergence of "natural organisations" (spontaneous orders)
  - also discoverable by a process of internal reflection since all human beings were thinking, choosing, and acting individuals
  - this led economists and other social theorists to identify the natural laws of economics
- harmony can flourish when individuals
  - understand their "rightly understood" interests,
  - are responsible for their own actions, and
  - \* when there is an absence of violence, force, and fraud

## FACTORS WHICH TEND TO PROMOTE HARMONY

- \* awareness of one's "rightly understood" interests,
- \* being responsible for one's own actions,
- the individual's natural feeling of solidarity and community with others
- \* the mutually beneficial nature of voluntary exchanges
- \* the greater productivity of economic cooperation and division of labour
- the emergence of various "natural organisations" such as the "apparatus of exchange" (ideas, institutions, individuals) which allowed mutually beneficial exchanges to take place across time and space
- \* respect for property rights and the rule of law
- \* the existence of free trade, limited government, and peace
- \* the absence of violence, force, and fraud
- \* the action of various "restorative factors" (les forces réparatrices) which come into play to restore "harmony", peace, and prosperity, when are disturbed by theft, coercion, exploitation, repression, (or what he termed "disturbing factors" (les forces perturbatrices)

#### THE HARMONY OF RIGHTLY UNDERSTOOD INTERESTS (1)

... does experience not confirm for us this truth that **men have all the more opportunities of prospering themselves**, **the more prosperous their surroundings (are)**?

Of all the **harmonies** about which I have written, this is certainly **the most important**, **the finest**, **the most decisive**, **and the most fruitful**. It implies and encompasses all the others. For this reason, I can provide only a very inadequate vindication of it here. It will be fortunate if it emanates from the spirit of this book. It will also be fortunate if it emerges at least with a sufficient degree of likelihood to persuade the reader to achieve certainty (about this) through his own efforts.

## THE HARMONY OF RIGHTLY UNDERSTOOD INTERESTS (2)

For there should be no doubt that this is the reason for deciding between a **natural form of organizatio**n and the artificial ones. It is here and only here that the social question lies. If the prosperity of all is the condition for the prosperity of each person, we can rely not only on the economic power of free trade, but also on its moral force. It will be enough for men to understand where their true interests lie for (trade) restrictions, industrial jealousy, trade wars, and monopoly to fall under the protests of public opinion; it will be enough for people to ask, not "What will I get out of this?" but "What will the community get out of this?" before demanding this or that measure from the government. I admit that the second of these questions is sometimes asked through the principle of fellowfeeling, but just let light be shed on it, and it will also be asked out of self-interest. At this point it would be true to say that the twin driving forces of our nature contribute to the same result, namely the general good, and it would be impossible to deny the moral **power which self-interest has**, in both giving rise to (many) transactions, as well as the effects these transactions produce.

## THE HARMONY OF RIGHTLY UNDERSTOOD INTERESTS (3)

Whether we consider relations in terms of man to man, family to family, province to province, nation to nation, hemisphere to hemisphere, capitalist to worker, or (factory) owner to proletarian, I think it obvious that the social question cannot be solved nor even touched on from any point of view, without our first making a choice between the following two maxims:

One man's profit is another man's loss. One man's profit is another man's profit.

For if nature has arranged things in such a way that conflict is the law that governs free transactions, our sole recourse is to conquer nature and stifle freedom. If, on the other hand, these **free transactions are harmonious**, that is to say that they tend to improve our conditions and make them more equal, our efforts ought to be limited to allowing nature to (be free to) act and maintaining the rights of human freedom. [EH1 4 "Exchange," pp. 183-86]

## **BASTIAT'S THEORY OF DISHARMONY**

- disharmony occurs when natural laws are ignored or violated by things such as
  - \* individual ignorance, error, lack of foresight/planning, or willfulness
  - \* by the use of **force or fraud** 
    - \* by individuals (what he called "extra-legal plunder") or
    - organized violence and plunder by groups such as the state (or what he called "legal plunder" (la spoliation légale))
  - government intervention in the economy tariffs, subsidies, regulations (dislocations and disturbing factors)
- \* harmony is **not inherent in human society** and thus inevitable
  - \* it is a result of an "if-then" argument: if certain conditions are met (economic laws are understood, individuals understand their rightly understood (bien compris) and legitimate interests, property rights of individuals are respected, and there is no or very minimal force and fraud), then a harmonious social and economic order will eventually emerge

## FACTORS WHICH TEND TO PROMOTE DISHARMONY

- individual ignorance, error, lack of foresight/planning, or willfulness (individuals choosing to steal instead of trading with others)
- \* the use of **force or fraud** whether
  - \* by individuals (what he called "extra-legal plunder") or
  - organized violence and plunder by groups such as the state (or what he called "legal plunder").
- "legal plunder" was organised and systemic and could take the form of
  - protectionism and government subsidies (or what he called "displacement" of labour and capital),
  - \* government intervention in the economy,
  - various historical forms of plunder such as war, slavery, theocracy ("theocratic plunder"), monopoly, socialism, the modern regulatory state itself (what he termed "functionaryism")

# **DISTURBING FACTORS AND DISPLACEMENT (1)**

This **intervention of force in human transactions is followed by countless harms**.

The **increase in (the size of) this force** is itself already an initial harm, for it is perfectly clear that the state cannot make conquests, keep distant countries under its domination, and divert the natural course of trade through the activities of the Customs Service, without greatly increasing the number of its agents.

This **diversion of the coercive power of the state** (from its proper purpose) is an evil even greater than its increase. The rational purpose of government is to protect all forms of freedom and property and here we find it, applied to violating the freedom and property of its citizens. When they act like this governments seem bent on removing from people's minds any principled notions at all. As soon as it is accepted that oppression and plunder are legitimate because they are legal, provided that they are carried out on the citizens only through **the intermediary of the law and the (coercive power of) the state**, gradually we begin to see each class stepping forward to demand that all the other classes be sacrificed to it.

# **DISTURBING FACTORS AND DISPLACEMENT (2)**

Whether the intervention of this coercive power in exchanges **stimulates** some exchanges that would never have been made, or prevents some that would have been made, it cannot fail to cause the simultaneous loss or displacement of labor and capital, and consequently a **disturbance** in the way that populations are naturally distributed. Natural interests disappear at one place, artificial interests are created at another, and people are forced to follow the flow of these (opposing) interests. This is the reason why we see huge industries established in places where they should never be, (such as) France making sugar and England spinning cotton imported from the plains of India. Centuries of wars have been necessary, rivers of blood spilt, and huge (amounts of) treasure wasted to achieve the result of substituting unsound industries for sound ones in Europe, thus creating opportunities for crises, unemployment, and instability, and finally pauperism.

[EH1 4 "Exchange", pp. 180-82]

## A RECONSTRUCTION OF WHAT MIGHT HAVE BEEN (1) VOLUME 1: SOCIAL HARMONIES

- 1. The two mottoes/sayings [EH2 XII] *one for all* (the principle of fellow feeling) and *everyone for themselves* (the principle of individualism)
- 2. Responsibility solidarity [EH2 XX and XXI]
- 3. Personal/Self interest or the social drive [EH2 XXII]
- 4. Perfectibility [sketch EH2 XXIV]
- 5. Public opinion (in chap. XXI "Solidarity")
- 6. Liberty and Equality [draft chap.]
- The relationship between political economy and morality [sketch EH2 XXV]
- 8. The relationship between political economy and politics
- 9. The relationship between political economy and legislation
- 10. The relationship between political economy and religion. [sketch EH2 XXIII Evil]

## A RECONSTRUCTION OF WHAT MIGHT HAVE BEEN (2A) VOLUME 2: ECONOMIC HARMONIES

#### 1. Theoretical matters

- 1. natural and artificial organisations [EH2 I]
- 2. needs efforts, satisfactions [EH2 II and III]
- 3. exchange [EH2 IV]
- 4. value [EH2 V]
- 5. wealth [EH2 VI]
- 6. capital [EH2 VII]
- 7. private property [EH2 VIII]
- 8. communal property (the Commons) [EH2 VIII]
- 9. property in land [EH2 IX]
- 10. competition [EH2 X]
- 11. Producer Consumer [EH2 XI]
- 12. The theory of Rent [EH2 XIII]

# A RECONSTRUCTION OF WHAT MIGHT HAVE BEEN (2B) VOLUME 2: ECONOMIC HARMONIES

#### 2. Policy/applied matters

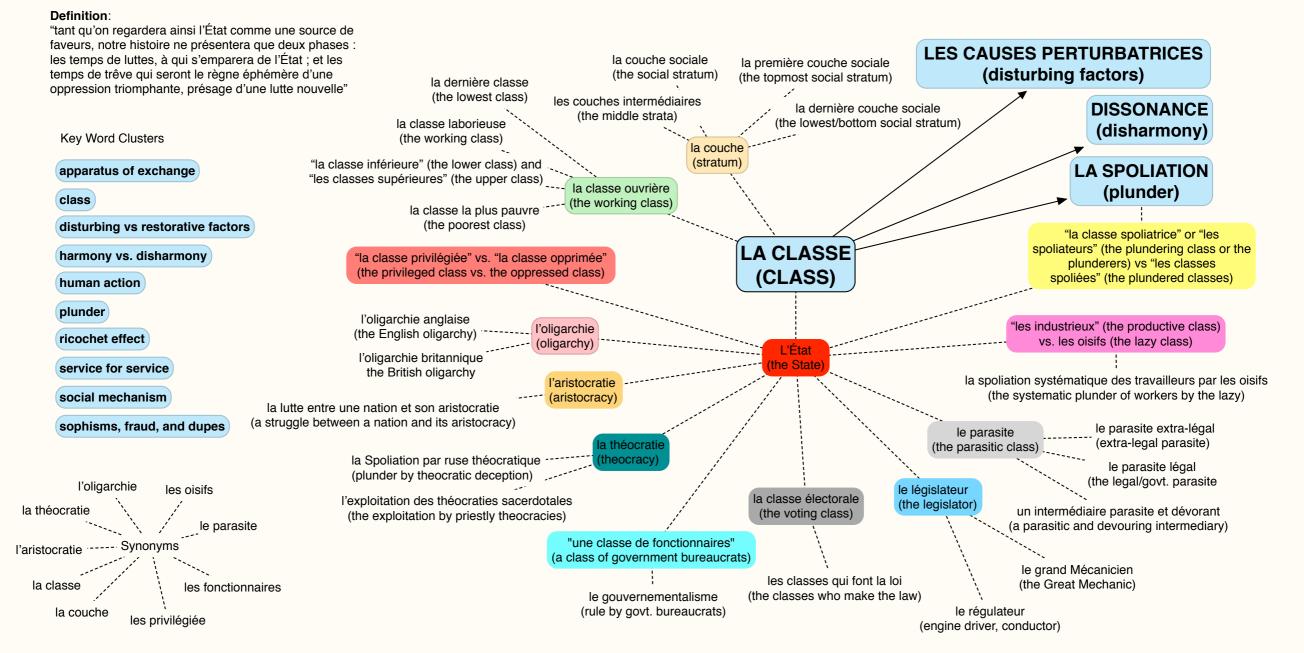
- 1. On money [Damned Money]
- 2. On credit [Free Credit debate with P]
- 3. On wages [EH2 XIV]
- 4. On savings [EH2 XV]
- 5. On population [EH2 XVI]
- 6. Private services, public services [EH2 XVII]
- 7. On taxes [WSWNS 3 Taxes]
- 8. On machines [WSWNS 8 Machines]
- 9. Freedom of exchange (lecture given at Taranne Hall to students in 1847??)
- 10. On intermediaries [WSWNS 6 The Middlemen]
- 11. Raw materials finished products [ ES1 21 "Raw Materials" (c. 1845)]
- 12. On luxury [WSWNS 11 Thrift and Luxury]

## A RECONSTRUCTION OF WHAT MIGHT HAVE BEEN VOLUME 3: DISHARMONIES, OR THE HISTORY OF PLUNDER

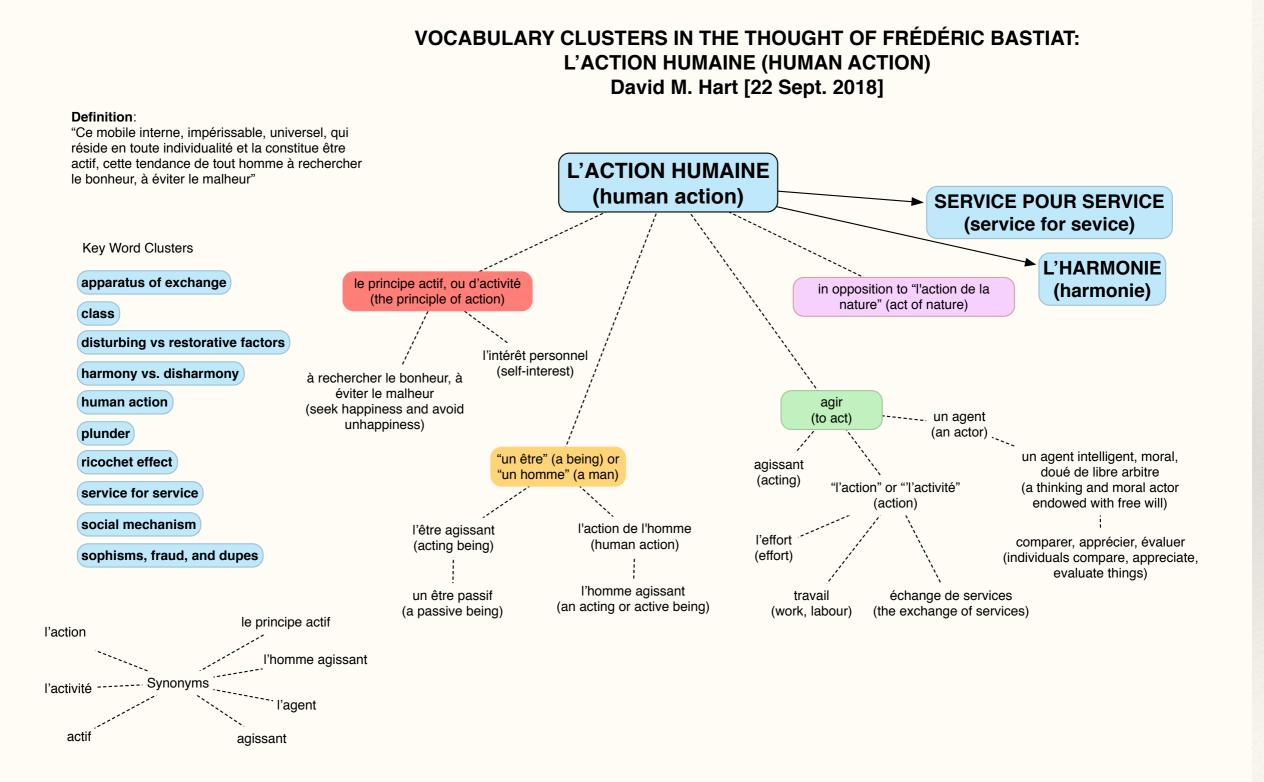
- The Nature of Plunder [sketch in EH2 XVIII, (conclusion ES1, ES2 1 and 2)
- The two means of acquiring wealth [ES2 2 "Two Moral Philosophies"]
- 3. Disturbing factors and Dislocation [EH2 18 "Disturbing Factors"]
- 4. War [sketch in EH2 XIX]
- 5. Slavery [ES2 1]
- 6. Theocracy [ES2 1]
- 7. Monopoly [ES2 1]
- 8. Governmental exploitation ["functionaryism"] [EH2 17 "Private and Public Services"]
- 9. False fraternity or Communism [his anti-socialist pamphlets, and "Individualism and Fraternity"]

## **VOCABULARY CLUSTERS: CLASS**

#### VOCABULARY CLUSTERS IN THE THOUGHT OF FRÉDÉRIC BASTIAT: LA CLASSE (CLASS) David M. Hart [21 Sept. 2018]

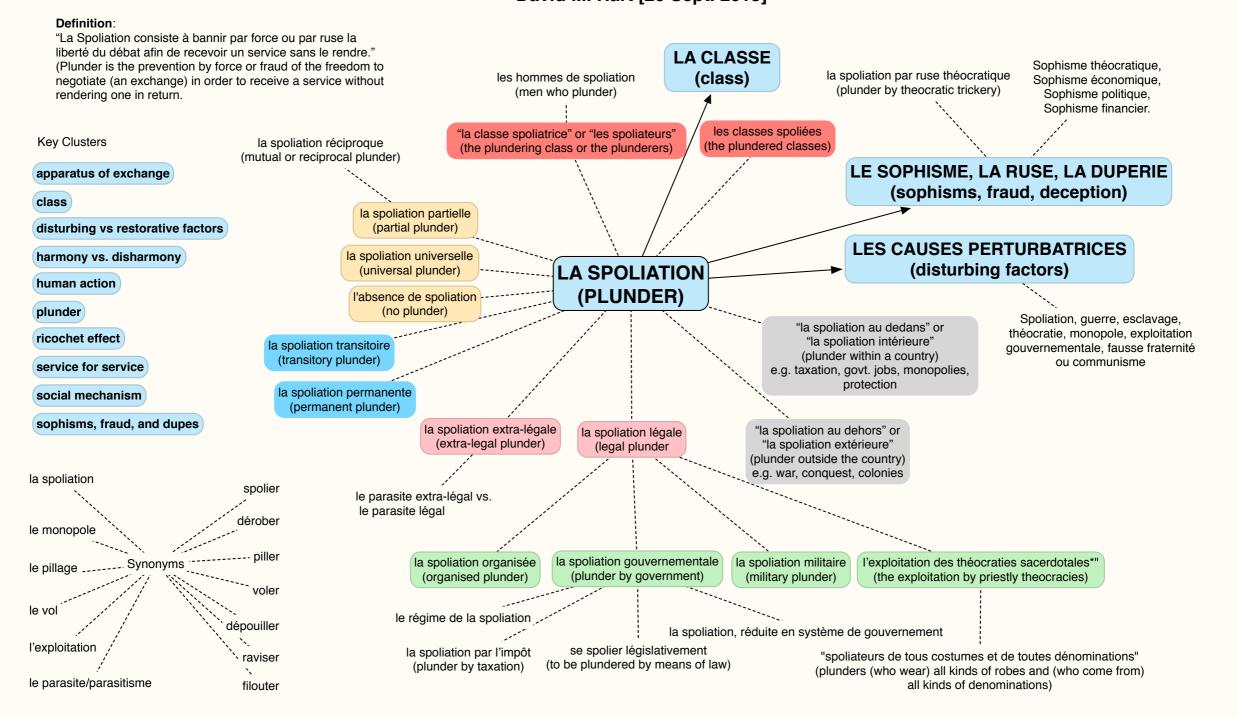


## **VOCABULARY CLUSTERS: HUMAN ACTION**



## **VOCABULARY CLUSTERS: PLUNDER**

#### VOCABULARY CLUSTERS IN THE THOUGHT OF FRÉDÉRIC BASTIAT: LA SPOLIATION (PLUNDER) David M. Hart [20 Sept. 2018]





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