



**David M. Hart, “Bastiat’s Economic Harmonies: A Reassessment”**

**Political Economy Project, Dartmouth College**

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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 designed, built, 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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# “BASTIAT’S ECONOMIC HARMONIES: A REASSESSMENT”

1. Introduction

2. **Bastiat’s Importance** as a Classical Liberal Activist and Theorist, and as a Person

1. What I find admirable about his **Person and Character**

1. The Impressive Number and Variety of his Activities

2. His Personal Courage in Facing a Terminal Disease

3. The Radicalism of his Thinking and Behaviour

2. Bastiat’s Importance as an **Economic, Political, and Social Theorist**

1. Some General Observations

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3. Bastiat’s Importance as a Political Theorist

4. Bastiat’s Importance as a Social Theorist

3. Some Specific Examples of Bastiat’s Thinking

THERE ARE MANY KINDS OF “E HARMONY”



eharmony

# A BRIEF SURVEY OF BASTIAT'S LIFE & WORK



- ❖ FB born June 30, 1801 in Bayonne, Dept. of Les Landes, region of Aquitaine in SW France
- ❖ gentleman farmer and local magistrate until 1845
- ❖ 1842 discovered Cobden's Anti-Corn Law League and wanted to build French Free Trade movement
- ❖ 1844-45 wrote articles & books on tariffs & trade which impressed the Paris "Economists" (the Guillaumin network)
- ❖ 1846-48: *Libre-Échange* magazine, *Economic Sophisms*
- ❖ 1848: involved in Feb. Revolution, street journalism, elected to Const. Assembly, VP Finance Committee
- ❖ 1848 to mid-1850: ideological and political battle against socialism, pamphlet war: *The Law, The State, Property and Plunder*, *WSWNS*
- ❖ 1850 unfinished treatise on economics: *Economic Harmonies*
- ❖ died 24 Dec. 1850 from throat cancer



*Place Bastiat, Mugron, France*

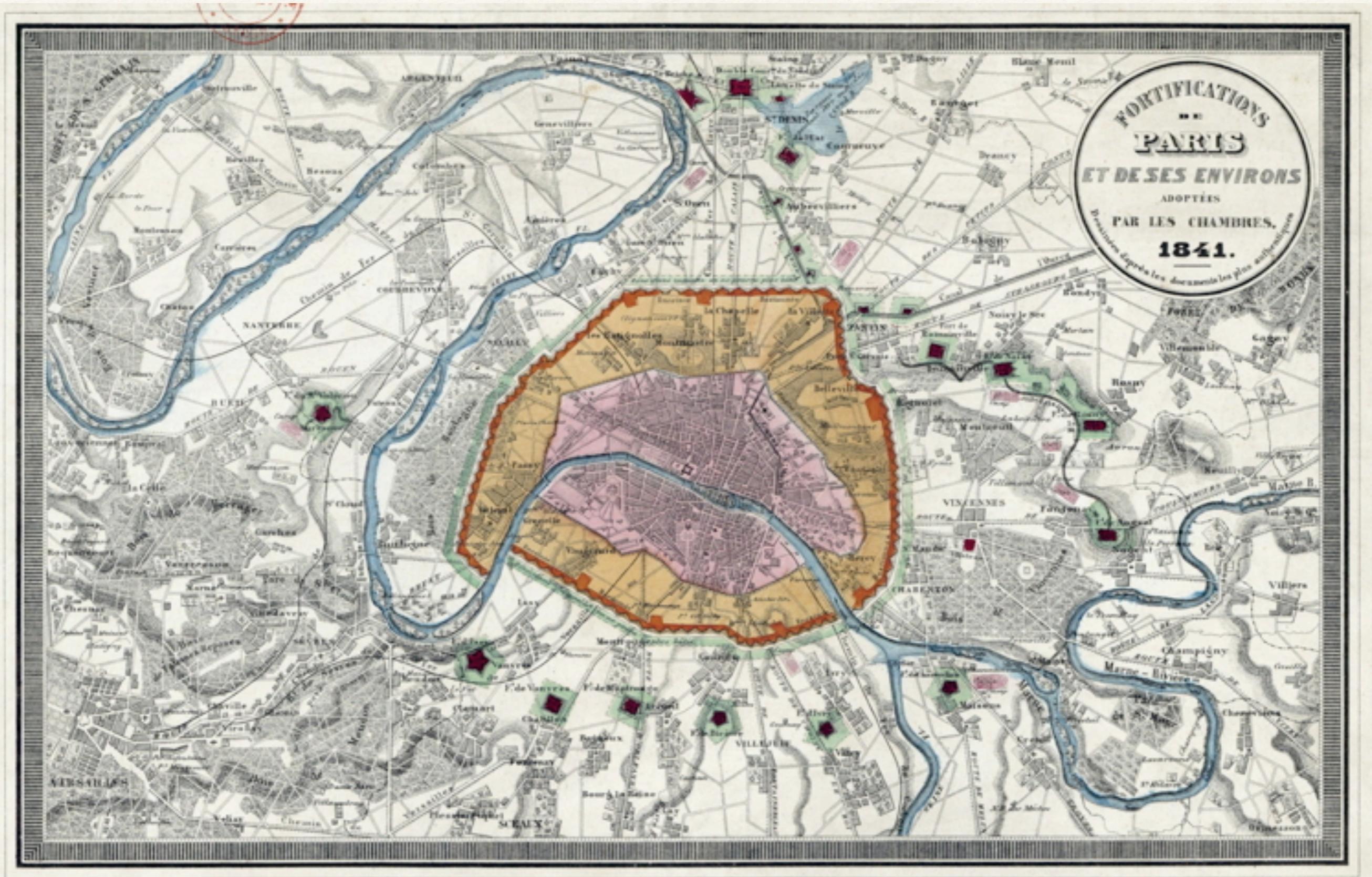
**The Town Square in Mugron**



What Bastiat might have dressed like in Mugron



**A Photograph of Paris in the 1840s**



The Fortifications of Paris (1841-44): "Thiers' Wall"

FRÉDÉRIC BASTIAT  
THE MAN AND  
THE STATESMAN

*The Correspondence and Articles on Politics*

THE COLLECTED WORKS OF FRÉDÉRIC BASTIAT



Jacques de Guenin, *General Editor*

FRÉDÉRIC BASTIAT  
“The Law,” “The State,” and  
Other Political Writings,  
1843–1850

THE COLLECTED WORKS OF FRÉDÉRIC BASTIAT



Jacques de Guenin, *General Editor*

FRÉDÉRIC BASTIAT  
Economic Sophisms  
and “What Is Seen and  
What Is Not Seen”

THE COLLECTED WORKS OF FRÉDÉRIC BASTIAT



Jacques de Guenin, *General Editor*

<http://oll.libertyfund.org/people/frederic-bastiat>

# A SHORT LIST OF HIS MAJOR CONTRIBUTIONS

## HARMONIES ÉCONOMIQUES

PAR  
*Frédéric*  
FRÉD. BASTIAT.

*Digitus Dei est hic.*

2<sup>me</sup> ÉDITION

AUGMENTÉE DES MANUSCRITS LAISSÉS PAR L'AUTEUR.

— Publiée par la Société des amis de Bastiat. —

PARIS.

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du Dictionnaire de l'Économie politique, etc.

RUE RICHELIEU, 14.

1851

1. his brilliant **economic journalism** - the *Economic Sophisms* (1846, 1848)
2. the idea of **opportunity cost** - *What is Seen and What is Not Seen* (1850)
3. the idea of the **harmony** (or the spontaneous order) of the free market vs. the “**disharmony**” of government intervention and exploitation - *Economic Harmonies* (1850, 1851)
4. a “**consumer-centric**” view of economics
5. rejection of **Malthusianism**
6. **subjective theory of value**
7. theory of **human action**
8. theory of the **state**
9. theory and history of **plunder and class analysis**

# THE RANGE OF HIS ACTIVITIES

1. the “**unseen**” Bastiat in Mugron
  1. local magistrate
  2. landowner and wine producer
  3. member of a local government council
  4. the “Rabelaisian” wit and political satirist who attended goguettes
2. the “**seen**” Bastiat in Paris
  1. a free trade organiser and journalist
  2. an economic theorist
  3. an elected politician in the Second Republic
  4. an anti-socialist pamphleteer
  5. the editor of two revolutionary street magazines in 1848
  6. a witty and very cultured man who attended salons
  7. an active participant in the “Guillaumin network” of classical liberal political economists - free trade, Friends of Peace, Political Economy Society, the Institute (The Academy of Moral and Political Sciences)

# HIS PERSONAL AND INTELLECTUAL RADICALISM (1)

1. began at a private college he attended with an innovative curriculum (modern languages, poetry, and music)
2. the social radical, bon-vivant, and non-conformist outsider who attended salons and goguettes (GdM called his wit “Rabelaisian”)
3. his hard-hitting “rhetoric of liberty” and use of “harsh” language to expose the state for what it really is - a “plunderer”
4. his innovative and colourful use of language and the telling of stories to make economic ideas more understandable to ordinary people
5. his total opposition to military spending, standing armies, war, and colonialism/imperialism

# HIS PERSONAL AND INTELLECTUAL RADICALISM (2)

6. his “utopian” dreams of drastically cutting the size of government
7. his active support for the Revolution of February 1848 and the Second Republic
8. the innovative theoretical economist who was years ahead of his time
9. his theory and history of plunder and the theory of class analysis which sprang from that
10. he sees the “big picture” of what real liberalism means: that it is a “worldview” (Weltanschauung) based upon the central idea of individual liberty; that liberty is “the sum of all freedoms”, political, economic, and social (see his thinking on “victimless crimes”)

# HIS IMPORTANCE AS AN ECONOMIC THEORIST: GENERAL ECONOMIC INSIGHTS (1)

1. an individualist methodology of the social sciences
2. the interdependence or interconnectedness of all economic activity
3. **the idea of opportunity cost** - “the seen” and “the unseen”
4. the idea of **ceteris paribus** (all other things being equal)
5. **the idea of the harmony** (or the spontaneous order) of the free market vs. the “**disharmony**” of government intervention and exploitation\*\*
6. the connection between free trade and peace
7. his “**consumer-centric**” view of economics
8. the idea of negative factor productivity

# HIS IMPORTANCE AS AN ECONOMIC THEORIST: GENERAL ECONOMIC INSIGHTS (2)

8. his theory of exchange as the mutual exchange of services
9. the idea of the “apparatus” of trade and exchange
10. his criticism of government manipulation of money (paper money)
11. his idea of economic equilibrium (disturbing and restorative factors)
12. his challenges to the orthodox school of classical political economy
  1. rejection of **Malthusianism** and the Ricardian theory of rent
  2. that political economy had to have a “moral dimension” grounded in property rights and nonviolent exchange

# HIS IMPORTANCE AS AN ECONOMIC THEORIST: AUSTRIAN SCHOOL INSIGHTS

1. the transmission of economic information through the economy
2. the “dislocation” of labour and capital caused by government regulations, tariff protection, and subsidies
3. his **subjective theory of value**
4. his theory of **human action**
5. the role of entrepreneurs
6. that markets solve the problem of economic coordination without central planning
7. the idea of time preference
8. the unintended consequences of government intervention in the economy

# HIS IMPORTANCE AS A POLITICAL AND SOCIAL THEORIST

## 1. Social Theory

1. the idea of natural versus artificial orders
2. the idea of the essential harmony of human social and economic life

## 2. Political Theory

1. his **theory of the state** with its many “public choice” insights about the “interests” of politicians and bureaucrats
2. the idea of rent-seeking by vested interests
3. the idea of “place-seeking” by politicians and bureaucrats
4. his idea that there is a “Malthusian limit” to the growth of state power
5. the activity of parties / factions / coalitions in the Chamber which disrupt democracy
6. the theory of the State as the organisation of plunder (“legal plunder”)
7. the idea that the State maintains its power through a combination of force and ideological deception or “sophistry”
8. his **theory and history of plunder and class analysis** (the plunderers and the plundered)

# SOME EXAMPLES OF BASTIAT'S THINKING IN THE ECONOMIC HARMONIES (1850, 1851) (1)

1. **The Village carpenter story** about the interconnectedness of economic activity, EH2 1 “Natural and Artificial Organisation,” pp. 71-73
2. The “apparatus of exchange” (EH1 4 “Exchange” p. 174-75 (my edit of the EH manuscript) - on the social mechanism, and orders which emerge spontaneously (natural organisation)
3. Human action and the private subjective nature of decision making: EH2 18 “Disturbing Factors”, pp. 718-19
4. An example of a Robinson Crusoe “thought experiment” in which he creates capital goods for himself and then by extrapolation to the social realm, the justice of exchanging capital or charging others for its use: EH1 7 “Capital,” pp. 310-11
5. A discussion of opportunity cost, EH1 6 “Wealth,” pp. 299-30
6. An example of **his consumer-centric analysis**; producers don't like competition but it is for the benefit of consumers; competition draws them together in solidarity, EH1 10 “Competition,” pp. 481-84

# SOME EXAMPLES OF BASTIAT'S THINKING IN THE ECONOMIC HARMONIES (1850, 1851) (2)

7. The “means of existence” is constantly expanding and is thus a refutation of Malthusianism pessimism: EH2 16 “On Population,” pp. 647-651
8. An example of his emerging subjective value theory (but he is not consistent in this); EH1 5 “On Value”, pp. 216-17
9. **On the idea of “harmony”**, EH1 4 “Exchange,” pp. 183-86
10. The contrast between production vs. plunder, EH2 19, pp. 729-31
11. His appeal to “men who live by plunder”, EH1, “To the Youth of France,” pp. 62-65
12. State functionaries and competition, EH2 17 “Private and Public Services” pp. 693-94
13. Legal plunder, EH2 17 “Private and Public Services,” pp. 704-708
14. **Coercion by the state causes disruption, disturbance, and displacement**; opportunity costs; EH1 4 “Exchange”, pp. 180-82

## QUOTE 9: THE IDEA OF “HARMONY” (1)

... men exchange things. As we have seen, exchange implies a division of labor. It gives rise to professions and trades. **Each person concentrates on overcoming one type of obstacle for the benefit of the community.** Each person devotes himself to providing it with one type of *service*. Well, a full analysis of (the nature of) value shows that each service has a *value* first of all because of its intrinsic utility, and then because it is provided in a wealthier environment, that is to say, within a community that is more inclined to demand it and more capable of paying for it. By showing us artisans, doctors, lawyers, traders, coachmen, and teachers who know how to earn themselves a greater reward for their services in (big cities like) Paris, London, and New York than in the (sparsely populated) heath lands of Gascony, the mountains of Wales, or the prairies of the Far West (of America), does experience not confirm for us this truth *that men have all the more opportunities of prospering themselves, the more prosperous their surroundings (are)?*

## QUOTE 9: THE IDEA OF “HARMONY” (2)

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 there should be no doubt that this is the reason for deciding between a **natural form of organization** 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**. ...

At this point it would be true to say that the twin driving forces of our nature (self-interest and the principle of fellow-feeling) 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.

## QUOTE 9: THE IDEA OF “HARMONY” (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.

# QUOTE 9: THE IDEA OF “HARMONY” (4)

... (I conclude that) the following proposition (is true): *Each individual's good encourages the good of all, just as the good of all encourages the good of each individual*, and (he) who (knows) how to instill this truth in the minds of all by making the proof simple, lucid, and undeniable ... will have solved the social question, and will be the benefactor of the human race.

[EH1 4 “Exchange,” pp. 183-86]

# QUOTE 6: CONSUMER-CENTRIC ECONOMIC ANALYSIS (1)

I hope my words will not be misunderstood. I am not saying that all brotherhood, all community, and all human perfectibility are contained in competition itself. What I am saying is that it is **linked and allied** to these three great social social concepts, that it is part of them, that it makes them manifest, and that it is one of the most powerful agents of their sublime realization.

... but I am far from denying that its action can be accompanied by a great deal of hardship and suffering. I even consider that the theory that has just been set out, explains both these sufferings and the inevitable complaints they generate. Since **the work of competition is to level out**, of necessity it is bound to upset anyone who raises his proud head above this level. We can understand that each producer strives to retain the exclusive use of a *resource*, an industrial *process*, or a *tool* of production for as long as possible in order to keep the highest price for his work.

## QUOTE 6: CONSUMER-CENTRIC ECONOMIC ANALYSIS (2)

Well, since the purpose as well as the result of competition is precisely to remove this exclusive use from individuals in order to make it *common* property, it is inevitable that **men, insofar as they are producers, will unite in a chorus of curses against *competition***. They can become reconciled to it, only by appreciating **their relationship to consumption**, by thinking of themselves not as members of a clique or a privileged corporation, but as individual men.

It has to be said that political economy has not done enough to dispel this disastrous illusion, which is the source of so much hatred and resentment, and so many disasters and wars. It has worn itself out, given its very unscientific orientation, analyzing the phenomena of production; even its nomenclature, as convenient as it is, is not in harmony with its subject-matter. Farming, manufacturing, or commerce are perhaps excellent headings when it is a question of describing the *processes* involved in these technical arts, but such description, though of vital significance in technology, is scarcely relevant in social economy, and I would actually say that it is essentially dangerous in this context.

## QUOTE 6: CONSUMER-CENTRIC ECONOMIC ANALYSIS (3)

When people have been classified as farmers, manufacturers, and merchants, what can you talk to them about, other than their class interests, those special interests that conflict with competition and oppose the general good? **It is not for farmers that farming exists, for manufacturers that there are factories, or for merchants that exchanges take place, but in order for people to have access to the greatest possible number of products of all kinds.** The laws of *consumption*, and what promotes it, equalizes it, and makes it moral: that is the true social and humanitarian interest; that is **the real focus of economic science**; that is on what it should focus its sharpest thinking. For this is where the bond between classes, nations, and races is - the principle and the explanation of human brotherhood.

[EH1 10 "Competition," pp. 481-84]

# QUOTE 14: GOVERNMENT INTERVENTION CREATES DISTURBING FACTORS (1)

As they are always ready to think that nothing good happens without them, governments refuse to understand this law of harmony:

*Exchange develops naturally up to the point at which its cost outweighs its usefulness and it stops naturally at this limit.*

Consequently governments can be seen everywhere spending a lot of time encouraging or restricting it (exchange).

To take exchange \*beyond\* its natural limits, they go out to conquer markets and colonies. To keep it within these limits, they dream up all sorts of restrictions and impediments.

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

## QUOTE 14: GOVERNMENT INTERVENTION CREATES DISTURBING FACTORS (2)

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.

## QUOTE 14: GOVERNMENT INTERVENTION CREATES DISTURBING FACTORS (3)

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]

# QUOTATION 1: THE VILLAGE CARPENTER STORY (1)

Let us take a man who belongs to a modest class in society, a village carpenter, for example, and let us observe all the services he provides to society and all those he receives from it; it will not take us long to be struck by the enormous apparent disproportion.

This man spends his day sanding planks and making tables and wardrobes; he complains about his situation and yet what does he receive from this same society in return for his work?

First of all, each day when he gets up he dresses, and he has not personally made any of the many items of his outfit. However, for these garments, however simple, to be at his disposal, an enormous amount of work, production, transport and ingenious invention needs to have been accomplished. Americans need to have produced cotton, Indians indigo, Frenchmen wool and linen and Brazilians leather. All these materials need to have been transported to a variety of towns, worked, spun, woven, dyed, etc.

# QUOTATION 1: THE VILLAGE CARPENTER STORY (2)

He then has breakfast. In order for the bread he eats to arrive each morning, land had to be cleared, fenced, ploughed, fertilized and sown. Harvests had to be stored and protected from pillage. A degree of security had to reign in the context of an immense multitude of souls. Wheat had to be harvested, ground, kneaded and prepared. Iron, steel, wood and stone had to be changed by human labor into tools. Some men had to make use of the strength of animals, others the weight of a waterfall, etc.; all things each of which, taken singly, implies an incalculable mass of labor put to work, not only in space but also in time.

This man will not spend his day without using a little sugar, a little oil or a few utensils.

He will send his son to school to receive instruction, which although limited, nonetheless implies research, previous studies and knowledge such as to affright the imagination.

# QUOTATION 1: THE VILLAGE CARPENTER STORY (3)

He goes out and finds a road that is paved and lit.

His ownership of a piece of property is contested; he will find lawyers to defend his rights, judges to maintain them, officers of the court to carry out the judgment, all of which once again imply acquired knowledge and consequently understanding and proper means of existence.

He goes to church; it is a prodigious monument and the book he carries is a monument to human intelligence perhaps more prodigious still. He is taught morality, his mind is enlightened, his soul elevated, and in order for all this to happen, another man had to be able to go to libraries and seminaries and draw on all the sources of human tradition; he had to have been able to live without taking direct care of his bodily needs.

# QUOTATION 1: THE VILLAGE CARPENTER STORY (4)

If our craftsman sets out on a journey, he finds that, to save him time and increase his comfort, other men have flattened and leveled the ground, filled in the valleys, lowered the mountains, joined the banks of rivers, increased the smooth passage on the route, set wheeled vehicles on paving stones or iron rails, and mastered the use of horses, steam, etc.

It is impossible not to be struck by the truly immeasurable disproportion that exists between the satisfactions drawn by this man from society and those he would be able to provide for himself if he were to be limited to his own resources. I make so bold as to say that in a single day, he consumes things he would not be able to produce by himself in ten centuries.

[EH2 1 "Natural and Artificial Organisation," pp. 71-73]

# MERRIE MELODIES

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"That's all folks!"

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