David M. Hart, “Bastiat’s Economic Harmonies: A Reassessment after 170 years”

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<davidmhart.com/liberty/papers/Bastiat/EconomicHarmonies2020>

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Bio

David M. Hart was born and raised in Sydney, Australia. He studied at Stanford University (M.A. 1983) and King's College, Cambridge (PhD 1994) and was the founding Director of the Online Library of Liberty Project at Liberty Fund in Indianapolis, Indiana from 2001–2019 <oll.libertyfund.org>. He is also the Academic Editor of Liberty Fund's translation of the *Collected Works of Frédéric Bastiat* (in 6 vols.) (Liberty Fund, 2011-), and the editor and co-translator of Molinari's *Evenings on Saint Lazarus Street: Discussions on Economic Laws and the Defence of Property* (1849) . He recently put online a seven volume collection of over 300 Leveller Tracts http://oll.libertyfund.org/pages/leveller-tracts-summary in an attempt to rescue these proto-libertarians from the clutches of the Marxists. In March 2017 he gave the Henry Hazlitt Memorial Lecture, at the Austrian Economics Research Conference, Mises Institute on "Bastiat: the 'Unseen' Radical".

His areas of research is the history of classical liberal thought in general, and the French classical liberal tradition in particular. Recent publications include:

- a chapter on "The Paris School of Liberal Political Economy" for the *Cambridge History of French Thought*, ed. Michael Moriarty and Jeremy Jennings (Cambridge U.P. , 2019), pp. 301–12.
- co-editor of *Social Class and State Power: Exploring an Alternative Radical Tradition* (Palgrave, 2018)
- an article about and a translation of a speech by Yves Guyot on "TMhe School of Liberrty": "For Whom the Bell Tolls: The School of Liberty and the Rise of Interventionism in French Political Economy in the Late 19thC," *Journal of Markets and Morality*, vol. 20, Number 2 (Fall 2017), pp. 383–412.
- co-editor of *L'âge d'or du libéralisme français. Anthologie XIXe siècle* (The Golden Age of French Liberalism: A 19th Century Anthology) (Paris: Editions Ellipses, 2014). An English version of which is, *French Liberalism in the 19th Century: An Anthology* (Routledge, 2012).

He has also written a screenplay, "Broken Windows" (Aug. 2016), about the activities of Frédéric Bastiat during the 1848 Revolution in France:
http://davidmhart.com/liberty/Bastiat/BrokenWindows2.html .
With an accompanying "illustrated essay" of the life and times of FB
http://davidmhart.com/liberty/Bastiat/BrokenWindows.html.

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Introduction

I would like to thank Hank Clark and the Political Economy Project for inviting me to Dartmouth to speak to you about a project which has been dear to me for over a decade, namely the Liberty Fund's translation project of the *Collected Works of Bastiat* in six volumes, of which I am the Academic Editor.

Liberty Fund's Bastiat translation project is in its 18th year and is approaching its completion. Three volumes of six have already been published,[1] two are in the final editing stage,[2] and the sixth and final volume is still in an early editing stage.[3] The Board approved the project in 2001, the bicentennial year of Bastiat's birth, and in the ensuing years we have suffered a number of setbacks such as the deaths of the founding editor Jacques de Guenin (1931–2015) and the second translator Dennis O'Keeffe (1939–2014); a couple of false starts with the translation; and a change in direction in the editorial approach (after the death of Jacques de Guenin (1931–2015)), and now a change in direction for Liberty Fund regarding its strategic vision and its future publishing program.

With the completion of the final draft of the fifth volume, namely the *Economic Harmonies*, I thought it presented an excellent opportunity for scholars to reassess Bastiat's contributions to economic theory 170 years after its first appearance[3] and I organized such a reassessment in May of last year with a Liberty Matters online discussion between a number of economists familiar with his work. In my opinion Bastiat as an economic theorist has suffered from being misunderstood (even by his colleagues and contemporaries), neglected and forgotten (by most economists since his death), being subjected to abusive or dismissive criticism (Marx and Schumpeter), and being damned with faint praise (Hayek and Dean Russell). Nevertheless he has always had a small group of American admirers who taught his ideas in the universities (such as Amasa Walker (1799–1875), Arthur Latham Perry (1830–1905), and William Graham Sumner (1840–1910)),[4] republished his journalism on free trade and protection (the Cobden club in England, and free trade groups in Chicago and New York city in the U.S.), and closer to our own time, the group of economists and historians who were part of Rothbard's "Circle Bastiat" at NYU in the 1950s, and Leonard Read and Dean Russell at the Foundation for Economic Education in the 1950s and 1960s who translated nearly half of Bastiat's writings and thus brought him to the attention of free market conservatives and libertarians in the second half of

the 20th century (including myself). To the latter two groups we owe a considerable intellectual debt but as the Bastiat translation project hopes to show there is much more to know about the life and work of Bastiat, especially his contributions to economic theory and a broader social theory about the state, plunder, and class.

One hundred and seventy years ago this month (Jan., 2020) the French political economist Frédéric Bastiat (1801–1850) published the first part of what was a planned multi-volume work of economic and social theory on social and economic "harmonies" and "disharmonies." Sadly he died from what I suspect was throat cancer before he had finished even the first volume on "economic harmonies",[5] leaving only a few unfinished chapters, fragments of chapters, and notes, which two of his friends cobbled together into an enlarged second edition which they published a few months after his death.[6] I have scoured through his correspondence and other writings to find additional scattered thoughts he had had about this project and attempted to reconstruct what this ambitious project might have looked like had Bastiat been able to complete it.[7] The results of my research will be published as part of the editorial and scholarly apparatus which will appear in volume 5 of *The Collected Works of Bastiat*, work on which I completed in September last year.[8] I have also summarized this research in a Liberty Matters online discussion of his work with a number of economists which took place in May last year,[9] and a paper on "Bastiat on Economic Harmony and Disharmony" I have written for the AIER on him which I will be presenting tomorrow.[10]

Over the many years I have worked on Bastiat and the other political economists who were part of the "Paris School"[11] my regard for him as an important thinker has grown to the point where I now think that his never finished magnum opus might well have become the classical liberal equivalent of Karl Marx's also never finished multi-volume work on *Das Kapital* (the first volume of which appeared in 1859)[12] which had such a profound impact on the socialist and communist movements of the late 19th and 20th centuries and which continues to have up to this day (last year was the bicentennial of his birth and was commemorated extensively in the press). I would also add that his planned volumes on the *Social Harmonies* and *The History of Plunder* should be added to Gertrude Himmelfarb's list of the "greatest liberal books never written."[13]

Be that as it may, we do have the very significant though unfinished volume on *Economic Harmonies* to read and learn from. My hope was that my editorial and translating work on Liberty Fund's edition would be a) the definitive scholarly edition of that work, and b) part of the rediscovery and rehabilitation of Bastiat as a significant economic and social theorist.[14] I would also urge you to read some of his other major essays and pamphlets to get a sense of his work. I have recently done my own revised and annotated translations of two of the these key works, *The State* (1848, 1849) and *The Law* (1850).[15] One day I would like to publish my own anthology of "The Best of Bastiat" which will show the great diversity of his activities and the originality and richness of his social and economic thought.

Here is my list of "The Best of Bastiat" for such an anthology:

1. free trade advocate and organiser - for the French Free Trade Association, historian of Anti-Corn Law League, public speaker and lobbyist
    i. strategy and analysis: his Intro to the book on *Cobden and the League* (1845)
    ii. the statement of principles of the French Free Trade Association
    iii. one of his free trade speeches
2. economic journalist - free trade, other economic issues
    i. some examples from the collections of *Economic Sophisms* and his magazine *Le Libre-Échange*:
        a. The Petition of the Candlemakers
        b. Theft by Subsidy
        c. The Utopian
        d. Mayor of Enios
3. economic theorist
    i. Letter to Lamartine (1845)
    ii. sample chapters from *Economic Harmonies*: Competition, Exchange, Population, Natural and Artificial Organisations
    iii. on opportunity cost: from *What is Seen and What is Not Seen* (1850)
4. politician - would-be candidate, successful Deputy in Constituent Assembly, VP of Chamber Finance Committee, publisher of revolutionary magazines during 1848 (Feb and June)
    i. 1846, 1848: his Election Manifestos
    ii. sample articles from his street magazines *La République français* (March 1848) and

Jacques Bonhomme (June 1848)

iii. a speech in chamber on Electoral Reform: on the Tax on Alcohol

5. political theorist
    i. The State
    ii. The Law
    iii. Speech in the Chamber on Electoral reform and political parties
6. sociologist of plunder and class
    i. 2 chapters from *Economic Sophisms* Series 2
    ii. his pamphlets on Plunder
    iii. on "theocratic plunder"
    iv. on "functionaryism"
7. correspondence with Richard Cobden, other political economists, and friends
    i. samples to show the more personal side of FB
    ii. eyewitness of street violence in 1848

In this talk/paper I would like to discuss briefly his importance in a general sense as a classical liberal activist, politician, and thinker, as a person of great courage when facing adversity, and then, more specifically, his importance as an economic and political theorist and the place that *Economic Harmonies* should have in the history of economic thought. These reflections are a summary of several papers I have written where I have explored these matters in much more detail.[16]

Bastiat's Importance as a Classical Liberal Activist and Theorist, and as a Person

My first encounter with the work of Bastiat, like most people I expect, came from reading his witty and clever economic journalism, the *Economic Sophisms* in the translation done by the Foundation for Economic Education in the mid–1960s.[17] His widely acknowledged skill as an economic journalist and populariser of free market ideas was and still is justified, and the accolade grudgingly acknowledged by Joseph Schumpeter, that he is probably the greatest economic journalist who has ever lived, is basically correct.[18] However, first encounters can be misleading.

What I find admirable about his Person and Character

I find the following things quite admirable about Bastiat's person and character: the impressive number and variety of his activities, the courage he showed in facing a terminal disease while he continued to work, and the radicalism of his thinking and his behaviour.

The Impressive Number and Variety of his Activities

It wasn't until I began reading his correspondence and other articles which had not been translated into English, some 30 years later, did I realize that there was much more to Bastiat's accomplishments than just outstanding journalism. (One of the the things I was able to confirm in working on LF's edition of the complete "economic sophisms" (there was a third set FEE was not aware of) was how accurate he was in use use of economic data).[19] He was very unusual in being able to combine journalism, to work as a theorist, to engage in political activism of various kinds, and to become a driving force within the Paris group of political economists around the Guillaumin publishing firm, which the following list of his activities will show:

- he was a fair and efficient **local magistrate** in his home town of Mugron for many years
- a successful **landowner and grape/wine producer** (in the Bordeaux region) which placed him the top 2% of income earners in France, and thus made him eligible to vote and stand for election
- a **member of a local government council** which advised the government on tax matters and public works (canals) for which he wrote several important memoranda
- he was **a witty and very cultured man** who attended salons and goguettes and who had a reputation as a wit, raconteur, singer of political songs, a cellist, and satirist among his friends and neighbors in his home town of Mugron; he would repeat this when he later moved to Paris and became an active participant in several liberal salons which were part of the extensive and influential "Guillaumin network"; much of this is revealed only in his correspondence and in some of the obituaries which were written about him
- **a free trade organiser and journalist** who ran the French Free Trade Association which he helped found, a forceful speaker, editor, and writer for the weekly magazine *Le Libre-Échange*; most of the essays in his collection of "economic sophisms" were written for this Association
- a budding **economic theorist** who burst suddenly onto the Paris scene and poured out a

stream of important articles for the influential *Journal des Économistes* over a 5 year period; shortly after he arrived in Paris he was asked to be the editor of the JDE but he turned it down as he wished to run the free trade association; by the end of 1847 he was giving lectures on economics to college students which become the basis of his theoretical treatise *Economic Harmonies*; in many areas his ideas on economics were insightful, original, and even ahead of their time

- **an elected politician in the Second Republic** who was an influential member of the Legislative Assembly after the February 1848 Revolution created the Second Republic; he served as Vice-President of the Chamber's Finance Committee where he tried to cut taxes, reduce government expenditure, and fend off the powerful socialist group who wanted to create a proper welfare state in France for the first time
- **an anti-socialist pamphleteer** who became one of the most important opponents of socialism which had emerged during the first year or so of the Republic as a formidable force; he wrote 12 anti-socialist pamphlets during this period in which he developed many of his ideas about the state and the nature of plunder, which were key concepts in his political theory.[20]
- **the editor of two revolutionary street magazines in 1848** - he was prepared on two occasions to take to the streets of Paris with some of his friends to disseminate ideas about the free market and limited government to ordinary people; he came under fire from troops who were trying to suppress the protesters in February and June 1848; it was in one of these revolutionary street magazines, *Jacques Bonhomme*, that he published the first version of his famous essay on *The State*.[21]
- an active participant in the "Guillaumin network" of classical liberal political economists - this included the free trade movement, the Friends of Peace movement at whose 1849 conference he gave a major speech, the Political Economy Society, and the Institute

His Personal Courage in Facing a Terminal Disease

There is another aspect to FB's life to which I should refer, and that is his personal courage and fortitude in living with a very painful and incurable disease which would end his life at the age of 49 years when he was at the peak of his powers. I were to the "lump" in his throat he complained about to his friends in his correspondence. My hunch is that it was throat or oesophageal cancer and not TB which most writers on Bastiat have assumed.[22] One explanation for his frenzy of activity in his last years, as free trade activist, elected politician, economic theorist, and anti-

socialist pamphleteer, could be that he he knew he did not have long to live and wanted to make the most of the time he had left. I think that when he left Mugron at the age of 44 to start a new life in Paris he thought he had at least one, perhaps two, very important books he wanted to write before he died. Since he kept getting distracted by other things in Paris during the Revolution he didn't even manage to finish the one on economics, let alone the others he had planned on social theory and the history of plunder. But in spite of the constant pain (he probably took laudanum (tincture of opium) constantly) and his coughing fits he rarely complained and continued to think, work, and write until his death.

The Radicalism of his Thinking and Behaviour

In one paper I refer to FB as the "unseen" radical (a dreadful pun on one of his best known works, *What is Seen and What is Unseen*)[23] because there are several radical and unseen "sides" to Bastiat that modern readers are unaware but should take note of. These aspects of Bastiat relate to his geographic location (his isolation for 44 years in a small town in the south west of France), his personal and literary style, as well as the nature of his political and economic ideas. I was particularly struck by how radical a libertarian or classical liberal he was with his idea of self-ownership,[24] his view of victimless crimes,[25] his desire to abolish the standing army and replace it with American style militias,[26] his hatred of war and colonialism,[27] and how late in life he turned to writing material of a theoretical nature (he was in his forties).

They include the following:

1. his initial radicalisation at a private college with an innovative curriculum (modern languages, poetry, and music)
2. the social radical, bon-vivant, and non-conformist outsider (what Molinari called "Rabelaisian") - manifested in his fondness for satire, parody, bawdy wit, and the mocking of authority (political songs of Béranger and the Goguettes); his participation in three Parisian salons - one by the radical republican journalist Hippolyte Castille; one by Anne Say, the wife of Horace Say (the businessman son of Jean-Baptiste Say); and one Hortense Cheuvreux, the wife of a wealthy manufacturer and major financial backer of the classical liberal movement
3. his hard-hitting "rhetoric of liberty" and use of "harsh" language to reveal the harm caused by state intervention in the economy - constant reference to the state as a thief

and a plunderer.[28]

4. his innovative and colourful use of language and the telling of stories to make economic ideas more understandable to ordinary people - "The Petition of the Candle Makers" is just one of hundreds of such stories he used (I list all of the ones he used in EH in the Appendix)
5. his total opposition to military spending, standing armies, war, and colonialism/imperialism - he wanted to abolish the standing army and replace it with local militias model, led on the American) - such as his complete opposition to the colonization of Algeria by France, something supported by Tocqueville as part of Frances' Christian civilizing mission".[29]
6. his "utopian" dreams of drastically cutting the size of government - he wanted to slash government spending immediately by 85% and planned more cuts in the future
7. his active support for the Revolution of February 1848 and the Second Republic - he was an ardent republican (unlike many of the other classical liberals who were monarchists like Tocqueville and Dunoyer), he was prepared to go out into the streets and speak directly to the people on at least two occasions at the height of the Revolution (February and June 1848)
8. the innovative theoretical economist who was years ahead of his time - many of his most radical economic ideas were either opposed or misunderstood by his fellow economists; his anti-Malthusianism, his emerging subjective value theory, his rejection of Ricardian theory of rent
9. his theory of the state's systematic use of force, fraud, and deception (the "sophisms" used to cloak and justify these activities) which he developed into a theory of the state (with many public choice insights about the self-interested behavior of politicians and bureaucrats), a theory and history of plunder by both individuals (like slave owners), the Church (theocratic plunder), and the State (functionaryism, socialism/communism, and the new bureaucratic and regulatory state).[30]
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");[31] his was a "total" and multi-dimensional theory of liberty which was unusual in his day and which resembles modern libertarianism as formulated by people such as Murray Rothbard (who was a great fan of Bastiat).

Bastiat's Importance as an Economic, Political, and Social Theorist

In this section I would like to mention some of the many provocative, interesting, and original insights he had in the areas of economic, political, and social theory. I will begin with some general observations about his social theory, then some of his more general economic insights, those insights which are of particular interest to modern day Austrian school economists since Bastiat in many way was a precursor or even a "proto-Austrian" in his approach to economic theory, those that show his "public choice" perspective on the behavior of politicians and bureaucrats, and then his thinking about social theory such as his theory of the state, his theory and history of plunder, and his contributions to the classical liberal theory of class.

Some General Observations

- he combined moral and utilitarian arguments to support his case for liberty; his moral theory was grounded in the idea of natural rights (individual had a right to life, liberty, and property), but also argued that respecting these rights resulted in greater prosperity and happiness for society as a whole; this was the basis for his idea of "harmony"
- thus, the development of political and economic theory was at a crossroads at the time FB wrote *Economic Harmonies* (1850); contemporary with him, John Stuart Mill published his *Principles of Political Economy* (1848) which would become much more influential than FB's work; over the course of the next hundred years the utilitarian approach to political and economic policy became the norm, and the moral (natural laws) approach almost disappeared
- he had an individualist methodology of the social sciences - all individuals have interests (self-interest) and "needs" which they want to satisfy; this is "the driving force" of society (not just the economy) and applies equally to governments and their agents (politicians, bureaucrats)

Bastiat's Importance as an Economic Theorist

FB's ideas were largely welcomed by his colleagues in the Political Economy Society, who recognized the power of his writing and his skill as a popularizer of economic ideas (free trade), but in many instances his originality was either rejected or not recognized at the time. The

former was quickly recognized by the Institute which made him a "corresponding member" for his book on *Cobden and the League* (July 1845) and the first collection of *Economic Sophisms* I(Jan. 1846). In the latter case, only a few people understood what he was saying about the nature of exchange (service for service), or his rejection of Malthusian orthodoxy, or the subjective nature of value. He would be recognized for these things only 100 years later by economists like Murray Rothbard who recognized his contributions and incorporated some of his ideas into his own work on exchange for example ("Crusoe economics").

I have listed what I consider to be FB's most important contributions to economic theory in a couple of papers[32], and also in my recent Liberty Matters Lead Essay.[33] A summary of these are listed here. The most important in my view are in **bold**.

His important general economic insights:

1. an individualist methodology of the social sciences
2. the interdependence or interconnectedness of all economic activity -
    i. his idea of the "ricochet" or "flow on" effect or the multiplier effect[34]
        a. it could have a positive effect (e.g. steam power or printing) where product improvements and lower costs get passed on to the consumers
        b. or a negative effect (tariffs and other government interventions)
        c. he wanted to be able to quantify the impact of economic events ("double incidence of loss"), use of calculas to calculate "the ricochet or flow on effect" of govt. intervention (sought advice from Fr. Arago the astronomer[35]
    ii. see his early version of Leonard Read's "I, Pencil" story - "I, Carpenter" (in EH); his version of Leonard Read's "I, Pencil" story: the village cabinet maker and the student[36]
3. **the idea of opportunity cost** - "the seen" and "the unseen". he invented the idea of opportunity cost (as argued by Jasay)[37]
4. the idea of *ceteris paribus* (all other things being equal); JS Mill began using the term also in the mid–1840s and FB seems to have developed his idea independently from Mill[38]
5. **the idea of the harmony (or the spontaneous order) of the free market**; that in the absence of government coercion the free market produces a "harmonious order" in which the different preferences of consumers can be met without recourse to violence. His key

idea is that individuals' "rightly understood" interests may differ but are not inherently in conflict. People can adjust to different individual preferences and engage in mutually beneficial trade. Thus markets are "harmonious."[39] He contrasts this with **its opposite, "disharmony," which comes about when the market is disrupted by conflict, violence, plunder**, and the granting of special political and legal privileges. This leads to disharmony and is not the result of the market itself as critics of the market argued.

   i. and the related idea of the opposition between a "natural order" (voluntary and spontaneous) and an "artificial order" (coerced and imposed)
   ii. his related theory of "disharmony"; that there are "disturbing and restorative factors"[40]

6. the connection between free trade and peace. This was a staple in free trade circles which was articulated by Richard Coben in England and Bastiat in France as part of the free trade movement. It was made up of a group of ideas such as trade (and thus prosperity) flourishes best when there is peace; that mutually beneficial exchange is a strong incentive for peace; and that trade rivalries between states is a major cause for war.
7. his very original **"consumer-centric" view of economics**, in which the purpose of production is consumption. The needs of consumers determines what is produced. Thus he rejects any legislation which favours producers over consumers. Consumers have a list or hierarchy of needs to be satisfied which is potentially unlimited in scope. He make the important observation that every person is both a consumer and a producer, even if it is just by offering the service of their own body and mind to others in an exchange.
8. Jasay has argued that Bastiat's notion of negative factor productivity in "The Negative Railway" (c. 1845) was an innovation ahead of its time.[41]
9. he challenged several aspects off the orthodox school of classical political economy:
   i. **his rejection of Malthusianism**. Bastiat thought economists had underestimated the productive capacity of free markets to solve the problem of food supply, and he thought that humans were choosing and thinking individuals not mindless "plants" and could change their behviour in order to plan the size of their families. He also believed that people were a form of "human capital" and hence valuable; populous towns/cities make exchanges easier (lower transaction costs); greater division of labor). These ideas were rejected by his colleagues who remained strict Malthusians, such as his colleagues and friends Joseph Garner and Gustave de Molinari.

   ii. his rejection of the Ricardian theory of rent. Bastiat had a more general and abstract theory of returns on assets and rejected the idea that land rent was something special (that it was a gift of nature), unlike other forms of income, and hence "unearned". He saw it as just another "service" which was exchanged on the market for mutual benefit.
   iii. his idea that political economy was also a "moral economy" since it assumed or was based upon idea of private property rights and voluntary exchange of that property. He and Molinari believed that economists just couldn't assume the justice of existing property titles as this played into the hands of socialist critics since existing property distribution included vast privileged interests. He explicitly criticised Adam Smith, JB Say, and Benjamin Constant for assuming the legitimacy of existing property rights.

10. his theory of exchange as the mutual exchange of services.[42] By abandoning the view that economics was about the creation of "wealth" or the exchange of physical things he was able to define exchange in a much more general and abstract manner to include anything which was valued by consumers. He argued that all human transactions are the reciprocal or mutual exchange of services (or "service for service")
11. his idea of the "apparatus" of trade and exchange, by which he meant there was a complex interconnected system or structure of people, institutions, customs, and laws which make complex exchanges over time and place possible[43]
12. his criticism of government manipulation of money (paper money); his awareness of the danger of paper money in the hands of a state which wants to expand its activity without imposing the taxes necessary to pay for them; problems caused by below market (or free) interest rates on loans
13. that the human labour and exertion which produce physical (material) goods as well as "non-material goods" (or services) is a productive activity and these goods and services have value to others
14. the idea of economic equilibrium: the free market has a built-in mechanism for returning to an equilibrium (or near equilibrium) state after being disrupted by "disturbing factors" (war, protectionism, interventionism, taxation); the market is a "self-repairing" order

Insights of an "Austrian" Nature:

A number of modern Austrian economists have recognized that Bastiat was very close to being "an Austrian" himself in the way he approached economic theory. Pete Boettke calls him a "nascent Austrian"; [44] Others like Mark Thornton, Jörg Guido Hülsmann, and Thomas J. DiLorenzo also believe that he was too. I prefer to call him a "proto-Austrian" because he was very close on some issues but not yet there on others.[45]

1. the transmission of economic information through the economy which he likened to flows of water or electricity in several hydraulic and electrical metaphors; he was very close to the Hayekian notion of the importance of prices in transmitting information to consumers and producers
2. that government regulations, tariff protection, and subsidies to industries cause the "dislocation" of labour and capital which becomes worse when there is an economic downturn - similar to the idea of "malinvestment" (tough FB did not link it to the government's manipulation of money, credit, and interest rates)
3. **his subjective theory of value**; he had an early form of subjective value theory with his insight that individuals "compare, assess, and evaluate" goods and services before they engage in trade. Although Bastiat explicitly rejected in *Economic Harmonies* the more subjective theories developed by Condillac in 1776 and Storch in 1823 he does talk about tradable things being "evaluated" differently by individual consumers who mutually benefit from those exchanges.
4. **his theory of human action**; individuals act with a purpose (but, objet), (agens, agissant); - methodological individualism (Crusoe economics).
    i. Bastiat has a notion that individuals have free will, choose from the alternatives before them, economize their scarce resources, and then act to realize their goals. He uses the very term "l'action humaine" (and its variants - "actif"),[46] thus he is very Austrian in his understanding.
    ii. his use of "Crusoe economics" or thought experiments to analyse the science of human action in the abstract, and the idea that human beings make economic decisions (the economizing of limited resources) even before they become involved in exchanging goods and services with others[47] are praxeological as Rothbard noted and borrowed for the opening chapters on "Exchange" in *Man, Economy, and State*. In this area he is deeply original and ahead of his time with this line of thinking about economics. It is clear that he has an individualist methodology of the social

sciences.

5. the role of entrepreneurs (key actor in economic production but no detail about role))
6. that markets solve the problem of economic coordination without central planning: the idea of spontaneous order (the feeding of Paris); unplanned by government bureaucrats - "natural organisation" vs "artificial organisation" (Hayek's imposed order??) (ordre naturel), harmony. Bastiat argued that the free market "harmoniously" solves the problem of economic coordination without the need for central planners or, as he liked to dismissively call them, "Mechanics," "Organizers," or even "Gardeners."[48] The best example of this is not in *Economic Harmonies* but in an early essay which appeared in the first collection of *Economic Sophisms*. Here he tells another economic story about the provisioning of a large city like Paris[49] which is supplied with all its daily needs like food and water and clothing without the assistance of any central planner who has to coordinate the economic activities of hundreds of thousands of people. The profit motive is sufficient for a complex and "harmonious" economic order to evolve without government interference.
7. the knowledge problem of central/govt. planning
8. the idea of time preference - that present goods are valued more highly than future goods, and thus foregoing consumption or use of present goods for future use (saving) requires a premium to be paid
9. the unintended consequences of government intervention in the economy

Bastiat's Importance as a Political Theorist

Bastiat's thinking about politics and the nature of state power is one of his most original and important theoretical contributions. Bastiat has many "public choice" like notions about the self-interested behavior of politicians and bureaucrats but these are largely scattered and not well developed.[50]

His theory of plunder (especially "legal plunder") is also very important,[51] as is his proposed "history of plunder" through which he traces the different stages of plunder societies have moved through historically. His theory of "functionaryism" (the bureaucratic state)[52] and the future socialist state began to emerge during the Second Republic when it became clearer what President Louis Napoléon (later Emperor Napoléon III) and the socialist movement had in mind.

Insights of a Public Choice Nature:

1. **his theory of the state** with its many "public choice" insights about politicians and bureaucrats; that bureaucrats and politicians also have "interests" which they pursue (power, positon, influence, salaries, pensions)
2. the idea of "rent-seeking" by vested interests which plays an important part in his essay "The State" (1848); the state provides benefits for vested interests (les droits acquis) and other groups (or "classes") at the expense of ordinary consumers and taxpayers; these privileged groups seek privileges such as subsidies and protection, or outright "plunder"
3. the related idea of "place-seeking" by politicians and bureaucrats who want jobs and positions of power
4. his analysis of the activity of parties/factions/coalitions in the Chamber which disrupt democracy
5. his idea that there is a "Malthusian limit" to the growth of state power - there is a "Malthusian limit" to the growth of state power - it will always grow to the limit allowed by the level of taxation which is its "means of subsistance").[53]

Bastiat's Importance as a Social Theorist

Bastiat's broader social theory is a form of sociology or historical analysis of institutions (most notably the State) and includes the following important insights/components:

- the idea of natural versus artificial orders: Bastiat makes a distinction between "Natural" and "Artificial" Orders, by which he means that an order emerges "spontaneously" (Hayek's term) when individuals are left free from coercion and theft to go about their own business (literally), and organising voluntary communities and associations of all kinds (civil, religious, political). On the other hand, when violence, force, or fraud, intrudes, this natural order is "disrupted" with significant economic, political, and social costs for all involved. An "artificial" or constructed order (again to use another Haykeian notion) is created when social or economic planners attempt to impose their view of society upon others
- the essential harmony of human social and economic life: harmony is a product of Providence and the natural law which governs human behaviour, especially economic natural laws. By this he means that if left alone, people can achieve their different social and economic needs through cooperation, production, and exchange without "inevitably"

violating each other's rights to life, liberty, and property. The harmony of the market is only one of many examples of a broader "social harmony" made possible by non-violent interactions between people.

- the theory of the State as the organisation of plunder: organised "legal plunder" was undertaken by states on behalf of the elites which controlled them. He thus had a theory of class - the plunderers who controlled the state, and their allies, and the plundered who paid the taxes or were forced to labour for the benefit of those elites. He also had an incipient theory of "rent seeking" (although he did not call it that, rather "place-seeking") which plays an important part in his essay "The State" (1848)
- the State maintains its power through a combination of force and ideological deception or "sophistry": Bastiat believed that the State could not maintain control of the taxpayers by naked force for long. The ordinary person or taxpayer accepted or acceded to the power of State to regulate his or her conduct and to take some or all or his or her property. This insight was central to the purpose of Bastiat's best-known journalism, the *Economic Sophisms* which were designed to expose the lies (fallacies), deceptions ("la ruse"), and sophistry (twisted half-truths) used by the elites who benefited from state power such as tariffs, subsidies, and grants. He believed that closely allied to the state were a group of intellectuals who used their knowledge and skill at argument to deceive the people about what the state was doing to them and to hide the fact that a small but powerful elite were benefiting from this. They use "la ruse" (trickery and deception) to confuse "les dupes" (the dupes was the word Bastiat used to describe the gullible ordinary people) that the state was "plundering" them on an almost permanent basis. The role of economists like him was to expose this deception, to delegitimize the activities of the State, and show the people how they were being "filched" (Bastiat has a whole series of words like this to describe what the state does to ordinary taxpayers and consumers).
- the idea that social and political economy is a "moral economy": Central to Bastiat's social, political, and economic theory is that it had to be grounded on firm moral principles which were an essential part of its structure. He did not believe in a value-free economic or political methodology, rather it had to be based upon a moral foundation of support for private property and non-violence, in other words the natural rights of individuals as he expounded them in his essay "The Law" (July 1850).

Some Specific Examples of Bastiat's Thinking

I listed above some of Bastiat's most important and original economic insights. Below are some quotations from his treatise *Economic Harmonies* to illustrate this with specific examples.

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. 299–300
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
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 rance," pp. 62–65
12. state functionaries and competition, EH2 17 "Private and Pubic 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

The Village carpenter story about the interconnectedness of economic activity

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

Bastiat was very aware how the various parts of the economy were interconnected and thereby made dependent upon each other in a very fundamental and deep manner. He made this clear in a number of ways in his typical style. A good example is his version of Leonard Read's story of "I, Pencil" (1958)[54] which is partly a story designed to show the Hayekian problem of knowledge (no one person has enough knowledge about all the industrial and organisation processes which go into making a simple lead pencil) and partly a story about the greater productiveness made possible by an international division of labour and international trade (the various components of the pencils such as wood, lead, paint, and rubber come from different parts of the world).

Bastiat has his own story, which we might call "I, Carpenter" in deference to Read, in the opening chapter of *Economic Harmonies* (so 100 years before Read) about the village carpenter and the student living and studying Paris.[55] In both stories Bastiat stresses the complex co-operation ("a natural and wise order") which has already occurred in the past and which is ongoing in the present which goes into making simple everyday things which we take for granted, as well as "the chain of endless transactions" which binds together all participants in the modern economy. (Part of his purpose here is to argue that because of all the economic activity that has gone on before, the village carpenter receives far more from "the services of others" in the past than he offers for exchange in the present. This was part of his ongoing intellectual battle against the socialists of his day who were arguing that workers like the carpenter were being exploited by their participation in the free market. Bastiat argues the opposite, that they benefit far more than they can ever imagine.)

> 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.
>
> 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.
>
> 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.
>
> 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.

The "apparatus of exchange" and the "social mechanism"

[EH1 4 "Exchange" p. 174–75]

> However, *exchange* is such a great benefit to society (and is it not exchange, society itself?) that for purposes of facilitating and increasing exchange, society has not been confined to the introduction of money. In logical order, after need and satisfaction united in the same person through isolated effort, after simple barter, after barter with two factors or compound exchange made up of sale and purchase, there is yet another form of transaction (which is) extended through time and space by means of credit, mortgage titles, letters of exchange, bank notes, etc. Thanks to these marvelous mechanisms, born of civilization, which advance it and are themselves advanced by it, an effort undertaken today in Paris will go to satisfy an unknown person beyond the seas and across the centuries, and he who carries it out receives his compensation now, (since) there are people who make loans to cover this payment and are prepared to subject themselves to asking for their payment in far-off countries or to waiting for it in the remote future. This complication, as astonishing as it is marvelous, when analyzed in detail, in the end shows us the unity of the economic phenomena of "*need, effort and satisfaction*," taking place within each individual according to the law of justice.
>
> *The Limits to Exchange*
>
> The general characteristic of all exchange is that it *decreases the ratio of effort to satisfaction*. Between our needs and satisfactions there are *obstacles* that we succeed in reducing by the joint use of our strength or the division of labor, that is to say through *exchange*. However, exchange itself encounters obstacles and requires effort. The proof of this lies in the immense amount of human labor it generates. Precious metals, roads, canals, railways, carriages, or ships: all these things absorb a considerable amount of human activity. What is more, look at the number of men whose sole occupation lies in facilitating exchange, how many bankers, traders, merchants, brokers, coachmen, or sailors there are!

> This huge and costly apparatus is better proof than all forms of reasoning of the power that lies in our ability to exchange. Without it this why would the human race have agreed to impose such an apparatus on itself?

Human action and the private, subjective nature of decision making

[EH2 18 "Disturbing Factors", pp. 718–19]

> Man has been cast upon the earth. He is irresistibly attracted to happiness and averse to pain. Since he acts in line with these impulses, it cannot be denied that self-interest is not the great driving force within individuals, (that is in) all individuals, and consequently in society. Since in the sphere of economics, self-interest is the driving force of human action and the mainspring of society, harm can come from it just as good can. It is in self-interest that both harmony and what disrupts it have to be sought.
>
> The eternal goal of self-interest is to silence (the voice of) need, or in more general terms, (silence the voice of) desire through satisfaction.
>
> Between these two extremes, need and satisfaction, which are deeply private and incapable of being transferred (to another), can be found the way in which they can be made transferrable and exchangeable: (namely through) effort.
>
> And above the entire apparatus (of exchange) hovers the ability to compare and judge: that is our mind. However, the human mind is fallible. We can make mistakes. This cannot be denied, for if someone said to us: "Human beings cannot make mistakes," our answer to him would be: "You are not the person to whom harmony needs to be demonstrated.
>
> We can make several types of mistake: we can fail to assess correctly the relative importance of our needs. In the case (of living) in isolation, we direct our efforts toward a goal that is not in our best interests. In the social order and subject to the law of exchange, the effect is the same: we focus (our) demand (on) and (are willing to pay for) a type of service that is unimportant or harmful, (thus) causing the current of human work to flow in this direction.

> We can make a different type of mistake by failing to realize that a (too) fervently sought satisfaction will remedy suffering only by opening the door to even greater suffering. There is scarcely any effect that does not become (in its turn) a cause. Foresight has been given to us to grasp the relationship between cause and effect so that we may avoid sacrificing the future to the present; however, we often lack (this) foresight.
>
> Error which has sprung from a weakness of judgment or the force of feeling is the leading source of harm. It relates principally to the sphere of morals. Here, since error and passion are individual, (this type of) harm is to a certain extent also individual. Reflection, experience, and responsible behaviour are effective corrections for this.

An example of a Robinson Crusoe "thought experiment"

An example of Robinson Crusoe creating capital goods for himself and then by extrapolation to the social realm, the justice of exchanging capital or charging for its use: EH1 7 "Capital," pp. 310–11

> Later on, all (his) faculties will improve together. Reflection and experience will have taught our island dweller how to do things better. The initial tool itself will supply him with the means to make others and to amass a stock of provisions more quickly.
>
> Tools, materials, and provisions are what Robinson Crusoe will doubtless call his *capital*, and he will readily acknowledge that the more of this capital he has, the more use he will make of the forces of nature, the more these forces will assist his work, and in the end the greater will be the relationship between his satisfaction and his effort.
>
> Let us now move into the social realm. Here too, capital will be made up of tools, materials, and provisions without which, neither in isolation nor in society, can anything be done over a long period. Those who have this capital will have it only because they have created it through their (own) efforts or privations and they will not have made these efforts (reaching beyond their current needs) nor imposed these privations on themselves, without having future benefits in sight, for example, with a view to harnessing a significant proportion of the forces of nature from now on. From their point of view, to give up this capital would be to deprive themselves of the benefit sought and hand it over to someone else; it would be to provide a *service*. In this case, either we would have to renounce the most elementary

> principles of justice and even renounce reasoning (itself), or we would have to acknowledge that they have a perfect right to make this transaction only in exchange for a service that has been freely negotiated and voluntarily agreed to. I do not think there is a single person on earth who disputes the justice of the *mutuality of services*, since the mutuality of services is another way of expressing justice. Will people say that transactions should not be made *freely* because the person who has the capital is in a position to dictate to the one who does not? But how should they be carried out? How can we recognize the *equivalence of services* if not by the fact that each party has voluntarily agreed to the exchange? What is more, do we not see that the borrower who is free to do so will refuse if there is no advantage to him in accepting, and that the loan can never make his situation worse? It is clear that the question he will ask himself is this: Will the use of this capital provide me with benefits that will more than compensate the conditions asked of me? Or else: Is the effort I am currently obliged to devote to obtaining a given satisfaction greater or less than the sum of the efforts the loan will oblige me to make, first of all to provide the *services* asked of me and then to seek this satisfaction using the capital I have borrowed?

A discussion of opportunity cost

[EH1 6 "Wealth," pp. 299–300]

> You say that air, water, and sunlight are free of charge. That is true, and if we enjoy them merely in their primitive form, if we do not use them in any of our labors, we might exclude them from political economy just as we exclude the possible and probable utility of comets. But take a look at man when he started and where he is now. At the beginning, he was able to make use of water, air, light, and the other natural resources only in a very limited way. Each of his satisfactions came at the cost of great personal effort, required great labor, and could be passed on to others only as a great *service*, in a word, each one represented a great deal of value. Little by little, this water, air, and light, gravity, the compressibility of air, heat, electricity, and plant life emerged from this relative inertia. They became increasingly involved in our industry. They took the place of human labor. They did free of charge what we used to do for a cost. Without undermining satisfaction, they destroyed (some) value. In common parlance, what used to cost one hundred francs now costs only ten and what required ten days of hard work now requires only one. All this destroyed value has moved from the domain of (private) property into that of the Commons. A considerable proportion

> of human effort has been freed up and made available for other activities. This is how, for equal amounts of trouble, services, and values the human race has vastly widened the range of its enjoyments and still you say that I ought to remove from the study of economic science the gratuitous utility that is common to all and that, on its own, explains both the height and breadth of progress if I may put it this way, both in terms of well-being and equality!

Consumer-centric economic analysis

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

> Natural forces, more efficient industrial processes, and tools of production, all these are *commonly available* to man or are tending to become so. This is true for everything, *except for the trouble people incur*, and the labor and individual effort put in. Between men there is only one and there can be only one *inequality*, one that the most dyed in the wool communists acknowledge, and that is the inequality that results from the inequality of effort. These are the efforts exchanged between people for a freely negotiated price. All the utility that nature, the genius of past centuries, and human foresight have imparted to the products being exchanged is therefore available *into the bargain.*Reciprocal payment relates only to their respective efforts, either present effort in the form of labor or preparatory effort in the shape of capital. (This) is therefore a community in the strictest sense of the word, unless you wish to claim that each person's share in the satisfaction has to be equal, while the share of effort exerted is not. This would indeed be the most unjust and monstrous of inequalities and, I would add, the most disastrous, for it would not kill competition but merely cause its action to be inverted. People would still fight, but they would fight to excel in laziness, lack of intelligence, and lack of foresight.
>
> Finally, the doctrine that we have developed, so simple and, we are convinced, so true, forces the emergence of the great principle of human*perfectibility*out of the domain of oratory and into that of rigorous proof. From this internal motive, which never rests in a person's breast and which leads that person to improve his or her situation, is born the advance of technology, an advance that is nothing other than the gradual cooperation of

forces, which by their very nature are unconcerned with any remuneration. Competition gives rise to the granting to the community those benefits which were originally acquired by individuals. The intensity of the effort required for any given result is constantly reduced for the benefit of the human race, which sees its range of satisfactions and leisure increase from one generation to another and the level of its physical, intellectual, and moral progress advance, and through this arrangement, so worthy of our study and eternal admiration, we clearly see the human race rising up out of its degradation.

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.

I have concentrated on describing the general and consequently beneficial effects of competition, for it would be sacrilege to suppose that any great law of nature could produce effects that were both harmful and permanent, 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. 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. 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. It is therefore with regret that we see economists devoting their powerful minds and dispensing a prodigious wealth of wisdom, in pursuit of the anatomy of production, relegating to appendices at the ends of their books a few brief commonplaces on the phenomena of consumption. What is that I am saying? Not long ago, we saw a justifiably famous professor suppressing this part of economic science totally and devoting himself to the *means* without ever mentioning *the ends*, and banishing from his lectures anything relating to the *consumption of wealth* as belonging, so he said, to the realm of moral philosophy and not to political economy. Should we be surprised that the general public are more struck by the disadvantages of competition than its advantages, since the disadvantages affect it from the particular point of view of *production*, about which they are constantly being informed, and the advantages from the general point of view of consumption, about which they are never told anything?

A refutation of Malthusianism pessimism

The “means of existence” is constantly expanding and is thus a refutation of Malthusianism pessimism: EH2 16 “On Population,” pp. 647–651

> Therefore, we say: population tends to adjust to the level of *the means of existence*.
>
> Are these means, however, set in stone, absolute, and uniform? Certainly not: as man becomes more civilized, the circle of his needs expands and this can even be said of simple *subsistence*. Considered from the point of view of a perfectible being, the *means of*

> *existence*, which have to be understood to include the satisfaction of physical, intellectual, and moral needs, have as many gradations as there are in civilization itself, that is to say that they are infinite. Doubtless there is a lower limit: to assuage hunger and protect yourself from a certain degree of cold is a condition of life, and we can glimpse this limit in the condition of the primitive peoples of America and the poor in Europe. I do not know, however, of an upper limit: there is none. Once natural needs have been met, they give rise to others, artificial at first, if you like, but which habit makes second nature in turn, and these are followed by others and still more, without assignable limits.
>
> Thus at each step that man takes along the path of civilization his needs encompass a circle that is ever-wider, and the *means of existence*, that meeting point of the two great laws of *population growth*and *population limits,* shift position in order to rise. This is because man, while as much subject to regression as to perfection, rejects the former and aspires to the latter. His efforts tend to keep him at the social rank he has achieved and advance him further, while *habit*, which we have so aptly called second nature, operating in the same way as the valves in our arteries, erects obstacles to any retrograde step. It is therefore very easy for the intelligent and moral action that he exerts on his own reproduction to feel the effects of, be steeped in, and be inspired by these efforts, and combine them with these progressive habits.
>
> The consequences of mankind being constituted in this way are legion: we will limit ourselves to mentioning just a few. First of all, we fully agree with the economists that population and the means of existence balance each other, but since the second of these terms is infinitely changeable and varies with the degree of civilization and with habits, we cannot accept, when it comes to comparing nations and classes, that population is proportional to *production*, as J. B. Say says, or to *income* as Mr. de Sismondi claims. Next, with each higher level of culture requiring more foresight, moral, and preventive checks ought to neutralize the effect of brutal and repressive ones, at each stage of improvement which is achieved in society as a whole or in some of its parts. From this it follows that any social progress contains the seed of fresh progress, *vires acquirit eundo,* since well-being and foresight build upon each other in an indefinite upward succession. In the same way, when, for whatever reason, the human race follows a downward path, ill-feeling and lack of foresight are cause and effect reciprocally and the downward spiral would have no end if society were not in possession of this curative force, *vis medicatrix,*that Providence has

placed in all living things. Indeed, we should note that at each period of decline, the effect of population limits in its destructive mode becomes both more painful and easier to discern. First of all, it is just a question of a deterioration and a worsening of conditions; this is followed by poverty, famine, disruption, war, and death, all sorry but unerring methods of teaching.

We would like to be able to pause here to show how far the theory explains the facts and how far in turn the facts justify the theory. When, for a nation or a class, the means of existence have dropped to the threshold at which they become confused with the means of mere subsistence, as in China, Ireland, and the lowest classes in all countries, the slightest variations in population or food supplies result in death, and the facts in this respect confirm scientific inference. Famine has not been seen in Europe for many years, and the elimination of this scourge has been attributed to a host of causes. There are probably several, but the most general cause is that, because of social progress, the *means of existence* have risen high above the means of subsistence. When years of scarcity occur, a great many forms of satisfaction may be sacrificed before we have to cut back on food itself. This is not true in China and Ireland: when people have nothing in the world other than a little rice or potatoes, what will they use to buy other foods if this rice and these potatoes are no longer there?

Finally, there is a third consequence of human perfectibility, which we have to point out here because it contradicts the distressing aspects of Malthus's doctrine. We have attributed the following formula to this economist: "Population tends to adjust to the level of the means of subsistence." We ought to have said that he went far beyond this and that his true formula, the one from which he drew such distressing conclusions is this: "Population tends to *exceed* the means of subsistence." If Malthus, by saying this, had simply wanted to propose that the human power to propagate life is greater than the power to sustain it, there would be no grounds for our objection possible. But this is not what his thinking is: he claims that, taking into consideration absolute fertility on the one hand and on the other the limitation of population shown by its two modes, repressive and preventive, the result is still a tendency of the population to exceed the means of staying alive. This is true for all living things except the human race. Man is intelligent, and is able to make unlimited use of the preventive limits to population. He is perfectible, he aspires to perfection, and he repudiates the idea of going backwards; progress is his normal condition and progress implies an increasingly enlightened use of preventive limits to population: therefore *the means of existence increase*

> *faster than the population*. Not only does this result derive from the principle of perfectibility but it is also confirmed by *the facts*, since the circle of satisfactions expands everywhere. If it were true, as Malthus says, that for each increase in the means of existence there will be a greater increase in the size of the population, then the poverty of our race would be doomed to increase, and civilization would be found at the beginning of time and barbarism at its end. The contrary has occurred, and therefore the law of population limits has had sufficient power to keep the flood of increasing numbers of people below the increase in the number of products.

Subjective value theory

An example of his emerging subjective value theory (but he is not consistent in this); EH1 5 "On Value", pp. 216–17

> In the first chapter, we saw that man is both *passive* and *active*, that since *need* and the *satisfaction* (of need) affected only the *senses*, they were by their nature personal, private, and non-transferrable, that on the contrary, *effort*, (which is the) the link between need and satisfaction**,** and the *means* between the object of the exercise and the end, starting with our *actions*, spontaneity, and determination, might be subject to agreements and to (the possibility of being) transferred (to another). I know that this assertion might be disputed from the metaphysical point of view, and the claim made that effort too is personal. I do not wish to enter the terrain of ideology, and I hope that my thought will be accepted in this commonsense form: We cannot *feel* the needs of others, we cannot feel the satisfactions (enjoyed by) others, but we can *render services* to one another.
>
> It is this transfer of effort, this exchange of services that is the subject matter of political economy and since on the other hand economic science can be summed up in the word *value*, of which economics is merely the lengthy explanation, it follows that the notion of *value* will be imperfectly and wrongly perceived if it is based on the extreme phenomena that take place in the realm of our senses, i.e. *needs* and *satisfactions*, (which are) private phenomena that are not transferrable (to others), *incommensurable* between one person and another, instead of being based on the (outward) expressions of our *actions*, our efforts,

> and the mutual services that are exchanged, because it is possible to compare them, appreciate them, and *evaluate* them, and they are capable of *evaluation* precisely because they are exchanged.

The idea of "Harmony"

[EH1 4 "Exchange," pp. 183–86]

> I have established the following two propositions:
>
> *In isolation, our needs are greater than our capacities.*
> *Through exchange, our capacities are greater than our needs.*
>
> They explain why society exists. Here are two others that guarantee its unlimited progress (towards perfection):
>
> *In a state of isolation, the prosperity of one man harms that of others.*
> *By exchanging with one another, the prosperity of one helps others to prosper.*
>
> Is there any need to prove that if nature had intended man to live a solitary existence, the prosperity of one would be an obstacle to the prosperity of another? The greater they were in number, the fewer opportunities of well-being they would have. In any case, we can see clearly how their (greater) number would cause them harm but (we) do not understand how their (greater) number might benefit them. And then, I ask you, how would the principle of fellow-feeling reveal itself? When would it arise? Would we even be able to imagine it?
>
> However, 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)*?
>
> 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.
>
> 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. 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 fellow-feeling, 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.
>
> 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.
>
> And this is why I urge the young people to whom this book is dedicated to examine carefully the advice it contains and to analyze the deeper nature and effects of exchange. Yes, I am confident that one person will be found among them who in the end will achieve the strict demonstration of the following proposition: *Each individual's good encourages the good of all, just as the good of all encourages the good of each individual*, and who will know how to instill this truth in the minds of all by making the proof simple, lucid, and undeniable. This person will have solved the social question, and will be the benefactor of the human race.
>
> Indeed, let us note this: depending on whether this axiom is true or false, the natural social laws are (either) in harmony or in conflict. Depending on whether they are in harmony or in conflict, it is in our interest to conform to them or to free ourselves from them. If therefore it were demonstrated once and for all that in a free society interests are in agreement and encourage one another, all the efforts we now see being made to have governments disrupt the operation of these natural social laws, we would see governments devote themselves instead to allowing these laws to exert their full power. Or rather, no effort in this direction would be needed, other than to refrain from doing anything.

The contrast between production vs. plunder

[EH2 19 "War", pp. 729–31]

> A person (this is also true of a nation) may get (its) means of existence in (one of) two ways: (either) by creating them or by stealing them (from others).
>
> Each of these two major sources of acquiring (wealth) has several methods (to achieve this).
>
> (Their) means of existence may be *created*by hunting, fishing, farming, etc.
>
> They may be *stolen* by acting in bad faith, (by the use of) violence, force, fraud, war, etc.

> Just staying within the limits (established) by either one of these two methods, if it is sufficient for the predominance of one of the appropriate procedures to give rise to considerable differences among the nations, how much greater must not this difference be between a people that lives by producing and a people that lives by plundering!
>
> For there is not one of our faculties, (whatever kind it might be), that is not exercised by the necessity imposed (up)on us to provide for our existence, and what can we imagine that is more likely to modify the social state of nations than something that modifies all human faculties?
>
> As serious as it is, this consideration has been so little observed that I have to pause a while to comment on it.
>
> In order for some satisfaction to be enjoyed, work has to be done, from which it follows that plunder in all its forms, far from excluding production, assumes that it occurs.
>
> And I believe that this is likely to put a damper on the enthusiasm shown by historians, poets, and novelists for these noble (historical) eras when, according to them, what they call *industrialism* was not dominant. At these times, people lived, therefore work accomplished its harsh task just as it does today. The only difference is that some nations, classes, and individuals had succeeded in imposing on other nations, classes, and individuals their own share of hard work and drudgery.
>
> The nature of production is to draw, so to speak, from nothing, the satisfactions that maintain and embellish life in such a way that a person or a nation is capable of increasing these satisfactions without limit (and) without inflicting any hardship on other people or nations. On the contrary, a detailed study of the economic mechanism has shown us that the success of one person in his work offers the opportunity of success to the work of another.
>
> The nature of plunder is such that it cannot confer a given satisfaction (to one person) without imposing a corresponding privation (on another person), for it does not create but displaces what labor has (already) created. It brings in its wake, as a dead loss, all the effort that it itself has cost the two parties concerned. Far from adding to the benefits of society, therefore, it decreases them and in addition, allocates these benefits to those who do not deserve them.

> In order to produce, it is necessary to direct all of one's capacities to the task of dominating nature, for it is nature that must be fought, tamed, and subjugated. This is why iron made into ploughs is a symbol of production.
>
> In order to plunder (some one), it is necessary to direct all of (one's) capacities to the task of dominating human beings, for these are the people that must be fought, killed, or subjugated. This is why iron made into swords is a symbol of plunder.
>
> Just as there is a contradiction between the plow that feeds us and the sword which kills us, there has to be (a similar contradiction) between a nation of workers and a nation of plunders. It is not possible that they would have anything in common. They could not have the same ideas, the same standards to judge things, the same tastes, the same character, the same customs, the same laws, the same moral code, or the same religion.
>
> And indeed, one of the saddest sights that can be brought before the eye of a lover of humanity, is to see a productive era (like ours) doing all it can to infect itself, by (means of classical) education, with the ideas, sentiments, the errors, the prejudices, and the vices of a nation of plunderers. Our era has often been accused of lacking consistency and failing to see any connection between the way it looks at the world and the way it acts. This is correct, and I believe that I have just pointed out the principal cause of this.
>
> Plunder by means of war, that is to say totally primitive, simple, and rough plunder, has its roots in the human heart, in human nature, and in the universal driving force of the social world, namely, our attraction to getting satisfactions and (our) aversion to pain. In a word, in the driving force we all carry within us: self-interest.

His appeal to "men who live by plunder"

[EH1, "To the Youth of rance," pp. 62–65]

> Men who live by plunder, you who by (means) of force or fraud, either by scorning the law or by making use of it, are growing fat on the food of the people; you who make a living from the errors you spread, the ignorance you foster, the wars you start, or the obstacles you put in the way of transactions; you who impose taxes on labor after making it unproductive and making it lose more "sheafs of wheat" than you (are able) to extort from them in "ears of wheat;" you who see to it that you are paid for creating obstacles (in the first place) so that

later you can be paid for removing some of them; you who are the living examples of egoism in its worst sense, parasitic growths (which live off) distorted policies, get your corrosive ink ready for the criticism (of me you will inevitably write); to you alone will I not appeal, for the aim of this book is to get rid of you, or rather your unjust claims. It is no use being in favor of conciliation; there are two principles that can never be reconciled: freedom and coercion.

If the laws of Providence are harmonious, it is (only) when they act freely, otherwise they would not be harmonious in themselves. Therefore, when we note a lack of harmony in the world it can only be the result of a lack of freedom or an absence of justice. Oppressors, plunderers, those who hold justice in contempt, you can never be part of universal harmony since you are the people who are upsetting it.

Is this to say that the effect of this book might be to weaken the government, to undermine its stability, or reduce its authority? The goal in my sight is quite the contrary. But let us understand each other fully.

Political science consists in perceiving what ought to be and what ought not to be included in the powers of the state, and setting out on this major journey, you should not lose sight of the fact that the state always acts by means of the use of force. It imposes on us at the same time both the services it provides and the services it makes us pay in return in the form of taxes.

The question can be summed up thus: What things have men the right to impose on one another *by force*? Well, I know of just one that comes into this category, and that is *justice*. I have no right to *force* anyone to be religious, charitable, educated, or hardworking, but I do have the right to *force* him to be *just*. This is the case of legitimate self-defense.

Well, in a group of individuals, no right can exist that does not previously exist in those individuals themselves. If, therefore, the use of individual force is justified only by legitimate self-defense, you have only to acknowledge that government action always manifests itself through the use of force to conclude that it is essentially limited to ensuring order, security, and justice.

Any government action outside this limit is an infringement of (the individual's) conscience, mind, and labor, in a word, human freedom.

> This having been said, we must unceasingly and ruthlessly devote ourselves to the task of separating the entire domain of private activity from encroachment by (government) power. This is the only condition under which we will (succeed in) winning our freedom or the free play of the harmonious laws that God has put into place for the development and progress of the human race.
>
> Will the government be weakened by this? Will it lose stability because it has lost some of its scope? Will it have less authority because it has fewer functions? Will it be less respected because there are fewer complaints made against it? Will it be more of a plaything of factions when these huge budgets and this much coveted (sought after) influence, (both) of which are the bait (which attracts) factions, have been reduced? Will it face greater danger when it has fewer responsibilities?
>
> On the contrary, it appears obvious to me that to restrict the coercive power of the state to its sole but essential function, one that is widely agreed upon, benevolent, desired, and accepted by all, is to give it both universal respect and co-operation. If this happened, I do not see how there could be systematic opposition, parliamentary conflict, riots in the streets, revolutions, crises, factions, political delusions, ubiquitous claims to govern in a myriad of ways, theories that are as dangerous as they are absurd, teaching the masses to expect everything from the government, this (practice of) diplomacy by compromise, these wars which are always on the horizon, or this armed peace which is almost as disastrous, these crushing taxes, (which are) impossible to allocate equitably, this dedicated and unnatural interference of policy in everything, those huge and artificial displacements of capital and labor, giving rise to unnecessary friction, fluctuation, crises, and other damage. All these and a thousand or more causes of unrest, irritation, disaffection, envy, and disorder, would no longer have any reason to exist, and the holders of power, instead of undermining it, would contribute to achieving universal harmony. This harmony does not exclude harm but allows it the increasingly limited place taken by ignorance and the perversity of our weak nature, which its mission is to counter and punish.

State functionaries and competition

[EH2 17 “Private and Pubic Services” pp. 693–94]

> We have tried to find out the true role of competition in the development of wealth. We have seen that it consisted in causing the benefits to be quickly passed on by the producers, to make progress work for the benefit of the community, and to constantly expand the domain of gratuitousness, and consequently, that of equality.
>
> But when private services become public they escape competition, and this beautiful harmony is suspended. Indeed, state functionaries are deprived of this incentive, which spurs progress on, and how will progress be turned to common advantage if it does not even exist? Functionaries do not act under the spur of (self)interest, but under the influence of the law. The law tells them: "You will render a service fixed in advance to the general public and will receive from it this other service (also) fixed in advance." A little more or a little less zeal will change nothing of these two fixed amounts. On the contrary, private interest breathes into the free worker's ears these words: "The more you do for others, the more others will do for you." Here reward depends entirely on the intensity of the effort made, or how well thought out it was. Doubtless team spirit, a desire for advancement, or devotion to duty may be strong incentives for the state functionary. But they can never replace the irresistible incentive of personal self-interest. Experience has confirmed this reasoning in this respect. Everything that has moved into the domain of government bureaucratism is virtually stationary; it is doubtful whether teaching is better now than in the time of Francis I, and I do not think that anyone would dream of comparing the activity in ministerial offices with that in a factory.
>
> Therefore, as private services enter the class of public services, they are afflicted, at least to a certain extent, with immobility and sterility, not to the disadvantage of those providing them (their salaries never change) but to the detriment of the entire community.

Legal Plunder

[EH2 17 "Private and Public Services," pp. 704–708]

> Thus, it is not because there are (too) few laws and (state) functionaries, in other words (too) few public services, that revolutions are to be feared. On the contrary, it is because there are a great many laws, a great many functionaries, and a great many public services. For, by their very nature, public services, the law that governs them, and the force that ensures that they prevail, are never neutral. They can and ought to be extended without

danger and even with some benefit, as far as is necessary to ensure strict justice for all. Beyond this, they are just so many tools of legal oppression and plunder, (which are so many) causes of disorder and catalysts of revolution.

Shall I mention the pernicious immorality that filters through all the veins of the social body when, in theory, the law is at the service of every plunderous impulse? Attend a session at the National Assembly when questions relating to subsidies, incentives, favors, and restrictions are being discussed. See with what shameless rapacity each one seeks to ensure for himself a share of the theft that he would undoubtedly blush at committing personally. This individual would consider himself a bandit if he stopped me at pistol point from completing at the bordersome transaction in line with my interests, but he has absolutely no scruples in soliciting and voting for a law that substitutes the power of the state for his own and subjects me, at my expense, to this unjust prohibition (of trade). From this point of view, what a sorry picture France is now offering of itself! Every class is suffering, and instead of demanding the destruction of all forms of legal plunder for all time, each person is turning to the law and saying to it: "You who can do everything, you who have the power of the state at your disposal, you who convert harm into good, I beg you, plunder the other classes for my benefit. Force them to come to me for their purchases, or else pay me subsidies, or else give me free education, or else provide me with interest-free loans, and so on and so forth." This is how the law becomes a major school for corruption, and if anything ought to surprise us it is that the inclination to individual theft does not become more widespread when the moral sense of nations is perverted in this way by their very legislation.

What is most deplorable is that plunder, when it is carried out in this way with the help of the law, without any individual scruple standing in its way, ends up by become a detailed and learned theory with its teachers, journals, doctors of philosophy, legislators, sophisms, and subtleties of argument. Among the standard verbal chicanery used in its support, we ought to highlight this one: All other things being equal, an increase in *demand* is good for those who have a service to offer, since this new relationship between a stronger demand and a static supply is what increases the *value*of the service. From this the following conclusion is drawn: Plunder is advantageous for everybody: the plundering class that it enriches directly and the plundered classes that it enriches by 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 *demanding* (an even greater share of) the *services* of the plundered classes. Well, with regard to any kind of service, an increase in demand is an increase in value. Thus the classes that have been (legally) robbed are only too happy to be so, since the result of the theft contributes to providing work for them.

As long as the law limits itself to plundering the majority for the benefit of the minority, this chicanery has seemed to be very plausible and has always been invoked with success. "Let us hand over to the wealthy the taxes levied on the poor," it was said, "In this way we will increase the capital of the wealthy. The wealthy are given to luxury and luxury goods provides work for the poor." And everyone, including the poor, is ready to find the procedure infallible. Because I endeavored to point out its error, I was and still am considered to be an enemy of the working classes.

But following the February Revolution the poor had a say when the law was being drafted. Did they request that it should stop being a plunderer? Not at all; the sophism of the ricochet effect was too deeply rooted in their minds. What did they ask for, then? That the law, now that it had become impartial, should agree to plunder the wealthy classes in their turn. They demanded free education, free loans of capital, retirement funds established by the state, progressive taxation etc. etc. .... The wealthy began to howl: "How scandalous! All is lost! A new horde 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 minds. They continue to use the argument of the ricochet effect as a pretext.

However, it might be pointed out to them that if, instead of carrying out plunder using the law as an intermediary, they exercised it directly, their sophism would vanish: "If on your individual authority you took from the pockets of a workman one franc to help to pay for your admission to the theatre, would you be in any position to say to this workman: 'My friend, this franc will be put into circulation and will give work to you and your brethren."? And would the workman not be entitled to reply: "This franc would circulate even if you did not steal it from me. It would go to the baker instead of the stagehand; it would provide me with bread instead of entertainment for you."

> What is more, it should be noted that the sophism of the ricochet effect might also be invoked by the poor. They might say to the wealthy: "Let the law help us to rob you. We will consume more woolen cloth, and that will benefit your factories. We will consume more meat, and that will benefit your land. We will consume more sugar, and that will benefit your shipping."
>
> How unfortunate, how very, very unfortunate is the nation in which the question is put in this way, in which nobody dreams of making the law the rule of justice, in which each person seeks only a tool in order to steal for his own advantage and in which all the intellectual effort is devoted to finding excuses (for plunder in its distant and round about effects).

Disturbing Factors and Displacement

Coercion by the state causes disruption, disturbance, and displacement; opportunity costs; EH1 4 "Exchange", pp. 180–82

> 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.
>
> 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.

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Hart, "Literature IN Economics, and Economics AS Literature I: Bastiat's use of Literature in Defense of Free Markets and his Rhetoric of Economic Liberty" (April, 2015). http://davidmhart.com/liberty/Papers/Bastiat/FrenchLiterature/DMH_BastiatFrenchLiterature.html

David M. Hart, "Bastiat on Economic Harmony and Disharmony" (Jan. 2020).

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- "Bastiat's Anti-Socialist Pamphlets," in Appendix 1 in CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8727.
- "Bastiat the Revolutionary Journalist and Politician," in the *Introduction* to CW3, pp. lxviii-lxxiii. https://oll.libertyfund.org/titles/2731#lf1573-03_head_041.
- "What was the Cause of Bastiat's Death?," in Appendix 1 CW4 (forthcoming).
- "Self-Ownership and the Right to Property," in Appendix 1 (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#selfownership>`.

- "Victimless Crimes," in Appendix 1 (CW5) https://oll.libertyfund.org/pages/cw5-appendix#victimless.
- "Standing Armies, Militias, and the Utopia of Peace," in Appendix 1 (CW3, pp. 464–70). https://oll.libertyfund.org/titles/2731#lf1573-03_head_233.
- "Bastiat's Rhetoric of Liberty: Satire and the 'Sting of Ridicule'," in the *Introduction* to CW3, pp. lviii-lxiv. https://oll.libertyfund.org/titles/2731#lf1573-03_head_038.
- "Bastiat on Enlightening the 'Dupes' about the Nature of Plunder," in the *Introduction* to CW3, pp. lv-lviii. https://oll.libertyfund.org/titles/2731#lf1573-03_head_037
- "Theory of Plunder," in Appendix 1 CW5 (forthcoming)
- "Rule by Functionaries," in Appendix 1 CW5 (forthcoming).
- All Forms of Liberty," in Appendix 1 CW5 (forthcoming).
- "The Sophism Bastiat Never Wrote: The Sophism of the Ricochet Effect" (CW3, pp. 457–61) https://oll.libertyfund.org/titles/2731#lf1573-03_head_231.
- "The Double Incidence of Loss" in *Further Aspects of Bastiat's Thought*, in CW3, pp. 456–57 https://oll.libertyfund.org/titles/2731#lf1573-03_head_230.
- "Ceteris Paribus" (CW4) https://oll.libertyfund.org/pages/cw4#chapter-7-8786.
- "Harmony and Disharmony," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8891.
- "Disturbing and Restorative Factors," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8840.
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- "The 'Apparatus' or Structure of Exchange," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8764.
- "Human Action" (CW4) `<https://oll.libertyfund.org/pages/cw4#chapter-7-9011>`.
- "Bastiat's Invention of 'Crusoe Economics'" (CW3, pp. lxiv-lxvii). https://oll.libertyfund.org/titles/2731#lf1573-03_head_039.
- "Mechanics and Organizers" in Appendix, in CW5 (forthcoming).
- "Theory of Plunder" (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#theoryplunder>.`
- "Rule by Functionaries" (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#functionaries>.`

- "On Malthus and Malthusian Limits to the Growth of the State" (CW3, pp. 461–64). https://oll.libertyfund.org/titles/2731#lf1573-03_head_232.

Hart, my unpublished paper "'I, Pencil': An Intellectual History" (January, 2017).

Gertrude Himmelfarb, *Lord Action: A Study in Conscience and Politics* ((University of Chicago Press, 1962).

Jörg Guido Hülsmann, "Bastiat's Legacy in Economics," *Quarterly Journal of Austrian Economics*, 4, no. 4 (Winter 2000) pp. 55–70.

Anthony de Jasay, "The Seen and the Unseen" (*Econlib* , December 2004 and January 2005). http://www.econlib.org/library/Columns/y2004/Jasayunseen.html.

Anthony de Jasay,, "Thirty-five Hours" (*Econlib*, Jul 15, 2002) http://www.econlib.org/library/Columns/Jasaywork.html.

Jasay, "Two Cheers For Fiscal Austerity: Part I." *Econlib*, Aug. 02, 2010 http://www.econlib.org/library/Columns/y2010/Jasayausterity.html.

Michael C. Munger, "Did Bastiat Anticipate Public Choice?" in *Liberty Matters: Robert Leroux, "Bastiat and Political Economy"* (July 1, 2013) http://oll.libertyfund.org/pages/bastiat-and-political-economy#conversation3.

Murray N. Rothbard, *Classical Economics: An Austrian Perspective on the History of Economic Thought* (Auburn, Alabama: Ludwig von Mises Institute, 2006).

Joseph A. Schumpeter, *History of Economic Analysis*. Edited from Manuscript by Elizabeth Boody Schumpeter (New York: Oxford University Press, 1974). 1st ed. 1954).

Mark Thornton, "Frederic Bastiat as an Austrian Economist", *Journal des Economistes et des Etudes Humaines*, Volume 11, numéro 2/3, Juin/Septembre 2001, pp. 387–398.

Footnotes:

1. Vol. 1: *The Man and the Statesman. The Correspondence and Articles on Politics* (March 2011) https://oll.libertyfund.org/titles/2393; Vol. 2: *"The Law," "The State," and Other Political Writings, 1843–1850* (June 2012) https://oll.libertyfund.org/titles/2450; and Vol. 3: *Economic Sophisms and "What is Seen and What is Not Seen"* (March, 2017) https://oll.libertyfund.org/titles/2731. ↩

2. Vol. 4: *Miscellaneous Works on Economics* (forthcoming) - final draft version (Sept. 2018) https://oll.libertyfund.org/pages/cw4; Vol. 5: *Economic Harmonies* (forthcoming) - final draft version (April, 2019) https://oll.libertyfund.org/pages/cw5. ↩

3. Bastiat was working furiously over the summer of 1849 in the seclusion of a hunting lodge in a forest on the outskirts of Paris putting together the first volume of *Economic Harmonies*. He had this ready for publication by the end of the year and it appeared in January 1850. He had plans to write a second volume which he was not able to complete before his death on 24 December 1850. His friends Prosper Paillottet and Roger de Fontenay assembled the second volume from Bastiat's papers and published an enlarged, second edition in July 1851. ↩

4. Rothbard discusses Bastiat's followers in the U.S. in "Bastiat and laissez-faire in America," *Classical Economics: An Austrian Perspective on the History of Economic Thought* (Auburn, Alabama: Ludwig von Mises Institute, 2006). Vol. 2, pp. 466–70. ↩

5. The first part of *Economic Harmonies* published in Bastiat's lifetime contained only the first 10 chapters and appeared in Jan. 1850: *Harmonies économiques par M. Fr. Bastiat, Membre correspondant de l'Institut, Représentant du Peuple à l'Assemblée Législative* (Paris: Guillaumin, 1850). ↩

6. The second, enlarged edition of the *Economic Harmonies* was published posthumously by "les Amis de Bastiat" (the friends of Bastiat), or Prosper Paillottet and Roger de Fontenay, who added an additional 15 chapters which they had reconstructed from Bastiat's notes and drafts. See, *Harmonies économiques. 2me Édition augmentées des manuscrits laissés par l'auteur. Publiée par la Société des amis de Bastiat* (Paris: Guillaumin, 1851). ↩

7. See my "Reader's Guide to the Works of Frédéric Bastiat (1801–1850)" http://oll.libertyfund.org/pages/fb-readersguide in the section called "The Unfinished Treatises: The Social and Economic Harmonies and The History of Plunder (1850–51)." Volume one would be a general theory of how human society functions, called *Social Harmonies*; Volume two would be his economic theory, called *Economic Harmonies*; and Volume three would deal with disrupting factors or "disharmonies", perhaps called *The History and Theory of Plunder*. ↩

8. A near final draft of which can be found online: https://oll.libertyfund.org/pages/cw5. ↩

9. David M. Hart, "Reassessing Bastiat's *Economic Harmonies* after 160 Years" (May 2019). The Participants were Donald J. Boudreaux, Guido Hülsmann, and Joseph T. Salerno. https://oll.libertyfund.org/pages/lm-harmonies. ↩

10. David M. Hart, "Bastiat on Economic Harmony and Disharmony" (Jan. 2020). ↩

11. See, David M. Hart, "The Paris School of Liberal Political Economy" in *The Cambridge History of French Thought,* ed. Michael Moriarty and Jeremy Jennings (Cambridge University Press, 2019), pp. 301–12. A such longer version of this chapter is available online: "The Paris School of Liberal Political Economy, 1803–1853" (2018) <davidmhart.com/liberty/Papers/ParisSchool/index.html>. ↩

12. I made this argument in an early Liberty Matters discussion about Bastiat: David M. Hart, "What Might Bastiat Have Achieved If He Had Lived as Long as Karl Marx?" [Posted: July 26, 2013] in the Liberty Matters discussion headed by Robert Leroux, "Bastiat and Political Economy" (July 1, 2013) https://oll.libertyfund.org/pages/bastiat-and-political-economy#conversation17. ↩

13. Bastiat's volume might rank alongside Lord Acton's much anticipated *History of Liberty* as one of the most important classical liberal books never written. See Gertrude Himmelfarb, *Lord Action: A Study in Conscience and Politics* ((University of Chicago Press, 1962), pp.221–22, where she sates that "The History of Liberty that was to have been his monument as an historian was never constructed. Only fragments of it can be pieced together from essays and lectures posthumously published and from notes bequeathed to future historians." ↩

14. There were many inadequacies in previous translations of Bastiat's *Economic Harmonies*. The Stirling translation appeared in several parts and it would take 30 years before the entire enlarged second edition appeared in English. The FEE edition done in the 1960s was good but the translator missed some of the very specific terminology Bastiat had developed over the previous several years. He missed for example, the whole notion of "the ricochet effect," his theory of "displacement", and the very Austrian nature of his ideas about human action. ↩

15. See my Introduction and Notes to the revised translation of Bastiat's *The State*, *Online Library of Liberty* (June 2018). http://oll.libertyfund.org/pages/state-lf and Introduction and Notes to the revised translation of Bastiat's *The Law*, *Online Library of Liberty* (Feb. 2018). http://oll.libertyfund.org/pages/bastiat-the-law-revised-lf-edition. ↩

16. These can be found in the Bibliography. ↩

17. Frédéric Bastiat, *Economic Sophisms,* trans. Arthur Goddard, introduction by Henry Hazlitt (Irvington-on-Hudson: Foundation for Economic Education, 1996). http://oll.libertyfund.org/titles/276; *Selected Essays on Political Economy*, translated from the French by Seymour Cain. Edited by George B. de Huszar (Irvington-on-Hudson, New York: The Foundation for Economic Education, 1968) (1st edition D. Van Nostrand Company, Inc. 1964. Copyright William Volker Fund). http://oll.libertyfund.org/titles/956, "What Is Seen and What Is Not Seen" in *Selected Essays on Political Economy* (above). Online at http://oll.libertyfund.org/title/956/35425, and *Economic Harmonies,* trans by W. Hayden Boyers, ed. George B. de Huszar, introduction by Dean Russell (Irvington-on-Hudson: Foundation for Economic Education, 1996). http://oll.libertyfund.org/titles/79. ↩

18. Schumpeter said that Bastiat was less than a theorist since he was "no theorist at all" but grudgingly seemed to acknowledge his reputation as the most brilliant economic journalist who ever lived. See, Joseph A. Schumpeter, *History of Economic Analysis*. Edited from Manuscript by Elizabeth Boody Schumpeter (New York: Oxford University Press, 1974). 1st ed. 1954), p. 500–1. ↩

19. I compiled a budget for the years 1848–49 of government revenue and expenditure in order to check FB's claims in his journalism. He was spot on each time. See "French Government's Budgets for Fiscal Years 1848 and 1849," in *Appendix 4*, in CW3, pp. 509–

16. https://oll.libertyfund.org/titles/2731#lf1573-03_label_1118. ↩

20. See, "Bastiat's Anti-Socialist Pamphlets," in Appendix 1 in CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8727. ↩

21. : See, "Bastiat the Revolutionary Journalist and Politician," in the *Introduction* to CW3, pp. lxviii-lxxiii. https://oll.libertyfund.org/titles/2731#lf1573-03_head_041. ↩

22. : See "What was the Cause of Bastiat's Death?," in Appendix 1 CW4 (forthcoming). ↩

23. See, David M. Hart, "Bastiat: the 'Unseen' Radical". The Henry Hazlitt Memorial Lecture, Austrian Economics Research Conference, Mises Institute, Auburn AL (March 2017). <davidmhart.com/liberty/Papers/Bastiat/UnseenRadical/index.html>. ↩

24. "Self-Ownership and the Right to Property," in Appendix 1 (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#selfownership>`. ↩

25. "Victimless Crimes," in Appendix 1 (CW5) https://oll.libertyfund.org/pages/cw5-appendix#victimless. ↩

26. "Standing Armies, Militias, and the Utopia of Peace," in Appendix 1 (CW3, pp. 464–70). https://oll.libertyfund.org/titles/2731#lf1573-03_head_233. ↩

27. Bastiat clearly stated his opposition to colonialism in an electoral manifesto he wrote in 1846: "the colonial system is the most disastrous illusion ever to have led nations astray." See "To the Electors of Saint-Sever, 1846" (CW1, pp. 363–65). On his opposition to war see his speech at the large international Friends of Peace Conference held in Paris in August 1849, "Disarmament and Taxes" (August 1849), in CW3, pp. 526–32. ↩

28. See, "Bastiat's Rhetoric of Liberty: Satire and the 'Sting of Ridicule'," in the *Introduction* to CW3, pp. lviii-lxiv. https://oll.libertyfund.org/titles/2731#lf1573-03_head_038. ↩

29. See, "Standing Armies, Militias, and the Utopia of Peace" in *Further Aspects of Bastiat's Thought*, in CW3, pp. 464–70. https://oll.libertyfund.org/titles/2731#lf1573-03_head_233. ↩

30. See, "Bastiat on Enlightening the 'Dupes' about the Nature of Plunder," in the *Introduction* to CW3, pp. lv-lviii. https://oll.libertyfund.org/titles/2731#lf1573-03_head_037; "Theory of Plunder," in Appendix 1 CW5 (forthcoming); and "Rule by Functionaries," in Appendix 1 CW5 (forthcoming). ↩

31. See, "All Forms of Liberty," in Appendix 1 CW5 (forthcoming).] ↩

32. David M. Hart, "Reassessing Frédéric Bastiat as an Economic Theorist." A paper presented to the Free Market Institute, Texas Tech University, Lubbock, TX, October 2, 2015. <davidmhart.com/liberty/Papers/Bastiat/EconomicTheorist/DMH_Bastiat-EconomicTheorist21Sept2015.html>. ↩

33. David M. Hart, "Reassessing Bastiat's *Economic Harmonies* after 160 Years" *Liberty Matters* (May 2019) https://oll.libertyfund.org/pages/lm-harmonies. ↩

34. "The Sophism Bastiat Never Wrote: The Sophism of the Ricochet Effect" (CW3, pp. 457–61) https://oll.libertyfund.org/titles/2731#lf1573-03_head_231. ↩

35. "The Double Incidence of Loss" in *Further Aspects of Bastiat's Thought*, in CW3, pp. 456–57 https://oll.libertyfund.org/titles/2731#lf1573-03_head_230. ↩

36. Bastiat and Read where not the first. See my unpublished paper "'I, Pencil': An Intellectual History" (January, 2017). ↩

37. Jasay wrote a two part article called "The Seen and the Unseen" which appeared on the *Econlib* website in December 2004 and January 2005 where he applies Bastiat's idea and borrows the name for his own title. See http://www.econlib.org/library/Columns/y2004/Jasayunseen.html. He makes explicit reference to the greatness of Bastiat as an economist in the second article he wrote for Econlib, "Thirty-five Hours" (Jul 15, 2002) http://www.econlib.org/library/Columns/Jasaywork.html and credits him for inventing the idea of "opportunity cost": "he anticipated the concept of opportunity cost and was, to my knowledge, the first economist ever to use and explain it." ↩

38. "Ceteris Paribus" (CW4) https://oll.libertyfund.org/pages/cw4#chapter-7-8786. ↩

39. See, See "Harmony and Disharmony," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8891. ↩

40. See, See "Disturbing and Restorative Factors," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8840. ↩

41. Jasay has argued that Bastiat's notion of negative factor productivity in "The Negative Railway" (c. 1845) was an innovation ahead of its time. See, Jasay, "Two Cheers For Fiscal Austerity: Part I." *Econlib*, Aug. 02, 2010 http://www.econlib.org/library/Columns/y2010/Jasayausterity.html, and Bastiat, "Un chemin de fer négatif" (A Negative Railway] [n.d.][ES1] [OC4.1.17, pp. 93–94][CW3] http://oll.libertyfund.org/titles/276#lf0182_head_041. ↩

42. See "Service for Service," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-9068. ↩

43. See "The 'Apparatus' or Structure of Exchange," in Appendix 1 CW4 (forthcoming). https://oll.libertyfund.org/pages/cw4#chapter-7-8764. ↩

44. Peter Boettke and Liya Palagashvili, "Henry Hazlitt as an Intellectual Middleman or "Orthodox Economics," *History of Political Economy* (2013) 45 (annual supplement),pp. 137–65. **page number**?? ↩

45. See my discussion on "How Austrian was Bastiat?" in my paper "Seeing the 'Unseen' Bastiat: the changing Optics of Bastiat Studies. Or, what the Liberty Fund's Translation Project is teaching us about Bastiat." (NYU, 2014); and also Mark Thornton, "Frederic Bastiat as an Austrian Economist", *Journal des Economistes et des Etudes Humaines*, Volume 11, numéro 2/3, Juin/Septembre 2001, pp. 387–398; Jörg Guido Hülsmann, "Bastiat's Legacy in Economics," *Quarterly Journal of Austrian Economics*, 4, no. 4 (Winter 2000) pp. 55–70; Thomas J. DiLorenzo, "Frédéric Bastiat: Between the French and Marginalist Revolutions," in *15 Great Austrian Economists. Edited and with and Introduction by Randall G. Holcombe* (Auburn Alabama: Ludwig von Mises Institute, 1999), pp. 59–69, and the collection of articles in Garello et al., *Journal des Économistes et des Études*

Humaines, vol. 11, no. 2/3 (June 2001). Editor-in-Chief: Garello, 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. ↩

46. "Human Action" (CW4) `<https://oll.libertyfund.org/pages/cw4#chapter-7-9011>`. ↩

47. "Bastiat's Invention of 'Crusoe Economics'" (CW3, pp. lxiv-lxvii). https://oll.libertyfund.org/titles/2731#lf1573-03_head_039. ↩

48. "Mechanics and Organizers" in Appendix, in CW5 (forthcoming). ↩

49. ES1 18 "There Are No Absolute Principles" (c. 1845), in CW3, pp. 83–85. https://oll.libertyfund.org/titles/2731#Bastiat_1573-03_837. ↩

50. See Michael C. Munger, "Did Bastiat Anticipate Public Choice?" in *Liberty Matters: Robert Leroux, "Bastiat and Political Economy"* (July 1, 2013) http://oll.libertyfund.org/pages/bastiat-and-political-economy#conversation3. ↩

51. "Theory of Plunder" (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#theoryplunder>.` ↩

52. "Rule by Functionaries" (CW5) `<https://oll.libertyfund.org/pages/cw5-appendix#functionaries>.` ↩

53. "On Malthus and Malthusian Limits to the Growth of the State" (CW3, pp. 461–64). https://oll.libertyfund.org/titles/2731#lf1573-03_head_232. ↩

54. Leonard Read, "I, Pencil: My Family Tree as Told to Leonard E. Read," *The Freeman* (December 1958). On the FEE website it is described as an economic "parable." http://fee.org/library/detail/i-pencil-audio-pdf-and-html. See also Leonard E. Read, *I Pencil: My Family Tree as told to Leonard E. Reed* (Irvington-on-Hudson, New York: Foundation for Economic Education, Inc., 1999). http://oll.libertyfund.org/titles/112. ↩

55. Both are in Chap. 1: Natural and Artificial Social Order in *Economic Harmonies*. In the FEE edition, pp. 3–4 (cabinet maker) and pp. 5–6 (student in Paris): *Economic Harmonies,* trans by W. Hayden Boyers, ed. George B. de Huszar, introduction by Dean Russell (Irvington-on-Hudson: Foundation for Economic Education, 1996). http://oll.libertyfund.org/titles/79#Bastiat_0187_150. ↩