CLASSICS
REVISITED

The Essential
FRÉDÉRIC BASTIAT

COMPILED & EDITED BY

SAUVIK CHAKRAVERTI

LIBERTY INSTITUTE

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EDITOR'S NOTE

I have been studying Economics from 1974 – and I first got to hear of Frederic Bastiat in 1995: says a lot about professional professors of Economics. What is even worse is that I first heard of Bastiat from a dentist: Dr. Ajay Kakkar, and the occasion was the second workshop on liberty conducted by Liberty Institute in Devlali, Maharashtra. Ajay was an active and vocal participant and at the end of the seminar I approached him to exchange pleasantries. On hearing of his occupation, I naturally asked the man as to what he had read that made him such a staunch advocate of liberty. His answer – Frederic Bastiat – left me cold; I had never heard this name before.

At the seminar Barun gave me a slim volume – Bastiat's *The Law*. It exploded thousands of lightbulbs in my head as terms such as "legal plunder" and "false philanthropy" took over my thoughts. When Barun published *The Law* later, I was proud to write a foreword.

After reading *The Law*, I proceeded to get hold of Bastiat's works. Barun Mitra procured them for me: the three fat volumes published by the Foundation for Economic Education in the USA. Upon going through the three volumes, I came to a momentous conclusion: that economic journalism mattered. It was an economic journalist that had set on fire the mind of a dentist. Convincing the masses of liberty, free trade and individual rights will require high-power economic journalism– something that Bastiat pioneered. It was the inspiration Bastiat provided that made me decide to take up economic journalism as a career.

In the late 1990s, I decided upon compiling a short "essential" Bastiat. The project first involved getting all his works in electronic form, selecting the best writings that expressed both the passion and the clarity of this great friend of liberty, and then editing them. Barun Mitra provided great encouragement to the idea from its inception, and even obtained Bastiat's works for me in electronic form. The project proceeded slowly, for I had a regular job writing editorials for *The Economic Times* in Delhi, and was also busy with another book.

In 2002, the International Policy Network of London announced that they were setting up an annual Frederic Bastiat prize for journalism – and I was lucky enough to be the first winner. Baroness Margaret Thatcher presented me with the award, and I realized that Bastiat was gaining in both prestige as well as popularity, and that it was high time I readied the volume I had embarked upon several years ago. It took another two years to get this volume ready. Once again, Barun Mitra provided great encouragement.

One reason why Bastiat remains outside Economics classrooms is that university professors do not accord much academic credit to the writings of a man they consider a mere journalist and pamphleteer. I, on the other hand, believe that the freedom we Indians aspire for today requires more and more such journalists and pamphleteers, who can write simply, teasing the intellect, and exposing the dangerous fallacies in the arguments of statists, socialists and protectionists. Every journalist should read this book. After all, the professors of freedom have won their battles; it remains for journalists now to sell the idea of freedom amongst the people: to echo these simple ideas of natural liberty amongst our long suffering populace.

Peter, Lord Bauer, the great dissenting development economist, was once asked why his ideas advocating natural liberty for the poor people of the Third World did not succeed. His answer:

"They were not echoed in the mainstream press." The great task before Indian journalists and especially columnists, is to serve as "echoes" to both Bastiat as well as Bauer.

However, I do believe that every citizen concerned with citizenship will enjoy this book. Bastiat had an unusual talent with words, with simple explanations, and the use of parables to get his points across. He wrote for the citizenry – especially the youth. He did not really direct his writings at academia. For this reason, his works can be thoroughly enjoyed by the layman.

Man survives best by engaging in economic activity – buying and selling. Thus, to be ignorant of the principles of political economy is suicidal for Man – because he can be easily duped into supporting the mad ideas of demagogues, megalomaniacs and the like: like 5–Year Plans. We as a nation have been woefully ignorant for far too long. Mercifully, ignorance is a curable disease. Towards that end, I have compiled these simple and entertaining essays of one of the greatest classical liberals that ever lived, whose memory should never die. I hope the reader will not only be enlightened, but also find delight in the reading.

Just as this volume was being sent to print, Barun sent me a newly found essay by Bastiat, a personal manifesto written to the electors of the district of Saint-Sever, in 1846, when Bastiat stood for elections. It has just been made available to the public and we are happy and proud to include this manifesto in the collection. This essay should be read by every voter, who should then use it to educate every aspiring 'representative of the people'. It is the work of a true parliamentarian, who understood how democracy could run amok. In India's socialist democracy, with a centralized, powerful but dysfunctional state – a nuclear power to boot – this is an essay that can have an enormous impact on the ideas that voters and aspiring representatives must have of the democratic process. I hope this essay leads to the complete elimination of the 'democracy of spoils', which is what the government has become

in India, thanks to 60 years of socialism. What Bastait writes of the conservatives and the opposition in his time could well apply to India with the Congress as the conservatives and the opposition as the BJP and the communists.

I must thank Detmar Doering for contributing an essay on Bastiat's life and times. He says that the socialists of Bastiat's time, when in power, set up 'national workshops' in order to give workers the 'right to work'. This is the exact situation in India, where the National Rural Employment Guarantee Scheme has been voted over 15,000 crore rupees in the last budget.

Detmar says that in Bastiat's days the socialists used the 'national workshops' not to employ the masses but in order to recruit hoodlums on city streets who would silence opposition. In India, where most of politics is hoodlumism, this little bit of history that Detmar has obtained for us must serve as an eye-opener. The NREGP is proven bad economics combined with highly possible ugly goondaism. We need parliamentarians imbued with Bastiat's ideas on their role in society to effect immediate, necessary changes to our malfunctioning, democratic government.

Thank you, Barun and Detmar, for making this first ever Bastiat reader possible. Thanks also to Jacques de Guenin who sent us Bastiat's "profession of faith" as an aspiring parliamentarian. This singular piece has been recently unearthed and we are proud to carry it herein.

I conclude by wishing everyone who picks up this book a delightful and extremely enlightening read.

In liberty,

SAUVIK CHAKRAVERTI
Canacona, Goa
June, 2007

PUBLISHER'S NOTE

We feel privileged to bring out this volume of Frederic Bastiat's writings. When an author continues to be read over 150 years after his death, it shows how ideas acquire immortality. France has given birth to a lot of strands of political philosophies. But Bastiat had been almost forgotten in his native country. The universal appeal of Bastiat's defence of individual liberty and his simple style of writing has ensured that he remains relevant and contemporary to every generation of mankind.

We would like to acknowledge the Foundation for Economic Education at Irvington-on-Hudson, in New York, USA, for keeping the ideas of Bastiat alive and in print in English. www.fee.org

We would like to acknowledge Liberty Fund, USA, for preserving the online version of complete works of Bastiat in French, and English translation of many of the important texts. www.libertyfund.org

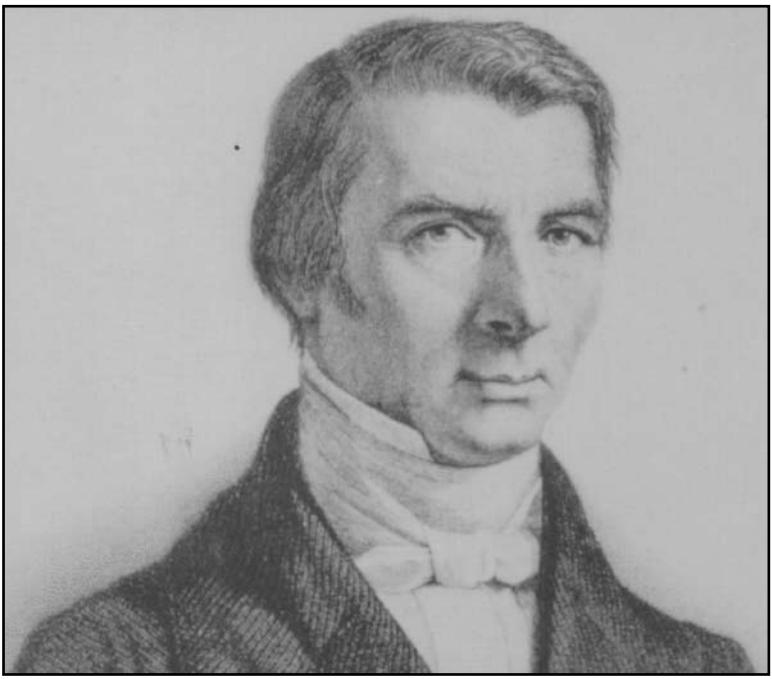
We would also like to express our deep gratitude to Jacques de Guenin, not only for reviving an interest in Bastiat in his homeland, but also contributing a rare essay by Bastiat as legislator, addressing his electors.

Sauvik Chakraverti and Detmar Doering deserve special thanks for making this volume possible, and for the patience and perseverance.

Finally, we would like to acknowledge Friedrich Naumann – Stiftung für die Freiheit for helping to make this volume possible.

Barun S. Mitra
Liberty Institute, New Delhi

September 2007



FRÉDÉRIC BASTIAT
(1801–1850)

ON FRÉDÉRIC BASTIAT

by Detmar Doering[1]

They are full of pride and high expectations. An appointment with the minister! Finally they are admitted, and finally they have the opportunity to make their cause heard. The petition is submitted to the minister. Great injustice and unbearable sufferings have befallen them, they add. The unfair competition of the sun was a burden not only to them, but to the whole people. If government could only decide to compel all citizens to darken their rooms with thick curtains during daytime, the candle-makers would be fine. And not only they! Also the butcher would have to slaughter more animals to produce tallow for candles. This would improve nutrition for everyone. And the producers of beeswax... and, and, and...

No, this absurd scene has never happened. We still don't know whether some real minister would ever give in to the demands of those candlesmakers. There may be some vague hope – or perhaps not – that politicians won't go that far. However, one never can be sure...

The candle-makers and their petition were the literary invention of Frédéric Bastiat, who publicised them in a little satire in his "Sophismes économiques" (1846). Even today this satire belongs to the standard equipment of rhetoric for all those who argue against protectionism of all sorts. What Bastiat presented in a very exaggerated and pointed way, in a more modest disguise is

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1. Detmar Doering, b. 1957, Dr. phil., Director of the Liberal Institute of the Friedrich-Naumann-Stiftung in Potsdam. Member of the Mont Pelerin Society. Author of many articles and books, among them: *Denker der Freiheit: Frédéric Bastiat, St. Augstin 1997*

the every-day problem of all economic policy. Even the meanest selfish interest will be concealed as a contribution to the "general welfare" in the political debate – even if it causes more damage than benefit.

There is no doubt: Frédéric Bastiat was a master of the battle of words and arguments when it came to the defence of free trade and liberalism. Even those critics who did not share his ideas never denied that he was among the economic writers of his age the most witty, amusing and readable. Ludwig von Mises, the great Austrian economist in 1927 wrote in his book "Liberalism", that Bastiat was a "brilliant stylist", whose writings offered "quite genuine pleasure".

His countryman Josef Schumpeter, who in his great (and posthumously published) history of economic ideas of 1954 rather raucously denied that Bastiat was a serious economist at all, admitted that he was "the most brilliant economic journalist who ever lived".

Still today in the "New Palgrave", the most respected economic dictionary in Britain, he is mentioned as "quite simply a genius of wit and satire, frequently described as a combination of Voltaire and Franklin."

The Italian historian of ideas, Guido de Ruggiero, was quite alone, when in his 1930 book "History of Liberalism in Europe" he made the strange remark that, Bastiat was somehow "dull". Offering no reasons for this verdict, one can only guess how he came to that opinion. A look into Bastiat's works will teach everyone the opposite.

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Claude Frédéric Bastiat was born on 29 June 1801 in Bayonne (south-west France). Within 9 years he had become an orphan

and was brought up by his grandfather. He received a solid, but not extravagant school education. At the age of 17 he entered his grandfather's business. By that time Bastiat had dreamt that he rather would have preferred to become a poet. Although this wish never became reality, it may explain the literary qualities of his later work. Business life, however, began to change the direction of his intellectual interests. Bastiat became interested in economics. He read the English classics like Adam Smith and David Ricardo, but also the great French economists like the Physiocrats and Jean-Baptiste Say. With some friends he began a debating club where basic problems of economic freedom and free trade were discussed. In 1825 he inherited a piece of farmland near the village of Mugron which made him financially quite independent. His marriage with Marie Clotilde Hiart, whom he married in 1831, was short-lived. The new financial independence as a landowner gave him the opportunity to engage himself in public life – first as a justice of peace in his region (1831); then as an economic author. At first Bastiat's writings addressed only a regional readership. This changed in 1844. In this year an article appeared in the renowned "Journal des économistes", that made its author famous almost overnight. The title of this article by Bastiat already sets his theme for the future: "De l'influence des tarifs francais et anglais sur l'avenir des deux peuples" (On the Influence of French and English Tariffs for the Future of Both Peoples). Bastiat in this article favourably compares British trade policies, that aim already at free trade, with the more protectionist policies of France. Especially the beneficial effects of the "Anti-Corn Law League", the British free trade movement are put into the focus of attention.

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Manchester – the name of that city soon becomes a political programme. It is this very city, that for the liberals was to embody all hope for general progress and welfare, and to the conservatives became the synonym for all the alleged evils of the Industrial

Revolution. Two entrepreneurs of that city, Richard Cobden and John Bright, in 1840 became the founders of the "Anti-Corn Law League". It was the conservative novelist and politician Benjamin Disraeli who ironically coined the term "Manchester School", when he spoke of the free trade policies of the "league" – a phrase that stuck and until today is effectively used as a battle call with negative connotations against liberalism and free trade. At least in Europe even today free market reformers become guilt-ridden and lose self-confidence somehow when they are confronted with the accusation "Manchesterite". This, of course, works only when ignorance about the history of the "league" is exploited. If one wants to learn why people like Bastiat and others were inspired to such euphoric writings, one has to have a closer look at the achievements of Cobden, Bright and their associates.

The 1840s are known to us through the novels of Charles Dickens. Economic stagnation, urbanisation and rampant pauperism begin to trouble Britain. In addition there was the Great Famine in Ireland 1845–47, which cost hundreds of thousands of lives. In today's popular understanding (better: clichés) of history these phenomena are ascribed to an "excessive economic liberalism". However, only a few contemporaries would have agreed with that verdict. They would have maintained that the main cause of all misery was the artificially high costs of living. These were the product of an agrarian protectionism which served only the interests of the great landowners. Especially the "Corn Laws" kept the price of bread on a high level, something that turned out to be disastrous in times of recession. The economy needed to get some stimulus. It was no mere accident that free trade was high on the political agenda as an engine of social progress. And it was no accident either that the cause of free trade won many supporters among the working class. The problems of the day, in reality, did not grow out of too much, but out of too little economic liberalism. Hence the liberal free trade agenda

was not seen as the cause of misery by the contemporaries, but as the best remedy.

Only an almost systematic re-writing of history could establish the present prejudices about the "Manchester School" as an allegedly heartless ideology in the realm of public opinion.

That this general image is not correct is shown by the fact that the "Anti-Corn Law League" in reality was one of the first genuine political mass organisations. In London's Covent Garden from 1840 on there were weekly (and permanently well-attended) mass rallies held. In Manchester itself a huge Free Trade Hall was built for that purpose; 9 million copies of educational brochures were distributed in the land; in 1842 alone around 1.5 million people signed petitions for free trade. This among other things increased the pressure of public opinion so much, that parliament could not ignore it any longer. In1846 the conservatives (!) under Prime Minister Sir Robert Peel abolished the "Corn Laws".

The achievement can not be underestimated. For the first time in human history hunger was defeated. Since 1847 Europe never again faced a famine in times of peace. The price for food began to sink, productivity was increased. Wealth for all people – not only a small privileged minority – for the first time was not a mere utopia, but a real chance.

Not only does this success demonstrate how far away from truth the present distorted image of the "Manchester School" is. Cobden and Bright were a driving force of the co-operative movement; they engaged themselves for general education; they were activists against imperialism and militarism, they demanded a European peace policy (within which free trade was to play an important role). In short: The "Manchester School" had an highly idealistic agenda.

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The success and the idealism of the British free trade movement soon began to inspire the rest of Europe. In France it was Frédéric Bastiat who took over the political and intellectual leadership of the movement. Already in his article in the "Journal des économistes" his interest in the events in Britain was apparent. In 1845 he travelled to England to get first-hand information. He met his "hero" Cobden, who also became his close friend. Impressed by what he had seen, he published a book the same year under the title "Cobden et la Ligue" (Cobden and the League), where he described the campaign of the "leaguers" and published French translations of their public speeches.

From then on, Bastiat relentlessly did everything in his powers to rouse an enthusiasm for free trade among the people of France in a way the British free traders had done in their country. In 1846 he founded the "Associations pour la liberté de échange" (Associations for Free Trade) – an organisatorial "roof" for the various local free trade associations existent in France, which were now united in their efforts on the national level. For this movement Bastiat published a magazine "Le Libre-Échange" (Free Trade), to which he contributed innumerable articles. He gathered a group of talented writers around the magazine. Among them were the economist Gustave de Molinari (who further developed and radicalised Bastiat's ideas to a fully-fledged anarcho-capitalism, where even the "production of security" – i.e. police and judiciary – were to be privatised), and the historian Augustin Thierry, the publicist Charles Comte and the economist Michel Chevalier. However, it is rather not his reputation as the political and intellectual organiser of the French free trade movement that survived him, but that of an economic writer.

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Political events began to go head over heels when Bastiat started his career as a writer. The Revolution of 1848, which brought

an end to the monarchy of Louis Philippe and established the Second Republic, at the same time promised to be a chance and a danger to the liberal causes Bastiat stood for.

Bastiat had always remained slightly sceptical about the old regime. The reign of Louis Philippe, which was installed after the revolution of 1830, is often seen as the hey-day of "bourgeois" liberalism. This, at best, is a half-truth. The reign's underlying alliance between a reform-oriented monarchy and numerous bourgeois forces did not spring from an insight into market liberal or free trade principles, but was rather a protective association of various vested interests against a republicanism that was seen as too radical and potentially socialist. Accordingly numerous protective interests began to entrench themselves within the legislative machinery – a machinery which in return was seen as almost totally corrupt, and rightly so. A newly-rich bourgeoisie of landowners, that had begun to replace the old aristocratic elites, successfully called for the protection of the agricultural sector. Also the new industries – coal and steel – began to hide behind high tariffs.

The effect of these measures, which were supposed to promote France's economic progress, soon turned out to be disastrous. Agrarian protectionism raised the costs of living for the poor considerably. Industrial protectionism may have helped to increase production in some segments (coal mining tripled and iron production doubled during the reign of Louis Philippe), but the rates of increase clearly fell behind those of England. Furthermore, the high prices of coal and iron started to thwart overall economic growth. Even worse was the fact that all technical modernisation was dramatically slowed down behind the tariff fences. Especially in an area so important for the economic development of the nation, such as railroad construction, France fell not only behind England, but also behind Germany, which was considered much poorer and more politically fragmented at the time.

It was the economic "pseudo-liberalism" of Louis Philippe's monarchy that made Bastiat take up his pen. He was not alone in his anger. In 1848 discontent began to rise in almost all political camps to a degree that revolution was to become inevitable.

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The Revolution of 1848, in which Bastiat once may have set high hopes, very quickly took a decidedly non-liberal turn. In February the "Right to Work" was proclaimed, soon the limitation of working hours to 10 a day. Bastiat still was so optimistic, that he ran as a candidate for the new National Assembly – and was elected in April 1848.

In the Assembly Bastiat saw himself confronted with a vast coalition of anti-liberal interest-groups. George Roche, an American biographer of Bastiat, in 1993 quite rightly remarked, that the only constant factor in Bastiat's voting behaviour was his tendency to vote with the minority.

Unlike the situation in the pre-revolutionary period, Bastait now did not only have to face the protectionism of the old-fashioned aristocratic elites, but also a new political force, which had transformed protectionist interventionism into the parole of the "progressives". Socialism was raising its ugly head. Although Bastiat resisted the call of many conservatives for anti-liberal and repressive measures to be taken against the socialists, he nevertheless saw socialism as the enemy of the future. He had angry debates with the socialist's main representative in the Assembly, Louis Blanc. An exchange of letters between him and Pierre Joseph Proudhon (who claimed that "Property is Theft") was published and aroused a heated public controversy.

Relying on the force of argument, Bastiat could not prevent politics taking the wrong turn. Among the things that

went wrong, was the establishment of state-run "national workshops" to enforce the "right to work". These never really served their purpose, nor were they probably intended to do so. Rather they allowed the socialists to organise support "on the streets" to threaten all dissenting voices with violence.

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Bastiat did not have to see the greatest disgrace. Amidst the political chaos, which was not to the least caused by socialist uprisings, Napoleon's nephew, Louis Napoleon Bonaparte (also known as "Little Napoleon") entered the political arena. The call for a "strong man" got louder. Bastiat foresaw disaster. In the forth-coming presidential elections he supported the candidate who ran against Louis Napoleon, General Cavaignac. In vain: In October 1848 Louis Napoleon was elected with an overwhelming three-fourth majority.

Bastiat's energies as a writer were rather inflamed by the miserable political situation. During this time he began to write his most ambitious work as an economist, the "Harmonies économiques", an all-embracing description of the principles of economics from a liberal point of view. On the whole it is fairly impressive, how productive Bastiat was as a writer. Nearly all of what was published after his death in the seven volume edition of his works, was written by him in that short period between 1844 and 1850.

Louis Napoleon's "coup d'etat" – the grab for dictatorial power in 1851, which finally destroyed all dreams of a liberal outcome of the revolution, came only when Bastiat was no more. In April 1850 a severe tuberculosis shattered all of Bastiat's future plans. In September he travelled to Italy, where the climate was better suited for his ill-health – but was too late! Until the last moments of his life he feverishly worked on the "Harmonies

économiques", that only appeared posthumously. On December 24th he died in Rome.

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Even long after his death, Bastiat's writings on economics were huge best-sellers. Largely forgotten today, Bastiat was perhaps the most famous economist among his contemporaries. His works were translated into many languages.

Mainly his innumerable short satiric pieces, many of which can be found in the "Sophismes économiques", turned out to be true classics. They are the writings one mostly associates with Bastiat's name. Among them we not only find the above-mentioned "Petition of the Candle-makers" (Petition des marchands des chandelles).

Bastiat's predilection for amusing and at the same time vivid example can also be found in his essay "Ce qu'on voit et ce qu'on ne voit pas" (What is seen and what is not seen) of 1850. In this essay Bastiat explained the difference between a good and a bad economist. The bad economist, who mostly is on the interventionist and protectionist side, only sees the "visible" dimension of an economic problem. He does realise how an intervention benefits the interest group it was meant to serve. This effect, Bastiat argues, is always immediately visible. That other people's resources are diminished, will pass unrealised by the bad economist. For instance, the bad economist will think that a stone thrown into a window will provide work for a glazier, but he will forget that this would reduce the further consumption or investment of the window's owner.

The seemingly absurd example is, as Bastiat demonstrates, not that absurd at all. It is exactly the way protectionists argue all the time. Protectionism promotes industries where you can see it, but does destroy the resources of other industries unnoticed. Bastiat

enumerates them all: artist, technicians, scientists, peasants – they all can profit from state power – but always at the expense of others. Thus everything is examined under the motto "What is seen and what is not seen". Later, liberal Nobel laureate Friedrich August von Hayek said that Bastiat could be called a "genius" for this essay alone, because it had delivered "decisive argument for economic freedom". No further comment is necessary.

Still in 1946 American economist Henry Hazlitt took up Bastiat's idea of the "broken window". In his international best-seller "Economics in One Lesson", which has been re-published in new editions ever since, he applies Bastiat's example to modern policies. The result is the same: a little manual on economic fallacies. Thus Bastiat's legacy continues to live on.

The notion that the state does hurt the vital interests of its citizens directly or indirectly is further pursued in his essay "L'état" (The State). After Bastiat has demolished all theories of vindication, that represent the state as the standard-bearer of the "common good", he come up with his own definition: "LÉtat c'est la grande fiction à travers laquelle *tout le monde* s'efforce de vivre aux dépens *de tout le monde*." (The state is a great fiction, where everyone tries to live at the expense of everyone else).

His essay "La Loi" (The Law) should be mentioned, too, because Bastiat here gives a solid basis for his views in terms of a philosophy of law. Only a state that refrains from the "spoliation" of its citizen's property was legitimate. The state's sphere had to be reduced to the task of internal and external security to fulfil the criteria of Bastiat's individualist concept of natural law.

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Bastiat's qualities as a stylist are undisputed. But what's about his qualities as an economist? There is less agreement on this question. To be sure: Bastiat rarely ever was put in the same

category as a pioneer of economic science like, for instance, Adam Smith. One of the reasons for that could be that in the academic world, elegance of style and comprehensibility are often interpreted as a sign of intellectual superficiality. In Bastiat's case this would be a gross injustice, since in his writings (even as a non-academic economist) he was always on the level of the academic discussion of the age. To deny him the status of a genuine economist, as Josef Schumpeter did, is fairly absurd. The verdict of the contemporaries, who quite obviously believed Bastiat to be one of the most important economic thinkers of his age, should be trusted. Bastiat was more than a mere epigon. In his work many sensible specifications and corrections to the prevailing economic doctrines of the English classics can be found. Here it becomes fairly obvious that Bastiat, who in practical politics admired England and her free trade movement, in theoretical economics rather relied on the French classics from the Physiocrats to Say.

There were two arguments for Bastiat that spoke in favour of the French School. Firstly: Most of its authors (especially Say) believed in a subjectivist theory of value. Among the English classics (especially Ricardo) an objective theory of value was predominant – mostly in form of a labour theory of value. The idea that the value of a good could be derived from the labour spent on it, to Bastiat was not only a wrong, but also a dangerous idea. Value to him was the product of the subjective preferences of the consumer. Bastiat's fears, by the way, were confirmed by the fact that Marx later built his whole critique of the liberal system on an objective labour theory of value. Marx did not have to invent; liberal economists like Ricardo delivered it for free.

Value, says Bastiat, quite simply, was the relationship between two services that have been exchanged. Exchange would only take place when both sides would see an advantage in it. Apart from the fact that Bastiat sometimes does not

sustain his commitment to subjectivism – in his "Harmonies èconomiques" he falls back into the objective theory of value with his argument in favour of land rent, saying that the rentier had done work in advance – one can say that Bastiat was on safe grounds with this.

More important than the critique of the objective theory of value was to Bastiat – secondly – the optimism of the French School. Under the influence of David Ricardo, who in his "Principles of Political Economy and Taxation" (1817) maintained that the wages of the labourers could never be raised above the mere level of subsistence, classical English economics received some distinct pessimistic undertones, which did not go very well with its reformist creed. It does not come as a surprise that the Frenchman Bastiat – and not the Englishman Ricardo – became the economist mostly associated with the English "Manchester School's" reform agenda.

The refutation of the Ricardian "iron law of wages" perhaps is the most mature pioneer achievement of Bastiat as an economist, although even here a dispute over its originality broke out already during his lifetime. American economist Henry C. Carey in 1850 claimed that Bastiat had plagiarised him. However, recent research has shown that in this case two economists had developed the same theory independently of each other, which may have been due to the fact that they both had studied the same sources.

In his argument Bastiat starts with share of labour and capital in total production. If capital does increase, interest rates would fall, he continues. If, then, total production will grow, the share of capital would increase in absolute numbers, but not its relative share. On the other hand, the share of labour would increase relatively. In the 7th chapter of the "Harmonies économiques" he explains this in a table with hypothetical figures:

	Total Production	Capital's Share	Labor's Share
First Period	1.000	500	500
Second Period	2.000	800	1.200
Third Period	3.000	1.050	1.950
Fourth Period	4.000	1.200	2.800

It can not be said, that this is an economic law in the strict sense that it allows quantitative predictions about supposedly linear growth rates. It has to be put more precisely, as it was later done by Ludwig von Mises in his 1922 book "Socialism". By then the marginalist revolution in micro-economic thought had already taken place, as he wrote: "It is the essence of a capitalist social order that capital is continuously formed anew. The bigger the capital fund is, the higher the marginal productivity of labour will be, and the higher will be the wage for labour in absolute and relative terms."

It is, by the way, the historical truth that even Bastiat's euphoric optimism still lagged behind what the free economy of the 19th century was to achieve in reality. The historians of economics Charles Gide and Charles Rist showed in their book "Histoire des doctrines économiques" (History of Economic Doctrines) of 1909, that the pace of economic growth sometimes became so enormous, that wages even increased in absolutes terms when the relative share of labour in total production decreased.

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Bastiat and the representatives of the "Manchester School" had some theoretical insights on the share of labour in total production. The "Manchester School" inspired people by sheer idealism of their extensive political programme. Free trade was not just a purpose in itself. It was also the means to support other goals, most of all peace.

Underlying the "Manchester School" was a vision of society, where force and coercion were replaced by free contract and peace. Thus in 1842 Richard Cobden could write on free trade that, "... the Colonial policy of Europe has been the chief source of wars for the last hundred and fifty years. Again, Free Trade, by perfecting the intercourse, and securing the dependence of countries one upon another, must inevitably snatch the power from the governments to plunge their people into wars." Consequently Cobden attacked British colonialism in India. In a speech in the House of Commons he said in 1853: "I do not think it is for the interest of the English people, any more than of the people of India, that we should govern permanently 100,000,000 people, 12,000 miles off. I see no benefit which can arise to the mass of the English people from their connection with India, except that which may arise from honest trade."

Pacifism, anti-colonialism, disarmament – these were the causes to which the free traders were dedicated. In Germany it was the "Manchesterite" liberal party leader Eugen Richter who protested against the colonial policies and the navy programme of emperor Wilhelms II. Bastiat himself vigorously polemicised against French colonialism in Algeria. As a member of the National Assembly he is – together with Victor Hugo – co-organiser of the First International Peace Congress in August 1848. He always remained associated with the international peace movement.

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As the chief populariser of the ideas of the "Manchester School" Bastiat achieved fame during his lifetime. But what happened afterwards? One may find this extraordinarily regrettable – especially in the light of the literary qualities of Bastiat's Oeuvres, but it is probably true that his name does mean relatively little even to most economists of our time.

This, in all probability, has got something to do with the change in trade policies that came about in Europe around the 1870's. Until then things went fairly well into the direction of free trade. Especially the so-called "Cobden-Treaty" between England and France in 1860, which reduced almost all tariffs, was a decisive break-through. It inspired a series of similar treaties all over the continent. It was almost symptomatic that the chief negotiator on the French side was Michel Chevalier, a disciple of Bastiat's.

Until that date the success of the free traders was very much based on their intelligent use of democratic strategies of mass mobilisation. Their success in England was, for instance, supported by the Reform Act of 1832, that widened the electorate for parliamentary elections into the middle classes. The "competitive advantage" of the protectionists, which was recognised by Bastiat, that they could succeed by "buying" fairly small groups for support, was fairly neutralised this way.

Louis Napoleon with his populist autocracy from 1851 onwards was the predecessor of a new type of conservative, that understood how to utilise these new democratic tools of the liberals for their purposes. With Disraeli in England and, more importantly Bismarck in Germany, modern conservatives came to power. As one could have guessed from the reading of Bastiat's "What is seen and what is not seen", liberals had very little to counter this. Voters were "bought away" from them with short-sighted, but cleverly installed policies.

The liberal free traders were ground down between efficient interest group legislators on the right and on the left. Protectionism and (since Bismarck's introduction of social security legislation in 1881) internal interventionism began to put their stamp on the political agenda. An educational system increasingly organised by the state provided for the supplanting of the liberal ideals that had been prevalent before. Bastiat's writings certainly fell victim to this trend of rewriting history. The economist, who once had

a reputation equalled only by Adam Smith, fell into oblivion. His works – once best-sellers! – disappeared from the bookshelves.

Had he lived until the end of his century, the optimist Bastiat sure would have been unhappy to see that mostly his pessimistic forecasts had become reality. He would have noted that his opponents successfully launched economic policies on the basis of "what is seen". He also would have noted that the *unintended consequences* – "what is not seen" – were already showing up. That the return to protectionism would endanger peace became less and less a mere theoretical assumption, but a real danger. The new statism brought Europe on the down-hill road to World War I. After this an era of totalitarian experiments followed, which soon lead to World War II. It should not come as a surprise that Bastiat's name was largely forgotten.

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Only after World War II was there something like a modest renaissance for Bastiat's works. In the United States his works today are distributed in huge quantities by the Foundation for Economic Education. The American translation of "La Loi" under the title "The Law" went into the 18th edition in 1998. In America he was always one of the most widely read economic authors. Already at the end of the 1860's entrepreneur and economist Francis Amasa Walker (who in his own book "The Science of Wealth" of 1866 radicalised some of Bastiat's ideas) had provided the New World with translations of Bastiat's works.

When in the 1980's social democratic policies of the post-war era began to fail all over the world (mainly Keynesianism) with high structural unemployment, enormous public debts, and inflation, Bastiat also belonged to the heroes of political change. No one less than US-President Ronald Reagan mentioned him in his 1982 budget speech in Congress as a witness for the fact that

government will always tend to waste tax payer's money: "Well, Bastiat, the French economist, many years ago said that public funds seemingly belong to no one and the temptation to bestow them on someone is irresistible."

Up to now the Bastiat-Renaissance is largely confined to the Anglo-Saxon countries. When British Prime Minister Margaret Thatcher visited France in the beginning of the 1980's she meant to make a compliment to that country by saying that Frédéric Bastiat was her favourite economist – just to learn that none of her hosts had ever heard of him before!

Even here things are getting better. In Bastiat's own country France, where his legacy was particularly neglected, there seems to be some indication that the interest in this great prophet of free trade is growing. An academic group that calls itself "Cercle Bastiat" has been formed recently in his native south-west France, to preserve the memory of Bastiat. Some books by Bastiat have appeared – mostly small compilations with his best essays. A modern, critical edition of his complete works, that could replace the 7 volume "Ouvres Complètes de Frédéric Bastiat" of 1862–64, is not in sight yet – although this would be highly desirable.

Perhaps the strongest indicator of a revival of interest in Bastiat is that not only the usual small group of dedicated libertarians recently have re-discovered him, but that he is now noticed by the opponents of liberty as one of their main intellectual foes. When in summer 2001 an international conference was held in Dax (near Bordeaux) in order to commemorate Bastiat's 200th birthday, fervent anti-globalisers held demonstrations against the event!

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There is no doubt that Bastiat's writings are as important as ever. Liberalism is under threat again. Anti-globalisers dominate the

literary scene. The popularisation of the idea of individual freedom and its benefits is a necessity. Still, one and a half centuries after his death, Bastiat remains the foremost author for this task.

The ideas that protectionism endangers peace, and that a market economy is the only way to development is in need of strong argumentative support against a majority of intellectuals who speak out in favour of interventionism. Confidence in freedom – this is what Bastiat's writing impart. Political reality everywhere in the world shows how necessary this is. Let us not forget: whether they appear as the highly subsidised farmers of Europe, who live at the expense of the developing countries, or as the heavily protected industries of India, who stifle the modernisation of that country, one thing remains true – the candle-makers are still among us!

PART ONE

BASTIAT: A TRUE BELIEVER IN NATURAL LIBERTY AND FREE MARKETS

In this section, Bastiat talks to the youth, patiently explaining how the science of political economy indicates that God did well by making Man, and if only Man were free, everything would be peaceful, prosperous and harmonious – as God had intended.

He begins by showing how, when men are driven by legitimate self-interest, harmony reigns, and there is prosperity, civility and virtue. He then shows how all statists, interventionists, protectionists and socialist planners actually hate mankind in the "natural order" of the free market and want to substitute it for an "artificial order" of their own design. Will mankind have to submit to all these socialist "plans", or is natural liberty in a free market the best solution to the "social problem"? Bastiat makes a very strong – nay, watertight – case for freedom and free markets.Bastiat believed that this "economic harmony" is the work of God, who created Man the way he is – an economic being: *homo economicus*. Repeatedly asserting his faith in God, Bastiat proclaims: To believe in Liberty is to believe in God, and have faith in His creation: Man

1. TO THE YOUTH

Eagerness to learn, the need to believe in something, minds still immune to age-old prejudices, hearts untouched by hatred, zeal for worthy causes, ardent affections, unselfishness, loyalty, good faith, enthusiasm for all that is good, beautiful, sincere, great, wholesome, and spiritual—such are the priceless gifts of youth. That is why I dedicate this book to the youth.

You will think that the title of this work, *Economic Harmonies*, is very ambitious. Have I been presumptuous enough to propose to reveal the providential plan within the social order and the mechanism of all the forces with which Providence has endowed humanity to assure its progress?

Certainly not; but I have proposed to put you on the road to this truth: *All men's impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern*. This is the central idea of this work, and its importance cannot be overemphasized.

It was fashionable, at one time, to laugh at what is called the *social problem*; and, it must be admitted, certain of the proposed solutions were only too deserving of derision. But there is surely nothing laughable about the problem itself; it haunts us like Banquo's ghost at Macbeth's banquet, except that, far from being silent, it cries aloud to terror-stricken society: Find a solution or die!

Now the nature of this solution, as you readily understand, will depend greatly upon whether men's interests are, in fact, harmonious or antagonistic to one another.

If they are harmonious, the answer to our problem is to be found in liberty; if they are antagonistic, in coercion. In the first case, it is enough not to interfere; in the second, we must, inevitably, interfere.

But liberty can assume only one form. When we are certain that each one of the molecules composing a liquid has within it everything that is needed to determine the general level, we conclude that the simplest and surest way to obtain this level is not to interfere with the molecules. All those who accept as their starting point the thesis that *men's interests are harmonious* will agree that the practical solution to the social problem is simply not to thwart these interests or to try to redirect them.

Coercion, on the other hand, can assume countless forms in response to countless points of view. **Therefore, those schools of thought that start with the assumption that men's interests are antagonistic to one another have never yet done anything to solve the problem except to eliminate liberty.** They are still trying to ascertain which, out of all the infinite forms that coercion can assume, is the right one, or indeed if there is any right one. And, if they ever do reach any agreement as to which form of coercion they prefer, there will still remain the final difficulty of getting all men everywhere to accept it freely.

But, if we accept the hypothesis that men's interests are by their very nature inevitably bound to clash, that this conflict can be averted only by the capricious invention of an artificial social order, then the condition of mankind is indeed precarious, and we must fearfully ask ourselves:

1. Shall we be able to find someone who has invented a satisfactory form of coercion?
2. Will this man be able to win over to his plan the countless schools of thought that have conceived of other forms?

3. Will mankind submit to this form, which, according to our hypothesis, must run counter to every man's self-interest?

4. Assuming that humanity will consent to being rigged out in this garment, what will happen if another inventor arrives with a better garment? Are men to preserve a bad social order, knowing that it is bad; or are they to change their social order every morning, according to the whims of fashion and the ingeniousness of the inventors?

5. Will not all the inventors whose plans have been rejected now unite against the accepted plan with all the better chance of destroying it because, by its very nature and design, it runs counter to every man's self-interest?

6. And, in the last analysis, is there any one human force capable of overcoming the fundamental antagonism which is assumed to be characteristic of all human forces?

I could go on indefinitely asking such questions and could, for example, bring up this difficulty: If you consider individual self-interest as antagonistic to the general interest, where do you propose to establish the acting principle of coercion? Where will you put its fulcrum? Will it be outside of humanity? It would have to be, in order to escape the consequences of your law. For if you entrust men with arbitrary power, you must first prove that these men are molded of a different clay from the rest of us; that they, unlike us, will never be moved by the inevitable principle of self-interest*; and that when they are placed in a situation where there can be no possible restraint upon them or any resistance to them, their minds will be exempt from error, their hands from greed, and their hearts from covetousness.

What makes the various socialist schools (I mean here those schools that look to an artificial social order for the solution of

* By saying this, Bastiat is talking in the language of modern public choice theory, which assumes politicians and bureaucrats are self-interested.

the social problem) radically different from the classical liberal school is not some minor detail in viewpoint or in preferred form of government; it is to be found in their respective points of departure, in their answers to this primary and central question: Are men's interests, when left to themselves, harmonious or antagonistic?

It is evident that the socialists set out in quest of an artificial social order only because they deemed the natural order to be either bad or inadequate; and they deemed it bad or inadequate only because they felt that men's interests are fundamentally antagonistic, for otherwise they would not have had recourse to coercion. **It is not necessary to force into harmony things that are inherently harmonious.**

Therefore they have found fundamental antagonisms everywhere:

- Between the property owner and the worker.
- Between capital and labor.
- Between the common people and the bourgeoisie.
- Between agriculture and industry.
- Between the farmer and the city-dweller.
- Between the native-born and the foreigner.
- Between the producer and the consumer.
- Between civilization and the social order.

And, to sum it all up in a single phrase:

- **Between personal liberty and a harmonious social order.**

And this explains how it happens that, although they have a kind of sentimental love for humanity in their hearts, hate flows from their lips. Each of them reserves all his love for the society that he has dreamed up; but the natural society in which it is our lot to live cannot be destroyed soon enough to suit them, so that from its ruins may rise the New Jerusalem.

I have already stated that the liberal school, on the contrary, starting from the assumption that there is a natural harmony among men's interests, reaches a conclusion in favor of personal liberty.

But for the idea of liberty to win men's minds and hearts, it must be firmly based on the premise that men's interests, when left to themselves, tend to form harmonious combinations and to work together for progress and the general good.

The central idea of this work, the harmony of men's interests, is a *simple* one. And is not simplicity the touchstone of truth? The laws governing light, sound, motion, seem to us all the more true because they are simple. Why should the same thing not be true of the law of men's interests?

It is *conciliatory*. For what can be more conciliatory than to point out the ties that bind together industries, classes, nations, and even doctrines?

It is *reassuring,* since it exposes what is false in those systems that would have us believe that evil must spread and increase.

It is *religious*, for it tells us that it is not only the celestial but also the social mechanism that reveals the wisdom and declares the glory of God.

It is *practical*, for certainly no maxim is easier to put into practice than this: Let men labor, exchange, learn, band together, act, and react upon one another, since in this way, according to the laws of Providence, there can result from their free and intelligent activity only order, harmony, progress, and all things that are good, and increasingly good, and still better, and better yet, to infinite degree.

Now there, you will say, is the optimism of the economists for you! They are so completely the slaves of their own systems that they shut their eyes to the facts for fear of seeing them. In the face of all

the poverty, injustice, and oppression that desolate the human race, they go on imperturbably denying the existence of evil. The smell of the gunpowder burned in insurrections does not reach their indifferent senses; for them the barricades in the streets are mute; and though society should crumble and fall, they will continue to repeat: "All is for the best in the best of all possible worlds."

Certainly not. We do not think that all is for the best.

I have complete faith in the wisdom of the laws of Providence, and for that reason I have faith in liberty.

The question is whether or not we have liberty.

The question to determine is whether these laws act with full force, or whether their action is not profoundly disrupted by the contrary action of institutions of human origin.

Deny evil! Deny pain! Who could? We should have to forget that we are talking about mankind. We should have to forget that we ourselves are men. For the laws of Providence to be considered as *harmonious*, it is not necessary that they exclude evil. It is enough that evil have its explanation and purpose, that it be self-limiting, and that every pain be the means of preventing greater pain by eliminating whatever causes it.

Society is composed of men, and every man is a *free agent*. Since man is free, he can choose; since he can choose, he can err; since he can err, he can suffer.

I go further: He must err and he must suffer; for his starting point is ignorance, and in his ignorance he sees before him an infinite number of unknown roads, all of which save one lead to error.

Now, all error breeds suffering. And this suffering either falls upon the one who has erred, in which case it sets in operation

the law of responsibility; or else it strikes innocent parties, in which case it sets in motion the marvelous reagent that is the law of solidarity.

The action of these laws, combined with the ability that has been given us of seeing the connection between cause and effect, must bring us back, by the very fact of suffering, to the path of righteousness and truth.

Thus, we not only do not deny that evil exists; we recognize that it has its purpose in the social order even as in the physical universe.

But if evil is to fulfill this purpose, the law of solidarity must not be made to encroach artificially upon the law of responsibility; in other words, the freedom of the individual must be respected.

Now, if man-made institutions intervene in these matters to nullify divine law, evil nonetheless follows upon error, but it falls upon the wrong person. It strikes him whom it should not strike; it no longer serves as a warning or a lesson; it is no longer self-limiting; it is no longer destroyed by its own action; it persists, it grows worse, as would happen in the biological world if the imprudent acts and excesses committed by the inhabitants of one hemisphere took their toll only upon the inhabitants of the other hemisphere.

Now, this is exactly the tendency not only of most of our governmental institutions but also and to an even greater degree of those institutions that are designed to serve as remedies for the evils that afflict us. Under the philanthropic pretext of fostering among men an artificial kind of solidarity, the individual's sense of responsibility becomes more and more apathetic and ineffectual. Through improper use of the public apparatus of law enforcement, the relation between labor and wages is impaired, the operation

of the laws of industry and exchange is disturbed, the natural development of education is distorted, capital and manpower are misdirected, minds are warped, absurd demands are inflamed, wild hopes are dangled before men's eyes, unheard of quantities of human energy are wasted, centers of population are relocated, experience itself is made ineffective; in brief, all interests are given artificial foundations, they clash, and the people cry: You see, all men's interests are antagonistic. Personal liberty causes all the trouble. Let us execrate and stifle personal liberty.

And so, since liberty is still a sacred word and still has the power to stir men's hearts, her enemies would strip her of her name and her prestige and, rechristening her *competition*, would lead her forth to sacrifice while the applauding multitudes extend their hands to receive their chains of slavery.

It is not enough, then, to set forth the natural laws of the social order in all their majestic harmony; it is also necessary to show the disturbing factors that nullify their action. That is the task I have undertaken in the second part of this work.

I have tried to avoid controversy. In so doing, I have undoubtedly missed the opportunity of presenting my principles with the comprehensiveness that comes from thorough discussion. But by drawing the reader's attention to the many details of my digressions, would I not have run the risk of confusing his view of the whole? If I present the edifice as it actually is, what does it matter how it has appeared to others, even to those who taught me how to view it?

And now I confidently appeal to those men of all persuasions who place justice, truth, and the general welfare above their own particular systems.

Economists, my conclusion, like yours, is in favor of individual liberty; and if I undermine some of the premises that have saddened

your generous hearts, yet you will perhaps discover in my work additional reason for loving and serving our sacred cause.

Socialists, you place your faith *in association*. I call upon you, after you have read this work, to say whether the present social order, freed from its abuses and the obstacles that have been put in its way—enjoying, in other words, the condition of freedom—is not the most admirable, the most complete, the most lasting, the most universal, and the most equitable of all associations.

Egalitarians, you recognize only one principle, the *reciprocity of services*. Let human transactions once be free, and I declare that they are, or can be, nothing more nor less than a reciprocal exchange of services, constantly decreasing in cost, or value, constantly increasing in *utility*.

Communists, you desire that men, as brothers, may enjoy in common the benefits that Providence has lavished upon them all. I propose to demonstrate that the present social order has only to achieve freedom in order to realize and go beyond your fondest hopes and prayers; for in this social order all things are common to all, provided only that every man either himself go to the trouble to gather in God's gifts (which is only natural), or else that he render equivalent service to those who go to this trouble for him (which is only just).

Christians of all communions, unless you alone of all mankind doubt the divine wisdom as manifested in the most magnificent of God's works that it is given us to know, you will not find one word in this book that contravenes the strictest tenet of your moral code or the most mystical of your dogmas.

Property owners, however vast may be your possessions, if I prove that your rights, which people today so vehemently contest, are confined, as are those of the simplest manual worker,

to receiving services in return for real services performed by you or your forefathers, then these rights of yours will henceforth be beyond challenge.

Workers, I promise to prove that you do enjoy the fruits of the land that you do not own, and with less pain and effort on your part than you could cultivate them by your own labor on land given you in its original state, unimproved by other men's labor.

Capitalists and laborers, I believe that I can establish this law: "In proportion as capital accumulates, the *absolute* share of capital in the total returns of production increases, and its *relative* share decreases; labor also finds that its *relative* share increases and that its *absolute* share increases even more sharply. The opposite effect is observed when capital is frittered away." If this law can be established, it is clear that we may conclude that the interests of workers and employers are harmonious.

Disciples of Malthus*, sincere but misjudged lovers of your fellow man, you whose only fault is your desire to protect humanity against the fatal effects of a law that you consider inevitable, I have a more reassuring law to offer you in its place: "Other things being equal, increased population means increased efficiency in the means of production." If such is the case, you will certainly not be the ones to complain that the crown of thorns has dropped from the brow of our beloved science.

Predatory men, you who, by force or fraud, in spite of the law or through the agency of the law, grow fat on the people's substance; you who live by the errors you disseminate, by the ignorance you foster, by the wars you foment, by the restraints you impose on trade; you who tax the labor you have made unproductive, making it lose even more than you snatch away;

* Bastiat devoted an entire essay in *Economic Harmonies* to disproving Malthus!

you who charge for the obstacles you set up, so as to charge again for those you subsequently take down; you who are the living embodiment of selfishness in its bad sense; parasitical excrescences of faulty policies, prepare the corrosive ink of your critique: to you alone I can make no appeal, for **the purpose of this book is to eliminate you**, or rather to eliminate your unjust claims. However much we may admire compromise, there are two principles between which there can be no compromise: liberty and coercion.

If the laws of Providence are harmonious, they can be so only when they operate under conditions of freedom, for otherwise harmony is lacking. Therefore, when we perceive something inharmonious in the world, it cannot fail to correspond to some lack of freedom or justice. Oppressors, plunderers, you who hold justice in contempt, you cannot take your place in the universal harmony, for you are the ones who disrupt it.

Does this mean that the effect of this book would be to weaken the power of government, endanger its stability, lessen its authority? The goal I have in view is precisely the opposite. But let us understand one another.

The function of political science is to determine what should and what should not fall under government control; and in making this important distinction, we must not lose sight of the fact that the state always acts through the instrumentality of force. Both the services it renders us and those it makes us render in return are imposed upon us in the form of taxes.

The question then amounts to this: What are the things that men have the right to impose upon one another *by force*? Now, I know of only one, and that is *justice*. I have no right *to force* anyone to be religious, charitable, well educated, or industrious; but I have the right to force him to be *just*: this is a case of legitimate self-defense.

Now, there cannot exist for a group of individuals any new rights over and above those that they already possessed as individuals. If, therefore, the use of force by the individual is justified solely on grounds of legitimate self-defense, we need only recognize that government action always takes the form of force to conclude that by its very nature it can be exerted solely for the maintenance of order, security, and justice.

All government action beyond this limit is an encroachment upon the individual's conscience, intelligence, and industry—in a word, upon human liberty.

Accordingly, we must set ourselves unceasingly and relentlessly to the task of freeing the whole domain of private activity from the encroachments of government. Only on this condition shall we succeed in winning our liberty or assuring the free play of the harmonious laws that God has decreed for the development and progress of the human race.

Will the power of government be weakened by these restrictions? Will it lose stability as it loses some of its vastness? Will it have less authority because it will have fewer functions? Will it be the object of less respect because it will be the object of fewer grievances? Will it become more the puppet of special interests when it has reduced the enormous budgets and the coveted patronage that are the special interests' lure? Will it be exposed to greater dangers when it has less responsibility?

On the contrary: it seems evident to me that to restrict the public police force to its one and only rightful function, but a function that is essential, unchallenged, constructive, desired and accepted by all, is the way to win it universal respect and co-operation. Once this is accomplished, I cannot see from what source could come all our present ills of systematic obstructionism, parliamentary bickering, street insurrections, revolutions, crises, factions, wild notions, demands advanced by all men to govern under all possible

forms, new systems, as dangerous as they are absurd, which teach the people to look to the government for everything. We should have an end also to compromising diplomacy, to the constant threat of war, and the armed peace that is nearly as disastrous, to crushing and inevitably inequitable taxation, to the ever increasing and unnatural meddling of politics in all things, and to that large-scale and wholly artificial redistribution of capital and labor which is the source of needless irritation, of constant ups and downs, of economic crises and setbacks. All these and a thousand other causes of disturbances, friction, disaffection, envy, and disorder would no longer exist; and those entrusted with the responsibility of governing would work together for, and not against, the universal harmony. Harmony does not exclude evil, but it reduces evil to the smaller and smaller area left open to it by the ignorance and perversity of our human frailty, which it is the function of harmony to prevent or chastise.

My young friends, in these times when a lamentable skepticism appears to be the effect and the punishment of our intellectual anarchy, I should deem myself happy if the reading of this book would stir you to utter those reassuring words, so sweet to the lips, which are not only a refuge from despair but a positive force, strong enough, we are told, to remove mountains, those words that begin the Christian's profession of faith: *I believe*. I believe, not with blind and submissive faith, for we are not here concerned with the mysteries of revelation; but with reasoned scientific faith, as is proper in matters left to man's own inquiry and investigation. *I believe* that He who designed the physical world has not seen fit to remain a stranger to the social world. I believe that His wisdom extends to human agents possessed of free will, that He has been able to bring them together and cause them to move in harmony, even as He has done with inert molecules. I believe that His providence shines forth at least as clearly in the laws to which men's wills and men's interests are subject as in the laws that He has decreed for mass or velocity. I believe that everything in society, even that which inflicts pain, is a source of improvement

and progress. I believe that evil ends in good and hastens its coming, whereas the good can never end in evil, and therefore must eventually triumph. I believe that the inevitable trend of society is toward a constantly rising physical, intellectual, and moral level shared by all mankind. I believe, if only man can win back his freedom of action and be allowed to follow his natural bent without interference, that his gradual, peaceful development is assured. I believe these things, not because I desire them or because they satisfy the longings of my heart, but because after mature reflection my intellect gives them its full consent.

Ah! If ever you utter these words, I believe, you will be eager to carry them to others, and the social problem will soon be solved, for despite all that is said, its solution is simple. Men's interests are harmonious; therefore, the answer lies entirely in this one word: *freedom*.

2. NATURAL AND ARTIFICIAL SOCIAL ORDER

Are we really certain that the mechanism of society, like the mechanism of the heavenly bodies or the mechanism of the human body, is subject to *general laws*? Are we really certain that it is a harmoniously *organized* whole? Or is it not true that what is most notable in society is the absence of all order? And is it not true that a social order is the very thing that all men of good will and concern for the future are searching for most avidly, the thing most in the minds of all forward-looking commentators on public affairs, and of all the pioneers of the intellectual world? Are we not but a mere confused aggregation of individuals acting disconcertedly in response to the caprices of our anarchical liberty? **Are our countless masses, now that they have painfully recovered their liberties one by one, not expecting some great genius to come and arrange them into a harmonious whole? Now that we have torn down, must we not begin to build anew?***

For if there are *general laws* that act independently of written laws, and whose action needs merely to be regularized by the latter, we must study these general laws; they can be the object of scientific investigation, and therefore there is such a thing as the science of political economy. If, on the contrary, society is a human invention, if men are only inert matter to which a great genius, as Rousseau says, must impart feeling and will, movement and life, then there is no such science as political economy: there is only an indefinite number of possible and contingent arrangements,

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* This must have been what was asked after India freed herself from the British. But these sentences become relevant when we consider the post-socialism scenario in India: do we need to rebuild the State anew?

and the fate of nations depends on the *founding father* to whom chance has entrusted their destiny.

I shall not indulge in lengthy dissertations to prove that society is subject to general laws. I shall confine myself to pointing out certain facts that, though somewhat commonplace, are nonetheless important.

Rousseau said, "It requires a great deal of scientific insight to discern the facts that are close to us."

Such is the case with the social phenomena in the midst of which we live and move. Habit has so familiarized us with these phenomena that we never notice them until, so to speak, something sharply discordant and abnormal about them forces them to our attention.

Let us take a man belonging to a modest class in society, a village cabinetmaker, for example,* and let us observe the services he renders to society and receives in return. This man spends his day planing boards, making tables and cabinets; he complains of his status in society, and yet what, in fact, does he receive from this society in exchange for his labor? The disproportion between the two is tremendous.

Every day, when he gets up, he dresses; and he has not himself made any of the numerous articles he puts on. Now, for all these articles of clothing, simple as they are, to be available to him, an enormous amount of labor, industry, transportation, and ingenious invention has been necessary. Americans have had to produce the cotton; Indians, the dye; Frenchmen, the wool and the flax; Brazilians, the leather; and all these materials have had

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* Expositions of economic theory critically depend on the quality of examples chosen from everyday life. Bastiat's example of the 'division of labour' in this essay is unsurpassable - and should be used in classrooms. Adam Smith's example of the pin factory does not serve to illustrate the broader picture and is 'intra mural'.

to be shipped to various cities to be processed, spun, woven, dyed, etc.

Next, he breakfasts. For his bread to arrive every morning, farm lands have had to be cleared, fenced in, ploughed, fertilized, planted; the crops have had to be protected from theft; a certain degree of law and order has had to reign over a vast multitude of people; wheat has had to be harvested, ground, kneaded, and prepared; iron, steel, wood, stone have had to be converted by industry into tools of production; certain men have had to exploit the strength of animals, others the power of a waterfall, etc.—all things of which each one by itself alone presupposes an incalculable output of labor.

In the course of the day this man consumes a little sugar and a little olive oil, and uses a few utensils.

He sends his son to school to receive instruction, which, though limited, still presupposes on the part of his teachers research, previous study, and a store of knowledge that startles one's imagination.

He leaves his house: he finds his street paved and lighted.

His ownership of a piece of property is contested: he finds lawyers to plead his rights, judges to reaffirm them, officers of the law to execute the judgment. These men, too, have had to acquire extensive and costly knowledge in order to defend and protect him.

He goes to church: it is a prodigious monument, and the book that he brings with him is perhaps an even more prodigious monument of human intelligence. He is taught morals, his mind is enlightened, his soul is elevated; and for all this to be done, still another man has had to have professional training, to have frequented libraries and seminaries, to have drawn knowledge

from all the sources of human tradition, and to have lived the while without concerning himself directly with his bodily needs.

If our artisan takes a trip, he finds that, to save him time and lessen his discomfort, other men have smoothed and leveled the ground, filled in the valleys, lowered the mountains, spanned the rivers, and, to reduce their friction, placed wheeled cars on blocks of sandstone or iron rails, tamed horses or steam, etc.

It is impossible not to be struck by the disproportion, truly incommensurable, that exists between the satisfactions this man derives from society and the satisfactions that he could provide for himself if he were reduced to his own resources. I make bold to say that *in one day he consumes more things than he could produce himself in ten centuries*.

What makes the phenomenon stranger still is that the same thing holds true for all other men. Every one of the members of society has consumed a million times more than he could have produced; *yet no one has robbed anyone else*. If we examine matters closely, we perceive that our cabinetmaker has paid in services for all the services he has received. He has, in fact, received nothing that he did not pay for out of his modest industry; all those ever employed in serving him, at any time or in any place, have received or will receive their remuneration.

So ingenious, so powerful, then, is the social mechanism that every man, even the humblest, obtains in one day more satisfactions than he could produce for himself in several centuries.

Nor is this all. This social mechanism will seem still more ingenious if the reader will consider his own case.

I shall assume that he is simply a student. What is he doing in Paris? How does he live? No one can deny that society puts at his disposal food, clothing, lodging, amusements, books, instruction—such a

host of things, in a word, that it would take a long time just to tell how they were produced, to say nothing of actually producing them. And in return for all these things that have demanded so much work, the sweat of so many brows, so much painful toil, so much physical or mental effort, such prodigies of transportation, so many inventions, transactions, what services has our student rendered society? None; but he is getting ready to render them. How, then, can these millions of men who are engaged in positive, effective, and productive work turn over to him the fruit of their labor? Here is the explanation: This student's father, who was a doctor or a lawyer or a businessman, had already rendered services—perhaps to Chinese society—and had received in return, not immediate services, but certificates for services due him on which he could demand payment at the time and place and in the form that he saw fit. Today society is paying for those distant and past services; and, amazingly, if we were to follow in our minds the chain of endless transactions that had to take place before the final result was reached, we should see that each one was paid for his pains; that these certificates passed from hand to hand, sometimes split up into fractions, sometimes combined into larger sums, until by our student's consumption the full account was balanced. Is not this indeed a most remarkable phenomenon?

We should be shutting our eyes to the facts if we refused to recognize that society cannot present such complicated combinations *in which civil and criminal law play so little part* without being subject to a prodigiously ingenious mechanism. This mechanism is the object of study of political economy.

Could all this have happened, could such extraordinary phenomena have occurred, unless there were in society a *natural and wise order* that operates without our knowledge?

In our day people talk a great deal about inventing a new order. Is it certain that any thinker, regardless of the genius we grant him and the authority we give him, could invent and operate

successfully an order superior to the one whose results I have just described?

What would it be in terms of its moving parts, its springs, and its motive forces?

The moving parts are men, that is, beings capable of learning, reflecting, reasoning, of making errors and of correcting them, and consequently of making the mechanism itself better or worse. They are capable of pain and pleasure, and in that respect they are not only the wheels, but the springs of the machine. They are also the motive forces, for the source of the power is in them. They are more than that, for they are the ultimate object and *raison d'être* of the mechanism, since in the last analysis the problems of its operation must be solved in terms of their individual pain or pleasure.

Now, it has been observed, and, alas, the observation has not been a difficult one to make, that in the operation, the evolution, and even the progress (by those who accept the idea that there has been progress) of this powerful mechanism, many moving parts were inevitably, fatally, crushed; that, for a great number of human beings, the sum of unmerited sufferings far exceeded the sum of enjoyments.

Faced with this fact, many sincere and generous-hearted men have lost faith in the mechanism itself. They have repudiated it; they have refused to study it; they have attacked, often violently, those who have investigated and expounded its laws; they have risen up against the nature of things; and, in a word, they have proposed to *organize* society according to a new plan in which injustice, suffering, and error could have no place.

Heaven forbid that I should raise my voice against intentions so manifestly philanthropic and pure! But I should be going back on my own convictions, I should be turning a deaf ear to the voice of my own conscience, if I did not say that, in my opinion, they are on the wrong track.

In the first place, they are reduced by the very nature of their propaganda to the unfortunate necessity of underestimating the good that society has produced, of denying its progress, of imputing every evil to it, and of almost avidly seeking out evils and exaggerating them beyond measure.

When a man feels that he has discovered a social order different from the one that has come into being through the natural tendencies of mankind, he must, perforce, in order to have his invention accepted, paint in the most sombre colors the results of the order he seeks to abolish. Therefore, the political theorists to whom I refer, while enthusiastically and perhaps exaggeratedly proclaiming the perfectibility of mankind, fall into the strange contradiction of saying that society is constantly deteriorating. According to them, men are today a thousand times more wretched than they were in ancient times, under the feudal system and the yoke of slavery; the world has become a hell. If it were possible to conjure up the Paris of the tenth century, I confidently believe that such a thesis would prove untenable.

Secondly, they are led to condemn even the basic motive power of human actions—I mean *self-interest*—since it has brought about such a state of affairs. Let us note that man is made in such a way that he seeks pleasure and shuns pain. From this source, I agree, come all the evils of society: war, slavery, monopoly, privilege; but from this source also come all the good things of life, *since the satisfaction of wants and the avoidance of suffering are the motives of human action*. The question, then, is to determine whether this motivating force which, though individual, is so universal that it becomes a social phenomenon, is not in itself a basic principle of progress.

In any case, do not the social planners realize that this principle, inherent in man's very nature, will follow them into their new orders, and that, once there, it will wreak more serious havoc than in our natural order, in which one individual's excessive claims and self-interest are at least held in bounds by the resistance of all

the others? *These writers always assume two inadmissible premises*: *that society, as they conceive it*, *will be led by infallible men completely immune to the motive of self-interest; and that the masses will allow such men to lead them.*

Finally, our social planners do not seem in the least concerned about the *implementation** of their program. How will they gain acceptance for their systems? How will they persuade all other men simultaneously to give up the basic motive for all their actions: the impulse to satisfy their wants and to avoid suffering? To do so it would be necessary, as Rousseau said, *to change the moral and physical nature of man*.

To induce all men, simultaneously, to cast off, like an ill-fitting garment, the present social order in which mankind has evolved since its beginning and adopt, instead, a contrived system, becoming docile cogs in the new machine, only two means, it seems to me, are available: force or universal consent.

Either the social planner must have at his disposal force capable of crushing all resistance, so that human beings become mere wax between his fingers to be molded and fashioned to his whim; or he must gain by persuasion consent so complete, so exclusive, so blind even, that the use of force is made unnecessary.

I defy anyone to show me a third means of setting up and putting into operation any artificial social order.

Now, if there are only two means, and we demonstrate that they are both equally impracticable, we have proved by that very fact that the social planners are wasting their time and trouble.

Visionaries though they are, they have never dreamed of having at their disposal the necessary material force to subjugate to their

* Notice how it is precisely in the area of 'implementation' that all the pious intentions of India's great planners have always floundered!

bidding all the kings and all the peoples of the earth. King Alfonso had the presumption to say, "If God had taken me into His confidence, the solar system would have been better arranged." But if he set his wisdom above the Creator's, he was not mad enough to challenge God's power; and history does not record that he tried to make the stars turn in accord with the laws of his own invention. Descartes likewise was content to construct a little world of dice and strings, recognizing that he was not strong enough to move the universe. We know of no one but Xerxes who was so intoxicated with his power as to say to the waves, "Thus far shall ye come, and no farther." The waves, however, did not retreat from Xerxes, but Xerxes from the waves, and, if not for this wise but humiliating withdrawal, he would have drowned.

The social planners, therefore, lack the force to subject humanity to their experiments. Even though they should win over to their cause the Czar of Russia, the Shah of Persia, and the Khan of the Tartars, and all the rulers who hold absolute power over their subjects, they still would not have sufficient force to distribute mankind into groups and categories and abolish the general laws of property, exchange, heredity and family, for even in Russia, even in Persia and Tartary, men must to some extent be taken into account. If the Czar of Russia took it into his head to *alter the moral and physical nature* of his subjects, he probably would soon have a successor, and the successor would not be tempted to continue the experiment.

Since force is a means quite beyond the reach of our numerous social planners, they have no other resource open to them than to try to win *universal consent*.

This can be done in two ways: by persuasion or by imposture.

Persuasion! But not even two minds have ever been known to reach perfect agreement on every point within even a single field of knowledge. How, then, can all mankind, diverse in language,

race, customs, spread over the face of the whole earth, for the most part illiterate, destined to die without ever hearing the reformer's name, be expected to accept unanimously the new universal science? What is involved? Changing the pattern of work, trade, of domestic, civil, religious relations—in a word, altering man's physical and moral nature; and people talk of rallying all humanity to the cause by conviction!

Truly, the task appears an arduous one.

When a man comes and says to his fellow men:

"For five thousand years there has been a misunderstanding between God and man. From Adam's time until now the human race has been on the wrong road, and if it will but listen to me, I shall put it back on the right track. God intended mankind to take a different route; mankind refused, and that is why evil entered the world. Let mankind hearken to my voice, and turn about; let it proceed in the opposite direction; then will the light of happiness shine upon all men."

When, I say, a man begins like this, he is doing well if he gets five or six disciples to believe him; and from five or six to a billion men is a far, far cry, so far in fact that the distance is incalculable!

And then, reflect that the number of social inventions is as limitless as man's own imagination; that there is not a single planner who, after a few hours alone in his study, cannot think up new schemes that bear no resemblance whatsoever to one another; that not a day passes without still others burgeoning forth; that, indeed, humanity has some reason for drawing back and hesitating before rejecting the order God has given it in favor of deciding definitely and irrevocably on one of the countless social inventions available. For what would happen if, after one of these schemes had been selected, a better one should present itself? Can the human race establish a

new basis for property, family, labor, and exchange every day in the year? Can it risk changing the social order every morning?

"Thus," as Rousseau says, "since the lawgiver cannot use either force or reason, he must have recourse to a different manner of authority that can win support without violence and persuade without convincing."

What is that authority? Imposture? Rousseau does not dare utter the word; but, as is his invariable custom in such cases, he puts it behind the transparent veil of a purple passage:

"This," he says, "is what, in all times, forced the founding fathers of nations to have recourse to the intervention of Heaven and to give credit to the gods for their own wisdom, so that the people, submitting to the laws of the state *as if to the laws of Nature*, and recognizing the selfsame power as the creator of men and as the creator of their commonwealth, *might obey with liberty and bear docilely the yoke of their public felicity*. The decrees of sublime reason, which is above the reach of the common herd, *are imputed* by the lawgiver to the *immortal gods*, so as to win by divine authority the support of those whom human wisdom could not move. But it is not for every man to make the gods speak...."

And so, lest anyone be deceived, he completes his thought in the words of Machiavelli: *Mai non fu alcuno ordinatore di leggi straordinarie in un popolo che non ricorresse a Dio*.

Why does Machiavelli recommend invoking God's authority, and Rousseau the authority of the gods, and the immortals? I leave the answer to the reader.

Certainly I do not accuse the modern founding fathers of stooping to such unworthy subterfuge. Yet, considering the problem from their point of view, we readily appreciate how easily they can be carried away by their desire for success. When

a sincere and philanthropic man is firmly convinced that he possesses a social secret by means of which his fellow men may enjoy boundless bliss in this world; when he clearly sees that he cannot win acceptance of his idea either by force or by reason, and that guile is his only recourse; his temptation is bound to be great. We know that even the ministers of the religion that professes the greatest horror of untruth have not recoiled from the use of *pious fraud*; and we observe (witness the case of Rousseau, that austere writer who inscribed at the head of all his works the motto: *Vitam impendere vero*) that even proud philosophy herself can be seduced by the enticements of a very different motto: *The end justifies the means*. Why, then, be surprised if the modern social planners should likewise think in terms of "giving credit to the gods for their own wisdom, of putting their own decrees in the mouths of the immortal gods, of winning support without violence and persuading without convincing"?

We know that, like Moses, Fourier had his Deuteronomy following his Genesis. Saint-Simon and his disciples had gone even further in their apostolic nonsense. Others, more shrewd, lay hold of religion in its broadest sense, modifying it to their views under the name of neo-Christianity. No one can fail to be struck by the tone of mystic affectation that nearly all the modern reformers put into their preachings.

But the efforts in this direction have proved only one thing, which has, to be sure, its importance, namely, that in our day not everyone who wills may become a prophet. In vain he proclaims himself God; nobody believes him, not the public, not his peers, not even he himself.

Since I have mentioned Rousseau,, I shall venture to make a few observations about this social planner, particularly as they will be helpful in showing in what respects artificial social orders differ from the natural order. This digression, moreover, is not

inopportune, since for some time now the Social Contract has been hailed as a miraculous prophecy of things to come.

Rousseau was convinced that isolation was man's natural state, and, consequently, that society was a human invention. "*The social order*," he says at the outset, "*does not come from Nature*; it is therefore founded on convention."

Furthermore, our philosopher, though loving liberty passionately, had a low opinion of men. He considered them completely incapable of creating for themselves the institutions of good government. The intervention of a lawgiver, a founding father, was therefore indispensable.

"The people being subject to the law should be the authors of the law," he says. "Only those who associate together have the right to regulate the conditions of their association. But how shall they regulate them? Shall it be by common agreement or by a sudden inspiration? How is a *blind multitude* of men, who often do not know what they want, since they rarely know what is good for them, to accomplish of themselves such a vast and difficult enterprise as that of devising a system of legislation? .... Individuals see the good and reject it; the public seeks the good and cannot find it: both are equally in need of guides..... Hence the necessity of a lawgiver."

This lawgiver, as we have seen, "being unable to use either force or reason, must of necessity have recourse to a different manner of authority," namely, in plain words, to guile and duplicity.

Nothing can adequately convey the idea of the dizzy heights above other men on which Rousseau places his lawgiver:

> "We should have gods to give laws to men.... He who dares to institute a society must feel himself capable, so to speak, of changing human nature itself.... of altering man's essential

> constitution, so that he may strengthen it.... He must deprive man of his own powers that he may give him others that are alien to him.... The lawgiver is, in every respect, an extraordinary man in the state.... his function is a unique and superior one, which has nothing in common with the ordinary human status.... If it is true that the great prince is a very special man, what should one say of the great lawgiver? The former has only to follow the ideal, whereas it is the latter's role to create it. The lawgiver is the inventor of the machine; the prince, merely the operator."

And what, then, is mankind in all this? The mere raw material out of which the machine is constructed.

Truly, what is this but arrogance raised to the point of monomania? Men, then, are the raw materials of a machine that the prince operates and the lawgiver designs; and the philosopher rules the lawgiver, placing himself immeasurably above the common herd, the prince, and the lawgiver himself; he soars above the human race, stirs it to action, transforms it, molds it, or rather teaches the founding fathers how to go about the task of stirring, transforming, and molding it.

However, the founder of a nation must set a goal for himself. He has human raw material to put to work, and he must shape it to a purpose. Since the people are without initiative and everything depends on the lawgiver, he must decide whether his nation is to be commercial or agricultural, or a society of barbarians and fisheaters, etc.; but it is to be hoped that the lawgiver makes no mistake and does not do too much violence to the nature of things.

The people, by *agreeing* to form an association, or rather by forming an association at the will of the lawgiver, have, then, a very definite end and purpose. "Thus it is," says Rousseau, "that the Hebrews and more recently the Arabs, had religion

as their principal object; the Athenians, letters; Carthage and Tyre, commerce; Rhodes, shipping; Sparta, war; and Rome, civic virtue."

What will be the national objective that will persuade us French to abandon the isolation of the *state of nature* in order to form a new society? Or rather (for we are only inert matter, the raw material for the machine), toward what end shall our great lawgiver direct us?

But we must know what Rousseau meant by liberty. To enjoy liberty, according to him, is not to be free, but to *cast our vote*, even in case we should be "swept along without violence and persuaded without being convinced, for then we obey with liberty and bear docilely the yoke of public felicity."

Men as the raw material, the prince as the operator of a machine, the founding father as the designer, the philosopher high and mighty above them all, fraud as the means, and slavery as the end—is this the brotherhood of man that was promised?

It also seemed to me that this analysis of the Social Contract was useful in showing what characterizes artificial social orders. Start with the idea that society is contrary to Nature; devise contrivances to which humanity can be subjected; lose sight of the fact that humanity has its motive force within itself; consider men as base raw materials; propose to impart to them movement and will, feeling and life; set oneself up apart, immeasurably above the human race—these are the common practices of the social planners. ***The plans differ; the planners are all alike.***

Among the new arrangements that poor weak mortals are invited to consider, there is one that is presented in terms worthy of our attention. Its formula is: *progressive and voluntary association*.

But political economy is based on this very assumption, that *society* is purely an *association* of the kind described in the foregoing formula; a very imperfect association, to be sure, because man is

imperfect, but capable of improvement as man himself improves; in other words, *progressive*. Is it a question of a closer association among labor, capital, and talent, which should result in more wealth for the human family and its better distribution? Provided the association remains voluntary, that force and constraint do not intervene, that the parties to the association do not propose to make others who refuse to enter foot the bill, in what way are these associations contrary to the idea of political economy? Is not political economy, as a science, committed to the examination of the various forms under which men see fit to join their forces and to apportion their tasks, with a view to greater and more widely diffused prosperity? Does not the business world frequently furnish us with examples of two, three, four persons forming such associations? Have we not recently seen stock companies formed that permit even the smallest investors to participate in the largest enterprises? Are there not in our country some factories that have established profit-sharing associations for their workers? Does political economy condemn these efforts of men to receive a better return for their labor? Does it declare anywhere that mankind has gone as far as it can? Quite the contrary, for I am convinced that no science proves more clearly that society is in its infancy.

But, whatever hopes we may entertain for the future, whatever ideas we may have of the forms man may discover for the improvement of his relations with his fellow man, for the more equitable distribution of wealth, and for the dissemination of knowledge and morality, we must nonetheless recognize that the social order is composed of elements that are endowed with intelligence, morality, free will, and perfectibility. If you deprive them of liberty, you have nothing left but a crude and sorry piece of machinery.

Liberty! Today, apparently, we are no longer interested in it. In this land of ours, this France, where fashion reigns as queen, liberty seems to have gone out of style. Yet, for myself, I say: Whoever rejects liberty has no faith in mankind. Recently, it is alleged, the distressing discovery has been made that liberty leads inevitably

to monopoly. No, this monstrous linking, this unnatural joining together of freedom and monopoly is nonexistent; it is a figment of the imagination that the clear light of political economy quickly dissipates. Liberty begets monopoly! Oppression is born of freedom! But, make no mistake about it, to affirm this is to affirm that man's tendencies are inherently evil, evil in their nature, evil in their essence; it is to affirm that his natural bent is toward his deterioration and that his mind is attracted irresistibly toward error. What good, then, are our schools, our study, our research, our discussions, except to add momentum to our descent down the fatal slope; since, for man, to learn to choose is to learn to commit suicide? And if man's tendencies are perverse, where will the social planners seek to place their fulcrum? According to their premises, it will have to be outside of humanity. Will they seek it within themselves, in their own intelligence, in their own hearts? But they are not yet gods: they too are men and hence, along with all humanity, careening down toward the fatal abyss. Will they call upon the state to intervene? But the state is composed of men; and we should have to prove that the men who form the state constitute a class apart, to whom the general laws of society are not applicable, since they are called upon to make the laws. Unless this be proved, the facing of the dilemma is not even postponed.

Let us not thus condemn mankind until we have studied its laws, forces, energies, and tendencies. Newton, after he had discovered the law of gravity, never spoke the name of God without uncovering his head. As far as intellect is above matter, so far is the social world above the physical universe that Newton revered; for the celestial mechanism is unaware of the laws it obeys. How much more reason, then, do we have to bow before the Eternal Wisdom as we contemplate the mechanism of the social world in which the universal mind of God also resides (*mens agitat molem*), but with the difference that the social world presents an additional and stupendous phenomenon: its every atom is an animate, thinking being endowed with that marvelous energy, that source of all morality, of all dignity, of all progress, that exclusive attribute of man—*freedom*!

3. COMPETITION

There is no word in all the vocabulary of political economy that has so aroused the angry denunciations of the modern reformers as the word "competition," to which, to add to the insult, they unfailingly apply the epithet "anarchistic."

What does "anarchistic competition" mean? I do not know. What can replace it? I do not know that either.

Of course, I hear the cries of "Organization! Association!" But what does that mean? Once and for all we must come to an understanding. I really must know what kind of authority these authors propose to exert over me and over all men living on this earth of ours; for, in truth, the only authority I can grant them is the authority of reason, provided they can enlist reason on their side. Do they really propose to deprive me of the right to use my own judgment in a matter where my very existence is at stake? Do they hope to take from me my power to compare the services that I render with those that I receive? Do they mean that I should act under restraints that they will impose rather than according to the dictates of my own intelligence? If they leave me my liberty, competition also remains. If they wrest it from me, I become only their slave. The association will be *free and voluntary*, they say. Very well! But in that case every group with its associated members will be pitted against every other group, just as individuals are pitted against one another today, and we shall have *competition*. The association will be all-embracing, it is replied. This ceases to be a joking matter. Do you mean to say that anarchistic competition is wrecking our society right now, and to cure this malady we shall have to wait until all mankind, the French, the English, the

Chinese, the Japanese, the Kafirs, the Hottentots, the Lapps, the Cossacks, the Patagonians, persuaded by your arguments, agree to unite for all time to come in one of the forms of association that you have contrived? But beware! This is simply to acknowledge that competition is indestructible; and do you have the presumption to claim that an indestructible, and therefore providential, phenomenon of society can be mischievous?

After all, what is competition? Is it something that exists and has a life of its own, like cholera? No. *Competition is merely the absence of oppression*. In things that concern me, I want to make my own choice, and I do not want another to make it for me without regard for my wishes; that is all. And if someone proposes to substitute his judgment for mine in matters that concern me, I shall demand to substitute my judgment for his in matters that concern him. What guarantee is there that this will make things go any better? It is evident that competition is freedom. To destroy freedom of action is to destroy the possibility, and consequently the power, of choosing, of judging, of comparing; it amounts to destroying reason, to destroying thought, to destroying man himself. Whatever their starting point, this is the ultimate conclusion our modern reformers always reach; for the sake of improving society they begin by destroying the individual, on the pretext that all evils come from him, as if all good things did not likewise come from him.

We need only know that competition is merely the absence of any arbitrary authority set up as a judge over exchange, to realize that it cannot be eliminated. Illegitimate coercion can indeed restrain, counteract, impede the freedom of exchange, as it can the freedom of walking; but it cannot eliminate either of them without eliminating man himself. This being so, the only question that remains is whether competition tends toward the happiness or the misery of mankind—a question that amounts to this: Is mankind naturally inclined toward progress or fatally marked for decadence?

It is easy to see that, were it not for the law of competition, this inequality in the distribution of God's gifts would result in a corresponding difference in men's material prosperity.

But let competition appear on the scene, and there will be no more of these one-sided transactions, of these seizures of the gifts of God, of this revolting exorbitance in the evaluation of services, of these inequalities in the exchange of efforts.

The reader has misunderstood me if he does not perceive that *competition*, which tends to bring all excessive remunerations into line with a more or less uniform average, *necessarily* raises this average. This is galling, I admit, to men in their capacity as producers; but it results in improving the general lot of the human race in the only respects in which improvement may reasonably be expected: in well-being, in financial security, in increased leisure, in moral and intellectual development, and, in a word, in respect to all that relates to *consumption*.

Will the objection be made that mankind has not made the progress that this theory would seem to imply?

I shall reply, in the first place, that competition in modern society is far from playing its natural role. Our laws inhibit it at least as much as they encourage it; and to answer the question whether inequality is due to the presence or the absence of competition, we need only observe who the men are who occupy the limelight and dazzle us with their scandalous fortunes, to assure ourselves that *inequality, in so far as it is artificial and unjust, is based on conquest, monopolies, restrictions, privileged positions, high government posts and influence, administrative deals, loans from the public funds—with all of which competition has no connection*.

Secondly, I believe that we fail to appreciate the very real progress that has been made since the very recent times from

which we must date the partial emancipation of labor. It has been said with much truth that it takes a great deal of scientific insight to observe the facts that are constantly before our eyes. The present level of consumption enjoyed by an honest and industrious working-class family does not surprise us because habit has familiarized us with this strange situation. If, however, we were to compare the standard of living that this family has attained with the one that would be its lot in a hypothetical social order from which competition had been excluded; if statisticians could measure with precision instruments, as with a dynamometer, its labor in relation to its satisfactions at two different periods; we should realize that freedom, despite all still-existing restrictions on it, has wrought a miracle so enduring that for that very reason we fail to be aware of it. The total proportion of human effort that has been eliminated in achieving any given result is truly incalculable. There was a time when the day's work of an artisan would not have bought him the crudest sort of almanac. Today for five centimes, or the fiftieth part of his daily wage, he can buy a paper containing enough printed matter for a volume. I could say the same thing for clothing, transportation, shipping, illumination, and a host of satisfactions. To what are these results due? To the fact that a tremendous proportion of human labor, which must be paid for, has been replaced by the gratuitous forces of Nature. This represents value that has been eliminated, that no longer requires payment. It has been replaced, through the action of competition, by gratuitous and common utility; and, let us note, when, through progress, the cost of a given commodity happens to drop, the labor required to pay for it that is saved the poor man is always proportionately greater than that saved the wealthy man, as can be demonstrated mathematically.

Finally, this constantly growing flood of utility, poured forth by labor and pumped through all the veins of the social body by competition, is not to be measured entirely in terms of present material comforts. Much of it is absorbed into the rising

tide of ever increasing new generations; it is diffused over an increased population.

But this phenomenon, the result of the divine harmony that Providence has implanted in the social structure, would have turned against society itself, by introducing the seeds of constantly increasing inequality, if it were not combined with another and no less admirable harmony, competition, which is one of the branches of the great law of human *solidarity*.

Some superficial commentators have accused competition of creating *antagonisms* among men. This is true and inevitable as long as men are considered solely as producers; but consider them as consumers, and you will see that competition binds individuals, families, classes, nations, and races together in the bonds of universal brotherhood.

4. THE TWO MOTTOES

Modern moralists who hold up the axiom: One for all, all for one, against the ancient proverb: *Every man for himself, every man by himself*, have a very incomplete notion of society, and, for that reason, quite a false one. And I shall even add, to their surprise, a very gloomy one.

There is this conflicting sense of these two fragments of proverbs: *One for all—every man for himself*. The first one, it is said, expresses the principle of altruism; the second, the principle of individualism. The one unites; the other divides.

If we refer solely to the motive that prompts any effort, conflict is undeniable. But I maintain that this is not the case if we consider the final outcome achieved by all human efforts taken collectively. Examine society as it actually is, obeying the individualistic impulse where remunerable services are concerned, and you will be convinced that *every man*, while working *for himself*, is in fact working *for all*. This cannot, indeed, be contested. If the reader of these lines follows a profession or a trade, I have only to ask him to consider his own case. I ask him whether all his labors do not have satisfactions for other persons as their object, and whether, on the other hand, he does not owe all his own satisfactions to the labor of others.

Obviously those who say that *every man for himself and one for all* are mutually exclusive believe that individualism and association are incompatible. They think that *every man for himself* implies isolation or a tendency in that direction; that personal interest

divides men instead of uniting them, and results in a situation in which *every man is by himself*, that is, the absence of all social relations.

In this respect, I repeat, they have a quite false notion of society, because it is an incomplete one. Men, even when moved only by their own self-interest, seek to unite with others, to combine their efforts, to join forces, to work and to perform for one another, to be sociable, or to associate. It would not be correct to say that they act in this way in spite of self-interest; on the contrary, they act in this way because of self-interest. *They are sociable because they benefit from association*. If they were to lose by it, they would not associate. Individualism, then, accomplishes the task that the sentimentalists of our day would entrust to brotherhood, to self-sacrifice, or to some other motive opposed to self-love. And this fact proves (this is the conclusion we are always reaching) that Providence has known much better how to take care of the organization of society than do its self-styled prophets.

Let us take a concrete example. A squatter goes and clears some land in the Far West. Not a day goes by that he does not realize how many inconveniences isolation causes him. Soon a second squatter also moves out to the wilderness. Where will he pitch his tent? Does he *spontaneously* move away from the first squatter? No. He *spontaneously* moves near him. Why? Because he is aware of the advantages men enjoy, for equal efforts, from the mere fact of being near each other. He knows that in countless instances they can lend and borrow tools, unite their action, overcome obstacles that would be too much for them individually, make exchanges, communicate their ideas and opinions, provide for their common defense. A third, a fourth, a fifth squatter come into the wilderness, and invariably they are attracted by the presence of the first settlers. Then others with more capital may arrive on the scene, certain that they will find hands waiting to be put to work. A colony is formed. They

may vary the crops somewhat; cut a road* through to the main highway where the stagecoach passes; begin to trade with the outside world; plan construction of a church, a schoolhouse, etc. In a word, the settlers become stronger, by the very fact of being together, infinitely stronger than would be their total strength if each were living alone. This is the reason that they were drawn together.

But, it will be said, *every man for himself* is a very gloomy and cold-blooded maxim. All the arguments, all the paradoxes in the world will not keep it from arousing our resentment, from reeking with *selfishness*; and is not selfishness worse than an evil, is it not the source of all the ills of society?

Let us understand one another, please.

If the motto *every man for himself* is understood in the sense that it must direct all our thoughts, all our actions, all our relations, that it must underlie all our affections, as fathers, sons, brothers, husbands, wives, friends, and citizens, or rather, that it must stifle these affections, it is frightful, horrible, and I do not believe that there is a single man on earth who, even if he did make it the guiding rule of his life, would dare to proclaim it as such.

But the socialists always refuse to admit, despite the evidence of the facts everywhere, that there are two kinds of human relations: those springing from altruism, which we leave to the realm of family and friends; and those that are actuated by self-interest, which exist among people who do not know one another, *who owe one another nothing but justice*, and which are regulated by agreements voluntarily arrived at after free debate? This is precisely the type of agreements that constitute the domain of political economy. Now, it is no more possible to found transactions of this nature on the principle of altruism than it would be reasonable to base

* Notice how the road figures first!

the ties of family and friendship upon self-interest. I shall never cease telling the socialists: You wish to combine two things that cannot be combined. If you are mad enough to try, you will never be strong enough to succeed. The blacksmith, the carpenter, the farmer, who exhaust their strength in rough toil, may be excellent fathers, admirable sons; they may have a high moral sense and affectionate hearts. Nevertheless, you will never persuade them to labor from dawn to dusk, to strain and sweat, to impose upon themselves hard privations, in the name of disinterested devotion to their fellow men. Your sentimental sermonizing is and always will be unavailing. If, unfortunately, a small number of workers should be led astray by your words, they would be just so many dupes. Let a merchant begin to sell his goods on the principle of brotherly love, and I do not give him even a month before his children will be reduced to beggary.

What is false is always dangerous. It is always dangerous to represent as reprehensible and damnable a universal, eternal principle that God has clearly ordained for the preservation and improvement of mankind, a principle, I admit, that as a motive does not appeal to our hearts, but does, by its results, astonish and satisfy our minds. It is a principle, furthermore, that leaves the way completely open for the action of motives of a higher order that God has also implanted in men's hearts.

5. WAR

Among all the circumstances that have some part in giving to a people its distinctive features, its moral tone, its character, its habits, laws, and peculiar spirit, the one that overshadows all others, because it includes virtually all of them, is its manner of providing its means of existence.

Earning a living, supporting oneself, improving one's condition, raising a family—these are not matters of taste, opinion, or choice, involving one time or one locality only; these are the daily, lifelong, inescapable preoccupations of all men at all times and in all places.

Everywhere the major part of men's physical, intellectual, and moral forces is devoted directly or indirectly to creating and replenishing their means of subsistence. The hunter, the fisherman, the sheep raiser, the farmer, the manufacturer, the businessman, the laborer, the artisan, the capitalist, all think, first of all, in terms of keeping soul and body together (however prosaic this admission may be) and, secondly, of living better and better, if possible. That this is so is proved by the fact that it is for no other reason that they are hunters, manufacturers, farmers, etc. Nor should we hold it against the man who follows a vocation calling for disinterestedness and self-sacrifice if he, too, invokes the proverb: To the priest the altar is a livelihood; for before he became a priest, he was a man. And if at this very moment such an individual is writing a book against the vulgarity of this observation of mine, or rather against the vulgarity of the human condition, the sale of his book will argue against his own thesis.

God forbid that I should deny the existence of self-sacrifice. But it will be admitted that examples of it are exceptional, and this is what makes them meritorious and worthy of our admiration. For, if we consider mankind as a whole, unless we have made a pact with the demon of sentimentality, we must admit that disinterested acts cannot be compared, numerically speaking, with those that are dictated by the hard necessities of our nature. And it is because these acts, which make up the sum total of our labors, occupy so large a part of the lives of each one of us, that they cannot fail to influence greatly the phenomena of our national life.

Therefore, I cannot help concluding, that then, as now, satisfying the wants of life are the chief and most absorbing preoccupation of the great majority of the human race.

What does appear certain is that a very small number of men managed to live without working, supported by the labor of the oppressed masses. This small leisured group made their slaves construct sumptuous palaces, vast castles, or somber fortresses. They loved to surround themselves with all the sensuous pleasures of life and with all the monuments of art. They delighted in discoursing on philosophy and cosmogony; and, above all, they carefully cultivated the two sciences to which they owed their supremacy and their enjoyments: *the science of force and the science of fraud*.

For beneath this aristocracy were the countless multitudes occupied in creating, for themselves, the means of sustaining life and, for their oppressors, the means of surfeiting them with pleasures. Since the historians never make the slightest mention of these multitudes, we forget their existence; they do not count for us at all. We have eyes only for the aristocracy. It is this class that we call *ancient society or feudal society*. We imagine that such societies were self-sustaining, that they never had recourse to anything so mundane as commerce, industry, or labor; we admire their unselfishness, their generosity, their

love of the arts, their spiritual qualities, their disdain for servile occupations, their lofty thoughts and sentiments; we declare, with a certain quaver in the voice, that at one time the nations cared only for glory, at another only for the arts, at another only for philosophy, at another only for religion, at another only for virtue; we very sincerely weep over our own sorry state; we speak of our age with sarcasm because, unable to rise to the sublime heights attained by such paragons, we are reduced to according to labor and to all the prosaic virtues associated with it so important a place in our modern life.

Let us console ourselves with the thought that it played a no less important role in ancient life. The only difference was that the labor that a few men had managed to escape fell crushingly on the oppressed masses, to the great detriment of justice, liberty, property, wealth, equality, and progress; and this is the first of the disturbing factors to which I must call the reader's attention.

A man (and the same may be said of a people) can secure the means of existence in two ways: by creating them or by stealing them.

Each of these two main means of procurement includes a variety of procedures.

We can create means of existence by hunting, fishing, farming, etc.

We can steal them by bad faith, violence, force, fraud, war, etc.

If, remaining within the limits of either one of these two main categories, we observe that the predominance of one or another of the procedures appropriate to it is sufficient 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!

The characteristic feature of production is, so to speak, to create out of nothing the satisfactions that sustain and beautify life, so that an individual or a people is enabled to multiply these satisfactions indefinitely without inflicting privation of any kind on other men or other peoples; quite the contrary: for careful study of the economic mechanism of a free society has shown us that the success of one man in his work improves the chances of success for others in their work.

The characteristic feature of plunder is its inability to provide any satisfaction without a corresponding privation, for it does not create; it diverts to its own ends what has already been created by the labor of others.* It entails the absolute loss of all the effort it itself costs the two parties concerned. Far from adding to the enjoyments of mankind, it decreases them, and, moreover, it allots them to those who have not deserved them.

In order to produce, we must direct all our faculties toward the conquest of Nature; for it is Nature that must be fought, mastered, and subjugated. That is why iron beaten into a plough is the emblem of production.

In order to plunder, we must direct all our faculties toward the conquest of men; for they are the ones we must fight, kill, or enslave. That is why iron beaten into a sword is the emblem of plunder.

As great as is the difference between the plough that feeds and the sword that kills, so great must be the difference between a nation of workers and a nation of plunderers. It is not possible for there to be any common ground between these two. They cannot have the same ideas, the same standards, the same tastes, the same character, the same customs, the same laws, the same morality, or the same religion.

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* What would today be called a 'zero sum game': win-lose.

Man's universal practice, indeed, is conclusive in this regard. Always and everywhere, we find that he looks upon toil as the disagreeable aspect, and on satisfaction as the compensatory aspect, of his condition. Always and everywhere, we find that, as far as he is able, he places the burden of his toil upon animals, the wind, steam, or other forces of Nature, or, alas! upon his fellow men, if he can gain mastery over them. In this last case, let me repeat, for it is too often forgotten, the labor has not been lessened; it has merely been shifted to other shoulders.

Man, thus confronted with a choice of pains, the pains of want and the pains of toil, and driven by self-interest, seeks a means of avoiding them both in so far as possible. And it is then that plunder presents itself as the solution to his problem.

He says to himself: It is true that I have no means of procuring the things necessary for my preservation and my enjoyment—food, clothing, and shelter—unless these things have previously been produced by labor. But they need not necessarily be produced *by my* labor. They need only have been produced by someone, provided I am the stronger.

Such is the origin of war.

As for the moral consequences, the manner in which both parties are affected, the result is no less disastrous. God decreed that man should wage war only against Nature, peacefully, and should reap directly from her the fruits of victory. When he gains dominion over Nature only through the indirect means of dominion over his fellow men, his mission has been perverted; he has turned his faculties in a wrong direction. Just consider, for example, the virtue of *foresight*, the anticipatory view of the future, which in a certain manner elevates us to the realm of *Providence*, for to *foresee*, to look ahead, is also *to provide, to look out for*; consider how differently it is employed by the producer and by the plunderer.

The producer must learn the relation between cause and effect. To this end, he studies the laws of the physical universe and seeks to bring them more and more to his aid. If he observes his fellow men, it is for the purpose of foreseeing their desires and providing for them, in the hope of a return.

The plunderer does not observe Nature. And if he observes his fellow men, it is as a hawk spies out its prey, seeking a way to weaken it, to take it unawares.

HOW WAR ENDS

Since the spirit of plunder, like the urge to produce, has its origin in the human heart, the laws of the social world would never be harmonious, even in the limited sense that I have indicated, if in the long run the urge to produce were not destined to overcome the spirit of plunder.

PART TWO

BASTIAT THE FREE TRADER

Bastiat was a firm believer in free trade, extremely adept at demolishing the sophisms of protectionists. In this section are showcased some of his most compelling arguments for freeing international trade.

The first of these, the satirical "Candlemakers' Petition", is deservingly famous, but this does not make the many other essays included in this section less important. The second essay arguing against 'reciprocity' in trade relations is revolutionary as well as singular, destroying, as it does, the validity of the World Trade Organization (WTO) and the protracted (and failing) negotiations it entails. Bastiat rightly calls for unilateral free trade. No other economist, and certainly not any of the moderns, has devoted his energies to the task of getting diplomats out of international trade.

The short play, "The Three Aldermen", is an eye-opener on how political corruption accompanies protectionism. It deserves to be acted out on stage in schools and colleges throughout the land.

The other essays are also greatly enlightening, for they show that what the protectionists actually achieve for their countrymen is more and more toil in exchange for less and less satisfactions; this, while politicians and protected businessmen walk away with billions. Bastiat also shows how this kind of isolationism has the lamentable tendency to lead to war.

6. THE CANDLEMAKERS' PETITION

A Petition

From the Manufacturers of Candles, Tapers, Lanterns, Candlesticks, Street Lamps, Snuffers, and Extinguishers, and from the Producers of Tallow, Oil, Resin, Alcohol, and Generally of Everything Connected with Lighting.

To the Honorable Members of the Chamber of Deputies.

Gentlemen:

You are on the right track. You reject abstract theories and have little regard for abundance and low prices. You concern yourselves mainly with the fate of the producer. You wish to free him from foreign competition, that is, to reserve the domestic market for domestic industry.

We come to offer you a wonderful opportunity for applying your—what shall we call it? Your theory? No, nothing is more deceptive than theory. Your doctrine? Your system? Your principle? But you dislike doctrines, you have a horror of systems, and, as for principles, you deny that there are any in political economy; therefore we shall call it your practice—*your practice without theory and without principle*.

We are suffering from the ruinous competition of a foreign rival who apparently works under conditions so far superior to our own for the production of light that he is flooding the domestic market

with it at an incredibly low price – *completely free*; for the moment he appears, our sales cease, all the consumers turn to him, and a branch of French industry whose ramifications are innumerable is all at once reduced to complete stagnation. This rival, which is none other than the sun, is waging war on us mercilessly.

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

Be good enough, honorable deputies, to take our request seriously, and do not reject it without at least hearing the reasons that we have to advance in its support.

First, if you shut off as much as possible all access to natural light, and thereby create a need for artificial light, what industry in France will not ultimately be encouraged?

If France consumes more tallow, there will have to be more cattle and sheep, and, consequently, we shall see an increase in cleared fields, meat, wool, leather, and especially manure, the basis of all agricultural wealth.

If France consumes more oil, we shall see an expansion in the cultivation of the poppy, the olive, and rapeseed. These rich yet soil-exhausting plants will come at just the right time to enable us to put to profitable use the increased fertility that the breeding of cattle will impart to the land.

Our moors will be covered with resinous trees. Numerous swarms of bees will gather from our mountains the perfumed

treasures that today waste their fragrance, like the flowers from which they emanate. Thus, there is not one branch of agriculture that would not undergo a great expansion.

But what shall we say of the specialties of Parisian manufacture? Henceforth you will behold gilding, bronze, and crystal in candlesticks, in lamps, in chandeliers, in candelabra sparkling in spacious emporia compared with which those of today are but stalls.

There is no needy resin-collector on the heights of his sand dunes, no poor miner in the depths of his black pit, who will not receive higher wages and enjoy increased prosperity.

It needs but a little reflection, gentlemen, to be convinced that there is perhaps not one Frenchman, from the wealthy stockholder to the humblest vendor of matches, whose condition would not be improved by the success of our petition.

We anticipate your objections, gentlemen; but there is not a single one of them that you have not picked up from the musty old books of the advocates of free trade. We defy you to utter a word against us that will not instantly rebound against yourselves and the principle that guides your entire policy.

Will you tell us that, though we may gain by this protection, France will not gain at all, because the consumer will bear the expense?

We have our answer ready:

You no longer have the right to invoke the interests of the consumer. You have sacrificed him whenever you have found his interests opposed to those of the producer. You have done so in order to encourage industry and to increase employment. For the same reason you ought to do so this time too.

Indeed, you yourselves have anticipated this objection. When told that the consumer has a stake in the free entry of iron, coal, sesame, wheat, and textiles, "Yes," you reply, "but the producer has a stake in their exclusion." Very well! Surely if consumers have a stake in the admission of natural light, producers have a stake in its interdiction.

"But," you may still say, "the producer and the consumer are one and the same person. If the manufacturer profits by protection, he will make the farmer prosperous. Contrariwise, if agriculture is prosperous, it will open markets for manufactured goods." Very well! If you grant us a monopoly over the production of lighting during the day, first of all we shall buy large amounts of tallow, charcoal, oil, resin, wax, alcohol, silver, iron, bronze, and crystal, to supply our industry; and, moreover, we and our numerous suppliers, having become rich, will consume a great deal and spread prosperity into all areas of domestic industry.

Will you say that the light of the sun is a gratuitous gift of Nature, and that to reject such gifts would be to reject wealth itself under the pretext of encouraging the means of acquiring it?

But if you take this position, you strike a mortal blow at your own policy; remember that up to now you have always excluded foreign goods because and in proportion as they approximate gratuitous gifts. You have only half as good a reason for complying with the demands of other monopolists as you have for granting our petition, which is in complete accord with your established policy.

Labor and Nature collaborate in varying proportions, depending upon the country and the climate, in the production of a commodity. The part that Nature contributes is always free of charge; it is the part contributed by human labor that constitutes value and is paid for.

If an orange from Lisbon sells for half the price of an orange from Paris, it is because the natural heat of the sun, which is, of course, free of charge, does for the former what the latter owes to artificial heating, which necessarily has to be paid for in the market.

Thus, when an orange reaches us from Portugal, one can say that it is given to us half free of charge, or, in other words, at half price as compared with those from Paris.

Now, it is precisely on the basis of its being semigratuitous (pardon the word) that you maintain it should be barred. You ask: "How can French labor withstand the competition of foreign labor when the former has to do all the work, whereas the latter has to do only half, the sun taking care of the rest?" But if the fact that a product is half free of charge leads you to exclude it from competition, how can its being totally free of charge induce you to admit it into competition? Either you are not consistent, or you should, after excluding what is half free of charge as harmful to our domestic industry, exclude what is totally gratuitous with all the more reason and with twice the zeal.

To take another example: When a product—coal, iron, wheat, or textiles—comes to us from abroad, and when we can acquire it for less labor than if we produced it ourselves, the difference is a gratuitous gift that is conferred upon us. The size of this gift is proportionate to the extent of this difference. It is a quarter, a half, or three-quarters of the value of the product if the foreigner asks of us only three-quarters, one-half, or one-quarter as high a price. It is as complete as it can be when the donor, like the sun in providing us with light, asks nothing from us. The question, and we pose it formally, is whether what you desire for France is the benefit of consumption free of charge or the alleged advantages of onerous production. Make your choice, but be logical; for as long as you ban, as you do, foreign coal, iron, wheat, and textiles, in proportion as their price approaches zero, how inconsistent it would be to admit the light of the sun, whose price is zero all day long!

7. RECIPROCITY, OR THE STORY OF STULTA & PUERA

A protective tariff is like a marsh, a rut, a gap in the route, or a steep hill—in a word, it is an obstacle whose effect is to increase the difference between the price the producer receives and the price the consumer pays. It is likewise incontestable that marshes and bogs are, in effect, like protective tariffs.

There are people (a small number, it is true, but there are some) who are beginning to understand that obstacles are no less obstacles for being artificial, and that we have more to gain from free trade than from a policy of protectionism.

But, they say, free trade must be reciprocal. If we lowered the barriers we have erected against the admission of Spanish goods, and if the Spaniards did not lower the barriers they have erected against the admission of ours, we should be victimized. Let us therefore make commercial treaties on the basis of exact reciprocity; let us make concessions in return for concessions; let us make the sacrifice of buying in order to obtain the advantage of selling.

People who reason in this way, I regret to say, are, whether they realize it or not, protectionists in principle; they are merely a little more inconsistent than the pure protectionists, just as the latter are more inconsistent than the advocates of total and absolute exclusion of all foreign products.

The following fable will demonstrate my point.

Stulta and Puera

Once upon a time there were, no matter where, two cities, Stulta and Puera. At great expense they built a highway from one to the other. When it was completed, Stulta said to herself: "Here is Puera flooding us with her products; we must do something about it." Consequently, she created and salaried a corps of Obstructors, so called because their function was to set up obstacles in the way of traffic from Puera. Soon afterward, Puera also had a corps of Obstructors.

At the end of several centuries, during which there had been great advances in knowledge, Puera became sufficiently enlightened to see that these mutual obstacles could only be mutually harmful. She sent a diplomat to Stulta, who, except for official phraseology, spoke thus: "First we built a highway, and now we are obstructing it. That is absurd. It would have been better to have left things as they were. We should not, in that case, have had to pay, first for the highway, and then for the obstructions. In the name of Puera, I come to propose to you that we remove all at once the obstacles we have erected against each other."

Thus spoke the diplomat. Stulta asked for time to consider the proposal. She consulted by turns her manufacturers and her farmers. Finally, after several years, she declared that she was breaking off the negotiations.

On receiving this news, the inhabitants of Puera held a meeting. An old man (it has always been suspected that he was secretly in the pay of Stulta) rose and said: "The obstacles created by Stulta are a hindrance to the sale of our goods to her. That is a misfortune. Those that we ourselves have created are a hindrance to our purchases from her. That too is a misfortune. There is nothing we can do about the first situation, but we can do something about the second. Let us deliver ourselves at least from that one, since we cannot eliminate them both. Let us remove our Obstructors without demanding that Stulta do the same. Some day, no doubt, she will come to know her own interests better."

A second councillor, a practical man of affairs, undefiled by principles and reared on the venerable experience of his ancestors, replied: "Do not listen to this dreamer, this theorist, this innovator, this utopian, this economist, this Stultophile. We should all be lost if the obstacles on the highway between Stulta and Puera were not equalized and kept in perfect balance. It would be more difficult to go than to come, and to export than to import. We should be, in relation to Stulta, in a situation of inferiority; for it is more difficult to go upstream than downstream."

A voice: "The cities at the mouths of rivers have prospered more than those at the headwaters."

"That is impossible."

Same voice: "But it is a fact."

"Very well, then they have prospered against the rules."

Reasoning so conclusive convinced the assembly. The orator followed up his victory by speaking of national independence, national honor, national dignity, domestic industry, inundation by foreign products, tribute paid to foreigners, and murderous competition*; in short, his motion in favor of the maintenance of obstacles was carried; and if you are at all curious about the matter, I can take you into a certain country where you will see with your own eyes highway maintenance men and obstructors working side by side in the most friendly way in the world, under laws enacted by the same legislative assembly, and at the expense of the same taxpayers, the former to clear the road, and the latter to block it.**

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* The alternative to free trade is managed trade – managed, that is, by diplomats. The lesson here is that free trade is in one's own interests, even if other nations do not follow this policy, and that diplomatically managed trade reciprocities are highly avoidable.

** The Wagah border checkpost, on the highway between Indian Amritsar and Pakistani Lahore is an example of this.

8. RECIPROCITY REVISITED

M. de Saint-Cricq inquires: "Are we sure that foreigners will buy from us as much as they sell to us?"

M. de Dombasle would like to know: "What reason have we to believe that English producers will look to our country, rather than to any other, for the products they may need, or that the value of what they import from us will equal that of their exports to us?"

I marvel how men who call themselves *practical* above everything else can employ reasoning so completely divorced from all practice!

In practice, is there one exchange in a hundred, in a thousand, in possibly even ten thousand, that involves the direct barter of one product for another? Ever since there has been money in the world, has any farmer said to himself: "I wish to purchase shoes, hats, counsel, and lessons only from the shoemaker, the hatter, the lawyer, or the teacher who will buy my wheat from me for exactly the equivalent value"? Why, then, should nations impose such an inconvenience upon themselves?*

How is business actually transacted?

Suppose that a nation does not trade with the rest of the world, and that one of its inhabitants has produced some wheat. He sells it in the domestic *market* at the highest price

* The basic point is that there is no reciprocity when individuals trade, so there is no question of reciprocity between nations, because nations do not trade, individuals do.

he can get, and in exchange he receives .... what? Money, that is, warrants or drafts that are infinitely divisible, by means of which he may lawfully withdraw from the supply of domestic goods, whenever he deems it opportune, and subject to due competition, as much as he may need or want. Ultimately, at the end of the entire operation, he will have withdrawn from the total precisely the equivalent of what he put into it, and, in value, *his consumption will exactly equal his production*.

If the exchanges of this nation with the outside world are free, it is no longer the *domestic* market, but the *general* or world market, to which each individual sends his products and from which each withdraws the means of satisfying his wants and needs. It is no concern of his whether what he sends to the market is purchased by a fellow countryman or by a foreigner; whether the money he receives comes to him from a Frenchman or an Englishman; whether the commodities for which he afterwards exchanges this money in order to satisfy his needs were produced on this or the other side of the Rhine or the Pyrenees. For each individual there is always an exact balance between what he puts into and what he withdraws from the great common reservoir; and if this is true of each individual, it is true of the nation as a whole.

The sole difference between the two cases is that in the latter each unit has a wider market in which to buy and sell, and it consequently has more opportunities for carrying on both operations advantageously.

But, it may be objected, if everyone agrees not to buy the products of a given individual when they are brought to market, he cannot, in his turn, buy anything from anyone else. The same is true of nations.

The reply to this is that, if a nation cannot buy anything from any other nation, it will no longer sell anything on the world

market; it will work for itself. It will be forced in that case to submit to what you want to impose on it from the outset, i.e., *isolation*.

And this will realize the ideal of the protectionist system.

Is it not ridiculous that you are now inflicting such a system upon the nation for fear that we might otherwise run the risk of coming to it some day without your interference?

9. NATIONAL INDEPENDENCE

Among the arguments that have been advanced in favor of the protectionist system, we must not forget the one that is founded on the idea of national independence.

"What shall we do in case of war," people ask, "if we have put ourselves at the mercy of England for iron and coal?"

The English monopolists for their part do not fail to exclaim:

"What will happen to Great Britain in time of war if she makes herself dependent on France for food?"

The one thing that people overlook is that the sort of dependence that results from exchange, i.e., from commercial transactions, is a reciprocal dependence. We cannot be dependent upon a foreigner without his being dependent upon us. Now, this is what constitutes the very essence of *society*. To sever natural interrelations is not to make oneself independent, but to isolate oneself completely.

And observe, too, that one isolates oneself in anticipation of war, but that the very act of isolating oneself is a beginning of war. It makes war easier to wage, less burdensome, and consequently less unpopular. If nations remain permanently in the world market; if their interrelations cannot be broken without their peoples' suffering the double discomfort of privation and glut; they will no longer need the mighty navies

that bankrupt them or the vast armies that weigh them down; the peace of the world will not be jeopardized by the caprice of a Thiers or a Palmerston*; and war will disappear for lack of materials, resources, motives, pretexts, and popular support.

* The French and British foreign ministers at that time, respectively.

10. METAPHORS

Sometimes a sophism expands until it permeates the whole fabric of a long and elaborate theory. More often it contracts and shrinks, assumes the form of a principle, and takes cover behind a word or a phrase.

Paul-Louis used to pray, "May the good Lord deliver us from the snares of the devil—and of the metaphor!" And indeed, it would be hard to say which does more mischief in this world. It is the devil, you say; he puts the spirit of plunder into the hearts of all of us, frail creatures that we are. Yes, but he leaves the repression of abuses entirely to the counteraction of those who suffer from them. What paralyzes this counteraction is sophistry. The sword that malice puts into the hand of the assailant would be powerless if sophistry did not shatter the shield on the arm of the man who is assailed; and Malebranche was right when he wrote on the frontispiece of his book: Error is the cause of man's misery.

Let us see how this takes place. Ambitious hypocrites may have some evil objective, such as, for instance, planting the seeds of international discord in the mind of the public. These fateful seeds may germinate, lead to general warfare, arrest the progress of civilization, cause torrents of blood to be shed, and inflict on the country that most dreadful of all catastrophes—invasion. In any case, and aside from this, these feelings of hostility lower us in the estimation of other nations and compel Frenchmen who have retained any sense of justice to blush for their country. These are undoubtedly great evils; and for the public to protect itself against the machinations of

those who would expose it to such risks, it needs no more than a clear insight into their nature. How has it been deprived of this insight? By the use of metaphors. Twist, stretch, or pervert the meaning of three or four words, and the whole job is done.

The word **invasion** itself is a good example of this.

A French ironmaster says: "We must protect ourselves from the invasion of English iron!" An English landlord cries: "We must repel the invasion of French wheat!" And they urge the erection of barriers between the two nations. Barriers result in isolation; isolation gives rise to hatred; hatred, to war; war, to invasion. "What difference does it make?" say the two sophists. "Is it not better to risk the possibility of invasion than to accept the certainty of invasion?" And the people believe them, and the barriers remain standing.

And yet, what analogy is there between an exchange and an invasion? What possible similarity can there be between a warship that comes to vomit missiles, fire, and devastation on our cities, and a merchant vessel that comes to offer us a voluntary exchange of goods for goods?

The same is true of the word **flood**. This word is customarily used in a pejorative sense, for floods often ravage fields and crops. If, however, what they deposited on our soil was of greater value than what they washed away, like the floods of the Nile, we should deify and worship them, as the Egyptians did. Before crying out against the floods of foreign goods, before putting up onerous and costly obstacles in their way, do people ask themselves whether these are floods that ravage or floods that fertilize? What should we think of Mohammed Ali if, instead of spending great sums to raise dams across the Nile so as to extend the area covered by its floods, he used his revenue to dredge out a deeper channel for it, so that

Egypt would not be soiled by this foreign slime brought down from the Mountains of the Moon? We display exactly the same degree of wisdom and judgment when we try, by spending millions of francs, to protect our country—from what? From being flooded by the blessings that Nature has bestowed upon other lands.

11. PROTECTIONISM, OR THE THREE ALDERMEN*

A DEMONSTRATION IN FOUR SCENES

SCENE 1

The scene takes place in the mansion of Peter, an alderman. The window looks out upon a beautiful grove of trees; three gentlemen are seated at a table near a blazing fire.

PETER: I must say, there is nothing like a good fire after a satisfying meal. You have to admit that it is very agreeable indeed. But, alas, how many good people are blowing on their fingers from lack of firewood! Unfortunate creatures! A charitable idea that must be an inspiration from Heaven has just occurred to me. You see those fine trees? I want them cut down and the wood distributed among the poor.

PAUL AND JOHN: What! Free of charge?

PETER: Not exactly. My good deeds would soon be at an end if I dissipated my estate that way. I estimate my grove of trees to be worth a thousand livres; by chopping them down, I shall get a good deal more for them.

PAUL: Not so. Your wood as it stands is worth more than that of the neighboring forests, because it performs services that the latter cannot perform. Once your trees are chopped down, they

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* Aldermen are city councillors.

will be good only for firewood, like the rest, and not be worth a denier more per load.

PETER: Ho, ho! Mr. Theorist, you are forgetting that I am a practical man. I should think my reputation as a speculator well enough established to prevent me from being taken for a fool. Do you think I am going to amuse myself by selling my wood at the same price as floated wood?

PAUL: You will simply have to.

PETER: How naive you are! And suppose I stop floated wood from reaching Paris?

PAUL: That would change matters. But how would you go about it?

PETER: Here is the whole secret. You know that floated wood pays ten sous a load on entering the city. Tomorrow I persuade the aldermen to raise the duty to 100, 200, 300 livres—in short, high enough to keep even a single log from getting in. Now do you understand? If the good people do not want to die of cold, they will have no alternative but to come to my woodyard. They will scramble for my wood, I shall sell it for its weight in gold, and this well-organized charitable undertaking will put me in a position to conduct others.

PAUL: What a wonderful project! It gives me the idea for another just as efficacious.

JOHN: Tell us what it is. Does it also involve philanthropy?

PAUL: What do you think of this butter from Normandy?

JOHN: Excellent.

PAUL: Well, maybe! It seemed tolerable to me a moment ago. But do you not find that it burns your throat? I intend to produce a better quality in Paris. I shall have four or five hundred cows and arrange to distribute milk, butter, and cheese among the poor.

PETER AND JOHN: What! As charity?

PAUL: Nonsense! Let us always maintain an appearance of charity. It has so fair a face that even its mask is an excellent passport. I shall give my butter to the people, and the people will give me their money. Do you call that selling?

JOHN: Not according to Le Bourgeois gentilhomme; but whatever you may choose to call it, you will ruin yourself. Can Paris compete with Normandy in the raising of cows?

PAUL: I shall gain the advantage by saving the costs of transportation.

JOHN: All right. But even after paying these costs, the Normans can still beat the Parisians.

PAUL: Do you call it beating someone to let him have things at low prices?

JOHN: That is the customary term. The fact remains that you will be the one who is beaten.

PAUL: Yes, like Don Quixote. The blows will fall on Sancho. John, my friend, you forget the octroi.

JOHN: The octroi! What connection does it have with your butter?

PAUL: From tomorrow on, I shall demand protection; I shall persuade the commune to keep butter from Normandy and

Brittany from entering Paris. Then the people will either have to get along without it or buy mine, and at my price, too.

JOHN: I must say, gentlemen, I feel myself quite caught up in the wave of your humanitarianism. "One learns to howl," says the proverb, "by living with the wolves." My mind is made up. No one shall say that I am an unworthy alderman. Peter, this crackling fire has set your soul aflame; Paul, this butter has activated your intellectual faculties; and now I feel that this piece of salt pork is likewise sharpening my wits. Tomorrow I shall vote, and have others vote, for the exclusion of pigs, living or dead; that done, I shall build superb pens in the heart of Paris for the unclean animal forbidden to the Hebrews. I shall become a swineherd and pork butcher. Let us see how the good people of Paris will avoid coming to provision themselves at my shop.

PETER: Not so fast, gentlemen. If you increase the price of butter and salt pork in this way, you will cut beforehand the profit I was expecting from my wood.

PAUL: Well, my project will no longer be so wonderful either, if you levy tribute on me for your logs and your hams.

JOHN: And what shall I gain by overcharging you for my sausages, if you overcharge me for faggots and for the butter on my bread?

PETER: Well, there is no reason why we should quarrel about this. Let us rather co-operate with one another and make reciprocal concessions. Besides, it is not good to consult only one's own self-interest; one should consider mankind as well. Must we not make sure the people are warm?

PAUL: Quite true. And the people must have butter to spread on their bread.

JOHN: Undoubtedly. And a bit of bacon for their stew.

ALL: Hurrah for charity! Long live humanitarianism! Tomorrow we shall take the City Hall by storm.

PETER: Ah! I forgot. One more word; it is essential. My friends, in this age of selfishness, the world is distrustful; and the purest intentions are often misinterpreted. Paul, you plead the case for local wood; John, you defend local butter; and I, for my part, shall devote myself to the protection of the local hog. It is well to forestall evil-minded suspicions.

PAUL AND JOHN (leaving): Upon my word, there's a clever man!

SCENE 2

Meeting of the Board of Aldermen

PAUL: My dear colleagues, every day large quantities of wood enter Paris, and as a result large sums of money leave the city. At this rate we shall all be ruined in three years, and then what will become of the poor? [Cheers.] Let us ban all foreign wood. It is not on my behalf that I am speaking, because all the wood I own would not make one toothpick. Hence, I am completely free from any personal interest in regard to this question. [Hear! Hear!] But Peter here has a grove of trees and will guarantee to supply fuel for our fellow citizens, who will no longer be dependent upon the charcoal sellers of the Yonne. Has it ever occurred to you that we run the danger of dying of cold if the owners of foreign forests took it into their heads not to deliver wood to Paris any longer? Therefore, let us ban their wood. By this means we shall prevent the draining away of our money, create a domestic woodcutting industry, and open to our workers a new source of employment and income. [Applause.]

JOHN: I support this proposal by the distinguished previous speaker, who is so humanitarian, and, as he himself said, so completely disinterested. It is high time we put a stop to this brazen *laissez passer*, which has brought unbridled competition into our market, so that there is not one province whose situation is at all advantageous for the production of any commodity whatsoever that does not flood us with it, undersell us, and destroy Parisian industry. It is the duty of the government to equalize the conditions of production by the imposition of judiciously selected duties, to admit only goods that cost more outside Paris than they do within the city, and in this way to extricate us from an unequal contest. How, for instance, can we be expected to produce milk and butter in Paris in competition with Brittany and Normandy? Just remember, gentlemen, that it costs the Bretons less for their land, their fodder, and their labor. Is it not common sense to equalize opportunities by a protective town tariff? I demand that the duty on milk and butter be raised to 1000%, and higher if need be. Breakfast may cost the people a little more on that account, but how their wages will go up as well! We shall see barns and dairies rising, creameries multiply, new industries established. It is not that I stand to profit in the least from the adoption of my proposal. I am not a cowherd, nor do I wish to be one. My only desire is to be helpful to the toiling masses. [Cheers and applause.]

PETER: I am delighted to find that this assembly includes statesmen so pure in heart, so enlightened, so dedicated to the best interests of the people. [Cheers.] I admire their disinterestedness, and I can do no better than imitate their noble example. I second their motion, and I add to it a motion of my own to prohibit the entry of pigs from Poitou. It is not that I have any desire to become a swineherd or a pork butcher; in that case, my conscience would make it my duty to remain silent. But is it not disgraceful, gentlemen, that we should be forced to pay tribute to these Poitou peasants, who have the audacity to come right into our own market and seize possession of an industry

that we ourselves could carry on; and who, after flooding us with their sausages and hams, take perhaps nothing from us in return? In any case, who will tell us that the balance of trade is not in their favor and that we are not obliged to pay them the balance due in hard cash? Is it not clear that if this industry were transplanted from Poitou to Paris, it would create jobs for Parisian workingmen? And then, gentlemen, is it not quite possible, as M. Lestiboudois so well observed, that we may be buying salt pork from Poitou, not with what we sell them in return, but with our capital? How long can we go on doing that? Let us not, then, allow a pack of greedy, grasping, false-hearted competitors to come here and undersell us and make it impossible for us to produce the same commodities ourselves. Aldermen, Paris has put her trust in us; it is for us to justify that trust. The people are without jobs; it is for us to create jobs for them; and if salt pork costs them a little more, we shall at least have the consciousness of having sacrificed our personal interests to those of the masses, as every right-thinking alderman should do. [Thunderous applause.]

A VOICE: I hear a great deal of talk about the poor; but, under the pretext of giving them jobs, you begin by depriving them of what is worth more than the job itself—wood, butter, and soup.

PETER, PAUL, AND JOHN: Put our motions to a vote! Put them to a vote! Away with utopians, theorists, abstract thinkers! Put them to a vote! Put them to a vote! [The three motions are carried.]

SCENE 3

Twenty Years Later: Jacques Bonhomme and His Son.

THE SON: Father, make up your mind to it; we must leave Paris. We cannot live here any longer. There is no work to be had, and everything is frightfully expensive.

THE FATHER: My son, you do not know what a wrench it is for one to leave the place where one was born.

THE SON: It is even worse to starve to death.

THE FATHER: Go, my son, seek a more hospitable land. As for myself, I shall not leave this place, where your mother, your brothers, and your sisters are buried. I long to find at last by their side the rest that has been denied me in this city of desolation.

THE SON: Take heart, dear father; we shall find work somewhere else—in Poitou, in Normandy, or in Brittany. It is said that all the industries of Paris are gradually moving to these distant provinces.

THE FATHER: That is quite understandable. Being unable any longer to sell us wood and provisions, the people of these provinces have ceased to produce beyond their own needs; whatever time and capital they have available they devote to making for themselves what we once used to furnish them with.

THE SON: Just as at Paris they have stopped making fine furniture and beautiful clothing, and have turned to planting trees and raising pigs and cows. Although still young, I have lived to see great stores, elegant neighborhoods, and busy docks along the banks of the Seine overgrown with weeds and underbrush.

THE FATHER: While the hinterland is being covered with cities, Paris is becoming a bare field. What an appalling reversal! And it took just three misguided aldermen, helped by public ignorance, to bring this frightful calamity upon us.

THE SON: Tell me its history, Father.

THE FATHER: It is really quite simple. Under the pretext of establishing three new branches of industry in Paris and of thereby

increasing job opportunities for the working classes, these men had the importation of wood, butter, and meat prohibited. They arrogated to themselves the right to provide their fellow citizens with these commodities. First, their prices rose to exorbitant heights. No one was earning enough to afford them, and the small number of those who could obtain some, by spending all their earnings on them, were no longer able to buy anything else. This at once spelled the doom of all the industries in Paris, and the end came all the more quickly as the provinces no longer provided our city with a market for its products. Poverty, death, and emigration began to depopulate Paris.

THE SON: And when is this going to stop?

THE FATHER: When Paris has become a forest and a prairie.

THE SON: The three aldermen must have made a great deal of money.

THE FATHER: At first they realized enormous profits; but in the long run they were engulfed in the general misery.

THE SON: How is that possible?

THE FATHER: This ruin you are looking at was once a splendid mansion encircled by a beautiful grove of trees. If Paris had continued to expand, Squire Peter would get more in rent from it than he could sell it for today.

THE SON: How can that be, since he no longer has any competition?

THE FATHER: Competition among sellers has disappeared, but competition among buyers is disappearing every day and will continue to disappear until Paris has become open country and the brushwood of Squire Peter has no more value than an

equal area of brushwood in the forest of Bondy. It is thus that monopoly, like every injustice, carries within it the seeds of its own destruction.

THE SON: That does not seem altogether clear to me, but what is incontestable is the decadence of Paris. Is there, then, no way of repealing this iniquitous law that Peter and his colleagues had the town council adopt twenty years ago?

THE FATHER: I am going to tell you a secret. I am staying in Paris to do just that. I shall call the people to my assistance. It depends upon them to restore the town tariff duties to their former basis, to rid them of the deadly principle that was grafted onto them and that has continued to vegetate there like a parasitical fungus.

THE SON: You are sure to succeed in this from the very first.

THE FATHER: Oh, on the contrary, the task is difficult and toilsome. Peter, Paul, and John understand one another wonderfully well. They are ready to do anything rather than permit wood, butter, and meat to enter Paris. They have on their side the people themselves, who see clearly the jobs that these three protected industries give them, who know how many woodcutters and cowherds they give employment to, but who cannot have as clear an idea of how much employment would develop in the spacious atmosphere of free trade.

THE SON: If that is all they need, you will enlighten them.

THE FATHER: My child, at your age one never lacks confidence. If I write, the people will not read what I have to say; for with all the hours they must work to eke out their miserable existence, they have no time left for reading. If I speak, the aldermen will shut my mouth. Thus, the people will long continue in their disastrously mistaken ways, and the political parties that place their trust in arousing popular passions will concern themselves

far less with dispelling error than with exploiting the prevailing prejudices. Therefore, I shall have on my hands at one and the same time the two most powerful forces of our age—the people and the political parties. Oh! I see a frightful storm ready to burst over the head of anyone bold enough to venture a protest against an iniquity so deeply rooted in this country.

THE SON: You will have justice and truth on your side.

THE FATHER: And they will have force and calumny on theirs. If only I were young again! But age and suffering have exhausted my strength.

THE SON: Well, father, dedicate what strength you still have to the service of your country. Begin this work of liberation and leave me as my legacy the task of completing it.

SCENE 4

Popular Uprising

JACQUES BONHOMME: Parisians, let us demand the reform of the town tariff duties; let us insist that they be restored to their original purpose. Let every citizen be free to buy wood, butter, and meat wherever he sees fit.

THE PEOPLE: Long live freedom!

PETER: Parisians, do not let yourselves be misled by that word. What difference does the freedom to buy make to you, if you do not have the means? And how can you have the means, if you do not have a job? Can Paris produce wood as cheaply as the forest of Bondy, meat as inexpensively as Poitou, butter as easily as Normandy? If you open your gates freely to these competitive products, what will become of the cowherds, the woodcutters, and the pork butchers? They cannot do without protection.

THE PEOPLE: Long live protection!

JACQUES BONHOMME: Protection! But is it you, the workers, who are being protected? Do you not compete with one another? Then let the wood dealers experience competition in their turn. They have no right to raise the price of their wood by law unless they also raise wage rates by law. Are you no longer in love with equality?

THE PEOPLE: Long live equality!

PETER: Do not listen to this agitator. We have, it is true, raised the price of wood, of meat, and of butter; but we have done so in order to be able to give good wages to the workers. We are prompted by motives of charity.

THE PEOPLE: Long live charity!

JACQUES BONHOMME: Use the town tariff duties, if you can, to raise wages, or else do not use them to raise commodity prices. What the people of Paris demand is not charity, but justice.

THE PEOPLE: Long live justice!

PETER: It is precisely high commodity prices that make for high wages.

THE PEOPLE: Long live high prices!

JACQUES BONHOMME: If butter is dear, it is not because you are paying high wages to the workers; it is not even because you are making big profits; it is solely because Paris is ill-situated for that industry, because you insisted that people produce in the city what they should be producing in the country, and in the country what used to be produced in the city. It is not that there are more jobs for the people, but only jobs of a different kind. It is not

that their wages are higher, but that the prices at which they buy things are no longer as low.

THE PEOPLE: Long live low prices!

PETER: This man is seducing you with his honeyed words. Let us put the question in all its simplicity. Is it not true that if we grant entry to butter, wood, and meat, we shall be flooded with them? Shall we not perish of the surfeit? There is, thus, no other way of saving ourselves from this new species of invasion than by slamming the gates in its face, and no other way of maintaining commodity prices than by producing an artificial scarcity.

SOME FEW SCATTERED VOICES: Long live scarcity!

JACQUES BONHOMME: Let us put the question to the test of truth. One can divide among all the people in Paris only what there is in Paris; if there is less meat, less wood, less butter, each person's share will be smaller. Now, there will be less of these commodities if we ban them than if we admit them. Parisians, there can be abundance for everyone only in so far as there is general abundance.

THE PEOPLE: Long live abundance!

PETER: This man can talk all he wants; he will never be able to show you that it is in your interest to be subjected to unbridled competition.

THE PEOPLE: Down with competition!

JACQUES BONHOMME: This man can declaim all he wants; he cannot make it possible for you to taste the sweets of restriction.

THE PEOPLE: Down with restriction!

PETER: And I, for my part, declare that if the poor cowherds and swineherds are to be deprived of their daily bread, if they are to be sacrificed to theories, I can no longer be answerable for public order. Workingmen, put no faith in that man. He is an agent of perfidious Normandy; he goes there to get his orders. He is a traitor; he must be hanged. (The people remain silent.)

JACQUES BONHOMME: Parisians, everything I am saying today, I was saying twenty years ago, when Peter took it into his head to exploit the town tariff duties for his own advantage and to your disadvantage. I am not, then, an agent of the Normans. Hang me if you will, but that will not make oppression any the less oppressive. Friends, it is neither Jacques Bonhomme nor Peter who must be killed, but free trade if it frightens you, or restriction if it does you harm.

THE PEOPLE: Let us hang no one, and set everybody free.

12. A CHINESE TALE

People bewail the greed and selfishness of our age!

I, for my part, find the world, especially Paris, peopled with little saints.

Open the thousand books, the thousand newspapers, the thousand pamphlets, that the Parisian presses spew forth every day over the country. Are they not all the work of little saints?

What animation in the painting of the vices of our day! What moving concern for the masses! With what liberality the rich are invited to share with the poor, if not the poor with the rich! What a host of plans for social reforms, social improvements, social organizations! Is there any hack scribbler who is not devoting himself to the welfare of the toiling masses? For an advance of a few crowns, he will find the opportunity to indulge himself in humanitarian lucubrations.

And yet people talk about the selfishness and individualism of our era!

There is nothing that does not pretend to serve the well-being and the edification of the people—nothing, *not even the customhouse*. You think, perhaps, that it is just another instrument of taxation, like the license bureau or the tollhouse at the end of the bridge? Nothing of the kind. It is essentially an institution for the advancement of civilization, fraternity, and equality. What do you expect? To be in fashion today, one must show, or pretend to show, feeling, sentimental sensibility, everywhere, even at

the customhouse window where they ask, "What do you have there, friend?"

But for realizing these humanitarian aspirations, the customhouse has, it must be confessed, some rather strange procedures.

It musters an army of directors, assistant directors, inspectors, deputy inspectors, superintendents, auditors, collectors, department heads, assistant department heads, clerks, supernumeraries, candidates for the jobs of supernumeraries, and candidates for the candidacy, to say nothing of those on *active service*—all with the object of exercising over the productive activities of the people the negative action that can be summed up in the word bar.

Notice that I do not say *tax*, but quite genuinely *bar*.

And to bar, not acts repugnant to morality or dangerous to public order, but transactions that are innocent and, as is admitted, conducive to peace and harmony among nations.

Nevertheless, mankind is so flexible and adaptable that in one way or another it always surmounts these *barriers*. It is just a matter of applying more labor.

If people are barred from importing their food from abroad, they produce it domestically. This is more laborious, but one must eat. If they are barred from passing through the valley, they climb over the mountains. This way is longer, but one must reach one's destination.

All this is regrettable, but it does have its ridiculous side. When the law has in this way created a certain number of obstacles, and when, in order to overcome them, mankind has diverted a corresponding amount of labor from other employments, you are no longer allowed to demand the reform of the law; for if you

point out the *obstacle*, the jobs that it makes for are pointed out to you, and if you say, "These are not jobs that have been *created*, but displaced, by the obstacle," you are answered in the words of *L'Ésprit public*: "Only our impoverishment is certain and immediate; as for our enrichment, that is more than problematical."

This reminds me of a Chinese story.

Once upon a time there were, in China, two great cities: Chin and Chan. They were connected by a magnificent canal. The emperor judged it desirable to have enormous blocks of stone thrown into it, in order to put it out of service.

Seeing this, Kuang, his chief mandarin, said to him:

"Son of Heaven, you are making a mistake."

To which the emperor replied:

"Kuang, you are talking like a fool."

(Of course I am reporting here only the gist of their conversation.)

After three moons had passed, the celestial emperor sent for the mandarin and said to him:

"Kuang, look yonder."

And Kuang opened his eyes and looked.

And he saw, some distance from the canal, a multitude of *men at work*. Some were excavating, others were raising embankments, still others were leveling the ground, and others laying paving stones; and the mandarin, who was very well read, thought to himself: They are making a highway.

After three more moons had passed, the emperor summoned Kuang and said to him:

"Look yonder."

And Kuang looked.

And he saw that the highway was completed, and he noticed that at different points all along the road, inns were being built. A host of pedestrians, carts, and palanquins were coming and going; and innumerable Chinese, overcome with fatigue, were carrying heavy burdens from Chin to Chan and from Chan to Chin. And Kuang said to himself: "It was the destruction of the canal that provided jobs for these poor people." But it never occurred to him that their labor had been *diverted* from other employments.

And three more moons passed by, and the emperor said to Kuang:

"Look yonder."

And Kuang looked.

And he saw that the inns were always full of travelers, and, grouped around them, were the shops of butchers, bakers, and dealers in swallows' nests, to feed the hungry travelers. And, inasmuch as these worthy artisans could not go about naked, there had also settled among them tailors, shoemakers, and dealers in parasols and fans; and since people do not sleep out in the open air, even in the Celestial Empire, there were also carpenters, masons, and roofers. Then there were police officials, judges, and fakirs; in brief, a city with its suburbs had grown up around each inn.

And the emperor said to Kuang, "What do you think of it?"

And Kuang replied: "I should never have thought that the destruction of a canal could create jobs for so many people"; for it never occurred to him that these jobs had not been created, but *displaced*, and that the travelers used to eat just as well when they went along the canal as they did after they were forced to use the highway.

However, to the great astonishment of the Chinese, the emperor died, and this Son of Heaven was laid to rest.

His successor sent for Kuang and said: "Have the canal opened up."

And Kuang said to the new emperor:

"Son of Heaven, you are making a mistake."

And the emperor answered:

"Kuang, you are talking like a fool."

But Kuang persisted and said, "Sire, what do you have in mind?"

"I have in mind," the emperor said, "facilitating the movement of men and things between Chin and Chan by making transportation less expensive, so that the people may have tea and clothing at lower cost."

But Kuang was all prepared. The evening before, he had received several issues of the *Moniteur industriel*, a Chinese newspaper. Knowing his lesson well, he asked permission to reply; after obtaining it, he prostrated himself nine times and said:

"Sire, by facilitating transporation, you hope to reduce the price of consumers' goods, in order to put them within reach

of the people, and to this end, you begin by making them lose all the jobs that the destruction of the canal gave rise to. Sire, in political economy, low prices..."

The emperor: "You seem to be reciting this from memory."

Kuang: "You are right; it will be more convenient for me to read it to you."

And, after unfolding *L'Ésprit public*, he read:

> "In political economy, low prices for consumers' goods are of only secondary importance. The real problem consists in establishing an equilibrium between the price of labor and that of the means of subsistence. The wealth of a nation consists in the amount of employment it provides its labor force, and the best economic system is that which provides the greatest possible number of jobs. The question is not whether it is better to pay four cash or eight cash for a cup of tea, five taels or ten taels for a shirt. These are childish considerations unworthy of a mature mind. No one disputes your thesis. The problem is whether it is better to have to pay more for a commodity, but to have, thanks to the abundance of jobs and the higher price of labor, more means of acquiring it; or whether it is better to limit the number of job opportunities, reduce the total quantity of domestic production, and transport consumers' goods by water, doubtless at lower cost, but at the same time denying some of our workers the possibility of buying them even at these reduced prices."

Since the emperor was still not entirely convinced, Kuang said to him: "Sire, deign to wait. I still have the *Moniteur industriel* to read to you."

But the emperor said:

"I do not need your Chinese newspapers to know that to create obstacles is to divert and displace labor. But that is not my mission. Go out there and clear the obstacles from the canal. After that, we'll reform the tariff."

And Kuang went off, tearing at his beard and lamenting: "O Fô! O Pê! O Lî! and all other monosyllabic, circumflected gods of Cathay, take pity on your people; for there has come to us an emperor of the *English school*, and I can see that before long we shall be in want of everything, since we shall no longer need to do anything."

13. SOMETHING ELSE

"What is restriction?"

"It is a partial interdiction."

"What is interdiction?"

"It is an absolute restriction."

"So that what is true of the one is true of the other?"

"Yes; the difference is only one of degree. The relation between them is the same as that between the arc of a circle and the circle itself."

"Therefore, if interdiction is bad, restriction cannot be good?"

"No more than the arc of a circle can be anything but circular."

"What is the generic name for both restriction and interdiction?"

"Protectionism."

"What is the ultimate effect of protectionism?"

"To require that men expend more labor for the same result."

"Why are men so attached to the protectionist system?"

"Because, as free trade enables them to attain the same result with less labor, this apparent diminution of labor terrifies them."

"Why do you say apparent?"

"Because all the labor that has been saved can be devoted to something else."

"What else?"

"That is what cannot be specified and does not need to be."

"Why?"

"Because, if the total quantity of consumers' goods enjoyed by the French people could be obtained with one-tenth less labor, no one can predict what new satisfactions they would try to obtain for themselves with the remaining available labor. One person would want to be better clothed; another, better fed; this one, better educated; that one, better entertained."

"Explain to me the functioning and the effects of protectionism."

"That is not so easy. Before considering the more complicated cases, one should study the simpler ones."

"Take the simplest case you wish."

"You remember how Robinson Crusoe managed to make a board when he had no saw?"

"Yes. He cut down a tree; then, by trimming the trunk, first on one side and then on the other, with his axe, he reduced it to the thickness of a plank."

"And that cost him a great deal of labor?"

"Two full weeks."

"And what did he live on during that time?"

"On his provisions."

"And what happened to the axe?"

"It became very dull as a result."

"Quite right. But perhaps you do not know this: just as he was about to strike the first blow with his axe, Robinson Crusoe noticed a plank cast up on the beach by the waves."

"Oh, what a lucky accident! He ran to pick it up?"

"That was his first impulse; but then he stopped and reasoned as follows:

" 'If I go to get that plank, it will cost me only the exertion of carrying it, and the time needed to go down to the beach and climb back up the cliff.

" 'But if I make a plank with my axe, first of all, I shall be assuring myself two weeks' labor; then, my axe will become dull, which will provide me with the job of sharpening it; and I shall consume my provisions, making a third source of employment, since I shall have to replace them. Now, labor is wealth. It is clear that I shall only be hurting my own interests if I go down to the beach to pick up that piece of driftwood. It is vital for me to protect my personal labor, and, now that I think of it, I can even create additional labor for myself by going down and kicking that plank right back into the sea!' "

"What an absurd line of reasoning!"

"That may be. It is nonetheless the same line of reasoning that is adopted by every nation that protects itself by interdicting the

entry of foreign goods. It kicks back the plank that is offered it in exchange for a little labor, in order to give itself more labor. There is no labor, even *including that of the customs official*, in which it does not see some profit. It is represented by the pains Robinson Crusoe took to return to the sea the present it was offering him. Consider the nation as a collective entity, and you will not find an iota of difference between its line of reasoning and that of Robinson Crusoe."

"Did he not see that he could devote the time he could have saved to making something else?"

"What else?"

"As long as a person has wants to satisfy and time at his disposal, he always has something to do. I am not obliged to specify the kind of work he could undertake to do."

"I can certainly specify precisely the kind that probably escaped his attention."

"And I maintain, for my part, that, with incredible blindness, he confused labor with its result, the end with the means, and I am going to prove it to you...."

"You do not have to. The fact still remains that this is an illustration of the system of restriction or interdiction in its simplest form. If it seems absurd to you in this form, it is because the two functions of producer and consumer are here combined in the same individual."

"Let us therefore proceed to a more complicated case."

"Gladly. Some time later, after Robinson had met Friday, they pooled their resources and began to co-operate in common enterprises. In the morning, they hunted for six hours and brought

back four baskets of game. In the evening, they worked in the garden for six hours and obtained four baskets of vegetables.

"One day a longboat landed on the Isle of Despair. A handsome foreigner disembarked and was admitted to the table of our two recluses. He tasted and highly praised the products of the garden, and, before taking leave of his hosts, he addressed them in these words:

" 'Generous islanders, I dwell in a land where game is much more plentiful than it is here, but where horticulture is unknown. It will be easy for me to bring you four baskets of game every evening, if you will give me in exchange only two baskets of vegetables.'

At these words, Robinson and Friday withdrew to confer, and the debate they had is too interesting for me not to report it here in full.

"Friday: Friend, what do you think of it?

"Robinson: If we accept, we are ruined.

"F.: Are you quite sure of that? Let us reckon up what it comes to.

"R.: It has all been reckoned up, and there can be no doubt about the outcome. This competition will simply mean the end of our hunting industry.

"F.: What difference does that make if we have the game?

"R.: You are just theorizing! It will no longer be the product of our labor.

"F.: No matter, since in order to get it we shall have to part with some vegetables!

"R.: Then what shall we gain?

"F.: The four baskets of game cost us six hours of labor. The foreigner gives them to us in exchange for two baskets of vegetables, which take us only three hours to produce. Therefore, this puts three hours at our disposal.

"R.: You ought rather to say that they are subtracted from our productive activity. That is the exact amount of our loss. Labor is wealth, and if we lose one-fourth of our working time, we shall be one-fourth less wealthy.

"F.: Friend, you are making an enormous mistake. We shall have the same amount of game, the same quantity of vegetables, and—into the bargain—three more hours at our disposal. That is what I call progress, or there is no such thing in this world.

"R.: You are talking in generalities! What shall we do with these three hours?

"F.: We shall do something else.

"R.: Ah! I have you there. You are unable to mention anything in particular. Something else, something else—that is very easy to say.

"F.: We can fish; we can decorate our cabin; we can read the Bible.

"R.: Utopia! Who knows which of these things we shall do, or whether we shall do any of them?

"F.: Well, if we have no wants to satisfy, we shall take a rest. Is not rest good for something?

"R.: But when people lie around doing nothing, they die of hunger.

"F.: My friend, you are caught in a vicious circle. I am talking about a kind of rest that will subtract nothing from our supply of

game and vegetables. You keep forgetting that by means of our foreign trade, nine hours of labor will provide us with as much food as twelve do today.

"R.: It is very clear that you were not brought up in Europe. Had you ever read the Moniteur industriel, it would have taught you this: 'All time saved is a dead loss. What counts is not consumption, but production. All that we consume, if it is not the direct product of our labor, counts for nothing. Do you want to know whether you are rich? Do not measure the extent of your satisfactions, but of your exertion.' This is what the Moniteur industriel would have taught you. As for myself, being no theorist, all I see is the loss of our hunting.

"F.: What an extraordinary inversion of ideas! But . . . .

"R.: But me no buts. Moreover, there are political reasons for rejecting the selfish offers of the perfidious foreigner.

"F.: Political reasons!

"R.: Yes. First, he is making us these offers only because they are advantageous to him.

"F.: So much the better, since they are so for us too.

"R.: Then, by this traffic, we shall make ourselves dependent upon him.

"F.: And he will make himself dependent on us. We shall have need of his game; and he, of our vegetables; and we shall all live in great friendship.

"R.: You are just following some abstract system! Do you want me to shut you up for good?

"F.: Go on and try. I am still waiting for a good reason.

"R.: Suppose the foreigner learns to cultivate a garden, and that his island is more fertile than ours. Do you see the consequence?

"F.: Yes. Our relations with the foreigner will be severed. He will no longer take our vegetables, since he will have them at home with less labor. He will no longer bring us game, since we shall have nothing to give him in exchange, and we shall then be in precisely the same situation that you want us to be in today.

"R.: Improvident savage! You do not see that after destroying our hunting industry by flooding us with game, he will destroy our gardening industry by flooding us with vegetables.

"F.: But this will happen only so long as we shall be in a position to give him something else, that is to say, so long as we shall be able to find something else to produce with a saving in labor for ourselves.

"R.: Something else, something else! You always come back to that. You are up in the clouds, my friend; there is nothing practical in your ideas.

"The dispute went on for a long time and left each one, as often happens, unchanged in his convictions. However, since Robinson had great influence over Friday, he made his view prevail; and when the foreigner came to learn how his offer had been received, Robinson said to him:

" 'Foreigner, in order for us to accept your proposal, we must be very sure about two things: First, that game is not more plentiful on your island than on ours; for we want to fight only on equal terms. Second, that you will lose by this bargain. For, as in every exchange there is necessarily a gainer and a loser, we should be victimized if you were not the loser. What do you say?'

" 'Nothing,' said the foreigner. And, bursting into laughter, he re-embarked in his longboat."

14. ABUNDANCE AND SCARCITY

Which is preferable for man and for society, abundance or scarcity?

"What!" people may exclaim. "How can there be any question about it? Has anyone ever suggested, or is it possible to maintain, that scarcity is the basis of man's well-being?"

Yes, this has been suggested; yes, this has been maintained and is maintained every day, and I do not hesitate to say that the theory of scarcity is by far the most popular of all theories. It is the burden of conversations, newspaper articles, books, and political speeches; and, strange as it may seem, it is certain that political economy will not have completed its task and performed its practical function until it has popularized and established as indisputable this very simple proposition: "Wealth consists in an abundance of commodities."

- Do we not hear it said every day: "Foreigners are going to flood us with their products"? Thus, people fear abundance.
- Has not M. de Saint-Cricq said: "There is overproduction"? Thus, he was afraid of abundance.
- Do not the workers wreck machines? Thus, they are afraid of overproduction, or—in other words—of abundance.
- Has not M. Bugeaud uttered these words: "Let bread be dear, and the farmer will be rich"? Now, bread can

be dear only because it is scarce. Thus, M. Bugeaud was extolling scarcity.

- Has not M. d'Argout based his argument against the sugar industry on its very productivity? Has he not said again and again: "The sugar beet has no future, and its cultivation cannot be extended, because just a few hectares of sugar beets in each district would be enough to supply all the consumers in France"? Thus, as he sees things, good consists in barrenness and scarcity; and evil, in fertility and abundance.
- Do not *La Presse*, *Le Commerce*, and the majority of the daily newspapers publish one or more articles every morning to prove to the Chambers and to the government that it is sound policy to legislate higher prices for everything through manipulation of the tariff? Do not the Chambers and the government every day comply with this injunction from the press? But tariffs raise the prices of things only because they reduce their supply in the market! Thus, the newspapers, the Chambers, and the government put the theory of scarcity into practice, and I was right to say that this theory is by far the most popular of all theories.

How does it happen that in the eyes of workers, of publicists, and of statesmen, abundance seems dangerous and scarcity advantageous? I propose to trace this illusion to its source.

We observe that a man acquires wealth in proportion as he puts his labor to better account, that is to say, as he sells at a higher price. He sells at a higher price in proportion to the shortage, the scarcity, of the type of commodity produced by his labor. We conclude from this that, at least so far as he is concerned, scarcity enriches him. Applying this mode of reasoning successively to all workers, we deduce from it the theory of scarcity. Thereupon we proceed to put the theory into practice, and, in order to favor all producers, we artificially raise prices and cause a scarcity of all goods by restrictive and protectionist measures, the elimination of machinery, and other analogous means.

The same holds true of abundance. We observe that, when a product is plentiful, it sells at a low price; thus, the producer earns less. If all the producers are in this plight, they are all poverty-stricken; hence, it is abundance that ruins society. And, as every person holding a theory seeks to put it into practice, one sees in many countries the laws of man warring against the abundance of things.

Man produces in order to consume. He is at once both producer and consumer. The argument that I have just set forth considers him only from the first of these points of view. From the second, the argument would lead to an opposite conclusion.

Could we not say, in fact:

The consumer becomes richer in proportion as he buys everything more cheaply; he buys things more cheaply in proportion as they are abundant; hence, abundance enriches him; and this argument, extended to all consumers, would lead to the theory of abundance!

It is an imperfect understanding of the concept of exchange that produces these illusions. If we analyze the nature of our self-interest, we realize clearly that it is double. As sellers, we are interested in high prices, and, consequently, in scarcity; as buyers, we are interested in low prices, or, what amounts to the same thing, in an abundance of goods. We cannot, then, base our argument on one or the other of these two aspects of self-interest without determining beforehand which of the two coincides with and is identifiable with the general and permanent interest of the human race.

If man were a solitary animal, if he worked solely for himself, if he consumed directly the fruits of his labor—in short, if he did not engage in exchange—the theory of scarcity could never have been

introduced into the world. It would be all too evident, in that case, that abundance would be advantageous for him, whatever its source, whether he owed it to his industriousness, to the ingenious tools and powerful machines that he had invented, to the fertility of the soil, to the liberality of Nature, or even to a mysterious invasion of goods that the tide had carried from abroad and left on the shore. No solitary man would ever conclude that, in order to make sure that his own labor had something to occupy it, he should break the tools that save him labor, neutralize the fertility of the soil, or return to the sea the goods it may have brought him. *He would easily understand that labor is not an end in itself, but a means, and that it would be absurd to reject the end for fear of doing injury to the means*. He would understand, too, that if he devotes two hours of the day to providing for his needs, any circumstance (machinery, the fertility of the soil, a gratuitous gift, no matter what) that saves him an hour of this labor, so long as the product is as great, puts that hour at his disposal, and that he can devote it to improving his well-being, He would understand, in short, that *a saving in labor is nothing else than progress*.

But exchange hampers our view of so simple a truth. In society, with the division of labor that it entails, the production and the consumption of an object are not performed by the same individual. Each person comes to regard his labor no longer as a means, but as an end. Exchange creates, in relation to each object, two interests, that of its producer and that of its consumer; and these two interests are always directly opposed to each other.

It is essential to analyze them and to study their nature.

Take the case of any producer. In what does his immediate self-interest consist? It consists in two things:

1. that the smallest possible number of persons engage in the same kind of labor as he; and

2. that the greatest possible number of persons be in quest of the product of his labor.

Political economy expresses this more succinctly in these terms: that the supply be very limited, and the demand very extensive; in still other terms: limited competition, and unlimited market.

In what does the immediate self-interest of the consumer consist? That the supply of the product he wants be extensive, and the demand limited.

Since these two interests are mutually incompatible, one of them must necessarily coincide with the social or general interest, and the other must be hostile to it.

But which one should legislation favor, as being the expression of the public weal—if, indeed, it should favor either one of them?

To know this, it suffices to discover what would happen if the secret desires of men were fulfilled.

In so far as we are producers, it must be admitted, each of us has hopes that are antisocial. Are we vineyardists? We should be little displeased if all the vines in the world save ours were blighted by frost: this is the theory of scarcity. Are we the owners of ironworks? We want no other iron to be on the market but our own, whatever may be the public need for it, precisely because this need, keenly felt and incompletely satisfied, brings us a high price: this too is the theory of scarcity. Are we farmers? We say, with M. Bugeaud: Let bread be costly, that is to say, scarce, and the farmers will prosper: this is still the theory of scarcity.

Do we make cotton textiles? We wish to sell them at the price that is most advantageous for us. We should heartily approve the proscription of all rival manufacturers; and though we do not dare to express this wish publicly or to seek its full realization with any likelihood of success, we nevertheless attain it to a certain

extent by roundabout menus: for example, by excluding foreign textiles, so as to diminish the supply, and thereby to produce, by the use of force and to our profit, a scarcity of clothing.

It follows that, if the secret wishes of each producer were realized, the world would speedily retrogress toward barbarism. The sail would take the place of steam, the oar would replace the sail, and it in turn would have to yield to the wagon, the latter to the mule, and the mule to the packman. Wool would ban cotton, cotton would ban wool, and so on, until the scarcity of all things made man himself disappear from the face of the earth.

If we now turn to consider the immediate self-interest of the consumer, we shall find that it is in perfect harmony with the general interest, i.e., with what the well-being of mankind requires. When the buyer goes to the market, he wants to find it abundantly supplied. He wants the seasons to be propitious for all the crops; more and more wonderful inventions to bring a greater number of products and satisfactions within his reach; time and labor to be saved; distances to be wiped out; the spirit of peace and justice to permit lessening the burden of taxes; and tariff walls of every sort to fall. In all these respects, *the immediate self-interest of the consumer follows a line parallel to that of the public interest*.

If an imaginary legislative assembly composed of businessmen, in which each member world have the power to enact a law expressing his secret wish in his capacity as a producer; the laws emanating from such an assembly would create a system of monopoly and put into practice the theory of scarcity.*

In the same way, a Chamber of Deputies in which each member considered solely his immediate self-interest as a consumer would end by creating a system of free trade, repealing all restrictive

* This is precisely what the three aldermen did in the previous essay!

laws, and removing all man-made commercial barriers—in short, by putting into practice the theory of abundance.

Hence, it follows that to consult solely the immediate self-interest of the producer is to have regard for an antisocial interest; whereas to consider as fundamental solely the immediate self-interest of the consumer is to take the general interest as the foundation of social policy.

Allow me to emphasize this point, at the risk of repeating myself.

There is a fundamental antagonism between the seller and the buyer.

The former wants the goods on the market to be scarce, in short supply, and expensive.

The latter wants them abundant, in plentiful supply, and cheap.

Our laws, which should at least be neutral, take the side of the seller against the buyer, of the producer against the consumer, of high prices against low prices, of scarcity against abundance.

They operate, if not intentionally, at least logically, on the assumption that a nation is rich when it is lacking in everything.

For they say it is the producer who must be favored, by being assured a good market for his product. To achieve this end, it is necessary to raise its price; to raise its price, it is necessary to limit the supply; and to limit the supply is to create scarcity.

Just suppose that, at the present moment, when these laws are in full force, a complete inventory were taken, not in terms of monetary value, but in terms of weight, size, volume, and quantity, of all the objects existing in France that are capable of

satisfying the wants and tastes of its people—meat, cloth, fuel, wheat, colonial products, etc.

Suppose further that the following day all barriers to the importation of foreign goods into France were removed.

Finally, suppose that, in order to determine the consequences of this reform, a second inventory is taken three months later.

Is it not true that there will be in France more wheat, livestock, cloth, linen, iron, coal, sugar, etc., at the time of the second inventory than at the time of the first?

This is so true that our protective tariffs have no other goal than to prevent us from importing all these things, to limit their supply, to forestall a decline in their prices, and to prevent their abundance.

Note, are we to believe that the people are better fed under the laws that prevail at present, because there is less bread, meat, and sugar in the country? Are they better clad, because there is less linen and woolen cloth? Are their houses better heated, because there is less coal? Is their labor made easier because there is less iron and copper, or because there are fewer tools and machines?

But, you say, if foreigners flood us with their products, they will carry off our money!

Well, what difference does that make? Men are not fed on cash, they do not clothe themselves with gold, nor do they heat their houses with silver. What difference does it make whether there is more or less money in the country, if there is more bread in the cupboard, more meat in the larder, more clothing in the wardrobe, and more wood in the woodshed?

15. OBSTACLE AND CAUSE

To regard the obstacle as the cause—to mistake scarcity for abundance—is to be guilty of the same sophism in another guise. It deserves to be studied in all its forms.

Man in the primitive state is destitute of everything.

Between his destitution and the satisfaction of his wants there is a multitude of obstacles, which it is the goal of labor to surmount. It is curious to inquire how and why these very obstacles to his well-being have come to be mistaken for its cause.

Suppose I need to travel to a point a hundred leagues away. But between the point of departure and my destination are mountains, rivers, swamps, impenetrable forests, and highway robbers—in short, obstacles; and, to surmount these obstacles, I must exert myself vigorously, or—what comes to the same thing—others must exert themselves on my behalf and charge the for doing so. Is it not clear that under these circumstances I should have been better off if these obstacles did not exist in the first place?

To go through the long journey of life from the cradle to the grave, man must ingest a vast quantity of food, protect himself from the inclemency of the weather, and guard against or cure himself of a host of diseases. Hunger, thirst, sickness, heat, and cold are just so many obstacles strewn along his part. In a state of isolation he would have to overcome all of them by hunting, fishing, farming, spinning, weaving, and building; and it is clear that it would be better for him if these obstacles were fewer in number, and better still if they did not exist at all. In society, he does not personally

attack each of these obstacles, but others do so for him; and he in turn removes one of the obstacles confronting his fellow men.

It is also clear that, all things considered, it would be better for all mankind, or for society, if obstacles were as easy to overcome and as infrequent as possible.

But if one scrutinizes social phenomena in detail and the attitudes of men as they have been modified by exchange, one soon sees how men have come to confuse wants with wealth and obstacle with cause.

The division of labor, which results from the opportunity to engage in exchange, makes it possible for each man, instead of struggling on his own behalf to overcome all the obstacles that stand in his way, to struggle against only one, not solely on his own account, but for the benefit of his fellow men, who in turn perform other services for him.

Now, the result is that each man sees the immediate cause of his prosperity in the obstacle that he makes it his business to struggle against for the benefit of others. The larger the obstacle, the more important and more intensely felt it is, then the more his fellow men are disposed to pay him for having overcome it, that is, the readier they are to remove on his behalf the obstacles that stand in his way.

A physician, for instance, does not occupy himself with baking his own bread, making his own instruments, or weaving or tailoring his own clothes. Others do these things for him, and, in return, he treats the diseases that afflict his patients. The more frequent, severe, and numerous these diseases are, the more willing people are—indeed, the more they are obliged—to work for his personal benefit. From his point of view, illness—which is a general obstacle to human well-being—is a cause of his individual well-being. All producers, with respect to their particular field of operation,

reason in the same manner. The shipowner derives his profits from the obstacle called distance; the farmer, from that called hunger; the textile manufacturer, from that called cold; the teacher lives on ignorance; the jeweler, on vanity; the lawyer, on greed; the notary, on possible bad faith, just as the physician lives on the illnesses of mankind. It is therefore quite true that each profession has an immediate interest in the continuation, even the extension, of the particular obstacle that is the object of its efforts.

Seeing this, theorists attempt to found a system on the basis of these attitudes on the part of individuals and declare that need is wealth, that labor is wealth, and that the obstacle to well-being is well-being itself. To multiply obstacles is, in their eyes, to encourage industry.

Then the statesmen take over. They hold the power of the government in their hands; and what is more natural than to put it to use in increasing and spreading obstacles, since this is the same as increasing and spreading wealth? They say, for example: "If we prevent iron from coming from the places where it is abundant, we create in our own country an obstacle to obtaining it. This obstacle, when it is felt acutely, will induce people to pay in order to get rid of it. A certain number of our fellow citizens will devote themselves to struggling against it, and this obstacle will make their fortune. The greater it is, that is, the scarcer, the more inaccessible, the more difficult to transport, the more remote from the blast furnaces the ore is, the more manpower all the branches of this industry will employ. Hence, let us bar foreign iron ore; **let us create the obstacle, so as to create the need for labor to struggle against it."**

The same reasoning leads to the proscription of machinery.

Here, let us say, are some men who need to store their wine. This is an obstacle; and here are some other men whose job it is to remove the obstacle by making tuns. It is fortunate, then,

that the obstacle exists, since it provides employment for a part of the domestic labor force and enriches a certain number of our fellow citizens. But then an ingenious machine is invented that fells the oak, squares it, divides it into staves, assembles them, and transforms them into wine-barrels. The obstacle is greatly diminished, and with it the affluence of coopers. Let us pass a law that will preserve both of them. Let us outlaw the machine.

To get at the root of this sophism, one need only remind oneself that human labor is not an end, but a means. It never remains unemployed. If it removes one obstacle, it turns to another; and mankind is rid of two obstacles by the same amount of labor that used to be needed to remove only one. If the labor of coopers ever becomes useless, it will turn in another direction. But with what, people ask, would it be paid? With exactly what pays for it today; for when a certain amount of labor becomes available as a result of the removal of an obstacle, a corresponding quantity of goods also becomes available for the remuneration of labor. To maintain that the time will ever come when human labor will lack employment, it would he necessary to prove that mankind will cease to encounter obstacles. But in that case labor would not be simply impossible; it would be superfluous. We should no longer have anything to do, far we should be omnipotent; and we should only have to pronounce a fiat to have all our needs and all our desires satisfied.

16. EFFORT AND RESULT

We have just seen that there are obstacles between our wants and their satisfaction. We succeed in eliminating these obstacles or in lessening them by employing our productive capacities to overcome them. Thus, it may be said, in a very general way, that industry is an effort followed by a result.

But what constitutes the measure of our well-being, that is, of our wealth? Is it the result of the effort? Or is it the effort itself? There is always a ratio between the effort applied and the result obtained. Does progress consist in the relative increase in the first or in the second term of this ratio?

Both theses have had their defenders, and political economists are divided in their opinions about them.

According to the first thesis, wealth is the result of labor. It increases proportionately to the increase to the ratio of result to effort. Absolute perfection, whose archetype is God, consists in the widest possible distance between the two terms, that is, a situation in which no effort at all yields infinite results.

The second contends that effort itself constitutes and measures wealth. To progress is to increase the ratio of effort to result. Its ideal may be represented by the toil of Sisyphus—at once barren and eternal.

Naturally, the proponents of the first doctrine welcome everything that tends to diminish exertion and to increase output: the powerful machines that add to the strength of man; exchange,

which permits him to get a better share of the natural resources that are distributed in varying amounts on the face of the earth; intelligence, which makes discoveries; experience, which confirms hypotheses; competition, which stimulates production; etc.

Just as logically, the proponents of the second doctrine welcome everything that has the effect of increasing exertion and of diminishing output: privileges, monopolies, restrictions, interdictions, the suppression of machinery, infertility, etc.

It is well to note that the universal practice of mankind is always guided by the principle on which the first doctrine is founded. No one has ever seen, and no one ever will see, any person who works, whether he be farmer, manufacturer, merchant, artisan, soldier, writer, or scholar, who does not devote all the powers of his mind to working better, more quickly, and more economically—in short, to doing more with less.

The opposite doctrine is the stock in trade of theorists, legislators, journalists, statesmen, and cabinet ministers—men, in brief, whose role in this world is to conduct experiments on the body of society.

Yet it is notable that, with respect to their personal concerns, they act on the same principle as everyone else; that is, they seek to obtain from their labor the greatest possible quantity of useful results.

People will perhaps think I am exaggerating, and that there are no real Sisyphists.

If this means that in practice no one carries the principle to its logical extreme, I willingly agree. This is always the case when one starts from a false premise. It soon leads to such absurd and injurious consequences that one is obliged to stop short. That is why it is never the practice of industry to permit Sisyphism; the penalty would follow the mistake

too closely not to expose it. But in the realm of speculation, such as theorists and statesmen engage in, one can cling to a false principle for a long time before being made aware of its falsity by its complex practical consequences, especially in areas with which one is unfamiliar; and when these finally do reveal their origin, one adopts the opposite principle, thereby contradicting oneself, and seeks justification in that incomparably absurd modern axiom: In political economy there are no absolute principles.

Let us see, then, whether the two conflicting principles that I have just described do not prevail, by turns, the one in the practice of industry, the other in industrial legislation.

I have already repeated a saying of M. Bugeaud; but M. Bugeaud is actually two persons, a farmer and a legislator.

As a farmer, M. Bugeaud directs all his efforts toward the twofold end of saving labor and of obtaining bread cheaply. When he prefers a good plough to a poor one; when he improves his pastures; when, in order to turn over his soil, he substitutes as far as possible the action of the wind for that of the harrow or the hoe; when he summons to his aid all the processes whose power and efficacy science and experience have shown him; he has and can have only one goal: to diminish the ratio of effort to result. Indeed, we have no other way of judging the skill of the farmer and the extent of the improvement effected by his operations than to measure what they have subtracted from the effort and added to the result; and, as all the farmers in the world act in accordance with this principle, one can say that all men strive, undoubtedly to their advantage, to obtain bread and all other commodities more cheaply—that is, to lessen the effort needed to have a given quantity at their disposal.

This indisputable tendency of mankind, once its existence is verified, should suffice, it would seem, to make the correct principle clear to the legislator and show him in what way he

ought to help industry (in so far as it is within his province to do so); for it would be absurd to say that the laws of man should run counter to the laws of Providence.

However, M. Bugeaud, the legislator, has been heard to exclaim: "I understand nothing of the theory of cheapness; I should prefer to see bread more expensive and work more abundant." And, in consequence, the deputy from the Dordogne votes for legislative measures whose effect is to hinder trade, precisely because trade procures for us indirectly what direct production can furnish us only at a higher cost.

Now, it is quite evident that the principle of M. Bugeaud, the legislator, is diametrically opposed to that of M. Bugeaud, the farmer. To be consistent, either he would have to vote against every restrictive measure, or he would have to put into practice on his own farm the principle that he proclaims from the rostrum. He would, in the latter case, have to sow his seed in the most barren field, for in that way he would succeed in working a great deal in order to obtain little result. He would have to eschew the use of the plough, since tilling the soil by hand would satisfy his twofold desire for dearer bread and more abundant toil.

The avowed object and acknowledged effect of restrictive measures is to increase the amount of labor necessary for a given result.

Another of its avowed objects and acknowledged effects is to raise prices, which means nothing more nor less than a scarcity of goods. Thus, carried to its extreme, the policy of restriction is pure Sisyphism, as we have defined it: infinite labor, without any result.

Baron Charles Dupin, said to be the torch of learning among the peerage in the science of economics, accuses the railroads of injuring navigation; and it is certainly natural for a swifter

conveyance to lessen the use of a comparatively less efficient one. But railroads can harm shipping only by taking away its business; they can take away its business only by doing the job of transportation more cheaply; and they can transport goods more cheaply only by lowering the ratio of the effort applied to the result obtained, since this is precisely what constitutes low cost. Thus, when Baron Dupin deplores this diminution in the labor employed to obtain a given result, he is following the doctrine of Sisyphism. Logically, since he prefers the ship to the train, he ought to prefer the wagon to the ship, the packsaddle to the wagon, and the basket to every other known means of transport, for it is the one that demands the most labor for the least result.

"Labor constitutes the wealth of a nation," was the saying of M. de Saint-Cricq, the Minister of Commerce *who has imposed so many fetters on commerce*. It should not be supposed that this was merely an elliptical proposition meaning: "The results of labor constitute the wealth of a nation." No, this economist definitely meant to say that the intensity of labor is the measure of wealth; and the proof is that, step by step, from one restriction to another (and always with the best of intentions), he managed to get France to double the amount of labor expended in order to provide itself, for example, with the same quantity of iron. In England iron then cost eight francs; in France it cost sixteen. Assuming that one day of labor costs one franc, it is clear that France could, by way of exchange, obtain for itself a quintal of iron for eight days' labor. Thanks to the restrictive measures of M. de Saint-Cricq, France came to need sixteen days' labor in order to obtain a quintal of iron by direct production. Twice the labor to satisfy an identical need, hence twice the wealth; hence too, wealth is measured, not by the result, but by the intensity, of labor. Is this not Sisyphism in its purest form?

And so that there might be no mistaking his meaning, His Excellency has taken the trouble to explain his ideas more fully; and just as he has called the intensity of labor wealth, so

he *can be heard calling the abundance of the results of labor, or of things suitable for satisfying our wants, poverty.* "Everywhere," he says, "machinery has replaced manual labor; everywhere there is overproduction; everywhere the balance between productive capacity and consumer purchasing power has been upset." It is clear, according to M. de Saint-Cricq, that if France was in a critical situation, it was because it was producing too much; its labor was too intelligent, too fruitful. We were too well fed, too well clothed, too well provided with all things; production became too rapid and outran our demands. It was necessary to put an end to this calamitous situation, and for that purpose to compel us, by restrictive measures, to work more so as to produce less.

What we should desire still more is that human intelligence should be enfeebled or extinguished; for, so long as it survives, it ceaselessly endeavors to increase the ratio of the end to the means and of the product to the effort. It is in this, and in this alone, that intelligence consists.

Thus, Sisyphism has been the doctrine of all those who have been entrusted with the growth of our country's industry. It would not be fair to reproach them for that. This principle guides our cabinet ministers only because it prevails among our legislators; it prevails among our legislators only because they are representative of the electorate; and the electorate is imbued with it only because public opinion is saturated with it.

I feel it my duty to repeat here that I am not accusing such men as Messrs. Bugeaud, Dupin, or Saint-Cricq of being Sisyphists absolutely and under all circumstances. They are certainly not so in their private business activities; certainly each one of them obtains for himself, by way of exchange, what it would cost him much more to procure for himself by direct production. But I do say that they are Sisyphists when they keep the country from doing the same thing.

17. EQUALIZING THE CONDITIONS OF PRODUCTION

In order to avoid being charged with putting sophisms into the mouths of the protectionists, I prefer to let one of their most vigorous champions speak for them.

> "We believe that our protective tariffs should simply represent the difference between the net cost of a commodity that we produce and the net cost of a similar commodity produced in a foreign country.... A protective tariff computed on this basis merely assures free competition;.... free competition exists only where there is equality in the costs and conditions of production."
>
> "Each person ought to wish, for his own sake as well as for the sake of his fellow citizens, that the production of the country be protected against foreign competition, whenever a foreigner can furnish goods at a lower price."*

This argument recurs time and again in the writings of the protectionist school. I propose to examine it carefully, and to this end I solicit the reader's attention and patience. I shall concern myself first with the inequalities that stem from the nature of things, and then with those that are derived from various taxes.

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* Many Indian Businessmen speak this language when they demand a "Level Playing Field".

Here as elsewhere we find the advocates of protectionism taking the point of view of the producers; whereas we defend the cause of the unfortunate consumers, whom they absolutely refuse to take into consideration. But since we cannot persuade our opponents to accept our point of view, let us adopt theirs, and examine the question in relation to production.

I shall try to establish:

(1) That to equalize the conditions of production is to attack exchange at its very foundations.

(2) That it is not true that job opportunities within a country may be choked off by the competition of more favored countries.

(3) That, even if this were true, protective tariffs do not equalize the conditions of production.

(4) That free trade equalizes these conditions as much as they can be equalized.

(5) Finally, that it is the least favored countries that gain the most from exchange.

1. To equalize the conditions of production is not only to obstruct exchange to some extent but also to attack exchange at its very foundations; for exchange is based precisely on the diversity, or, if you prefer, on the inequalities of fertility, skill, climate, and temperature, that you are seeking to eliminate. If Guienne sends wines to Brittany, and if Brittany sends wheat to Guienne, it is because these two provinces offer different conditions for production. Is international trade conducted on a different basis? Moreover, to attack the inequalities in conditions that give rise to exchange and that account for it is in effect to attack exchange itself. If

the protectionists had the power to give legal effect to their convictions, they would reduce all men to the snail's life of utter isolation. A rigorously logical analysis would show, besides, that there is not one of their sophisms that would not lead to ruin and annihilation.

2. It is not true, in practice, that inequality in the conditions of production between two similar industries necessarily involves the failure of the less favored one. At the race track, if one of the horses wins the place, the other loses it; but when two horses work to produce something useful, each will produce an amount in proportion to his strength; and although the stronger will render the greater service, it does not follow that the weaker will render none at all. Wheat is grown in all the departments of France, although there are among them enormous differences in fertility; and if by chance there is one department in which no wheat is grown, it is because it would not pay to grow wheat even for consumption there. By analogy it is clear that under the system of free trade, despite comparable differences, wheat would be grown in every kingdom in Europe; and if there were one that decided to discontinue the cultivation of wheat, it would do so because it had found, in its interest, a better use for its land, its capital, and its manpower. And why does not the fertility of one department nullify the efforts of the farmer in a neighboring, less favored department? Because economic phenomena have a flexibility, an elasticity, and, so to speak, capacities for achieving equalization that appear to have altogether escaped the notice of the protectionist school. The protectionists accuse us of being doctrinaire; but they are the ones that are doctrinaire in the highest degree, for they build the whole edifice of their doctrine on the basis of a single fact rather than on an aggregation of facts. In the example cited above, the differences in the value of various pieces of land are what compensate for the differences in their fertility. Your land produces three times as

much as mine. Yes, but it cost you ten times as much, so that I can still compete with you. There is the whole secret. And observe that superiority in some respects leads to inferiority in others. *It is precisely because your land is more fertile that it is more expensive, so that it is not accidentally, but necessarily, that an equilibrium is established or tends to be established; and it cannot be denied that the system of free trade is the one that most favors this tendency*.

I have taken as my example a branch of agriculture, but I could just as well have cited a branch of industry. There are tailors at Quimper; but this does not prevent there being tailors in Paris, although the latter pay much more for rent, furnishings, workers, and food. But they also have a much different clientele, and this fact suffices not only to redress the balance but even to tip it to their side.

Thus, when one speaks of equalizing the conditions of production, one should at least ascertain whether free trade does not do what one seeks to accomplish by arbitrary control.

Let us listen to what was said by a manufacturer in addressing the Manchester Chamber of Commerce:

> "Once we exported textiles; then this exportation gave place to that of yarn, which is the raw material of textiles; subsequently, to that of machines, which produce the yarn; later, to that of capital, with which we build our machines; and finally, to that of our workers and our industrial skill, which are the source of our capital. All these resources have gone, one after another, to serve where they found it most advantageous to do so—wherever the cost of living is lower and life is simpler—and so today, in Prussia, in Austria, in Saxony, in Switzerland, and in Italy,

we see vast industries supported by English capital, manned by English workers, and managed by English engineers."

You see clearly that Nature, or rather Providence, which is more ingenious, more intelligent, and more discerning than your narrow and rigid theory supposes, has not permitted the existence of that concentration of labor, that monopoly of all advantages, which you argued was a positive and irremediable fact. Providence has seen to it, by means as simple as they are unfailing, that there should be simultaneous dispersion, diffusion, interdependence, and progress. All these are tendencies that your restrictive laws paralyze as much as they can; for such measures tend in their turn, by isolating communities, to perpetuate and intensify the differences in their respective conditions of production, to prevent their equalization, to bar their commingling, to neutralize countervailing forces, ***and to immobilize nations in their respective positions of superiority or inferiority.*** *

3. In the third place, to say that a protective tariff equalizes the conditions of production is to give currency to an error by a faulty mode of expression. It is not true that an import duty equalizes the conditions of production. These are the same after the tax as they were before. At worst, *all that such a duty equalizes are the conditions of sale*.

   Permit me to illustrate what I mean by an example:

   Let us assume that some Parisian speculators decide to devote themselves to the production of oranges. They know that oranges from Portugal can be sold in Paris for ten centimes; they, on the other hand, because of the seedling-flats and greenhouses they will need and the cold weather that will often thwart their efforts, cannot ask less than 30

* See how self-sufficiency kept India poor and isolated for 50 years.

francs if they are to make any profit at all. They demand that Portuguese oranges be subject to a tariff of ninety centimes. By means of this customs duty, they say, the conditions of production will be equalized; and the Chamber, yielding as always to this kind of reasoning, imposes a duty of ninety centimes on foreign oranges.

Now, I maintain that despite this tariff the conditions of production are in no way changed. The law has taken away none of the heat from the sun at Lisbon, nor has it rendered the frosts at Paris less frequent or less bitter. The ripening of oranges will continue to be natural on the banks of the Tagus and artificial on the banks of the Seine; that is, growing oranges will require a great deal more human labor in one country than in the other. All that will be equalized are the conditions of sale: the Portuguese will have to sell us their oranges for one franc, ninety centimes of which will go to pay the tariff. This will evidently be paid by the French consumer. *And see how absurd the result will be. On each Portuguese orange consumed, the country will lose nothing; for the ninety centimes extra charged the consumer will be paid into the treasury. Money will change hands, but it will not be lost. However, on each French orange consumed, ninety centimes, or nearly that much, will be lost; for the buyer will certainly lose it, and the seller just as certainly will not gain it, since, on this hypothesis, he will leave received for the orange no more than its net cost.* I leave it to the protectionists to draw the conclusion.

4. If I have insisted on this distinction between the conditions of production and the conditions of sale, a distinction that the protectionists will doubtless find paradoxical, it is because I am about to use it as the basis for inflicting on them yet another, even stranger paradox: Do you want to really equalize the conditions of production? Then permit free trade.

"Oh!" they will say; "this is really too much. You are carrying your joke too far!" Very well! If only to satisfy their curiosity, I ask the protectionist, to follow my argument to its conclusion. It will not be long. I revert to the example I have been using.

If we assume, for the moment, that the average daily income of each Frenchman is one franc, it will follow incontestably that to produce directly one orange in France will take one day's work or its equivalent; whereas to produce the exchange-value of a Portuguese orange will take only one-tenth of that day's labor, which means nothing else than that at Lisbon the sun accomplishes what at Paris can be performed only by human labor. Now, is it not evident that, if I can produce an orange, or—what comes to the same thing—enough to buy it, with one-tenth of a day's labor, the conditions of that production are for me exactly the same as those for the Portuguese producer himself, save for the transportation to Paris, the cost of which must be charged to me? Hence, it is clear that free trade equalizes the conditions of production, whether it is direct or indirect, as far as they can be equalized, because it does away with all differences save one that is inevitable, that of transportation.

Moreover, free trade also equalizes the conditions of enjoyment, of satisfaction—in short, of consumption. People seem never to take this aspect of the matter into consideration; yet it is the crux of the whole discussion, since, after all, *consumption is the ultimate goal of all our productive efforts*. Under a system of free trade, we should enjoy the benefits of the Portuguese sun just as Portugal itself does; and the inhabitants of Le Havre would have just as much access to the advantages that Nature conferred upon Newcastle in the form of mineral resources, and under the same conditions, as the people of London do.

5. As the protectionists can see, I find myself in a paradoxical humor and am now disposed to go even farther. I contend, and I quite sincerely believe, that if two countries have unequal conditions of production, the one of the two that is the less favored by Nature has the *more* to gain from free trade. In order to prove this, I shall have to depart somewhat from the customary form of a work of this kind. I shall do so, nevertheless, first because the foregoing thesis expresses my whole point, and then because this digression will provide me with the opportunity to expound an economic law of the highest importance. Indeed, I think that when this law is properly understood, all those sects that in our day have been seeking in the land of fantasy the economic harmony that they have been unable to discover in Nature will be led to take a more scientific view of things. I refer to the law of consumption, which the majority of economists should perhaps be reproached for having too much neglected.

Consumption is the end, the final cause, of all economic phenomena, and it is consequently in consumption that their ultimate and definitive justification is to be found.

Nothing, whether favorable or unfavorable, has effects that touch only the producer. The advantages that Nature and society lavish upon him, as well as the disadvantages that they inflict upon him, slip away from him, so to speak, and tend insensibly to be absorbed and dissolved into the community, that is, the mass of the consumers. This is an admirable law both in its cause and in its effects; and he who succeeded in explaining it fully would, I think, have the right to say: "I have not passed through this life without paying my debt to society."

Every circumstance that favors the work of production brings pleasure to the producer, for the immediate effect is that he can render more services to the community and ask a greater

remuneration from it. Every circumstance that hampers production brings pain to the producer, for the immediate effect is to limit his services and consequently his remuneration. Precisely because the immediate benefits or hardships from fortunate or unfortunate circumstances are necessarily felt first by the producer, he is irresistibly impelled to seek the former and to avoid the latter.

In the same way, when a worker succeeds in improving his skill, he reaps the immediate benefit of the improvement. This is necessary to convince him to work intelligently; and it is just, for it is only fair that an effort crowned with success should bring its reward with it.

But, I assert that these good and bad consequences, although permanent in themselves, do not permanently remain with the producer. Otherwise, the inequalities existing among men would become ceaselessly and progressively greater, and that is why these benefits and hardships quickly become part of the general destiny of mankind.

How does this process take place? I shall explain it by means of a few examples.

Let us go back to the thirteenth century. The men who then practiced the art of copying received for the service they performed a remuneration determined by the average rate of wages. Among these copyists, there was one who sought and discovered the means of multiplying rapidly copies of the same work. He invented printing.

At first, one man became rich, while many others were being impoverished. However marvelous this discovery was, one might, at first sight, have hesitated to decide whether it was harmful or beneficial. Apparently it was introducing into the world, as I have said, an element of limitless inequality. Gutenberg profited by his invention and employed his profits to extend its use indefinitely, until he had ruined all the copyists. As for the public, the

consumers, they gained little, for Gutenberg was careful to lower the price of his books only just enough to undersell his rivals.

But God had the wisdom to introduce harmony not only into the movement of the spheres but also into the internal machinery of society. Hence, the economic advantages of this invention did not remain the exclusive possession of one individual, but instead became for all eternity the common inheritance of all mankind.

In time, the process became known. Gutenberg was no longer the only printer; others imitated him. Their profits at first were considerable. They were compensated very well for being in the vanguard of the imitators, and this extra compensation was necessary to attract them and to induce them to contribute to the great, approaching, final result. They earned a great deal, but they earned less than the inventor, for competition was beginning to operate. The price of books kept falling lower and lower, and the profits of imitators kept diminishing as the invention became less novel, that is, as imitation became less deserving of especial reward. Soon the new industry reached its normal state: the remuneration of printers no longer was exceptionally large, and, like that of scribes in earlier days, it was determined only by the average rate of wages. Thus, production itself became once more the measure of compensation. Yet the invention nonetheless constituted an advance; the saving of time, of labor, of effort to produce a given result, for a fixed number of copies, had nonetheless been realized. But how was this saving manifested? In the cheapness of books. And to whose profit? To the profit of the consumer, of society, of mankind. Printers, who henceforth had no exceptional merit, no longer received an exceptional remuneration. As men, as consumers, they doubtless shared in the advantages that the invention had conferred upon the community. But that was all. In so far as they were printers, in so far as they were producers, they had returned to the conditions that were customary for all the producers to

the country. Society paid them for their labor, and not for the usefulness of the invention. That had become the common and freely available heritage of all mankind.

What I have said of printing can be said of all the tools of production, from the nail and the hammer to the locomotive and the electric telegraph. Society possesses all of them; and it possesses them as gratuitous gifts, since their effect is to reduce the price of commodities; and all that part of the price that has been eliminated as a result of the contribution of inventions to production clearly makes the product to that extent free of charge. All that remains to be paid for is current human labor; and it is paid without regard to the result of the invention, at any rate when the invention has gone through the inevitable cycle that I have just described. We may take the saw as an example. I summon a workman to my house, he comes with a saw, I pay him two francs a day, and he makes twenty-five boards for me. If the saw had not been invented, he would perhaps not have finished one board; yet I would have paid him no less for the day. The utility produced by the saw is thus a gratuitous gift I receive from Nature, or rather, it is a portion of the inheritance that I have received, in common with my fellow men, from the wisdom of our ancestors.

PART THREE

THE GENIUS OF BASTIAT

If anyone who has read thus far needs to be convinced that Frederic Bastiat was a genius, the three essays included in this section are sure to accomplish this task.

The first, "The Law", is a powerful argument for private property while also a demonstration of the fact that socialist legislation leads to "legal plunder". Bastiat also shows how this legal plunder is based on "false philanthropy". He makes a powerful appeal to keep socialists out of the legislative chambers.

The second, "The State", is another masterpiece, exposing the fallacious and potentially dangerous views of all those well-meaning citizens who dream of utopias – only to ask the state to perform the necessary interventions towards the realization of that utopia. As more and more such well-meaning utopians enlarge the role of the state, gigantic bureaucracies are spawned and heavy taxation results: utopia becomes a living hell. Bastiat calls for a state that is but a "common police force", whose only task is to protect the lives, liberties and properties of the citizens.

But it is the third essay in this section that really shows what a brilliant mind Bastiat was possessed of. No economist in the history of the subject has ever been able to craft such a powerful philosophical tract against each and every manner of state intervention. "What is Seen and What is Not Seen" has gone down in history as "The Broken Window Fallacy", and

Henry Hazlitt modeled his bestseller *Economics in One Lesson* entirely on this essay of Bastiat. The reader given to speculative thought will surely find many broken windows continuing in real life, right up to the present-day, and that too, right in his neighbourhood.

18. THE LAW

The law perverted! And along with it, all the collective forces of the nation are perverted! The law, I say, is not only turned aside from its proper end, but made to pursue a directly contrary end! The law has become the instrument, instead of the restrainer, of all kinds of cupidity! The law is itself perpetrating the very iniquity that it is its function to punish! Certainly, if this is so, it is a serious matter, to which I should be allowed to call the attention of my fellow citizens.

We hold from God the gift that for us includes all other gifts: life—physical, intellectual, and moral life.

But life is not self-sustaining. He who gave it to us has left to us the responsibility of preserving it, of developing it, of perfecting it.

To that end, He has provided us with a collection of marvelous faculties*; He has set us in the midst of a variety of resources. It is by the application of our faculties to these resources that the phenomenon of *assimilation*, of *appropriation*, is realized, by which life runs its appointed course.

Existence, faculties, assimilation—in other words: Life, Liberty, Property—that is what Man is.

Of these three things one may say, without any demagogic quibbling, that they are anterior and superior to all human legislation.

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* Only human beings, amongst all of God's creatures, have the ability or *faculty to trade*: what Adam Smith called 'a natural propensity to truck, barter and exchange'.

It is not because men have passed laws that life, liberty, and property exist. On the contrary, it is because life, liberty, and property already exist that men make laws.

What, then, is law?

It is the collective organization of the individual's right to legitimate self-defense.

Each of us certainly gets from Nature, from God, the right to defend his person, his liberty, and his property, since they are the three elements constituting or sustaining life, elements which are mutually complementary and which cannot be understood without one another. For what are our faculties, if not an extension of our personality, and what is property, if not an extension of our faculties?

If each man has the right to defend, even by force, his person, his liberty, and his property, several men have the right to get together, come to an understanding, and organize a collective force to provide regularly for this defense.

Collective right, then, has its principle, its *raison d'être*, its legitimate basis, in individual right; and the collective force can rationally have no other end, no other function, than that of the individual forces for which it substitutes.

Thus, as an individual cannot legitimately use force against the person, liberty, or property of another individual, for the same reason collective force cannot legitimately be applied to destroy the person, liberty, and property of individuals or classes.

For this perverse use of force would be, in the one case as in the other, in contradiction with our premises. Who will dare to say that force has been given to us, not to defend our rights, but to destroy the equal rights of our brothers? And if this is not true of the use of force by each individual, acting separately, how can it

be true of the collective force, which is nothing but the organized union of the separate forces?

Hence, if anything is self-evident, it is this: Law is the organization of the natural right to legitimate self-defense; it is the substitution of collective force for individual forces, to act in the sphere in which they have the right to act, to do what they have the right to do: to guarantee security of person, liberty, and property to *cause justice to reign over all*.

And if there existed a nation constituted on this basis, it seems to me that order would prevail there in fact as well as in theory. It seems to me that this nation would have the simplest, most economical, least burdensome, least disturbing, least officious, most just, and consequently most stable government that can be imagined, whatever its political form might be.

For under such a regime, everyone would comprehend clearly that the full enjoyment of his life, as well as complete responsibility for it, was his and his alone. As long as his person was respected, his labor free, and the fruits of his labor guaranteed against all unjust encroachment, no one would have any quarrel with the state. When fortunate, we should not, it is true, have to thank it for our successes; but, when unfortunate, we should no more blame it for our reverses than our farmers would blame it for hail or frost. *We should know it only by the inestimable benefit of security*.

Unfortunately, the law is by no means confined to its proper role. It has acted in a way contrary to its own end; it has destroyed its own object: it has been employed in abolishing the justice which it was supposed to maintain, in effacing that limit between rights which it was its mission to respect; it has put the collective force at the service of those who desire to exploit, without risk and without scruple, the person, liberty, or property of others; it has converted plunder into a right, in order to protect it, and legitimate defense into a crime, in order to punish it.

How has this perversion of the law been accomplished? What have been the consequences of it?

The law has been perverted under the influence of two very different causes: *unintelligent selfishness* and *false philanthropy*.

Let us speak of the first cause.

Self-preservation and self-development are aspirations common to all men, so that, if each person enjoyed the free exercise of his faculties and the free disposition of their products, social progress would be continual, uninterrupted, and unfailing.

But there is another disposition that is also common among men. It is to live and to develop, when they can, at the expense of one another. This is no rash charge, nor is it an expression of a morose and pessimistic state of mind. History bears witness to its truth: its annals are filled with accounts of constant wars, mass migrations, acts of clerical despotism, the universality of slavery, commercial frauds, and monopolies.

This lamentable disposition springs from the very nature of man, from that primitive, universal, unconquerable feeling which impels him to seek his own well-being and to shun pain.

Man can live and enjoy life only by constant assimilation and appropriation, that is, by a constant application of his faculties to things, by labor. *This is the origin of property*.

But, in fact, he can live and enjoy life by assimilating and appropriating the product of the labor of his fellow man. *This is the origin of plunder*.

Now, labor being in itself painful, and man being naturally inclined to shun pain, it follows—history is there to prove it—

that wherever plunder is less onerous than labor, it prevails; and neither religion nor morality can, in this case, prevent it from doing so.

When, then, does plunder stop? When it becomes more onerous and more dangerous than labor.

It is clearly evident that the object of the law should be to oppose this harmful tendency with the powerful obstacle of collective force, that it should side with property against plunder.

But the law is made, most often, by one man or by one class of men. And, since the law does not exist without sanction, without the support of a preponderant force, it inevitably puts this force into the hands of those who legislate.

This unavoidable phenomenon, combined with the lamentable inclination that, as we have observed, exists in the heart of man, explains the almost universal perversion of the law. It is understandable how, instead of restraining injustice, the law becomes its instrument, indeed its most invincible instrument. It is understandable that, in proportion to the power of the legislator, and for his profit, the law destroys, in varying degree, among the rest of mankind, the rights of the person by way of slavery, liberty by way of oppression, property by way of plunder.

No greater evil could be introduced into society than this: to convert the law into an instrument of plunder.*

What are the consequences of such a perversion of the law? Volumes would be required to describe all of them. Let us content ourselves with indicating the most important.

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* Socialist 'land redistribution' is a good example of legal plunder, overriding private property rights of a certain section of bonafide citizens. Nationalisation is another.

The first is to efface from everyone's conscience the distinction between what is just and what is unjust.

No society can exist if respect for the law does not to some extent prevail; but the surest way to have the laws respected is to make them respectable. When law and morality are in contradiction, the citizen finds himself in the cruel dilemma of either losing his moral sense or of losing respect for the law, two evils of which one is as great as the other, and between which it is difficult to choose.

It is so much the nature of law to make justice prevail that law and justice are one and the same thing in the minds of the masses. We all have a strong disposition to regard what is legal as legitimate, to such an extent that there are very many who erroneously derive all justice from law. It suffices, then, that the law ordains and authorizes plunder to make plunder seem just and sacred to many consciences. Slavery, restraint of trade, and monopoly find defenders not only among those who profit from them but even among those who suffer from them. Try to raise a few doubts about the morality of these institutions. "You are," it will be said, "a dangerous innovator, a utopian, a theorist, a scorner of the laws; you are undermining the foundation upon which society rests." If you give a course in ethics or political economy, official organizations will be found making this petition to the government: "That economic science be taught henceforth no longer only from the point of view of free trade (of liberty, property, justice), as has been done up to now, but also and especially from the point of view of the facts and the legislation (contrary to liberty, property, and justice) which prevail in French industry."

"That in the chairs publicly endowed by the treasury, the professors strictly abstain from diminishing in the slightest degree the respect due to the laws now in force."

So that if a law exists which sanctions slavery or monopoly, oppression or spoliation, in any form whatever, one must not even

speak about it; for how to speak about it without undermining the respect that the law inspires? Moreover, ethics and political economy must be taught from the viewpoint of that law, that is, on the assumption that it must be just simply because it is the law.

Another result of this deplorable perversion of the law is to give to political passions and struggles, and indeed to the whole field of politics, an exaggerated importance.

Why does this happen? Because, so long as it is admitted in principle that the law may be diverted from its true mission, that it may violate property rights instead of guaranteeing them, each class will want to make the law, whether to defend itself against being plundered or to organize plunder for its own profit. Political questions will always be interlocutory, dominant, and absorbing; in a word, people will be continually pounding on the door of the legislature. The struggle will not be less bitter within it.

This is, in fact, what has happened. The prevailing illusion of our age is that it is possible to enrich all classes at the expense of one another—to make plunder universal under the pretext of organizing it. Now, legal plunder can be committed in an infinite number of ways; hence, there are an infinite number of plans for organizing it: tariffs, protection, bonuses, subsidies, incentives, the progressive income tax, free education, the right to employment, the right to profit, the right to wages, the right to relief, the right to the tools of production, interest-free credit, etc., etc. And it is the aggregate of all these plans, in respect to what they have in common, legal plunder, that goes under the name of *socialism*.

Now, since socialism thus defined forms a body of doctrine, what war would you make on it, if not a war of doctrine? You find that doctrine false, absurd, abominable. Then refute it. This will be all the easier for you the more false, more absurd, more abominable the doctrine is. Above all, if you would be strong, begin by

eliminating from your legislation all of the socialism that may have crept into it. The task is by no means a small one.

Socialism, like monopoly of all kinds, tries to make use of the law itself; and once it has the law on its side, how do you expect to turn the law against it?

So, what do you do? You have to prevent socialists from having a hand in the making of the laws. You have to keep them from entering the legislature.

This question of legal plunder must be decided once for all, and there are only three solutions:

- That the few plunder the many.
- That everybody plunders everybody else.
- That nobody plunders anybody.

Partial plunder, universal plunder, absence of plunder—one must choose. The law can follow only one of these three possible courses.

Partial plunder is the system that prevailed as long as the electorate was partial, the system to which some wish to return in order to avoid the invasion of socialism.

Universal plunder is the system with which we have been threatened since the suffrage became universal, the masses having conceived the idea of legislating on the same principle as the legislators who preceded them.

Absence of plunder is the principle of justice, of peace, of order, of stability, of harmony, of good sense, which I shall proclaim with all the power (alas! so inadequate) of my lungs, until my last breath.*

* Bastiat was suffering from tuberculosis at the time of writing. He died shortly after this, at the young age of 50.

And, in all sincerity, can anything more be asked of the law? Can the law, having force as a necessary sanction, be reasonably employed for anything else than safeguarding the rights of everyone? I question whether the law may be extended beyond this domain without turning it, and consequently without turning force, against human rights.

Here I come into conflict with the most popular prejudices of our day. People not only want the law to be just; they also want it to be philanthropic. They are not satisfied that justice should guarantee to each citizen the free and inoffensive exercise of his faculties for his physical, intellectual, and moral development; they require of it that it should directly spread welfare, education, and morality throughout the country. This is the seductive aspect of socialism.

But, I repeat, these two functions of the law contradict each other. We must choose between them. A citizen cannot at the same time be free and not free. *Do not forget that the law is force, and that, consequently, the domain of the law cannot legitimately extend beyond the legitimate domain of force*. When law and force confine a man within the bounds of justice, they do not impose anything on him but a mere negation. They impose on him only the obligation to refrain from injuring others. They do not infringe on his life or his liberty or his property. They merely safeguard the life, the liberty, and the property of others. They stand on the defensive; they defend the equal right of all. They fulfill a mission whose harmlessness is evident, whose utility is palpable, and whose legitimacy is uncontested. M. de Lamartine wrote me one day: "Your doctrine is only the half of my program; you have stopped at liberty; I go on to fraternity." I answered him: "The second half of your program will destroy the first half." And, in fact, it is quite impossible for me to separate the word "fraternity" from the word "voluntary." It is quite impossible for me to conceive of fraternity as legally enforced, without liberty being legally destroyed, and justice being legally trampled underfoot.

Legal plunder has two roots: One, as we have just seen, is in human selfishness; the other is in **false philanthropy**.

When, from the depths of his study, a political theorist turns his gaze on society, he is struck by the spectacle of inequality that it presents. He groans at the sufferings that are the lot of so great a number of our brothers, sufferings which appear even sadder by their contrast with luxury and opulence.

He should perhaps ask himself whether the cause of such social conditions is not ancient acts of plunder, effected by way of conquest, and more recent acts of plunder, effected by the intervention of the law. He should ask himself whether, granted the aspiration of all men towards well-being and self-fulfillment, the reign of justice would not be enough to set the forces of progress into rapid motion and to realize the greatest amount of equality compatible with that individual responsibility which God has ordained as the just retribution for virtue and vice.

But the political theorist does not even dream of this. His thought is directed towards schemes, arrangements, legal or factitious organizations. He seeks for the remedy in the perpetuation and intensification of the very conditions that have produced the disease.

For are there any of these legal arrangements, aside from justice (which, as we have seen, is a mere negation), that do not involve the principle of plunder?

You say: "There are men who do not have any money," and you appeal to the law. But the law is not a breast that fills itself or whose lacteal veins draw substance from other sources than society. Nothing enters the public treasury for the benefit of a citizen or a class unless other citizens and other classes have been *forced* to put it there. If everyone draws out only the equivalent of what he has put in, your law, it is true, is not spoliative, but it does

nothing for those who do not have any money; it does nothing to promote equality. It can be an instrument of equalization only in so far as it takes from some to give to others, and then it is an instrument of plunder. Examine, in this light, protective tariffs, subsidies, the right to profit, the right to employment, the right to public relief, the right to education, progressive taxation, interest-free credit, and public works. You will always find them based on legal plunder, organized injustice.

You say: "There are men who lack enlightenment," and you appeal to the law. But the law is not a torch spreading a light of its own near and far. It extends over a society where there are some who have knowledge and others who do not; some citizens who need to learn, and others who are willing to teach. It can do only one of two things: either let this type of transaction occur freely, i.e., allow this kind of need to be satisfied voluntarily, or apply coercion in this regard and take from some the wherewithal to pay teachers appointed to instruct others for nothing. But in the second case there cannot fail to be a violation of freedom and property rights, that is, legal plunder.

You say: "There are men who are lacking in morality or religion," and you appeal to the law. But the law is force, and need I point out what a **violent*** **and foolish** undertaking it is to introduce force in these matters?

How has the bizarre idea come to prevail in the political world that one can make the law produce what it does not contain: good in the positive sense, i.e., wealth, science, and religion?

Modern political theorists, particularly those of the socialist school, base their diverse doctrines on a common hypothesis, certainly the strangest, the most **arrogant** that could ever have entered a human brain.

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* If alcohol prohibition in India is done in Gandhi's name, we must see that FORCE is being used to impose it, and there is resultant VIOLENCE in the name of the apostle of non-violence!

They divide mankind into two parts. The commonality of men, with one exception, forms the first; the political theorist, all by himself, forms the second, and by far the most important.

In fact, they begin by supposing that men are endowed with neither motivation nor discernment; that they are devoid of initiative; that they are constituted of inert matter, of passive particles, of atoms without spontaneity, at the most a form of vegetation indifferent to its own mode of existence, susceptible of receiving from an external will and hand an infinite number of more or less symmetrical, artistic, and perfected forms.

Next, each of them supposes forthwith that he himself—under the title of organizer, discoverer, lawgiver, planner or founding father—is that will and that hand, that universal mover, that creative power whose sublime mission it is to reunite into society those scattered materials which are men.

Starting from this assumption, just as every gardener, according to his fancy, trims trees into pyramids, parasols, cubes, cones, vases, espaliers, distaffs, and fans, so every socialist, according to his caprice, prunes poor mankind into groups, series, centers, subcenters, cells, social workshops, harmonized, contrasted, etc., etc.

And just as the gardener needs axes, saws, pruning hooks, and shears to shape his trees, so the proponent of an artificially planned social order needs the forces that he can find only in the laws in order to organize his society: tariff laws, tax laws, relief laws, and education laws.

Indeed, so true is it that socialists consider mankind as raw material to be fitted into various social molds that if, by chance, they are not quite sure of the success of these arrangements, they demand at least a part of mankind as *raw material for experimentation*. We know how popular the idea of *experimenting with all systems* is

with them, and one of their leaders has been known to demand seriously of the Constituent Assembly a local district with all its inhabitants on which to make his experiments.

It is thus that every inventor builds a small-scale model of his machine before making it full-scale. It is thus that the chemist sacrifices a few reagents, that the farmer sacrifices a few seeds in a corner of his field, to try out an idea.

But what an incommensurable distance there is between the gardener and his trees, between the inventor and his machine, between the chemist and his reagents, between the farmer and his seeds! The socialist believes in all sincerity that the same distance separates him from the rest of mankind.

We need not be astonished that the political theorists of the nineteenth century consider society as an artificial creation emanating from the genius of the lawgiver.

All of them look upon the relations between mankind and the legislator as the same as those that exist between the clay and the potter.

Moreover, if they have consented to recognize in the heart of man a principle of action and in his intelligence a principle of discernment, they have thought this gift of God a baleful one, and that mankind, under the influence of these two impulses, tended inevitably towards its own degradation. In fact, they suppose that men, if left to their own inclinations, would concern themselves with religion only to end in atheism; with education, only to arrive at ignorance; with labor and trade, only to sink into poverty.

Fortunately, according to these same writers, there are a few men—the governors and lawgivers—who have received from heaven, not only for themselves, but for everyone else, opposite inclinations.

While mankind tends towards evil, they incline towards the good; while mankind marches into the darkness, they aspire towards enlightenment; while mankind is drawn towards vice, they are attracted by virtue. And, on this assumption, they call for force, so that it may put them in a position to substitute their own inclinations for those of the human race.

It suffices to open, almost at random, a book of philosophy, of politics, or of history, to see how strongly rooted in our country is this idea—the daughter of classical studies, and the mother of socialism—that mankind is merely inert matter, receiving from the power of the government life, organization, morality and wealth; or indeed, what is worse still, that mankind itself tends towards its own degradation and is checked on this downward slope only by the mysterious hand of the legislator. Conventional classical thought everywhere shows us that behind passive society there is an occult power which—under the name of law or lawgiver, or referred to by means of that more convenient and vaguer expression, "they"—moves, animates, enriches, and edifies mankind.

Take for example Rousseau: Although this political theorist, the *supreme authority of democrats*, founds the edifice of society on *the general will*, no one has accepted as completely as he the hypothesis of the entire passivity of the human race in the hands of the lawgiver.

> "If it be true that a great prince is a rarity, what, then, is to be said of a great lawgiver? The first has only to follow the model that the other constructs. *The latter is the artificer who invents the machine*; the former is only the operator who turns it on and runs it."

And what are men in all this? The machine that is turned on and that runs, or rather the raw material of which the machine is made!

Thus, the same relations exist between the lawgiver and the prince as between the agronomist and the farmer, and between the prince and his subjects as between the farmer and the soil. At what a height above mankind, then, is the political theorist placed, for he rules the legislators themselves and teaches them their profession in these imperative terms:

> "Do you want to give stability to the state? Bring the extremes as closely together as possible. Do not allow either rich men or beggars."
>
> "Is the soil too unfruitful or sterile, or the country too small for the inhabitants? Then turn to industry and the arts for the products that you may exchange for the provisions that you lack..... Do you have good soil, and do you lack inhabitants? Give all your attention to agriculture, which increases the population, and banish the arts, which can serve only to depopulate the country..... If you occupy extensive and accessible coastal areas, cover the sea with ships, and you will have a brilliant but short existence. Does the sea off your coasts break only upon inaccessible rocks? Then remain barbarians and fisheaters; you will live more peacefully, perhaps better, and surely more happily than as seafarers. In a word, besides having to take account of the maxims common to all, every nation lives in circumstances that are distinctively its own and that render its legislation appropriate to it alone. Accordingly, at one time the Hebrews, and recently the Arabs, had religion as their principal object; the Athenians, letters; Carthage and Tyre, commerce; Rhodes, seafaring; Sparta, war; and Rome, virtue. The author of The Spirit of the Laws has shown by what art the lawgiver directs education towards each of these objects..... But if the lawgiver, mistaking his object, adopts a principle different from what comes naturally to his people, if one tends toward slavery and the other toward liberty; one toward wealth, the other toward population; one toward peace, the other toward conquests; the laws will gradually be

> enfeebled, the constitution will be undermined, and the state will be in continual agitation until it is destroyed or changed, until invincible Nature has regained control."

But if Nature is so invincible as to regain control, why does not Rousseau admit that it did not need the lawgiver to gain this control in the first place? Why does he not admit that men, acting on their own initiative, will turn of themselves toward agriculture if the soil is fertile, toward commerce if the coastline is extensive and accessible, without the interference of a Lycurgus, a Solon, or a Rousseau, *who might very well be mistaken*?

In any case, we see what a terrible responsibility Rousseau has laid on the inventors, founders, leaders, lawgivers, and manipulators of societies. Consequently, he demands much of them.

> "Whoever ventures to undertake the founding of a nation should feel himself capable of changing human nature, so to speak, of transforming each individual, who by himself is a perfect and separate whole, into a part of a greater whole, from which that individual receives all or part of his life and his being; of changing the constitution of man in order to fortify it; of substituting a partial and moral existence for the physical and independent existence that we have all received from Nature. In a word, he must be able to deprive man of his own powers in order to give him those that are foreign to him...."

Poor human race! What would the disciples of Rousseau do to your dignity?

And in fact, what is the political trend that we are witnessing today in world affairs? It is nothing more nor less than the instinctive striving of all nations toward liberty. And what is this liberty, whose name alone has the power to stir all hearts and set the world to shaking, but the combination of all liberties—freedom of

conscience, of education, of association, of the press, of movement, of labor, of exchange; in other words, the freedom of everyone to use all his faculties in a peaceful way; in still other words, the destruction of all forms of despotism, even of legal despotism, and the restriction of the law to its sole rational function, that is, of regulating the right of the individual to legitimate self-defense and of repressing injustice?

This tendency of the human race, it must be admitted, is greatly thwarted, particularly in our country, by the lamentable disposition common to all socialists of placing themselves outside humanity in order to arrange it, organize it, and educate it in whatever way they please.

For while society is struggling to achieve liberty, the great men who have put themselves at its head, imbued with the principles of the seventeenth and eighteenth centuries, think only of restraining it under the philanthropic despotism of their artificial social orders and of making it bear docilely—to use Rousseau's expression—the yoke of the public welfare as they have imagined it.

This was clearly evident in 1789. Hardly was the old legal regime destroyed than the leaders of the Revolution busied themselves with imposing upon the new society other artificial arrangements, always starting from the same premise: the omnipotence of the law.

Saint-Just
The lawgiver holds the future in his hands. It is for him to *will* the good of mankind. It is for him to make men *what he wants* them to be.

Robespierre
The function of government is to direct the physical and moral forces of the nation toward the ends for which it was founded.

Lepéletier
Considering the extent to which the human race has been degraded, I am convinced of the necessity of undertaking a complete regeneration and, if I may so express myself, of creating a new people.

You see, men are nothing but raw materials. It is not for them *to will the good*; they are incapable of it; it is for the lawgiver, according to Saint-Just. Men are only what he (the lawgiver) wills them to be.

According to Robespierre, who copies Rousseau literally, the lawgiver begins by *determining the national goal*. Then, the government has only to direct *all physical and moral forces* towards this end. The nation itself always remains passive in all this, and it should have only those prejudices, customs, inclinations, and wants that the lawgiver authorizes it to have.

This doctrine has not been forgotten. Listen to Robespierre:

> "The principle of republican government is virtue, and the means needed to establish it is terror. We wish to substitute in our country morality for selfishness, honesty for honor, principles for customs, duties for proprieties, the rule of reason for the tyranny of fashion, contempt of vice for contempt of misfortune, pride for insolence, greatness of soul for vanity, love of glory for love of money, good people for good society, merit for intrigue, genius for wit, truth for ostentation, the charm of happiness for the tedium of sensuality, the greatness of man for the pettiness of the great, a magnanimous, powerful, happy people for an amiable, frivolous, wretched people; that is, all the virtues and all the miracles of a republic for all the vices and all the follies of a monarchy."

At what a height above the rest of mankind Robespierre here places himself! And note the arrogance with which he speaks. He does not confine himself to expressing the wish for a great renovation of the human heart; he does not even expect such a result from a regular government. No, he wants to bring it to pass himself, and by means of terror. The purpose of the speech from which this childish mass of labored antitheses is taken was to set forth the *moral principles that should guide a revolutionary government*. Note that when Robespierre demands a dictatorship, it is not only to repel a foreign invader or to crush internal factions; it is, rather, to make his own moral principles prevail by means of terror and prior to action under the Constitution. His demand comes to nothing less than the authority to extirpate from the country, by means of terror, *selfishness, honor, customs, propriety, fashion, vanity, the love of money, good society, intrigue, wit, sensuality, and poverty*. It is only after he, Robespierre, will have accomplished these miracles—as he rightly calls them—that he will permit the laws to regain their sway.

Oh, you wretches! You who believe yourselves so great! You who regard mankind as so worthless! You want to reform everything! Reform yourselves first! This will be enough of a task for you.

Still, in general, these distinguished reformers, lawgivers, and political theorists do not ask to exercise an immediate despotism over mankind. No, they are much too moderate and philanthropic for that. They demand only the despotism, absolutism, and omnipotence of the law. They aspire only to make the law.

Is it necessary, after all this, to submit to the reader a few extracts from the book of Louis Blanc on the organization of labor.

"In our plan, the motive force of society is the government."

In what does this motive force which the government gives to society consist? In imposing upon it the *plan* of M. Louis Blanc.

On the other hand, society is nothing more nor less than the human race.

Hence, by definition, the human race is to receive its motive force from M. Louis Blanc.

It is free to do as it likes, it will be said. Undoubtedly, the human race is free to follow anybody's *advice*. But this is not the way in which M. Louis Blanc understands the matter. He intends his plan to be converted into law and consequently imposed forcibly by an exercise of power.*

> "In our plan, the state merely gives to labor a set of laws [please excuse it], in virtue of which industrial activity can and must be carried on in complete liberty. It [the state] merely places society on a declivity [that is all] so that, once there, it descends solely by force of circumstances and by the natural operation of the established mechanism."

But what is this declivity? The one prescribed by M. Louis Blanc. Does it not lead into an abyss? No, it leads to happiness. How, then, is it that society does not spontaneously place itself there? Because it does not know what it wants and because it needs a *motive force*. Who will give it this motive force? The government. And who will give the motive force to the government? The inventor of the mechanism, M. Louis Blanc.

We never emerge from this circle—mankind passive, and a great man who moves it through the intervention of the law.

One of the strangest phenomena of our time, and one which will probably astonish our descendants, is that the doctrine that

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* Note how Louis Blanc is quite like Mahalanobis or Nehru. Lord Bauer has quoted VKRV Rao saying the Indian planning commission should have constitutional status, and legally empowered to bring about a 'socialistic pattern of society'! See *Indian Economic Development and Policy* by Peter T. Bauer (1961). Originally published in the UK by George, Allen & Unwin, with an Indian edition from Popular Prakashan, Bombay, in 1965.

is based on this triple hypothesis—the fundamental inertia of mankind, the omnipotence of the law, and the infallibility of the lawgiver—should be the sacred symbol of the party that proclaims itself alone democratic.

It is true that it also calls itself social.

In so far as it is democratic, it has an unlimited faith in mankind.

In so far as it is social, it treats mankind as no better than mud.

If political rights are in question, if it is a case of choosing a legislator from their midst, oh, then, according to him, the people are full of a native wisdom; they are endowed with an admirable intuition; *their will is always right; the general will cannot be wrong*. The suffrage cannot be too universal. No one owes society any guarantee of his electoral competence. His will and capacity to choose wisely are always taken for granted. Can the people be mistaken? Are we not living in the age of enlightenment? Are the people to be kept eternally under guardianship? Have they not given enough proofs of their intelligence and wisdom? Have they not attained their maturity? Are they not able to judge for themselves? No, no, the people want to be *free*, and they shall be. They want to direct their own affairs, and they shall direct them.

But once the legislator is elected and freed from his campaign promises, oh, then his language changes! The nation returns to passivity, to inertia, to nothingness, and the legislator takes on the character of omnipotence. His the invention, his the direction, his the impulsion, his the organization. Mankind has nothing to do but to let things be done to it; the hour of despotism has arrived. And note that this is inevitable; for the people, a short time ago so enlightened, so moral, so perfect, no longer have any natural inclinations, or what they do have lead only to degradation.

You see clearly, then, that the social democrats cannot, in good conscience, allow mankind any liberty, since man by his very nature—unless these gentlemen set things aright—is prone to degeneration of every kind.

The question remains, in that case, why do they clamor so loudly for universal suffrage?

The demands of the socialists raise another question, which I have often addressed to them, and to which, as far as I know, they have never replied. Since the natural inclinations of mankind are so evil that its liberty must be taken away, how is it that the inclinations of the socialists are good? Are not the legislators and their agents part of the human race? Do they believe themselves molded from another clay than the rest of mankind? They say that society, left to itself, heads inevitably for destruction because its instincts are perverse. They demand the power to stop mankind from sliding down this fatal declivity and to impose a better direction on it. If, then, they have received from heaven intelligence and virtues that place them beyond and above mankind, let them show their credentials. They want to be *shepherds*, and they want us to be *their sheep*. This arrangement presupposes in them a natural superiority, a claim that we have every right to require them to establish before we go any further.

Note that I am not contesting their right to invent social orders, to disseminate their proposals, to advise their adoption, and to experiment with them on themselves, at their own expense and risk; but I do indeed contest their right to impose them on us by law, that is, by the use of the police force and public funds.

I demand that the Cabetists, the Fourierists, the Proudhonians, the classicists, and the protectionists renounce, not their particular ideas, but the idea, which is common to them all, of subjecting us

forcibly to their groups and phalanxes, to their social workshops, to their free-credit banks, to their Greco-Roman morality, to their commercial restrictions. What I demand of them is to grant us the right to judge their plans and not to join in them, directly or indirectly, if we find that they hurt our interests or are repugnant to our consciences.

For their demand to resort to taxation and the coercive power of the government, besides being oppressive and spoliative, also implies the fatal presupposition that the planner of the social order is infallible and that all the rest of mankind are incompetent.

And if mankind is incompetent to judge for itself, how, then, can they presume to speak to us of universal suffrage?

This contradiction in ideas is, unfortunately, reflected in historical fact; and while the French people have been in advance of all other nations in the conquest of their rights, or rather of their political guarantees, they have nonetheless remained the most governed, regimented, administered, imposed upon, shackled, and exploited of all.*

France is also, and necessarily, the one nation in which revolutions are most likely to occur.

Once we start from this idea, accepted by all our political theorists, and so energetically expressed by M. Louis Blanc in these words: "The motive force of society is the government"; once men consider themselves as sentient, but passive, incapable of improving themselves morally or materially by their own intelligence and energy, and reduced to expecting everything from the law; in a word, when they admit that their relation to the state is that of a flock of sheep to the shepherd, it is clear that the responsibility of

* In India too we are told that we once fought for freedom – from the Brits – and that we wrested it away. But are we any freer today, under socialism? I'd say not!

the government is immense. Good and evil, virtue and vice, equality and inequality, wealth and poverty, all proceed from it. It is entrusted with everything, it undertakes everything, it does everything; hence, it is responsible for everything. If we are happy, it has every right to claim our gratitude; but if we are wretched, it alone is to blame. Does it not dispose in principle of our persons and our property? Is not the law omnipotent? In creating a monopoly of education, it has undertaken to fulfill the hopes of fathers of families who have been deprived of their liberty; and if these hopes are deceived, whose fault is it? In regulating industry, it has undertaken to make it prosper; otherwise it would have been absurd to deprive it of its liberty, and if industry suffers, whose fault is it? In upsetting the balance of trade by the operation of tariffs, the state has undertaken to make trade flourish; and if, far from flourishing, it falls off, whose fault is it? In granting the shipping industry protection in exchange for its liberty, it has undertaken to render this industry profitable; and if it becomes unprofitable, whose fault is it?

Thus, there is not a single ill afflicting the nation for which the government has not voluntarily made itself responsible. Is it astonishing, then, that each little twinge should be a cause of revolution?

And what remedy is proposed? To enlarge the domain of the law indefinitely, that is, the responsibility of the government.

But if the government undertakes to raise and to regulate wages, and cannot do so; if it undertakes to assist all the unfortunate, and cannot do so; if it undertakes to assure pensions to all workers, and cannot do so; if it undertakes to provide workers with the tools of production, and cannot do so; if it undertakes to make interest-free credit available to all those clamoring for loans, and cannot do so; if, in words that we regret to note were written by M. de Lamartine, "the state assumes the task of enlightening, developing, increasing, strengthening, spiritualizing, and sanctifying the soul of

the people," and if it fails; is it not evident that after each disappointment (alas, only too probable!), there will be a no less inevitable revolution?

Just at the dividing line between economic science and political science, an important question presents itself. It is this:

What is law? What should it be? What is the extent of its jurisdiction? What are its limits? Where, in consequence, do the prerogatives of the legislator stop?

I do not hesitate to reply: *The law is collective force organized to oppose injustice*. To put it briefly: *Law is justice*.

It is not true that the legislator has an absolute power over our persons and our property, since they pre-exist him, and his task is to surround them with guarantees.

It is not true that the function of the law is to regulate our consciences, our ideas, our wills, our education, our opinions, our work, our trade, our talents, our recreation.

Its function is to prevent the rights of one person from interfering with the rights of another in any of these matters.

Because it has force as its necessary sanction, the law can have as its legitimate domain only the legitimate domain of force, namely, justice.

And as each individual has the right to use force only for legitimate self-defense, collective force, which is only the union of individual forces, cannot rationally be applied for any other end.

The law, then, is solely the organization of the pre-existing individual right to legitimate self-defense.

Law is justice.

It is false to say that it may oppress man's person or plunder his property even for a philanthropic end, for its function is to protect both person and property.

And let it not be said that it can at least be philanthropic, provided it abstains from all oppression and all plunder; for that is self-contradictory. The law cannot fail to act on our persons or our property; if it does not guarantee them, it violates personal liberty and the right to property by the mere fact that it acts, by the mere fact that it exists.

Law is justice.

This is something clear, simple, perfectly defined and delimited, accessible to every intelligence, visible to every eye, for justice is a fixed, immutable, unalterable quantity that admits of neither more nor less.

If you go beyond this, and make the law religious, fraternal, egalitarian, philanthropic, industrial, literary, or artistic, you will be immediately lost in vagueness and uncertainty, on unknown territory, in a utopia imposed by force or, worse still, amidst the multitude of utopias struggling to gain possession of the law and to impose themselves upon you; for fraternity and philanthropy have no fixed limits, like justice. Where will you draw the line? Where will the law draw the line? Someone like M. de Saint-Cricq would extend his philanthropy only to certain industrial classes and would demand that the law *regulate the consumers so as to favor the producers*. Another, like M. Considérant, champions the cause of the workers and demands for them from the law an *assured minimum of clothing, housing, food, and all other necessities of life*. A third, M. Louis Blanc, will say, quite rightly, that this is nothing but a rough sketch of what fraternity should be, and that the law should provide everyone with the tools of production

and the facilities for education. A fourth will note that such an arrangement still leaves room for inequality, and that the law should introduce luxury, literature, and the arts into the most remote hamlets. You will thus be led directly to *communism*, or rather legislation will be, what it is already: the battlefield of all kinds of wild dreams and unbridled greed.

The law is justice.

If we accept this definition, we can conceive of a government that is simple and stable. And I defy anyone to tell me whence could come the idea of a revolution, of an insurrection, of even a riot against a public police force limited to repressing injustice. Under such a regime there would be greater prosperity, the prosperity would be more equally distributed, and as for the inescapable sufferings of humanity, no one would dream of blaming them on the government, which would have as little to do with them as it has with variations in the temperature. Have the people ever been seen to revolt against the Court of Appeals, or break into the chambers of a justice of the peace to demand minimum wages, interest-free credit, tools of production, protective tariffs, or government workshops? They know well that these projects are outside the jurisdiction of the magistrate, and they would likewise learn that they are beyond the jurisdiction of the law.

But base the law on the principle of fraternity, proclaim that everything good and everything bad derive from it, that it is responsible for all individual ills, all social inequality, and you will open the door to an endless series of complaints, resentments, disturbances, and revolutions.

Law is justice.

And it would indeed be strange that it should justly be anything else! Is not justice right? Are not rights equal? By what right, then, may the law intervene to make me submit to the social

order planned by Messrs. Mimerel, de Melun, Thiers, or Louis Blanc, rather than make these gentlemen submit to my plans? Is it to be supposed that I have not received from Nature enough imagination to invent a utopia too? Is it the role of the law to make a choice between so many idle fancies and to put the public police force at the service of one of them?

Law is justice.

And let it not be said, as is done incessantly, that thus conceived, the law, being atheistic, individualistic, and pitiless, would make mankind in its own image. This is an absurd inference, well worthy of that infatuation with government which sees mankind as but the creature of the law.

Because we shall be free, does it follow that we shall cease to act? Because we shall not receive our motive power from the law, does it follow that we shall be devoid of motive power? Because the law will confine itself to guaranteeing us the free exercise of our faculties, does it follow that our faculties will be paralyzed? Because the law will not impose upon us forms of religion, modes of association, methods of education, rules for labor, regulations of trade, or plans for charity, does it follow that we shall forthwith plunge into atheism, isolation, ignorance, poverty, and selfishness? Does it follow that we shall no longer be able to recognize the power and goodness of God, to associate with one another, to aid one another, to love and succour our unfortunate brethren, to study the secrets of Nature, and to aspire to perfect ourselves?

Law is justice.

And it is under the law of justice, under the rule of right, under the influence of liberty, security, stability, and responsibility, that every man will attain to the full worth and dignity of his being, and that mankind will achieve, in a calm and orderly way—slowly, no doubt, but surely—the progress to which it is destined.

It seems to me that reason is on my side; for whatever question I submit to theoretical consideration, whether it be religious, philosophical, political, or economic; whether it has to do with well-being, morality, equality, right, justice, progress, responsibility, solidarity, property, labor, trade, capital, wages, taxes, population, credit, or government; at whatever point on the scientific horizon I may begin my investigations, they invariably reach the same conclusion: **The solution of the social problem lies in liberty.**

And is not experience also on my side? Look at the condition of the world today. Which nations are the happiest, most moral, and most peaceful? Those among which the law intervenes the least in private activity; where the government makes itself felt the least; where individuality has the most scope, and public opinion the greatest influence; where the administrative apparatus is the least ramified and the least complicated, the taxes the least heavy and the least unequal, popular discontent the least aroused and the least justifiable; where the responsibility of individuals and of classes is the most active, and where, consequently, if the prevailing morality is not perfect, it tends inevitably to be improved; where transactions, agreements, and associations are the least restricted; where labor, capital, and population are least subject to artificial displacement; where mankind follows most nearly its own inclinations; where the thought of God is most prevalent; those, in a word, which approach most nearly this solution: Within the limits of equity, everything is to be accomplished through the free and perfectible initiative of man; nothing is to be achieved by law or by force save universal justice.

This must be said: There are too many "great" men in the world; there are too many legislators, planners, founders of societies, leaders of nations, fathers of their country, etc., etc. Too many people place themselves above mankind in order to guide its footsteps; too many people make a career of being concerned with mankind.

I shall be told: You yourself are certainly very much concerned with it.

That is true. But it must be admitted that I am concerned in an entirely different sense and with an altogether different object in view, and if I take my place among the reformers, it is only to make them take their hands off mankind.

I concern myself with mankind not as Vaucanson did with his automaton, but as a physiologist does with the human organism: in order to study it and marvel at it.

I am concerned with it in the spirit which animated a celebrated traveler.

He arrived in the midst of a savage tribe. A child had just been born, and a crowd of diviners, sorcerers, and quacks armed with rings, hooks, and straps surrounded it. One said: "This child will never smell the perfume of a pipe if I do not stretch his nostrils." Another said: "He will be deprived of the sense of hearing if I do not make his ears come down to his shoulders." A third: "He will not see the light of the sun if I do not give his eyes an oblique slant." A fourth: "He will never stand erect if I do not bend his legs." A fifth: "He will not be able to think if I do not flatten his skull."

"Stop!" said the traveler. "What God does He does well. Don't pretend to know more than He does; and since He has given organs to this frail creature, let the organs develop and be strengthened by exercise, trial and error, experience, and freedom."

God has endowed mankind also with all that it needs to accomplish its destiny. There is a providential social physiology, as there is a providential individual physiology. Social organs too are so constituted as to develop harmoniously in the open air of liberty.

Away, then, with the quacks and the planners! Away with their rings, their chains, their hooks, their pincers! Away with their artificial methods! Away with their social workshop, their phalanstery, their statism, their centralization, their tariffs, their universities, their state religion, their interest-free credit or bank monopolies, their regulations, their restrictions, their moralization, and their equalization by taxation! And after vainly inflicting so many systems on the body politic, let us end where we should have begun. Let us cast out all artificial systems and give freedom a chance—freedom, which is an act of faith in God and in His handiwork, Man.

GUIDE TO FURTHER READING

1. *Freedom and the Law* by Bruno Leoni (Liberty Fund: Indianapolis) 1991.
2. *Law, Legislation and & Liberty* by Friedrich Hayek (Chicago U.P) 1976. Vols I&II

19. THE STATE

I wish that someone would offer a prize, not of five hundred francs, but of a million, with crosses, crowns, and ribbons, to whoever would give a good, simple, and intelligible definition of this term: *the state*.

What an immense service he would render to society!

The *state*! What is it? Where is it? What does it do? What should it do?

All that we know about it is that it is a mysterious personage, and certainly the most solicited, the most tormented, the busiest, the most advised, the most blamed, the most invoked, and the most provoked in the world.

For, sir, I do not have the honor of knowing you, but I wager ten to one that for six months you have been making utopias; and if you have been making them, I wager ten to one that you place upon *the state* the responsibility of realizing them.

And you, madame, I am sure that you desire from the bottom of your heart to cure all the ills of mankind, and that you would be in no way embarrassed if *the state* would only lend a hand.

But alas! The unfortunate state, like Figaro, knows neither to whom to listen nor where to turn. The hundred thousand tongues of press and rostrum all cry out to it at once:

"Organize labor and the workers."

"Root out selfishness."

"Repress the insolence and tyranny of capital."
"Make experiments with manure and with eggs."
"Furrow the countryside with railroads."
"Irrigate the plains."
"Plant forests on the mountains."
"Establish model farms."
"Establish harmonious workshops."
"Colonize Algeria."
"Feed the babies."
"Instruct the young."
"Relieve the aged."
"Send the city folk into the country."
"Equalize the profits of all industries."
"Lend money, without interest, to those who desire it."
"Liberate Italy, Poland, and Hungary."
"Improve the breed of saddle horses."
"Encourage art; train musicians and dancers."
"Restrict trade, and at the same time create a merchant marine."
"Discover truth and knock a bit of sense into our heads."
"The function of the state is to enlighten, to develop, to increase, to fortify, to spiritualize, and to sanctify the soul of a nation."

"Oh, sirs, a little patience," replies the state with a piteous air. "I shall try to satisfy you, but for that I shall need some resources. I have prepared proposals for five or six taxes, brand new and the mildest in the world. You will see how glad people will be to pay them."

But then a great cry is raised: "Shame! Shame! Anybody can do a thing if he has the resources! Then you would not be worthy of being called the state. Far from hitting us with new taxes, we demand that you eliminate the old ones. Abolish:

"The tax on salt;
"The tax on beverages;

"The tax on letters;
"The octroi;
"Licenses"

In the midst of this tumult, and after the country had changed its state two or three times for not having satisfied all these demands, I tried to point out that they were contradictory. Good Lord! What was I thinking of? Could I not keep this unfortunate remark to myself?

So here I am, discredited forever; and it is now an accepted fact that I am a heartless, pitiless man, a dry philosopher, an individualist, a bourgeois—in a word, an economist of the English or American school.

Oh, pardon me, sublime writers, whom nothing stops, not even contradictions. I am wrong, no doubt, and I retract my error with all my heart. I demand nothing better, you may be sure, than that you should really have discovered outside of us a benevolent and inexhaustible being, calling itself the *state*, which has bread for all mouths, work for all hands, capital for all enterprises, credit for all projects, ointment for all wounds, balm for all suffering, advice for all perplexities, solutions for all problems, truths for all minds, distractions for all varieties of boredom, milk for children and wine for old age, which provides for all our needs, foresees all our desires, satisfies all our curiosity, corrects all our errors, amends all our faults, and exempts us all henceforth from the need for foresight, prudence, judgment, sagacity, experience, order, economy, temperance, and industry.

And why should I not desire it? Heaven forgive me!

Hence, I insist that it be shown to me, that it be defined, and that is why I propose a prize be offered to the first to discover this rare bird. For, after all, it will have to be admitted that this precious discovery has not yet been made.

Need it be said that we may have been, in this respect, duped by one of the most bizarre illusions that has ever taken possession of the human mind?

What is better fitted to silence our scruples? Hence, all of us, with whatever claim, under one pretext or another, address the state. We say to it: "I do not find that there is a satisfactory proportion between my enjoyments and my labor. I should like very much to take a little from the property of others to establish the desired equilibrium. But that is dangerous. Could you not make it a little easier? Could you not find me a good job in the civil service or hinder the industry of my competitors or, still better, give me an interest-free loan of the capital you have taken from its rightful owners or educate my children at the public expense or grant me incentive subsidies or assure my well-being when I shall be fifty years old? By this means I shall reach my goal in all good conscience, for the law itself will have acted for me, and I shall have all the advantages of plunder without enduring either the risks or the odium."

As, on the one hand, it is certain that we all address some such request to the state, and, on the other hand, it is a well-established fact that the state cannot procure satisfaction for some without adding to the labor of others.

While awaiting another definition of the state, I believe myself entitled to give my own here. Who knows if it will not carry off the prize? Here it is:

The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else.

For, today as in the past, each of us, more or less, would like to profit from the labor of others. One does not dare to proclaim this feeling publicly, one conceals it from oneself, and then what does one do? One imagines an intermediary; one addresses the state, and each class proceeds in turn to say to it: "You, who can

take fairly and honorably, take from the public and share with us." Alas! The state is only too ready to follow such diabolical advice; for it is composed of cabinet ministers, of bureaucrats, of men, in short, who, like all men, carry in their hearts the desire, and always enthusiastically seize the opportunity, to see their wealth and influence grow. The state understands, then, very quickly the use it can make of the role the public entrusts to it. It will be the arbiter, the master, of all destinies. It will take a great deal; hence, a great deal will remain for itself. It will multiply the number of its agents; it will enlarge the scope of its prerogatives; it will end by acquiring overwhelming proportions.

Here the public, on the one side, the state on the other, are considered as two distinct entities, the latter intent on pouring down upon the former, the former having the right to claim from the latter, a veritable shower of human felicities. What must be the inevitable result?

The fact is, the state does not and cannot have one hand only. It has two hands, one to take and the other to give—in other words, the rough hand and the gentle hand. The activity of the second is necessarily subordinated to the activity of the first. Strictly speaking, the state can take and not give. We have seen this happen, and it is to be explained by the porous and absorbent nature of its hands, which always retain a part, and sometimes the whole, of what they touch. But what has never been seen, what will never be seen and cannot even be conceived, is the state giving the public more than it has taken from it. **It is therefore foolish for us to take the humble attitude of beggars when we ask anything of the state**. It is fundamentally impossible for it to confer a particular advantage on some of the individuals who constitute the community without inflicting a greater damage on the entire community.

It finds itself, then, placed by our demands in an obviously vicious circle.

If it withholds the boon that is demanded of it, it is accused of impotence, of ill will, of incapacity. If it tries to meet the demand, it is reduced to levying increased taxes on the people, to doing more harm than good, and to incurring, on another account, general disaffection.

Thus, we find two expectations on the part of the public, two promises on the part of the government: *many benefits and no taxes*. Such expectations and promises, being contradictory, are never fulfilled.

Read the last Manifesto of the Montagnards which they issued in connection with the presidential election. It is rather long, but can be summed up in a few words: *The state should give a great deal to the citizens and take little from them*. It is always the same tactic, or, if you will, the same error.

> The state owes instruction and education free of charge to all citizens.
>
> It owes:
>
> A general and professional education, appropriate as nearly as possible to the needs, vocations, and capacities of each citizen.
>
> It should:
>
> Teach each citizen his duties toward God, toward men, and toward himself; develop his feelings, his aptitudes, and his faculties; give him, in short, proficiency in his work, understanding of his best interests, and knowledge of his rights.
>
> It should:
>
> Put within everyone's reach literature and the arts, the heritage of human thought, the treasures of the mind, all the intellectual enjoyments which elevate and strengthen the soul.

It should:

Insure against every disaster, fire, flood, etc. [how great are the implications of this little *et cetera*!], suffered by a citizen.

It should:

Intervene in the relations between capital and labor and make itself the regulator of credit.

It owes:

Practical encouragement and efficacious protection to agriculture.

It should:

Buy up the railroads, the canals, the mines, and undoubtedly also administer them with that industrial expertise which is so characteristic of it.

It should:

Stimulate laudable enterprises, and encourage and aid them with all the resources capable of making them succeed. As regulator of credit, it will largely control the industrial and agricultural associations, in order to assure their success.

The state is to do all this without prejudice to the services that it performs today; and, for example, it must always adopt a threatening attitude toward foreign nations; for, say the signers of the program, linked by that holy solidarity and by the precedents of republican France, we extend our commitments and our hopes, beyond the barriers that despotism has raised between nations, on behalf of all those whom the yoke of tyranny oppresses; we desire that our glorious army be again, if it must, the army of liberty.

You see that the gentle hand of the state, that good hand which gives and which bestows, will be very busy under the government of the Montagnards. Perhaps you believe that the same will be true of the rough hand, of the hand that reaches into our pockets and empties them?

Undeceive yourselves. The demagogues would not know their business if they had not acquired the art of hiding the rough hand while showing the gentle hand.

Their reign will surely mean a jubilee for the taxpayer.

"It is on luxuries," they say, "not necessities, that taxes should be imposed."

Will it not be a happy day when, in order to load us with benefits, the public treasury is content to take from us just our superfluous funds?

Nor is this all. The Montagnards intend that "taxation should lose its oppressive character and should henceforth be no more than an act of fraternity."

Heavenly days! I am well aware of the fact that it is the fashion to insert fraternity everywhere, but I did not suspect that it could be put into the receipt of the tax collector!

Getting down to details, the signers of the manifesto say:

We demand the immediate abolition of taxes that fall on objects of primary necessity, such as salt, drinks, et cetera.

Reform of the real estate tax, the octroi, and license fees.

Justice free of charge, that is, the simplification of forms and the reduction of expenses. [This no doubt has to do with official stamps.]

Thus, real estate taxes, the octroi, license fees, taxes on stamps, salt, beverages, mail—all are to be done away with. These gentlemen have found the secret of keeping *the gentle hand* of the state energetic and active, while *paralyzing* its *rough hand*.

Indeed! I ask the impartial reader, is this not childish and, what is more, dangerously childish? "Give nothing to the state, and receive a great deal from it"?

Does anyone believe that if the Montagnards came to power, they would not themselves become the victims of the very means that they employed to seize it?

Citizens, throughout history two political systems have confronted each other, and both of them can be supported by good arguments. According to one, the state should do a great deal, but also it should take a great deal. According to the other, its double action should be barely perceptible. Between these two systems, one must choose. But as for the third system, which is a mixture of the two others, and which consists in requiring everything from the state without giving anything to it, it is chimerical, absurd, childish, contradictory, and dangerous. Those who advance it in order to give themselves the pleasure of accusing all governments of impotence and exposing them thus to your violent attacks, flatter and deceive you, or at least they deceive themselves.

As for us, we think that the state is not and should not be anything else than the *common police force* instituted, not to be an instrument of oppression and reciprocal plunder, but, on the contrary, to guarantee to each his own and to make justice and security prevail.

[Editor's Note: Thus, Manmohan Singh's government imposed the education tax because the people gave it this task.]

20. WHAT IS SEEN AND WHAT IS NOT SEEN

In the economic sphere an act, a habit, an institution, a law produces not only one effect, but a series of effects. Of these effects, the first alone is immediate; it appears simultaneously with its cause; it is seen. The other effects emerge only subsequently; they are not seen; we are fortunate if we foresee them.

There is only one difference between a bad economist and a good one: the bad economist confines himself to the visible effect; the good economist takes into account both the effect that can be seen and those effects that must be foreseen.

Yet this difference is tremendous; for it almost always happens that when the immediate consequence is favorable, the later consequences are disastrous, and vice versa. Whence it follows that the bad economist pursues a small present good that will be followed by a great evil to come, while the good economist pursues a great good to come, at the risk of a small present evil.

I shall investigate the consequences of several economic phenomena, contrasting those that are seen with those that are not seen.

1. THE BROKEN WINDOW

Have you ever been witness to the fury of that solid citizen, James Goodfellow, when his incorrigible son has happened to break a pane of glass? If you have been present at this spectacle, certainly

you must also have observed that the onlookers, even if there are as many as thirty of them, seem with one accord to offer the unfortunate owner the selfsame consolation: "It's an ill wind that blows nobody some good. Such accidents keep industry going. Everybody has to make a living. What would become of the glaziers if no one ever broke a window?"

Now, this formula of condolence contains a whole theory that it is a good idea for us to expose, *flagrante delicto*, in this very simple case, since it is exactly the same as that which, unfortunately, underlies most of our economic institutions.

Suppose that it will cost six francs to repair the damage. If you mean that the accident gives six francs' worth of encouragement to the aforesaid industry, I agree. I do not contest it in any way; your reasoning is correct. The glazier will come, do his job, receive six francs, congratulate himself, and bless in his heart the careless child. That is what is seen.

But if, by way of deduction, you conclude, as happens only too often, that it is good to break windows, that it helps to circulate money, that it results in encouraging industry in general, I am obliged to cry out: That will never do! Your theory stops at what is seen. It does not take account of what is not seen.

It is not seen that, since our citizen has spent six francs for one thing, he will not be able to spend them for another. It is not seen that if he had not had a windowpane to replace, he would have replaced, for example, his worn-out shoes or added another book to his library. In brief, he would have put his six francs to some use or other for which he will not now have them.

Let us next consider industry in general. The window having been broken, the glass industry gets six francs' worth of encouragement; that is what is seen. If the window had not been broken, the shoe

industry (or some other) would have received six francs' worth of encouragement; that is what is not seen.

Now let us consider James Goodfellow.

On the first hypothesis, that of the broken window, he spends six francs and has, neither more nor less than before, the enjoyment of one window.

On the second, that in which the accident did not happen, he would have spent six francs for new shoes and would have had the enjoyment of a pair of shoes as well as of a window.

Now, if James Goodfellow is part of society, we must conclude that society, considering its labors and its enjoyments, has lost the value of the broken window.

From which, by generalizing, we arrive at this unexpected conclusion: "Society loses the value of objects unnecessarily destroyed," and at this aphorism: "To break, to destroy, to dissipate is not to encourage national employment," or more briefly: "Destruction is not profitable."

The reader must apply himself to observe that there are not only two people, but three, in the little drama that I have presented. The one, James Goodfellow, represents the consumer, reduced by destruction to one enjoyment instead of two. The other, under the figure of the glazier, shows us the producer whose industry the accident encourages. The third is the shoemaker (or any other manufacturer) whose industry is correspondingly discouraged by the same cause. It is this third person who is always in the shadow, and who, personifying what is not seen, is an essential element of the problem. It is he who makes us understand how absurd it is to see a profit in destruction. It is he who will soon teach us that it is equally absurd to see a profit in trade restriction, which is, after all, nothing more nor less than partial destruction.

2. THE DEMOBILIZATION

A nation is in the same case as a man. When a man wishes to give himself a satisfaction, he has to see whether it is worth what it costs. For a nation, security is the greatest of blessings. If, to acquire it, a hundred thousand men must be mobilized, and a hundred million francs spent, I have nothing to say. It is an enjoyment bought at the price of a sacrifice.

Let there be no misunderstanding, then, about the point I wish to make in what I have to say on this subject.

A legislator proposes to discharge a hundred thousand men, which will relieve the taxpayers of a hundred million francs in taxes.

Now, if I am not mistaken, no sooner will the author of the proposal have descended from the platform, than an orator will rush up and say:

"Discharge a hundred thousand men! What are you thinking of? What will become of them? What will they live on? On their earnings? But do you not know that there is unemployment everywhere? That all occupations are oversupplied? Do you wish to throw them on the market to increase the competition and to depress wage rates? Just at the moment when it is difficult to earn a meager living, is it not fortunate that the state is giving bread to a hundred thousand individuals? Consider further that the army consumes wine, clothes, and weapons, that it thus spreads business to the factories and the garrison towns, and that it is nothing less than a godsend to its innumerable suppliers. Do you not tremble at the idea of bringing this immense industrial activity to an end?"

This speech, we see, concludes in favor of maintaining a hundred thousand soldiers, not because of the nation's need for

the services rendered by the army, but for economic reasons. It is these considerations alone that I propose to refute.*

A hundred thousand men, costing the taxpayers a hundred million francs, live as well and provide as good a living for their suppliers as a hundred million francs will allow: that is what is seen.

But a hundred million francs, coming from the pockets of the taxpayers, ceases to provide a living for these taxpayers and their suppliers, to the extent of a hundred million francs: that is what is not seen. Calculate, figure, and tell me where there is any profit for the mass of the people.

I will, for my part, tell you where the loss is, and to simplify things, instead of speaking of a hundred thousand men and a hundred million francs, let us talk about one man and a thousand francs.

Here we are in the village of A. The recruiters make the rounds and muster one man. The tax collectors make their rounds also and raise a thousand francs. The man and the sum are transported to Metz, the one destined to keep the other alive for a year without doing anything. If you look only at Metz, yes, you are right a hundred times; the procedure is very advantageous. But if you turn your eyes to the village of A, you will judge otherwise, for, unless you are blind, you will see that this village has lost a laborer and the thousand francs that would remunerate his labor, and the business which, through the spending of these thousand francs, he would spread about him.

At first glance it seems as if the loss is compensated. What took place at the village now takes place at Metz, and that is all there is to it. But here is where the loss is. In the village a man dug and labored: he was a worker; at Metz he goes through

* The same argument holds in case we want to discharge a million Indian civil servants who perform no useful work.

"Right dress!" and "Left dress!": he is a soldier. The money involved and its circulation are the same in both cases: but in one there were three hundred days of productive labor; in the other there are three hundreds days of unproductive labor, on the supposition, of course, that a part of the army is not indispensable to public security.

Now comes demobilization. You point out to me a surplus of a hundred thousand workers, intensified competition and the pressure that it exerts on wage rates. That is what you see.

But here is what you do not see. You do not see that to send home a hundred thousand soldiers is not to do away with a hundred million francs, but to return that money to the taxpayers. You do not see that to throw a hundred thousand workers on the market in this way is to throw in at the same time the hundred million francs destined to pay for their labor; that, as a consequence, the same measure that increases the supply of workers also increases the demand; from which it follows that your lowering of wages is illusory. You do not see that before, as well as after, the demobilization there are a hundred million francs corresponding to the hundred thousand men; that the whole difference consists in this: that before, the country gives the hundred million francs to the hundred thousand men for doing nothing; afterwards, it gives them the money for working. Finally, you do not see that when a taxpayer gives his money, whether to a soldier in exchange for nothing or to a worker in exchange for something, all the more remote consequences of the circulation of this money are the same in both cases: only, in the second case the taxpayer receives something; in the first he receives nothing. Result: a dead loss for the nation.

The sophism that I am attacking here cannot withstand the test of extended application, which is the touchstone of all theoretical principles. If, all things considered, there

is a national profit in increasing the size of the army*, why not call the whole male population of the country to the colors?

3. TAXES

Have you ever heard anyone say: "Taxes are the best investment; they are a life-giving dew. See how many families they keep alive, and follow in imagination their indirect effects on industry; they are infinite, as extensive as life itself."

To combat this doctrine, I am obliged to repeat the preceding refutation. Political economy knows very well that its arguments are not diverting enough for anyone to say about them: *Repetita placent*; repetition pleases. So, political economy has "arranged" the proverb for its own use, quite convinced that, from its mouth, *Repetita docent*; repetition teaches.

The advantages that government officials enjoy in drawing their salaries are what is seen. The benefits that result for their suppliers are also what is seen. They are right under your nose.

But the disadvantage that the taxpayers try to free themselves from is what is not seen, and the distress that results from it for the merchants who supply them is something further that is not seen, although it should stand out plainly enough to be seen intellectually.

When a government official spends on his own behalf one hundred sous more, this implies that a taxpayer spends on his own behalf one hundred sous the less. But the spending of the government official is seen, because it is done; while that of the taxpayer is not seen, because—alas!—he is prevented from doing it.

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* Or, for that matter, the bureaucracy!

You compare the nation to a parched piece of land and the tax to a life-giving rain. So be it. But you should also ask yourself where this rain comes from, and whether it is not precisely the tax that draws the moisture from the soil and dries it up.

What is quite certain is that, when James Goodfellow counts out a hundred sous to the tax collector, he receives nothing in return. When, then, a government official, in spending these hundred sous, returns them to James Goodfellow, it is for an equivalent value in wheat or in labor. The final result is a loss for James Goodfellow.

It is quite true that often, nearly always if you will, the government official renders an equivalent service to James Goodfellow. In this case there is no loss on either side; there is only an exchange. Therefore, my argument is not in any way concerned with useful functions. *I say this: If you wish to create a government office, prove its usefulness. Demonstrate that to James Goodfellow it is worth the equivalent of what it costs him by virtue of the services it renders him. But apart from this intrinsic utility, do not cite, as an argument in favor of opening the new bureau, the advantage that it constitutes for the bureaucrat, his family, and those who supply his needs; do not allege that it encourages employment*.

When James Goodfellow gives a hundred sous to a government official for a really useful service, this is exactly the same as when he gives a hundred sous to a shoemaker for a pair of shoes. It's a case of give-and-take, and the score is even. But when James Goodfellow hands over a hundred sous to a government official to receive no service for it or even to be subjected to inconveniences, *it is as if he were to give his money to a thief*. It serves no purpose to say that the official will spend these hundred sous for the great profit of our national industry; the more the thief can do with them, the more James Goodfellow could have done with them if he had not met on his way either the extralegal or the legal parasite.

Let us accustom ourselves, then, not to judge things solely by what is seen, but rather by what is not seen.

4. PUBLIC WORKS

Nothing is more natural than that a nation, after making sure that a great enterprise will profit the community, should have such an enterprise carried out with funds collected from the citizenry. But I lose patience completely, I confess, when I hear alleged in support of such a resolution this economic fallacy: "Besides, it is a way of creating jobs for the workers."

The state opens a road, builds a palace, repairs a street, digs a canal; with these projects it gives jobs to certain workers. That is what is seen. But it deprives certain other laborers of employment. That is what is not seen.

Suppose a road is under construction. A thousand laborers arrive every morning, go home every evening, and receive their wages; that is certain. If the road had not been authorized, if funds for it had not been voted, these good people would have neither found this work nor earned these wages; that again is certain.

But is this all? Taken all together, does not the operation involve something else? For the process to be complete, does not the state have to organize the collection of funds as well as their expenditure? Does it not have to get its tax collectors into the country and its taxpayers to make their contribution?

Study the question, then, from its two aspects. In noting what the state is going to do with the millions of francs voted, do not neglect to note also what the taxpayers would have done—and can no longer do—with these same millions. You see, then, that a public enterprise is a coin with two sides. On one, the figure of a busy worker, with this device: What is seen; on the other, an unemployed worker, with this device: What is not seen.

The sophism that I am attacking in this essay is all the more dangerous when applied to public works, since it serves to justify the most foolishly prodigal enterprises. When a railroad or a bridge has real utility, it suffices to rely on this fact in arguing in its favor. But if one cannot do this, what does one do? One has recourse to this mumbo jumbo: "We must create jobs for the workers."

This means that the terraces of the Champ-de-Mars are ordered first to be built up and then to be torn down. The great Napoleon, it is said, thought he was doing philanthropic work when he had ditches dug and then filled in.* He also said: "What difference does the result make? All we need is to see wealth spread among the laboring classes."

Let us get to the bottom of things. Money creates an illusion for us. To ask for co-operation, in the form of money, from all the citizens in a common enterprise is, in reality, to ask of them actual physical co-operation, for each one of them procures for himself by his labor the amount he is taxed. Now, if we were to gather together all the citizens and exact their services from them in order to have a piece of work performed that is useful to all, this would be understandable; their recompense would consist in the results of the work itself. But if, after being brought together, they were forced to build roads on which no one would travel, or palaces that no one would live in, all under the pretext of providing work for them, it would seem absurd, and they would certainly be justified in objecting: We will have none of that kind of work. We would rather work for ourselves.

Having the citizens contribute money, and not labor, changes nothing in the general results. But if labor were contributed, the loss would be shared by everyone. Where money is contributed, those whom the state keeps busy escape their share of the loss,

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* As Keynes said: Dig holes and fill them up!

while adding much more to that which their compatriots already have to suffer.

There is an article in the Constitution which states:

"Society assists and encourages the development of labor.... through the establishment by the state, the departments, and the municipalities, of appropriate public works to employ idle hands."

As a temporary measure in a time of crisis, as during a severe winter, this intervention on the part of the taxpayer could have good effects. It acts in the same way as insurance. It adds nothing to the number of jobs nor to total wages, but it takes labor and wages from ordinary times and doles them out, at a loss it is true, in difficult times.

As a permanent, general, systematic measure, it is nothing but a ruinous hoax, an impossibility, a contradiction, which makes a great show of the little work that it has stimulated, which is what is seen, and conceals the much larger amount of work that it has precluded, which is what is not seen.*

5. MIDDLEMEN

Society is the aggregate of all the services that men perform for one another by compulsion or voluntarily, that is to say, public services and private services.

The first, imposed and regulated by the law, which is not always easy to change when necessary, can long outlive their usefulness and still retain the name of public services, even when they are no longer anything but public nuisances. The second are in the domain of the voluntary, i.e., of individual responsibility. Each

* Do you see that 'employment generation schemes' *or rozagar yojanas* are a big hoax?

gives and receives what he wishes, or what he can, after bargaining. These services are always presumed to have a real utility, exactly measured by their comparative value.

That is why the former are so often static, while the latter obey the law of progress.

While the exaggerated development of public services, with the waste of energies that it entails, tends to create a disastrous parasitism in society, it is rather strange that many modern schools of economic thought, attributing this characteristic to voluntary, private services, seek to transform the functions performed by the various occupations.

These schools of thought are vehement in their attack on those they call 'middlemen'. They would willingly eliminate the capitalist, the banker, the speculator, the entrepreneur, the businessman, and the merchant, accusing them of interposing themselves between producer and consumer in order to fleece them both, without giving them anything of value. Or rather, the reformers would like to transfer to the state the work of the middlemen, for this work cannot be eliminated.

The sophism of the socialists on this point consists in showing the public what it pays to the middlemen for their services and in concealing what would have to be paid to the state. Once again we have the conflict between what strikes the eye and what is evidenced only to the mind, between what is seen and what is not seen.

It was especially in 1847 and on the occasion of the famine that the socialist schools succeeded in popularizing their disastrous theory. They knew well that the most absurd propaganda always has some chance with men who are suffering; *malesuada fames*.*

* Or as we say in India: *Vinaash kaley vipreeth buddhi*!

Then, with the aid of those high-sounding words: Exploitation of man by man, speculation in hunger, monopoly, they set themselves to blackening the name of business and throwing a veil over its benefits.

"Why," they said, "leave to merchants the task of getting foodstuffs from the United States and the Crimea? Why cannot the state, the departments, and the municipalities organize a provisioning service and set up warehouses for stockpiling? They would sell at net cost, and the people, the poor people, would be relieved of the tribute that they pay to free, i.e., selfish, individualistic, anarchical trade."

The tribute that the people pay to business, is what is seen. The tribute that the people would have to pay to the state or to its agents in the socialist system, is what is not seen.

What is this so-called tribute that people pay to business? It is this: that two men render each other a service in full freedom under the pressure of competition and at a price agreed on after bargaining.

When the stomach that is hungry is in Paris and the wheat that can satisfy it is in Odessa, the suffering will not cease until the wheat reaches the stomach. There are three ways to accomplish this: the hungry men can go themselves to find the wheat; they can put their trust in those who engage in this kind of business; or they can levy an assessment on themselves and charge public officials with the task.

Of these three methods, which is the most advantageous?

In all times, in all countries, the freer, the more enlightened, the more experienced men have been, the oftener have they voluntarily chosen the second. I confess that this is enough in my eyes to give the advantage to it. However, let us examine the question.

For thirty-six million citizens to depart for Odessa to get the wheat that they need is obviously impracticable. The first means is of no avail. The consumers cannot act by themselves; they are compelled to turn to middlemen, whether public officials or merchants.

However, let us observe that the first means would be the most natural. Fundamentally, it is the responsibility of whoever is hungry to get his own wheat. It is a task that concerns him; it is a service that he owes to himself. If someone else, whoever he may be, performs this service for him and takes the task on himself, this other person has a right to compensation. What I am saying here is that the services of middlemen involve a right to remuneration.

However that may be, since we must turn to what the socialists call a parasite, which of the two—the merchant or the public official—is the less demanding parasite?

Business (I assume it to be free, or else what point would there be in my argument?) is forced, by its own self-interest, to study the seasons, to ascertain day by day the condition of the crops, to receive reports from all parts of the world, to foresee needs, to take precautions. It has ships all ready, associates everywhere, and its immediate self-interest is to buy at the lowest possible price, to economize on all details of operation, and to attain the greatest results with the least effort. Not only French merchants, but merchants the whole world over are busy with provisioning France for the day of need; and if self-interest compels them to fulfill their task at the least expense, competition among them no less compels them to let the consumers profit from all the economies realized. Once the wheat has arrived, the businessman has an interest in selling it as soon as possible to cover his risks, realize his profits, and begin all over again, if there is an opportunity. Guided by the comparison of prices, private enterprise distributes food all over the world, always beginning at the point of greatest scarcity,

that is, where the need is felt the most. It is thus impossible to imagine an organization better calculated to serve the interests of the hungry, and the beauty of this organization, not perceived by the socialists, comes precisely from the fact that it is free, i.e., voluntary. True, the consumer must pay the businessman for his expenses of cartage, of transshipment, of storage, of commissions, etc.; but under what system does the one who consumes the wheat avoid paying the expenses of shipping it to him?

If, according to the socialist plan, the state takes the place of private businessmen in these transactions, what will happen? Pray, show me where there will be any economy for the public. Will it be in the retail price? Will the economy be effected in the shipping expenses? Will the saving be effected in the profits of the businessmen? But did your representatives and public officials go to Odessa for nothing? Are they going to make the journey out of brotherly love? Will they not have to live? Will not their time have to be paid for? And do you think that this will not exceed a thousand times the two or three per cent that the merchant earns, a rate that he is prepared to guarantee?*

And then, think of the difficulty of levying so many taxes to distribute so much food. Think of the injustices and abuses inseparable from such an enterprise. Think of the burden of responsibility that the government would have to bear.

The socialists who have invented these follies, and who in days of distress plant them in the minds of the masses, generously confer on themselves the title of "forward-looking" men, and there is a real danger that usage, that tyrant of language, will ratify both the word and the judgment it implies. "Forward-looking" assumes that these gentlemen can see ahead much further than ordinary people; that their only fault is to be too much in advance of their century; and that, if the time has not

* What is the cost of the Food Corporation of India and the Public Distribution system?

yet arrived when certain private services, allegedly parasitical, can be eliminated, the fault is with the public, which is far behind socialism. To my mind and knowledge, it is the contrary that is true, and I do not know to what barbaric century we should have to return to find on this point a level of understanding comparable to that of the socialists.

The modern socialist factions ceaselessly oppose free association in present-day society. They do not realize that a free society is a true association much superior to any of those that they concoct out of their fertile imaginations.

Let us elucidate this point with an example:

For a man, when he gets up in the morning, to be able to put on a suit of clothes, a piece of land has had to be enclosed, fertilized, drained, cultivated, planted with a certain kind of vegetation; flocks of sheep have had to feed on it; they have had to give their wool; this wool has had to be spun, woven, dyed, and converted into cloth; this cloth has had to be cut, sewn, and fashioned into a garment. And this series of operations implies a host of others; for it presupposes the use of farming implements, of sheepfolds, of factories, of coal, of machines, of carriages, etc.

If society were not a very real association, anyone who wanted a suit of clothes would be reduced to working in isolation, that is, to performing himself the innumerable operations in this series, from the first blow of the pickaxe that initiates it right down to the last thrust of the needle that terminates it.

But thanks to that readiness to associate which is the distinctive characteristic of our species, these operations have been distributed among a multitude of workers, and they keep subdividing themselves more and more for the common good to the point where, as consumption increases, a single specialized operation

can support a new industry. Then comes the distribution of the proceeds, according to the portion of value each one has contributed to the total work. If this is not association, I should like to know what is.

Note that, since not one of the workers has produced the smallest particle of raw material from nothing, they are confined to rendering each other mutual services, to aiding each other for a common end; and that all can be considered, each group in relation to the others, as middlemen. If, for example, in the course of the operation, transportation becomes important enough to employ one person; spinning, a second; weaving, a third; why should the first one be considered more of a parasite than the others? Is there no need for transportation? Does not someone devote time and trouble to the task? Does he not spare his associates this time and trouble? Are they doing more than he, or just something different? Are they not all equally subject, in regard to their pay, that is, their share of the proceeds, to the law that restricts it to the price agreed upon after bargaining? Do not this division of labor and these arrangements, decided upon in full liberty, serve the common good? Do we, then, need a socialist, under the pretext of planning, to come and despotically destroy our voluntary arrangements, put an end to the division of labor, substitute isolated efforts for co-operative efforts, and reverse the progress of civilization?

Is association as I describe it here any the less association because everyone enters and leaves it voluntarily, chooses his place in it, judges and bargains for himself, under his own responsibility, and brings to it the force and the assurance of his own self-interest? For association to deserve the name, does a so-called reformer have to come and impose his formula and his will on us and concentrate within himself, so to speak, all of mankind?

The more one examines these "forward-looking" schools of thought, the more one is convinced that at bottom they rest on

nothing but ignorance; they proclaim themselves infallible and demand despotic power in the name of this infallibility.

6. RESTRAINT OF TRADE

Mr. Protectionist devoted his time and his capital to converting ore from his lands into iron. Since Nature had been more generous with the Belgians, they sold iron to the French at a better price than Mr. Protectionist did, which meant that all Frenchmen, or France, could obtain a given quantity of iron with less labor by buying it from the good people of Flanders. Therefore, prompted by their self-interest, they took full advantage of the situation, and every day a multitude of nailmakers, metalworkers, cartwrights, mechanics, blacksmiths, and ploughmen could be seen either going themselves or sending middlemen to Belgium to obtain their supply of iron. Mr. Protectionist did not like this at all.

His first idea was to stop this abuse by direct intervention with his own two hands. This was certainly the least he could do, since he alone was harmed. I'll take my carbine, he said to himself. I'll put four pistols in my belt, I'll fill my cartridge box, I'll buckle on my sword, and, thus equipped, I'll go to the frontier. There I'll kill the first metalworker, nailmaker, blacksmith, mechanic, or locksmith who comes seeking his own profit rather than mine. That'll teach him a lesson!

At the moment of leaving, Mr. Protectionist had a few second thoughts that somewhat tempered his bellicose ardor. He said to himself: First of all, it is quite possible that the buyers of iron, my fellow countrymen and my enemies, will take offense, and, instead of letting themselves be killed, they might kill me. Furthermore, even if all my servants marched out, we could not guard the whole frontier. Finally, the entire proceeding would cost me too much, more than the result would be worth.

Mr. Protectionist was going to resign himself sadly just to being free like everyone else, when suddenly he had a brilliant idea.

He remembered that there is a great law factory in Paris. What is a law? he asked himself. It is a measure to which, when once promulgated, whether it is good or bad, everyone has to conform. For the execution of this law, a public police force is organized, and to make up the said public police force, men and money are taken from the nation.

If, then, I manage to get from that great Parisian factory a nice little law saying: "Belgian iron is prohibited," I shall attain the following results: The government will replace the few servants that I wanted to send to the frontier with twenty thousand sons of my recalcitrant metalworkers, locksmiths, nailmakers, blacksmiths, artisans, mechanics, and ploughmen. Then, to keep these twenty thousand customs officers in good spirits and health, there will be distributed to them twenty-five million francs taken from these same blacksmiths, nailmakers, artisans, and ploughmen. Organized in this way, the protection will be better accomplished; it will cost me nothing; I shall not be exposed to the brutality of brokers; I shall sell the iron at my price; and I shall enjoy the sweet pleasure of seeing our great people shamefully hoaxed. That will teach them to be continually proclaiming themselves the precursors and the promoters of all progress in Europe. It will be a smart move, and well worth the trouble of trying!

So Mr. Protectionist went to the law factory. (Another time, perhaps, I shall tell the story of his dark, underhanded dealings there; today I wish to speak only of the steps he took openly and for all to see.) He presented to their excellencies, the legislators, the following argument:

"Belgian iron is sold in France at ten francs, which forces me to sell mine at the same price. I should prefer to sell it at fifteen and cannot because of this confounded Belgian iron.

Manufacture a law that says: 'Belgian iron shall no longer enter France.' Immediately I shall raise my price by five francs, with the following consequences:

"For each hundred kilograms of iron that I shall deliver to the public, instead of ten francs I shall get fifteen; I shall enrich myself more quickly; I shall extend the exploitation of my mines; I shall employ more men. My employees and I will spend more, to the great advantage of our suppliers for miles around. These suppliers, having a greater market, will give more orders to industry, and gradually this activity will spread throughout the country. This lucky hundred-sou piece that you will drop into my coffers, like a stone that is thrown into a lake, will cause an infinite number of concentric circles to radiate great distances in every direction."

Charmed by this discourse, *enchanted to learn that it is so easy to increase the wealth of a people simply by legislation*,* the manufacturers of laws voted in favor of the restriction. "What is all this talk about labor and saving?" they said. "What good are these painful means of increasing the national wealth, when a decree will do the job?"

And, in fact, the law had all the consequences predicted by Mr. Protectionist, but it had others too; for, to do him justice, he had not reasoned falsely, but incompletely. In asking for a privilege, he had pointed out the effects that are seen, leaving in the shadow those that are not seen. He had shown only two people, when actually there are three in the picture. It is for us to repair this omission, whether involuntary or premeditated.

Yes, the five-franc piece thus legislatively rechanneled into the coffers of Mr. Protectionist constitutes an advantage for him and for those who get jobs because of it. And if the

* As with minimum wage legislation.

decree had made the five-franc piece come down from the moon, these good effects would not be counterbalanced by any compensating bad effects. Unfortunately, the mysterious hundred sous did not come down from the moon, but rather from the pocket of a metalworker, a nailmaker, a cartwright, a blacksmith, a ploughman, a builder, in a word, from James Goodfellow, who pays it out today without receiving a milligram of iron more than when he was paying ten francs. It at once becomes evident that this certainly changes the question, for, quite obviously, the profit of Mr. Protectionist is counterbalanced by the loss of James Goodfellow, and anything that Mr. Protectionist will be able to do with this five-franc piece for the encouragement of domestic industry, James Goodfellow could also have done. The stone is thrown in at one point in the lake only because it has been prohibited by law from being thrown in at another.

Hence, what is not seen counterbalances what is seen; and the outcome of the whole operation is an injustice, all the more deplorable in having been perpetrated by the law.

But this is not all. I have said that a third person was always left in the shadow. I must make him appear here, so that he can reveal to us a second loss of five francs. Then we shall have the results of the operation in its entirety.

James Goodfellow has fifteen francs, the fruit of his labors. (We are back at the time when he is still free.) What does he do with his fifteen francs? He buys an article of millinery for ten francs, and it is with this article of millinery that he pays (or his middleman pays for him) for the hundred kilograms of Belgian iron. He still has five francs left. He does not throw them into the river, but (and this is what is not seen) he gives them to some manufacturer or other in exchange for some satisfaction—for example, to a publisher for a copy of the *Discourse on Universal History* by Bossuet.

Thus, he has encouraged domestic industry to the amount of fifteen francs, to wit:

10 francs to the Parisian milliner

5 francs to the publisher

And as for James Goodfellow, he gets for his fifteen francs two objects of satisfaction, to wit:

1. A hundred kilograms of iron
2. A book

Comes the decree.

What happens to James Goodfellow? What happens to domestic industry?

James Goodfellow, in giving his fifteen francs to the last centime to Mr. Protectionist for a hundred kilograms of iron, has nothing now but the use of this iron. He loses the enjoyment of a book or of any other equivalent object. He loses five francs. You agree with this; you cannot fail to agree; *you cannot fail to agree that when restraint of trade raises prices, the consumer loses the difference*.

But it is said that domestic industry gains the difference.

No, it does not gain it; for, since the decree, it is encouraged only as much as it was before, to the amount of fifteen francs.

Only, since the decree, the fifteen francs of James Goodfellow go to metallurgy, while before the decree they were divided between millinery and publishing.

The force that Mr. Protectionist might exercise by himself at the frontier and that which he has the law exercise for him can be

judged quite differently from the moral point of view. There are people who think that plunder loses all its immorality as soon as it becomes legal. Personally, I cannot imagine a more alarming situation. However that may be, one thing is certain, and that is that the economic results are the same.

You may look at the question from any point of view you like, but if you examine it dispassionately, you will see that no good can come from legal or illegal plunder. We do not deny that it may bring for Mr. Protectionist or his industry, or if you wish for domestic industry, a profit of five francs. But we affirm that it will also give rise to two losses: one for James Goodfellow, who pays fifteen francs for what he used to get for ten; the other for domestic industry, which no longer receives the difference. Make your own choice of which of these two losses compensates for the profit that we admit. The one you do not choose constitutes no less a dead loss.

Moral: To use force is not to produce, but to destroy. Heavens! If to use force were to produce, France would be much richer than she is.

7. MACHINES

"A curse on machines! Every year their increasing power condemns to pauperism millions of workers, taking their jobs away from them, and with their jobs their wages, and with their wages their bread! A curse on machines!"

That is the cry rising from ignorant prejudice, and whose echo resounds in the newspapers.

But to curse machines is to curse the human mind!

Evidently there is in this mass of contradictions something that shocks us and warns us that the problem conceals an element

essential to its solution that has not been sufficiently brought to light.

The whole mystery consists in this: behind what is seen lies what is not seen. I am going to try to shed some light on it. My demonstration can be nothing but a repetition of the preceding one, for the problem is the same.

Men have a natural inclination, if they are not prevented by force, to go for a bargain—that is, for something that, for an equivalent satisfaction, spares them labor—whether this bargain comes to them from a capable foreign producer or from a capable mechanical producer.

The theoretical objection that is raised against this inclination is the same in both cases. In one as in the other, the reproach is made that it apparently makes for a scarcity of jobs. *However, its actual effect is not to make jobs scarce, but to free men's labor for other jobs.*

And that is why, in practice, the same obstacle—force—is set up against it in both cases. The legislator prohibits foreign competition and forbids mechanical competition. For what other means can there be to stifle an inclination natural to all men than to take away their freedom?

In many countries, it is true, the legislator strikes at only one of these types of competition and confines himself to grumbling about the other. This proves only that in these countries the legislator is inconsistent.

That should not surprise us. *On a false path there is always inconsistency; if this were not so, mankind would be destroyed. We have never seen and never shall see a false principle carried out completely*. I have said elsewhere: Absurdity is the limit of inconsistency. I should like to add: It is also its proof.

Let us go on with our demonstration; it will not be lengthy.

James Goodfellow had two francs that he let two workers earn.

But now suppose that he devises an arrangement of ropes and weights that will shorten the work by half.

Then he obtains the same satisfaction, saves a franc, and discharges a worker. He discharges a worker: that is what is seen.

Seeing only this, people say: "See how misery follows civilization! See how freedom is fatal to equality! The human mind has made a conquest, and immediately another worker has forever fallen into the abyss of poverty. Perhaps James Goodfellow can still continue to have both men work for him, but he cannot give them more than ten sous each, for they will compete with one another and will offer their services at a lower rate. This is how the rich get richer and the poor become poorer. We must remake society."

A fine conclusion, and one worthy of the initial premise!

Fortunately, both premise and conclusion are false, because behind the half of the phenomenon that is seen is the other half that is not seen.

The franc saved by James Goodfellow and the necessary effects of this saving are not seen.

Since, as a result of his own invention, James Goodfellow no longer spends more than one franc for manual labor in the pursuit of a given satisfaction, he has another franc left over.

If, then, there is somewhere an idle worker who offers his labor on the market, there is also somewhere a capitalist who offers his idle franc. These two elements meet and combine.

And it is clear as day that between the supply of and the demand for labor, between the supply of and the demand for wages, the relationship has in no way changed.

The invention and the worker, paid with the first franc, now do the work previously accomplished by two workers.

The second worker, paid with the second franc, performs some new work.

What has then been changed in the world? There is one national satisfaction the more; in other words, the invention is a gratuitous conquest, a gratuitous profit for mankind. From the form in which I have given my demonstration we could draw this conclusion:

"It is the capitalist who derives all the benefits flowing from the invention of machines. The laboring class, even though it suffers from them only temporarily, never profits from them, since, according to what you yourself say, they reallocate a portion of the nation's industry without diminishing it, it is true, but also without increasing it."

It is not within the province of this essay to answer all objections. Its only object is to combat an ignorant prejudice, very dangerous and extremely widespread. I wished to prove that a new machine, in making a certain number of workers available for jobs, necessarily makes available at the same time the money that pays them. These workers and this money get together eventually to produce something that was impossible to produce before the invention; from which it follows that the final result of the invention is an increase in satisfactions with the same amount of labor.

Who reaps this excess of satisfactions?

Yes, at first it is the capitalist, the inventor, the first one who uses the machine successfully, and this is the reward for his genius and daring. In this case, as we have just seen, he realizes a saving on the costs of production, which, no matter how it is spent (and it always is), gives employment to just as many hands as the machine has made idle.

But soon competition forces him to lower his selling price by the amount of this saving itself.

And then it is no longer the inventor who reaps the benefits of the invention; it is the buyer of the product, the consumer, the public, including the workers—in a word, it is mankind.

And what is not seen is that the saving, thus procured for all the consumers, forms a fund from which wages can be drawn, replacing what the machine has drained off.

Thus (taking up again the foregoing example), James Goodfellow obtains a product by spending two francs for wages.

Thanks to his invention, the manual labor now costs him only one franc.

As long as he sells the product at the same price, there is one worker the fewer employed in making this special product: that is what is seen; but there is one worker the more employed by the franc James Goodfellow has saved: that is what is not seen.

When, in the natural course of events, James Goodfellow is reduced to lowering by one franc the price of the product, he no longer realizes a saving; then he no longer releases a franc for national employment in new production. But whoever acquires it, i.e., mankind, takes his place. Whoever buys the product pays one franc less, saves a franc, and necessarily hands over this saving to the fund for wages; this is again what is not seen.

Another solution to this problem, one founded on the facts, has been advanced.

Some have said: "The machine reduces the expenses of production and lowers the price of the product. The lowering of the price stimulates an increase in consumption, which necessitates an increase in production, and, finally, the use of as many workers as before the invention—or more." In support of this argument they cite printing, spinning, the press, etc.

This demonstration is not scientific.

We should have to conclude from it that, if the consumption of the special product in question remains stationary or nearly so, the machine will be harmful to employment. This is not so.

Suppose that in a certain country all the men wear hats. If with a machine the price of hats can be reduced by half, it does not necessarily follow that twice as many hats will be bought.

Will it be said, in that case, that a part of the national labor force has been made idle? Yes, according to ignorant reasoning. No, according to mine; for, even though in that country no one were to buy a single extra hat, the entire fund for wages would nevertheless remain intact; whatever did not go to the hat industry would be found in the saving realized by all consumers and would go to pay wages for the whole of the labor force that the machine had rendered unnecessary and to stimulate a new development of all industries.

And this is, in fact, the way things happen. I have seen newspapers at 80 francs; now they sell for 48. This is a saving of 32 francs for the subscribers. It is not certain, at least it is not inevitable, that the 32 francs continue to go into journalism; but what is certain, what is inevitable, is that, if they do not take this direction, they will take another. One franc will be

used to buy more newspapers, another for more food, a third for better clothes, a fourth for better furniture.

Thus, all industries are interrelated. They form a vast network in which all the lines communicate by secret channels. What is saved in one profits all. What is important is to understand clearly that never, never are economies effected at the expense of jobs and wages.

8. CREDIT

At all times, but especially in the last few years, people have dreamt of universalizing wealth by universalizing credit.

I am sure I do not exaggerate in saying that since the February Revolution the Paris presses have spewed forth more than ten thousand brochures extolling this solution of the social problem.

This solution, alas, has as its foundation merely an optical illusion, in so far as an illusion can serve as a foundation for anything.

These people begin by confusing hard money with products; then they confuse paper money with hard money; and it is from these two confusions that they profess to derive a fact.

In this question it is absolutely necessary to forget money, coins, bank notes, and the other media by which products pass from hand to hand, in order to see only the products themselves, which constitute the real substance of a loan.

For when a farmer borrows fifty francs to buy a plough, it is not actually the fifty francs that is lent to him; it is the plough.

And when a merchant borrows twenty thousand francs to buy a house, it is not the twenty thousand francs he owes; it is the house.

Money makes its appearance only to facilitate the arrangement among several parties.

Peter may not be disposed to lend his plough, but James may be willing to lend his money. What does William do then? He borrows the money from James, and with this money he buys the plough from Peter.

But actually nobody borrows money for the sake of the money itself. We borrow money to get products.

Now, in no country is it possible to transfer from one hand to another more products than there are.

Whatever the sum of hard money and bills that circulates, the borrowers taken together cannot get more ploughs, houses, tools, provisions, or raw materials than the total number of lenders can furnish.

For let us keep well in mind that every borrower presupposes a lender, that every borrowing implies a loan.

This much being granted, what good can credit institutions do? They can make it easier for borrowers and lenders to find one another and reach an understanding. But what they cannot do is to increase instantaneously the total number of objects borrowed and lent.

However, the credit organizations would have to do just this in order for the end of the social reformers to be attained, since these gentlemen aspire to nothing less than to give ploughs, houses, tools, provisions, and raw materials to everyone who wants them.

And how do they imagine they will do this?

By giving to loans the guarantee of the state.

Let us go more deeply into the matter, for there is something here that is seen and something that is not seen. Let us try to see both.

Suppose that there is only one plough in the world and that two farmers want it.

Peter is the owner of the only plough available in France. John and James wish to borrow it. John, with his honesty, his property, and his good name, offers guarantees. One believes in him; he has credit. James does not inspire confidence or at any rate seems less reliable. Naturally, Peter lends his plough to John.

But now, under socialist inspiration, the state intervenes and says to Peter: "Lend your plough to James. We will guarantee you reimbursement, and this guarantee is worth more than John's, for he is the only one responsible for himself, and we, though it is true we have nothing, dispose of the wealth of all the taxpayers; if necessary, we will pay back the principal and the interest with their money."

So Peter lends his plough to James; this is what is seen.

And the socialists congratulate themselves, saying, "See how our plan has succeeded. Thanks to the intervention of the state, poor James has a plough. He no longer has to spade by hand; he is on the way to making his fortune. It is a benefit for him and a profit for the nation as a whole."

Oh no, gentlemen, it is not a profit for the nation, for here is what is not seen.

It is not seen that the plough goes to James because it did not go to John.

It is not seen that if James pushes a plough instead of spading, John will be reduced to spading instead of ploughing.

*Consequently, what one would like to think of as an additional loan is only the reallocation of a loan.**

Furthermore, it is not seen that this reallocation involves two profound injustices: injustice to John, who, after having merited and won credit by his honesty and his energy, sees himself deprived; injustice to the taxpayers, obligated to pay a debt that does not concern them.

Will it be said that the government offers to John the same opportunities it does to James? But since there is only one plough available, two cannot be lent. The argument always comes back to the statement that, thanks to the intervention of the state, more will be borrowed than can be lent, for the plough represents here the total of available capital.

True, I have reduced the operation to its simplest terms; but test by the same touchstone the most complicated governmental credit institutions, and you will be convinced that they can have but one result: to reallocate credit, not to increase it. In a given country and at a given time, there is only a certain sum of available capital, and it is all placed somewhere. **By guaranteeing insolvent debtors, the state can certainly increase the number of borrowers, raise the rate of interest (all at the expense of the taxpayer), but it cannot increase the number of lenders and the total value of the loans**.

Do not impute to me, however, a conclusion from which I beg Heaven to preserve me. I say that the law should not artificially encourage borrowing; but I do not say that it should hinder it artificially. If in our hypothetical system or elsewhere there should be obstacles to the diffusion and application of credit, let the law remove them; nothing could be better or more just. But that,

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* What is today called the 'crowding-out effect': good borrowers being shoved out by bad borrowers (usually the state).

along with liberty, is all that social reformers worthy of the name should ask of the law.

9. THE RIGHT TO EMPLOYMENT AND THE RIGHT TO PROFIT

"Brothers, assess yourselves to furnish me work at your price." This is the right to employment, elementary or first-degree socialism.

"Brothers, assess yourselves to furnish me work at my price." This is the right to profit, refined or second-degree socialism.

Both live by virtue of such of their effects as are seen. They will die from those of their effects that are not seen.

What is seen is the work and the profit stimulated by the assessments levied on society. What is not seen is the work and the profits that would come from this same amount of money if it were left in the hands of the taxpayers themselves.

In 1848 the right to employment showed itself for a moment with two faces. That was enough to ruin it in public opinion.

One of these faces was called: National workshop.

The other: Forty-five centimes.

Millions went every day from the rue de Rivoli to the national workshops. This was the beautiful side of the coin.

But here is what was on the other side. In order for millions of francs to come out of a coffer, they must first have come into it. That is why the organizers of the right to employment addressed themselves to the taxpayers.

Now, the farmers said: "I must pay forty-five centimes. Then I shall be deprived of clothes; I cannot marl my field; I cannot have my house repaired."

And the hired hands said: "Since our boss is not going to have any new clothes, there will be less work for the tailor; since he is not going to have his field marled, there will be less work for the ditchdigger; since he is not going to have his house repaired, there will be less work for the carpenter and the mason."

It was therefore proved that you cannot profit twice from the same transaction, and that the work paid for by the government was created at the expense of work that would have been paid for by the taxpayer. That was the end of the right to employment, which came to be seen as an illusion as well as an injustice.

However, the right to profit, which is nothing but an exaggeration of the right to employment, is still alive and flourishing.

Is there not something shameful in the role that the protectionist makes society play?

He says to society:

"You must give me work, and, what is more, lucrative work. I have foolishly chosen an industry that leaves me with a loss of ten per cent. If you slap a tax of twenty francs on my fellow citizens and excuse me from paying it, my loss will be converted into a profit. Now, profit is a right; you owe it to me."

The society that listens to this sophist, that will levy taxes on itself to satisfy him, that does not perceive that the loss wiped out in one industry is no less a loss because others are forced to shoulder it—this society, I say, deserves the burden placed upon it.

Thus, we see, from the many subjects I have dealt with, that not to know political economy is to allow oneself to be dazzled by the immediate effect of a phenomenon; to know political economy is to take into account the sum total of all effects, both immediate and future.

I could submit here a host of other questions to the same test. But I desist from doing so, because of the monotony of demonstrations that would always be the same, and I conclude by applying to political economy what Chateaubriand said of history:

> "There are two consequences in history: one immediate and instantaneously recognized; the other distant and unperceived at first. These consequences often contradict each other; the former come from our short-run wisdom, the latter from long-run wisdom. The providential event appears after the human event. Behind men rises God. Deny as much as you wish the Supreme Wisdom, do not believe in its action, dispute over words, call what the common man calls Providence "the force of circumstances" or "reason"; but look at the end of an accomplished fact, and you will see that it has always produced the opposite of what was expected when it has not been founded from the first on morality and justice." (Chateaubriand, *Memoirs from beyond the Tomb*.)*

* Economists today call this "the law of unintended consequences". This says that "nothing causes more harm than good intentions"—of the legislation, the bureaucrat, and their government.

PART FOUR

BASTIAT THE CANDIDATE

In his brief life, barely 50 years, Bastiat did much more than just write: he was an activist of great accomplishment, setting up a French free trade organization in direct association with its English counterpart led by Richard Cobden and John Bright, the great "Manchesterites". He also got himself elected to the French parliament – and sat on the left!

Having read a selection of his prose, the reader could well wonder as to what message a man like Bastiat could have given his voters that they would have voted for him. After all, his vision of the role of the state in a free society is of one that has no patronage to offer; and no freebies either.

In this concluding section we are proud to present a newly discovered resource, a previously unpublished "profession of faith" by Bastiat: his manifesto. It is preceded by an introduction by Jacques de Guenin, president of the Cercle Bastiat, who discovered this long-lost appeal to the voter that Bastiat penned in 1846. Written two years prior to the much more famous communist manifesto of Marx and Engels, it offers a vivid contrast to the insane ideas that led much of the world to disaster.

Bastiat's "profession of faith" promises the voter nothing for free, no subsidies of any kind, nor any utopian paradise to march towards under his leadership. He declares quite baldly that all that he sees his task to be is to faithfully represent his voters as taxpayers and see to it that the state is restricted to its proper role in a free and prosperous commonwealth. Bastiat wanted to faithfully

represent the commonwealth, not any particular interest: he was a politician addressing a "body politic". May Indian democracy give rise to many, many Bastiats – truly liberal-minded politicians.

After all, it is not Economics but Politics that is the master science. A "new freedom" for India will have to be achieved politically. And a "new politics" will be required. This manifesto of Frederic Bastiat offers an excellent idea as to how liberal politics can appeal to voters and how liberal politicians can profess their faith.

INTRODUCTION

*By Jacques de Guenin**

In 1846, France was still a monarchy, known as the "July Monarchy", because the King, Louis-Philippe, came to power after a popular upheaval against the previous king, Charles X, in July 1830. From an administrative point of view, France was divided – as it is still today – into "départements", or departments, and the departments in "arrondissements", themselves divided into "cantons". In the text which follows, the word "arrondissement" has been aptly translated by "district", and we shall use this translation in this introduction. As is still the case today, each district sent one representative to parliament**.

At that time, Bastiat was living in the canton of Mugron, belonging to the district of Saint-Sever, itself a part of a department called "Les Landes". This canton, district, and department still exist today, with practically the same boundaries. Bastiat was a candidate for parliament in the district of Saint-Sever.

In 1846, there was something different, though : only those paying a certain amount of taxes were entitled to vote. In the district of Saint-Sever, they numbered only 369! Besides, the "préfet", the local representative of the central power, did not have the same neutrality vis-a-vis the electorate as he has to day under the law. He would use all the influence he could exert in favor of the "official" candidate, the one supported by the monarchy.

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* President of the Cercle Frédéric Bastiat

** At other times in the history of France, the election was at the department level : each department had to elect a number of MPs depending on its population.

The "official" candidate was a certain Mr Larnac, who was elected with 170 voices. Bastiat got only 53!

And yet he had written to his electors, in splendid and luminous prose, the most sensible and responsible "profession of faith" ever written by a candidate to parliament. The Cercle Frédéric Bastiat is proud to have translated this address, and the Foundation for Economic Education was proud to publish it in 2001, for the 200th anniversary of the birth of Bastiat.

This letter contains most of the themes against which Bastiat had fought for the previous two years, and would continue to fight during the four last years of his life :

- The tendency for governments to expand and spend
- The submission of legislative to executive power
- The frequent changes of government to satisfy the ambition of some MP to become ministers
- The tacit agreement among political opponents to maintain the level of state expenditures
- The excessive number of civil servants in parliament
- The colonial conquests
- The burden of State Intervention

More constructively, it also contained the great universal ideas for which he was to become famous:

- A minimum State reduced to Justice, Police, and Defense
- Freedom of exchange
- Freedom of education
- The right of property

In 1848, a revolution brought the monarchy down and installed the 2nd Republic. Universal suffrage was instituted. The vote was now at the department level : 7 "deputies" were to be elected

for Les Landes to the "Assemblée Constituante", a temporary parliament elected to draw up the Constitution. Bastiat was one of them, coming second in terms of the number of votes. He was reelected to the National Assembly the following year, where he had a *profound moral influence* – alas without significant practical results – until 1850, the year of his death.

21. PROFESSION OF FAITH TO THE ELECTORS OF THE DISTRICT OF SAINT-SEVER (1846)

My dear Fellow-countrymen,

Encouraged by a few of you to stand at the forthcoming elections, and wishing to ascertain the degree of collaboration on which I could rely, I have spoken to a number of electors. Alas! one finds me too progressive, another not enough; my anti-academic opinions are rejected by one, my aversion to the Algerian enterprise by another, my economic convictions by a third, my views on parliamentary reform by yet another, etc.

This proves that the best policy for a candidate is to hide his opinions, or, for even greater security, not to have any, and to confine himself to the hackneyed platform: "I'm for freedom without licentiousness, order without tyranny, peace without shame, and economizing without endangering any service."

Since I have not the slightest intention of deceiving your trust, I shall continue to sincerely make my ideas known to you, were this to further alienate many votes from me. I beg you to excuse me if the need to pour forth convictions that weigh upon me drives me to overstep the limits that are customarily set to *professions of faith*.

I have met with many conservatives, I have conversed with many members of the opposition, and I think I can positively assert that neither of those two great parties that divide Parliament is satisfied with itself.

They wage battles in Parliament without convictions.

The conservatives have the official majority; they reign, they govern. But they feel confusedly that they are leading the country, and themselves, to ruin. They have the majority, but, in the depths of their conscience, the manifest fraud of the polls raises a protest that bothers them. They reign, but they can see that, under their reign, the budget increases year by year, that the present is deep in debt and the future already tied up, that the first emergency will find us without resources, and they are well aware that financial difficulties have always been the occasion for revolutionary outbursts. *They govern, but they cannot deny that they govern people through their evil passions, and that political corruption is making its way into all the arteries of the electorate*. They wonder what the consequences of such a serious state of affairs will be, and what is to become of a nation where immorality has pride of place and where political faith is an object of mockery and contempt. They worry on seeing the constitutional regime perverted in its very essence, to the point where the executive power and the legislative assembly have publicly exchanged their responsibilities, with the ministers surrendering to the members of parliament the job of appointing people to all posts, and the members of parliament relinquishing their share of legislative power to the ministers. As a result, they see civil servants overcome with deep discouragement, when favor and electoral submissiveness alone entitle you to promotion, and when the longest and most devoted services are held of no account whatsoever. Yes, the future of France troubles the conservatives; and how many among them would not go over to the opposition, if they could only find there some guarantees for that peace at home and abroad of which they are so fond?

On the other hand, as a party, can the opposition rely on the strength of the ground on which it has placed itself? What does it demand? what does it want? what is the mainspring of its action? its Program? Nobody knows. Its natural role would be to watch over the sacred deposit of the three great

conquests of civilization: *peace, freedom, justice*. And it breathes out nothing but war, domination, and Napoleonic ideas. It is neglecting freedom of work and of trade along with freedom of thought and of education. And, in its conquering zeal, with regard to Africa and the South Seas, there has never been any instance of the word *justice* passing its lips. *It is aware that it is working for the ambitious and not for the public; that the multitude will gain nothing from the success of its scheming*. We once saw an opposition party with only fifteen members supported by the enthusiastic assent of a great people. But today the opposition has not rooted itself in the sympathies of the people; it feels cut off from that source of strength and life, and, apart from the zeal with which personal designs fire its leaders, it is pale, confused, discouraged, and most of its sincere members would go over to the conservative party, were they not loath to associate themselves with the perverse course the latter has given to affairs of state.

A strange sight indeed! How is it that whether in the center or at either extreme in the House, decent souls feel ill at ease? Could it not be that the conquest of ministerial offices, which is the more or less acknowledged aim of the battle they are engaged in, only interests a few individuals and remains a matter of complete indifference to the masses? Could it not be that they lack a rallying principle? Maybe it would be sufficient to toss into the heart of that assembly one simple, true, clear, fertile, practical idea, to see what one seeks there in vain suddenly emerge: *a party exclusively representing, in all their scope and entirety, the interests of the governed, of the taxpayers*.

I see that fertile idea in the creed of certain renowned political writers whose words have unfortunately gone unheeded. I will try to sum it up before you.

There are things that can only be done by collective force or *established authority*, and others that should be left to private activity.

The fundamental problem in political science is to know what pertains to each of these two modes of action.

Public administration and private activity both have our good in view. But their services differ in that we suffer the former under compulsion, and accept the latter of our own free will; whence it follows that it is reasonable to entrust the former only with what the latter is absolutely unable to carry out. *

For my part, I believe that when the powers have guaranteed to each and everyone the free use and the product of his or her faculties, repressed any possible misuse, maintained order, secured national independence and carried out certain tasks in the public interest which are beyond the power of the individual, then they have fulfilled just about all their duty.

Beyond this sphere, religion, education, association, work, exchanges, everything belongs to the field of private activity, under the eye of public authority, whose role should only be one of supervision and of repression.

If that great and fundamental boundary were thus established, then authority would be *strong*, and it would be appreciated, because it would make only a tutelary action felt.

It would be *inexpensive*, because it would be confined within the narrowest limits.

It would be *liberal*, for, on the one condition that he or she did not encroach on the freedom of others, each citizen would fully and completely enjoy the free exercise of his or her physical, mental and moral faculties.

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* Today, this is called the "Principle of Subsidiarity".

I might add that, the power of perfectibility that is within it being freed from all regulating constraint, society would be in the best possible position to develop its riches, its education and its morality.

But, even if there were agreement on the limits of public authority, it is no easy matter to force it and maintain it within those limits.

Established authority, a vast, organized and living body, naturally tends to grow. It feels cramped within its supervisory mission. Now, its growth is hardly possible without a succession of encroachments upon the field of individual rights. The expansion of established authority means usurping some form of private activity, transgressing the boundary that I set earlier between what is and what is not its essential attribute. Authority departs from its mission when, for instance, it imposes a particular form of worship on our consciences, a particular method of teaching on our minds, a particular finality for our work or for our capital, or an invasive drive on our international relationships, etc.

And I beg you to note, gentlemen, that authority becomes all the more costly as it becomes oppressive. For it can commit no encroachments otherwise than through salaried agents. Thus each of its intrusions implies creating some new administration, instituting some fresh tax; so that our freedom and our purse inevitably share a common destiny.

Consequently, if the public understands and wishes to defend its true interests, it will halt authority as soon as the latter tries to go beyond its sphere of activity; and for that purpose the public has an infallible means, which is to deny authority the resources with which it could carry out its encroachments.

Once these principles are laid down, the role of the opposition, and I would even say that of Parliament as a whole, is simple and clearly defined.

It does not consist in hindering the government in its essential activity, in denying it the means of administering justice, of repressing crime, of paving roads, of repelling foreign aggression.

It does not consist in discrediting or debasing the government in the public eye, in depriving it of the strength it needs.

It does not consist in making government go from hand to hand by changing ministries, and less still, by changing dynasties*.

It does not even consist in ranting childishly against the government's tendency to intrude; for that tendency is inevitable, incurable, and would manifest itself just as much under a president as under a king, in a republic as in a monarchy.

It consists solely in *keeping the government within its limits*; in preserving the sphere of freedom and of private activity, as completely and extensively as possible.

So if you were to ask me : "What will you do as a member of Parliament?", I would reply: "Why, what you yourselves would do as taxpayers and subjects."

I would say to those in power: "Do you lack the means to maintain order within and independence without? Well, here is money, here are men; for order and independence are to the advantage of the public and not of the government.

But if you think you have the right to impose on us a religious cult, a philosophical theory, an educational system, a farming method, a commercial trend, a military conquest, then there will be neither money nor men for you; for in that case we would

* Bastiat is referring to the opposition of a large number of members of parliament to the government of Prince de Polignac, Prime Minister in 1829 (under Charles X), and which led to the fall of the Bourbon dynasty and to the accession of the Orleans dynasty with Louis-Philippe I (1830-1848)

have to pay, not to be served but to be serfs, not to preserve our freedom but to lose it.

This doctrine can be summed up in the following simple words: Let everything be done for the majority of citizens, both great and humble. In their interest, let there be good public management of what can unfortunately not be carried out otherwise. In their interest also, let there be complete and utter freedom in everything else, under the supervision of established authority.

One thing will strike you, gentlemen, as it strikes me, and it is this: for a member of Parliament to be able to express himself in this way, he must be part of that public for whom the administration is designed and by whom it is paid.

It must be acknowledged that it is entirely up to the public to decide *how, to what extent, and at what cost* it means to have things managed, otherwise representative government would be nothing but a deception, and the sovereignty of the people a meaningless expression. Now, having recognized the tendency of any government to grow indefinitely, when it questions you through the polls on the subject of its own limits, if you leave it to the government itself to reply, by entrusting its own civil servants with drawing up the answer, then you might as well put your wealth and your freedom at its disposal. To expect a government to draw from within itself the strength to resist its natural expansion, is to expect from a falling stone the energy to halt its fall.

Which brings me back to the fundamental idea underlying this communication, for, as you can see, the concept of *opposition* may take on two very different aspects.

The Opposition as it is now, the *inevitable result of M.P.s being admitted to power*, is the disorderly contention of ambitions. It violently attacks individuals, but only weakly attacks corrupt practices; naturally, since corrupt practices make up the greater

part of the inheritance it is striving to gain. It does not contemplate limiting the sphere of administrative action. Far from it the idea of eliminating a few cogs from the vast machine it longs to control. Besides, we have seen it at work. Its present leader was once prime minister; the present prime minister was once its leader. It has governed under either banner. What have we gained from it all? Throughout these developments, has the upward trend of the budget ever been suspended even for a minute?

Opposition, as I see it, is the organized vigilance of the public. It is calm and impartial, but as permanent as the reaction of a spring under the hand that holds it down. So that the balance may not be upset, must not the force of resistance of the governed be equal to the force of expansion of those that govern? This opposition has nothing against the men in office, it sees no point in moving them around, it will even help them within the sphere of their legitimate duties; *but it will mercilessly confine them within that sphere*.

You might think that this natural form of opposition, which has nothing dangerous or subversive about it, which attacks the government neither in those who hold office, nor in its fundamental principle, nor in its useful action, but only in its exaggeration, is less distasteful to the ministers than seditious opposition. Don't you believe it! It is precisely this form of opposition that they fear most of all; they hate it, they deride it in order to bring it to naught, they prevent it from emerging within their constituencies, because they can see plainly that it gets to the bottom of things and pursues evil to its very roots. The other kind of opposition, personal opposition, is less to be dreaded. *Between those men who fight over ministerial portfolios, however bitter the struggle, there is always a tacit agreement, under which the vast edifice of government must be left intact.* "Overthrow me if you can," says the minister, "I will overthrow you in your turn; only, let us take care that the stake remains on the table, in the shape of a budget of fifteen hundred million francs". But if one day a member of parliament, speaking

in the name of taxpayers and as a taxpayer himself, rises from his seat in the House to say to present or prospective ministers: "Gentlemen, fight among yourselves over power, all I seek to do is restrain it; wrangle over how to manipulate the budget, all I wish to do is reduce it"; Ah! be sure that those raging fighters, apparently so bitterly opposed, will very soon pull together to stifle the voice of that faithful representative. They will call him a utopian, a theoretician, a dangerous reformer, a man with a fixed idea, of no practical value; they will heap scorn upon him; they will turn the venal press against him. But if taxpayers let him down, sooner or later they will find out that they have let themselves down.

I have spoken my mind, gentlemen; I have laid it before you plainly and frankly, while regretting not being able to corroborate my opinion with all the arguments that might have carried your convictions.

I hope to have said enough, however, for you to be able to appreciate the course I would follow if I were your representative, and it is hardly necessary to add that, with regard to the government and the ambitious in opposition, I would first make a point of placing myself in that position of independence which alone affords any guarantee, and which one must impose on oneself, since the law has made no provision in that respect.

Having laid down the principle which should, as I see it, govern the whole career of your parliamentary representatives, allow me to say a few words about the main subjects to which it seems to me this principle should be applied.

You may have heard that I have devoted some energy to the cause of free trade, and it is easy to see that my efforts are consistent with the fundamental idea that I have just set forth concerning the natural limits of institutional authority. As I see it, anyone who has created a product should have the option of *exchanging* it, as well as of using it himself. *Exchange is therefore an integral*

part of the right of property. Now, we have not instituted and we do not pay authority in order to deprive us of that right, but on the contrary in order to guarantee us that right in its entirety. None of the government's encroachments has had more disastrous consequences, than its encroachment on the exercise of our faculties and on our freedom to dispose of our products.

First of all, this would-be protective regime, when closely examined, is based on the most flagrant spoliation. Two years ago, when measures were taken to restrain the entry of oleaginous grain, it was indeed possible to increase the profits on certain crops, since the price of oil immediately went up by a few pence a pound. But it is perfectly obvious that those excess profits were not a gain for the nation as a whole, since they were taken gratuitously and artfully from the pockets of other citizens, of all those who grow neither rapeseed nor olive trees. *Thus, there was no creation, but simply an unjust transfer, of riches*. To say that in so-doing you supported one branch of agriculture, is saying nothing at all as regards general welfare, because you only gave it the sap that you took from other branches. And what crazy industry might not be made lucrative at such a cost? Suppose a shoemaker takes it into his head to cut shoes out of boots, however unsound an operation, just give him a preferential licence, and it will become an excellent one. If growing rapeseed is in itself a sound activity, there is no need to give any supplementary profit to those who practice it. If it is unsound, the extra income does not make it sound. Only it shifts the loss onto the public.

Spoliation, as a rule, transfers wealth, but does not destroy it. Protectionism transfers wealth and furthermore destroys it, and this is how: as oleaginous grain from the North no longer enters France, there is no longer any way of producing here the wherewithal to pay for it, for example, a certain quantity of wines. Now, if, regarding oil, the profits of the producers and the losses of the consumers balance, the sufferings of the vine growers are an unjustified and unalleviated evil.

Many of you no doubt are not quite clear in their minds as to the effects of a protectionist regime. Allow me to make a remark.

Let us suppose that this regime were not forced on us by law, but directly by the will of the monopolists. Let us suppose that the law left us entirely free to purchase iron from the Belgians or the Swedes, but that the ironmasters had servants enough to prevent the iron from passing our frontiers and to force us thereby to purchase from them and at their price. Wouldn't we complain loudly of oppression and injustice? The injustice would indeed be more obvious; but as for the economic effects, it cannot be said that they would be any different. After all, are we any the fatter because those gentlemen have been clever enough to have carried out by customs officers, and *at our expense*, that policing of the frontier that we would not tolerate were it carried out at their own expense?

The protectionist system bears witness to the following truth: a government that goes beyond its normal assignments draws from its transgressions only power that is dangerous, even for itself. When the State becomes the distributor and regulator of profits, all sectors of industry tug at it this way and that in order to tear from it a shred of monopoly. Have you ever seen free home trade put a cabinet in the predicament in which regulated foreign trade put Sir Robert Peel*? And if we consider our own country, is it not a strong government indeed that we see trembling before Mr.Darblay**? So, as you can see, by restraining the government you consolidate rather than endanger it.

Free trade, freedom of communication between peoples, putting the varied products of the world within everyone's reach, enabling ideas to penetrate along with the products into those regions still

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* Robert Peel, British prime minister (1841-1846), abolished taxation on corn imports in 1846, under pressure from Richard Cobden's Anti-Corn-Law League

** Aimé-Stanislas Darblay (1794-1878), a French industrialist, was active in the grain trade. He introduced the cultivation of oleaginous plants into the Brie region, and set up one of the first factories for the extraction of seed-oil.

darkened by ignorance, the State freed from the contrary claims of the workers, peace between nations founded on intertwining interests—all this is undoubtedly a great and noble cause. I am happy to believe that this cause, which is eminently Christian and social, is at the same time that of our unhappy region, at present languishing and perishing under the pressure of commercial restrictions.

Education is also bound up with the same fundamental question that precedes all others in politics: Is it part of the State's duties? Or does it belong to the sphere of private activity? You can guess what my answer will be. *The government is not set up in order to bring our minds into subjection, or to absorb the rights of the family. To be sure, gentlemen, if it pleases you to hand over to it your noblest prerogatives, if you want to have theories, systems, methods, principles, textbooks and teachers forced on you by the government, that is up to you; but do not expect me to sign, in your name, such a shameful abdication of your rights.*

Besides, you must not shut your eyes to the consequences. Leibnitz used to say: "I have always thought that whoever was master of education, would be master of mankind". Maybe that is why the head of our State education is known as *Grand Master*. The monopoly of teaching cannot reasonably be entrusted to any but an authority recognized as infallible. Otherwise, there is an *unlimited risk that error be uniformly taught to the people as a whole*. "We have made a republic", Robespierre would say, "it now remains for us to make republicans of everyone." Bonaparte wanted to make soldiers of everyone, Frayssinous* wanted only religious devotees; Mr. Cousin** would turn people into philosophers, Fourier*** would have only "harmonians", and I suppose I would want economists.

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* Denis Frayssinous (1765–1841) was "grand master" of the University (1822-1824), then Minister of State Education and Religious Worship (1824-1828) under the French Restoration.

** Victor Cousin (1792–1867) was a philosopher and politician, leader of a spiritualist school of thought

*** Charles Fourier (1772–1837), a self-made philosopher and sociologist, was the leader of a school of thought bearing, among other names, that of "the harmonious school". He devised a communistic system for the reorganization of society (Fourierism), which would ensure immediate happiness for Mankind. The population was to be grouped in "phalansteries" of about 1800 persons, who would live together as one family and hold property in common.

Unity is a wonderful thing, but only on condition that you are in the right. Which again amounts to saying that academic monopoly is compatible only with infallibility. So let us leave education free. It will perfect itself through trial and error, example, rivalry, imitation and emulation.

Unity is not at the starting point of the efforts made by the human mind; it is the result of the natural gravitation of free intellects towards the center of all attraction: Truth.

That does not mean to say that the powers that be should withdraw in complete indifference. As I have already said, their mission is to supervise the use and repress the misuse of all our faculties. I accept that they should accomplish this mission to the fullest extent, and with even greater vigilance regarding education than in any other field; that the State should lay down conditions concerning qualifications and character-references; that it should repress immoral teaching; that it should watch over the health of the pupils. I accept all that, while yet remaining convinced that its solicitude, however scrupulous, can offer only the very slightest guarantee compared to that instilled by Nature in the hearts of fathers and in the interest of teachers.

I must make myself clear on one vast subject, more especially as my views probably differ from those of many of you : I am referring to Algeria. I have no hesitation in saying that, unless it be in order to secure independent frontiers, you will never find me, in this case or in any other, on the conqueror's side.

To me it is a proven fact, and I venture to say a scientifically proven fact, that the colonial system is the most disastrous illusion ever to have led nations astray. I make no exception for the English, in spite of the specious nature of the well-known argument: *post hoc, ergo propter hoc* [after that, therefore because of that].

Do you know how much Algeria is costing you? From one third to two fifths of your four direct taxes, including the extra cents. Whoever among you pays three hundred francs in taxes, sends one hundred francs annually to evaporate into the clouds over the Atlas mountains or to sink into the sands of the Sahara.

We are told that the money is an advance and that, a few centuries from now, we shall recover it a hundredfold. But who says so? The very Quartermaster General's Department that swindles us out of our money. Listen here, gentlemen, when it comes to cash, there is but one useful piece of advice: let each man watch his purse... and those to whom he entrusts the purse-strings.

We are further told : "The money spent helps to support many people." Yes, indeed, Kabyle spies, Moorish moneylenders, Maltese settlers and Arab sheikhs. If it were used to cut the "Grandes-Landes" canal*, to excavate the bed of the Adour river and the port of Bayonne, it would help to support many people around us, too, and moreover it would provide the country with an enormous capacity for production.

I have spoken of money; I should first have spoken about men. Every year, ten thousand of our young fellow-citizens, the pick of our population, go to their deaths on those consuming shores, and to no useful purpose so far, other than to extend, at our expense, the field of the administrative services, who are naturally all in favor of it. In answer to that, there is the alleged advantage of ridding the country of its *surplus*. A horrible pretext, which goes against all human feeling and which hasn't even the merit of being materially true; for, even supposing the population to be overabundant, to take from it, with each man, two or three

* The idea of a canal linking the Garonne and Adour rivers dated back to 1808. It was designed to serve and bring fresh life to the vast forest region of the "Landes", and Bastiat was in favour of the project. The final layout was drawn up in 1832, but the project was never carried out owing to dissension within the "département" of the Landes.

times the capital which could have supported him here, is far from being any relief to those who remain behind.

But I must be fair. In spite of its liking for anything that increases the size of its administration, it seems that at the outset the government shrunk from that abyss of bloodshed, injustice and distress. The Nation chose to go ahead; it will long suffer the consequences.

What carried the country away, besides the mirage of *a great empire, of a new civilization*, etc., was a strong reaction of national feeling against the offensive claims of the British oligarchy. England's veiled opposition to our designs was enough to persuade us to go ahead with them. I appreciate that feeling, and I would rather see it go astray than die out. But, on the other hand, is there not a danger that it should place us under the very domination that we hate? Give me two men, the one submissive and the other contrary, and I will lead them both on a leash. If I want them to walk, I will say to one :"Walk!", to the other: "Don't walk!", and both of them will do as I wish. If our sense of dignity were to take that form, then all *perfidious Albion* would have to do, in order to make us do the most stupid things, would be to appear to oppose them. Just suppose, and it is certainly very allowable to do so, that England sees in Algeria the ball and chain that tie us down, the abyss which could swallow up our power; then would that country only have to frown, take on a haughty and angry air, in order to make us pursue a dangerous and insane policy? Let us avoid that pitfall; let us judge by ourselves and for ourselves; let no one lay down the law to us either directly or in a roundabout way. The problem of Algiers is unfortunately not isolated. We are bound by precedents; the past has committed the future, and there are precedents that that must be taken into account. Let us, however, remain master of decisions to come; let us weigh the advantages and drawbacks; and let us not disdain to add a measure of justice to the balance, albeit towards the Kabyles. If we do not begrudge the money, if glory is not to be haggled over, let us at least attach some importance to the grief of

families, the sufferings of our fellow-countrymen, the fate of those who fall and the disastrous habits of those who survive.

There is another subject that deserves all the attention of your representative. I am referring to *indirect taxation*. In this case the distinction between what is and what is not within the competence of the State, does not apply. It is obviously up to the State to collect taxes. However, it may be said that it is the inordinate expansion of its power that makes the State have recourse to the most hateful tax inventions. *When a nation, the victim of its own excessive timidity, dares do nothing by itself, and is forever begging for State intervention, then it must resign itself to being mercilessly ransomed; for the State can do nothing without finance, and when it has drained the ordinary sources of revenue dry, it has no alternative but to turn to the strangest and most oppressive forms of extortion*.

Thus we have indirect taxation on alcohol. The suppression of these taxes therefore depends on the answer to the eternal question that I never tire of asking: Does the French nation want to be forever in tutelage and to call on its government to intervene in every matter? In that case, it should no longer complain about being overburdened, and can even expect to see things get worse.

But, even supposing that the tax on alcohol could not be suppressed (which I am far from conceding), it seems clear to me that it could be largely modified, and that it would be easy to cut out its most distasteful elements. All that would be necessary would be to induce the owners of vineyards to give up certain exaggerated ideas on the extent of their right of property and the inviolability of their domicile*.

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* The reader may be shocked by what looks like an acceptance of property right limitations. Yet, there is no question that Bastiat has always been a staunch defender of property rights. What he was trying to do, then, was to convince the wine growers to accept some achievable compromise. For example, grapes were being taxed when leaving the vineyard. Producers claimed that however dispersed, their vineyards were part of a single property. They also objected to the taxman coming into their cellar to control their production and called it a violation of domicile. Wine production was then taxed at more than 15 levels, and these taxes were largely irrational. Bastiat wanted to reduce the number and level of taxes and proposed a more rational approach, which of course still required some controls.

Allow me, gentlemen, to end with a few personal observations. You must excuse me for doing so. For I, personally, have no active and devoted canvasser at a salary of 3,000 francs plus 4,000 francs in office expenses, to busy himself with promoting my candidacy from one side of the constituency to the other, and from one end of the year to the other.

Some people say: "Mr. Bastiat is a revolutionary." Others: "Mr. Bastiat has thrown in his lot with the government."

What precedes answers that dual assertion.

There are those who say: "Mr. Bastiat may be a very decent fellow, but his opinions have changed."

As for me, when I consider how I have persisted in defending a principle that is making no progress in France, I sometimes wonder if I am not a maniac possessed with a fixed idea.

To enable you to judge whether I have changed, let me set before you an extract from the declaration of policy that I published in 1832, when a kind word from General Lamarque* attracted the attention of a few voters in my favor.

"In my view, the institutions that we have already and those that we can obtain by lawful means are sufficient, if we make enlightened use of them, to raise our country to a high degree of freedom, greatness and prosperity.

The right to vote taxes, in giving citizens the power to extend or restrain the action of the government as they please,– isn't that management by the public of public affairs? What might we not achieve by making judicious use of that right?

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* Count Maximilien Lamarque: French general and politician, born in Saint-Sever in 1770. Fought from 1794 to 1815. Elected to Parliament in 1828; active in the Liberal opposition. Very popular – his funeral in 1832 gave rise to a riot in Paris.

Do we consider that ambition for office is the source of many contentions, intrigues and factions? It rests with us alone to deprive that fatal passion of its sustenance, by reducing the profits and the number of salaried public offices.

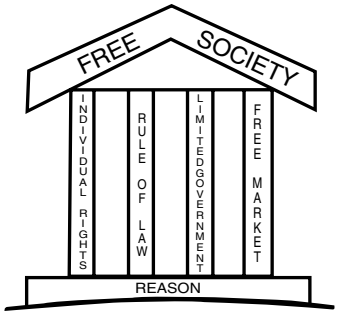
Do we feel that industry is shackled, the administration over-centralized, education hampered by academic monopoly? There is nothing to prevent us from holding back the money that fuels those shackles, that centralization, those monopolies.

As you can see, gentlemen, I shall never expect the welfare of my country to result from any violent change in either the forms or the holders of power; but rather from our good faith in supporting the government in the useful exercise of its essential powers and from our firm determination to restrict it to those limits. The government has to be firm facing enemies from within and from without, for its mission is to keep the peace at home and abroad. But it must leave to private activity everything that is within the latter's competence. Order and freedom depend on those conditions."

Are those not the same principles, the same feelings, the same fundamental way of thinking, the same solutions for particular problems, the same means of reform? People may not share my opinions; but it cannot be said that they have varied, and I venture to add : they are invariable. It is too coherent a system to admit of any alterations. It will collapse or it will triumph as a whole.

My dear fellow-countrymen, please forgive the length and the unusual form of this letter. If you grant me your votes, I shall be deeply honored. If you grant them to another, I shall serve my country in some less eminent sphere, better suited to my abilities.

FRÉDÉRIC BASTIAT
Mugron, 1st.July 1846



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FRÉDÉRIC BASTIAT (1801-1850) was undoubtedly the greatest stylist to have visited the nascent subject of Political Economy. His writings are a delight to read even today, carrying, as they do, the flame of liberty, a belief in a natural order, international peace through free trade, a law that protects instead of plundering, and a government whose only task is to uphold justice.

The collection of his essays contained in this volume will entertain and enlighten, and are perfectly accessible to every layman. They are a treat in simplicity and clarity and offer a striking contrast to the obscure writings of his contemporary Karl Marx as well as the even more obscure techno-economic expositions of modern-day economists, whom no one, not even their students, can understand.

In his brief life, Bastiat played many roles and wore many hats, from political organizer to parliamentarian. France in his days was seething with political discontent and many wild ideas of organization and association were being floated. In all this turmoil, he alone, with wry good humour and robust common sense, held aloft the flag of classical liberalism. This volume contains a historical account of his life and times.

Frederic Bastiat is unknown today because humanity took the 'road to serfdom'. As we recover from the errors of collectivism, protectionism, central economic planning and the disregard for private property, let us draw inspiration from the man who saw it all coming and who used every breath in his fragile lungs to warn mankind against these dangerously false ideas.

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