

# THE WISDOM OF



# BASTIAT

WILLIAM HENRY CHAMBERLIN

AMONG the intellectual champions of the free economy, none surpasses in brilliance, clarity, wit, and humor the French economic writer, Frederic Bastiat, whose life coincided with the first half of the nineteenth century. Thoroughly consistent in outlook, he fought socialism, protectionism, and every form of state intervention in the economic field with a powerful arsenal of weapons, convincing logic, parable, humorous hyperbole. His definition of the state — never more topical than at the present time when its powers

in the economic field have swelled far beyond Bastiat's wildest dreams or nightmares — should of itself insure him immortality:

*"The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else."*

And this is only the high point of a superb essay on the state which is a masterpiece of realistic exposition, brushing aside cant and illusion and making clear, one would think, even to the dullest mind, the illusory fallacy that the state can give without stint or limit, and not, in some way or other, take back the equivalent of its gifts, plus the cost of its own bureaucratic administration,

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from the supposed beneficiaries. The two paragraphs of elaboration that follow the designation of the state as the supreme fiction are as prophetic an indictment of the welfare state as one could find:

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.*

But what is most noteworthy is the astonishing blindness of the public to all this. When victorious soldiers reduced the vanquished to slavery they were barbarous, but they

were not absurd. Their object was, as ours is, to live at the expense of others; but, unlike us, they attained it. What are we to think of a people who apparently do not suspect that reciprocal pillage is no less pillage because it is reciprocal, that it is no less criminal because it is carried out legally and in an orderly manner; that it adds nothing to the public welfare; that, on the contrary, it diminishes it by all that this spendthrift intermediary that we call the state costs. (*Italics supplied*).

### **Tocqueville's Foresight**

This prediction of the expanding role of the state recalls another vision of the perceptive French political scientist and traveler in America, Alexis de Tocqueville, expressed in somewhat more poetic terms:

Above this race of men stands an immense and tutelary power, which takes upon itself alone to secure their gratifications and to watch over their fate. That power is absolute, minute, regular, provident and mild. It would be like the authority of a parent, if, like that authority, its object were to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood; it is well content that the people should rejoice, provided they think of nothing but rejoicing. For their happiness such a government willingly labors, but it chooses to be the sole agent and the only arbiter of that happiness. It provides for

their security, foresees and supplies their necessities, facilitates their pleasures, manages their principal concerns, directs their industry, regulates the descent of property and subdivides their inheritances. *What remains but to spare them all the care of thinking and all the trouble of living? . . .*

The will of man is not shattered, but softened, bent and guided. Men are seldom forced by it to act, but they are constantly restrained from acting. Such a power does not destroy, but it prevents existence. It does not tyrannize, but it compresses, enervates, extinguishes and stupifies a people, till *each nation is reduced to be nothing better than a flock of timid and industrious animals, of which the government is the shepherd*. I have always thought that servitude of the regular, quiet and gentle kind which I have just described might be combined more easily than is commonly believed with some of the outward forms of freedom; and that it might even establish itself under the wing of the sovereignty of the people. (*Italics supplied.*)

### **Bastiat's Distinctive Service**

Bastiat's works, quite extensive despite the fact that he died comparatively young, are not as well-known to American readers as they should be. So it is a distinct public service of the publishers, the Van Nostrand Company, with the aid of the Volker Foundation,

to issue English translations of three of his works under the titles *Selected Essays on Political Economy* (352 pp., \$7.50), *Economic Sophisms* (291 pp., \$6.75), and *Economic Harmonies* (596 pp., \$11.50).

Unlike economists who put their ideas in forbiddingly abstruse and difficult terms, Bastiat operated with humor and satire, understandable to all. He was a master of the device known as *reductio ad absurdum*, making an unsound idea ridiculous by carrying it to extreme conclusions. Two examples of this method are his proposal for "a negative railway" and, best of all, his imaginary petition of candlemakers against the unfair competition of the sun.

Some eager beaver, intent on the local interests of Bordeaux, had proposed that a new railway from Madrid to Paris should have an artificial break, with change of trains at Bordeaux. This would benefit local hotels, carriers, porters, and others standing to gain employment from such a break. An excellent idea, comments Bastiat. But why stop with Bordeaux? Why not break the railway at half a dozen other way stations, for the same supposedly beneficial results? Better yet, why not construct a railway line that is all breaks, a "negative railway"?

### **The Candlemakers and the Sun**

Even better is the Gargantuan joke of the petitioning candlemakers, protesting to parliament against "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." The rival, of course, is the sun, and in a superb parody of protectionist arguments the candlemakers suggest that the sun is an agent of England, where it is less frequently visible than in France, and urge, as a remedy, the passing of a law forbidding windows and other means of access to the sun.

Such a law, they argue, would benefit immeasurably the whole French economy. If France consumes more tallow for a larger output of candles, there will have to be more cattle and sheep. So there will be an increase in cleared fields, meat, wool, leather, and especially manure, the basis of all agricultural wealth. As more oil is required for light, there will be an expansion in the cultivation of olives and poppies. Thousands of vessels will be required for whaling; the need for chandeliers and other appurtenances for lighting will grow; there is not one Frenchman, from the wealthy stockholder to the humble seller of matches,

whose prosperity will not be enhanced. As the final clinching argument the petitioners point out that customs barriers serve the purpose of keeping cheaper products out of France and they end their appeal:

"Make your choice; but be logical. So 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, of which the price is zero all day long."

As Henry Hazlitt, who writes the introduction to this volume, *Economic Sophisms*, says:

"The petition of the candlemakers is devastating. It is a flash of pure genius, a *reductio ad absurdum* that can never be exceeded, sufficient in itself to assure Bastiat immortal fame among economists."

When he dispenses with humor and resorts to pure reason, Bastiat can be a formidable debater. Consider this passage from one of the sophisms entitled, "Abundance and Scarcity":

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.

One wishes Bastiat had been alive in the twentieth century to observe the operation of the United States farm subsidy legislation, under which all consumers and taxpayers are required to subsidize a few producers for producing as little as possible. One suspects that his normal flow of ridicule and invective would have dried up; he would have felt that it was enough to state the facts without further comment.

#### **A Gifted Pamphleteer**

Bastiat is not so much an original, seminal thinker in economics as a highly gifted pamphleteer, prepared to break a lance any day for the propositions that the best service government can render to business, industrial or agricultural, large or small, is to let it alone; that the free market is a far better, more reliable, and painless adjuster of economic difficulties than a variety of state interventions; that the state is incapable of creating wealth and can only give to some by taking

from others; that no service or benefit is given free. His message is well summarized in the opening sentences of Arthur Goddard's preface to the English Language Edition of his works:

Ever since the advent of representative government placed the ultimate power to direct the administration of public affairs in the hands of the people, the primary instrument by which the few have managed to plunder the many has been the sophistry that persuades the victims that they are being robbed for their own benefit. The public has been despoiled of a great part of its wealth and has been induced to give up more and more of its freedom of choice because it is unable to detect the error in the delusive sophisms by which protectionist demagogues, national socialists and proponents of government planning exploit its gullibility and its ignorance of economics.

*Arthur Goddard*

Many of Bastiat's essays are comparatively short and, naturally, there are a number of references to individuals and events of his country and time, although the editors, along with indices and notes, have supplied useful explanations where these seem required. One of his longest and most fruitful essays, entitled "What Is Seen and What Is Not Seen," composed shortly before his death, is a searching examination of the invisible as well as the

visible effects of economic measures. This is a very important subject, because almost every instance of state intervention may seem justified in terms of an immediate favorable effect. It is the long range consequences, invisible at first sight, that are less desirable.

As is often his custom, Bastiat illustrates this point with a homely illustration. Suppose a careless boy breaks a window pane. His father pays six francs for a new pane. Here, it would seem, is a small subsidy and stimulus for the glass industry. In the view of some economists the broken pane is a blessing in disguise. But suppose the pane had not been broken. The six francs would have been spent for a new pair of shoes. The gain of the glass industry is the shoe industry's loss. Bastiat is continually in arms against the fallacy that the government can improve employment by "making" work out of public funds. For what is spent on promoting one kind of job is withdrawn from the support of another.

He exposes this fallacy with one simple example after another. Suppose a farmer wants to drain his land. But the money which he proposed to employ for this purpose is taken away by the tax collector and transferred to the entertainment allowance of the Ministry of

the Interior. The Minister may offer a more lavish state dinner; but the farmer loses the advantage of having his land drained. What one group of workers gains is withheld from another. The author sums up his proposition as follows:

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 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.*

### **Refutation of Ricardo's Law**

In one of his more ambitious works, *Economic Harmonies*, Bastiat lights on an important truth, which, incidentally, refutes Ricardo's "iron law" of wages. This Ricardian concept, so influential on Marx in formulating his theory, and now knocked into a cocked hat by experience in all leading noncommunist industrial nations, held that the poor would grow poorer and more numerous and the rich fewer and richer.

The truth Bastiat discovered is that, as the amount of capital employed in a nation increases, the share of the resulting production going to the workers grows, both in percentage and in total amount. This is exactly what has happened in the United States and other countries as capital accumulates under the conditions of a market economy.

It is fashionable in some circles to regard capitalism as a luxury that wealthy countries can afford, whereas the underdeveloped areas of the world are supposed to be under some compulsion to adopt socialism. This is one of the least feasible of dogmatic theories. In the first place, how did the capitalist countries invariably become wealthier, if not by permitting the benefits of the market economy under free competition and security of private property? In the second place, why do the "underdeveloped" countries, with their assorted socialist experiments, become steadily poorer, notwithstanding foreign aid on an unprecedented scale? Is it not highly probable that these socialist experiments, with their expropriation

of domestic capital and their discouragement of foreign investment, lead inevitably to impoverishment, no matter how much of the accumulated savings of the more well-to-do lands is poured down the drain of subsidization?

The United States and other free countries could well use more Bastiats today to direct a drum-fire of reasoned argument and witty ridicule against the current fallacies of the all-powerful state and the supposed curative virtues of state planned economies. To be sure, one of the principal dangers of our age was not a reality in Bastiat's time, when no finance minister would have advocated a planned deficit as a sure recipe for continuing prosperity. Much of his reasoning is based on the assumption that a state expenditure must be balanced by a state-imposed tax.

What Bastiat would have said if confronted with a proposal for higher state expenditures, lower taxes, and budget deficits indefinitely prolonged would defy the imagination. Perhaps his comment would scarcely have been printable. ♦

NOTE: The three volumes of the new translation of these works of Bastiat, published by Van Nostrand, may be ordered from the Foundation for Economic Education, Irvington-on-Hudson, New York 10533.

# THE STATE

*Frederic Bastiat (1801-1850) was an economist, statesman, and author during a period when France was drifting rapidly toward socialism. His clear description of that trend and its evil consequences, written in 1849, merits serious consideration in the United States of America today.*

## FREDERIC BASTIAT

I WISH SOMEONE would offer a prize – not of a hundred francs but of a million, with crowns, medals, and ribbons – for a good, simple, intelligible definition of the term, *The State*.

What an immense service such a definition would render to society!

The State! What is it? Where is it? What does it do? What should it do? We only know that it is a mysterious being; and, it is certainly the most petitioned, the most harassed, the most bustling, the most advised, the most reproached, the most invoked, and the most challenged of any being in the world.

I have not the honor of knowing my reader, but I would stake ten to one that sometime in the last six months you have designed Utopias, and if so, that you are looking to The State for the realization of them.

But alas! That poor unfortunate being, like Figaro, knows not which plea to hear nor where to turn. The hundred thousand mouths of the press and of the platform cry out all at once –

Organize work and the workmen.  
Cover the country with railways.  
Irrigate the plains.  
Reforest the hills.  
Establish model farms.  
Colonize Algeria.  
Educate the youth.  
Assist the aged.  
Equalize the profits of all trades.

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Translated and condensed by Mallory Cross, formerly of the Foundation staff, from "L'Etat" in *Sophismes Economiques*, Volume I. Paris: Guillaumin, 1878. See also Miss Cross's article on page 56 of this issue.