

BASTIAT

Frédéric Bastiat

Defender of Sound Economics



Montreal Economic
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FRÉDÉRIC BASTIAT,
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FRÉDÉRIC BASTIAT

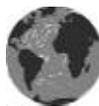


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*Introduction by
Ms. Linda Whetstone
Chairman
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Introduction

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Everyday we are confronted by economic fallacies in the newspapers or on the radio or television. A news headline tells us that the reconstruction following some natural disaster will boost spending and thus lead to economic growth; an analyst complains about the loss of jobs and economic opportunities due to technological improvement; a lobby group asks for protection of the local economy against “unfair” competition from more efficient producers abroad.

Over 150 years ago, a French journalist and politician, Frédéric Bastiat, had explained in a deliciously ironic way why these declarations don’t make sense from an economic perspective. His short and often humorous fables showed, in a didactic manner, that what is seen and appears obvious in the short term is not necessarily as important as what develops in a more complex and hidden manner in the longer term.

Although he died at the young age of 49, Bastiat wrote dozens of these pieces and thoroughly demolished the economic fallacies that were in vogue in his country at that time. Some of these, like his *Petition from the candle makers*, are worth more than the hundreds of treatises that have been written on trade policies as an efficient and clear demonstration of the absurdity of protectionism. Bastiat’s brilliant use of satire enabled him to turn even the most complex of economic issues into a tale to which the average person could relate.

Fallacies have to be demolished anew in every generation. Not just because of an abstract intellectual duty to fight what is not true, but because the lives of millions of people are impacted by policies that are founded on these illogical explanations of how the world works. Men, women and children in

Third World countries today cannot have access to the basic necessities of life, let alone fulfill their more ambitious dreams, because the economic decisions of their governments are driven by economic fallacies.

This is the reason why we at the International Policy Network created the Frederic Bastiat Prize for Journalism. The Prize is open to all writers, anywhere in the world. It recognizes and rewards those whose published works promote the institutions of a free society in an outstanding manner, in the tradition of Bastiat. In 2003, the Prize was awarded at a ceremony in New York City in the presence of acclaimed dignitaries and academic personalities from around the world. The winners received \$10,000 and an engraved glass candlestick (a reference to Bastiat's famous essay).

International Policy Network (IPN) is a non-profit, non-governmental, educational organization, whose mission is to "share ideas that free people." We believe that people around the world would be better off if they were governed not by overbearing autocrats or unaccountable bureaucrats, but by the institutions of the free society — property rights, the rule of law, free markets and free speech. Where regulations are necessary, we believe they should be based on sound science and sound economics.

IPN achieves its mission by promoting discussion of the role of these institutions in the context of key issues of international importance. We sponsor and co-ordinate conferences; commission, edit and syndicate publications; develop web sites and discussions lists; commission, edit and place opinion pieces and co-ordinate attendance of expert commentators at key international conferences.

This superb booklet contains five of Bastiat's most famous and relevant pieces and was distributed to all attendees of the New York ceremony on October 22nd courtesy of the Montreal Economic Institute (MEI). MEI is a Quebec-based research and educational institute which endeavours to promote a sound economic approach to the study of public policy issues. Today, Frédéric Bastiat is better known in the English-speaking world than in France, the country where he lived. But MEI is trying to revive interest in his work in the

French-speaking world, and published an earlier version of this booklet in the original French.

The more people know about Bastiat, in any language, the more likely it is that sound economic policies will be adopted, and that peace and prosperity will prevail around the world.

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.

The same thing, of course, is true of health and morals. Often, the sweeter the first fruit of a habit, the more bitter are its later fruits: for example, debauchery, sloth, prodigality. When a man is impressed by the effect *that is seen* and has not yet learned to discern the effects *that are not seen*, he indulges in deplorable habits, not only through natural inclination, but deliberately.

This explains man's necessarily painful evolution. Ignorance surrounds him at his cradle; therefore, he regulates his acts according to their first consequences, the only ones that,

* The Introduction as well as sections I, III, V, VIII and IX of this essay, which comprises twelve, are included here.

in his infancy, he can see. It is only after a long time that he learns to take account of the others. Two very different masters teach him this lesson: experience and foresight. Experience teaches efficaciously but brutally. It instructs us in all the effects of an act by making us feel them, and we cannot fail to learn eventually, from having been burned ourselves, that fire burns. I should prefer, in so far as possible, to replace this rude teacher with one more gentle: foresight. For that reason I shall investigate the consequences of several economic phenomena, contrasting those *that are seen* with those *that are not seen*.

I. The Broken Window

Have you ever been witness to the fury of that solid citizen, James Goodfellow,¹ 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

1. [In French, *Jacques Bonhomme*, used like “John Bull” in English to represent the practical, responsible, unassuming average man.— Translator.]

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*.

And if we were to take into consideration *what is not seen*, because it is a negative factor, as well as *what is seen*, because it is a positive factor, we should understand that there is no benefit to industry *in general* or to *national employment* as a whole, whether windows are broken or not broken.

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, which will make the hair of the protectionists stand on end: "To break, to destroy, to dissipate is not to encourage national employment," or more briefly: "Destruction is not profitable."

What will the *Moniteur industriel*² say to this, or the disciples of the estimable M. de Saint-Chamans,³ who has calculated with such precision what industry would gain from the burning of Paris, because of the houses that would have to be rebuilt?

I am sorry to upset his ingenious calculations, especially since their spirit has passed into our legislation. But I beg him to begin them again, entering *what is not seen* in the ledger beside *what is seen*.

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. So, if you get to the bottom of all the arguments advanced in favor of restrictionist measures, you will find only a paraphrase of that common cliché: “*What would become of the glaziers if no one ever broke any windows?*”

III. Taxes

Have you ever heard anyone say: “Taxes are the best investment; they are a life-giving dew. See how many families

2. [Newspaper of the Committee for the Defense of Domestic Industry, a protectionist organization.—Translator.]

3. [Auguste, Vicomte de Saint-Chamans (1777—1861), Deputy and Councillor of State under the Restoration, protectionist and upholder of the balance of trade. His celebrated stand on the “obstacle” here quoted by Bastiat comes from his *Nouvel essai sur la richesse des nations*, 1824. This work was later (1852) incorporated in his *Traité d'économie politique*.—Translator.]

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, like Basile,⁴ 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.

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.

You should ask yourself further whether the soil receives more of this precious water from the rain than it loses by the evaporation?

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 of five francs for James Goodfellow.

4. [In Act II of *The Barber of Seville*, Basile, the musician, says: “I have arranged several proverbs with variations.”—Translator.]

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*.

Last year I was on the Finance Committee, for in the Constituent Assembly the members of the opposition were not systematically excluded from all committees. In this the framers of the Constitution acted wisely. We have heard M. Thiers⁵ say: "I have spent my life fighting men of the legitimist party and of the clerical party. Since, in the face of a common danger, I have come to know them and we have had heart-to-heart talks, I see that they are not the monsters I had imagined."

5. [Adolphe Thiers (1797-1877), French statesman and distinguished historian. In his long political career he was Deputy and Prime Minister (1836 and 1840), and, as a final tribute, was elected President of the Third Republic in 1871.—Translator.]

Yes, enmities become exaggerated and hatreds are intensified between parties that do not mingle; and if the majority would allow a few members of the minority to penetrate into the circles of the committees, perhaps it would be recognized on both sides that their ideas are not so far apart, and above all that their intentions are not so perverse, as supposed.

However that may be, last year I was on the Finance Committee. Each time that one of our colleagues spoke of fixing at a moderate figure the salaries of the President of the Republic, of cabinet ministers, and of ambassadors, he would be told:

“For the good of the service, we must surround certain offices with an aura of prestige and dignity. That is the way to attract to them men of merit. Innumerable unfortunate people turn to the President of the Republic, and he would be in a painful position if he were always forced to refuse them help. A certain amount of ostentation in the ministerial and diplomatic salons is part of the machinery of constitutional governments, etc., etc.”

Whether or not such arguments can be controverted, they certainly deserve serious scrutiny. They are based on the public interest, rightly or wrongly estimated; and, personally, I can make more of a case for them than many of our Catos, moved by a narrow spirit of niggardliness or jealousy.

But what shocks my economist's conscience, what makes me blush for the intellectual renown of my country, is when they go on from these arguments (as they never fail to do) to this absurd banality (always favorably received):

“Besides, the luxury of high officials of the government encourages the arts, industry, and employment. The Chief of State and his ministers cannot give banquets and parties without infusing life into all the veins of the body politic. To reduce their salaries would be to starve industry in Paris and, at the same time, throughout the nation.”

For heaven's sake, gentlemen, at least respect arithmetic, and do not come before the National Assembly of France and say, for fear that, to its shame, it will not support you, that an addition gives a different sum depending upon whether it is added from top to bottom or from bottom to top.

Well, then, suppose I arrange to have a navy dig me a ditch in my field for the sum of a hundred sous. Just as I

conclude this agreement, the tax collector takes my hundred sous from me and has them passed on to the Minister of the Interior. My contract is broken, but the Minister will add another dish at his dinner. On what basis do you dare to affirm that this official expenditure is an addition to the national industry? Do you not see that it is only a simple *transfer* of consumption and of labor? A cabinet minister has his table more lavishly set, it is true; but a farmer has his field less well drained, and this is just as true. A Parisian caterer has gained a hundred sous, I grant you; but grant me that a provincial ditchdigger has lost five francs. All that one can say is that the official dish and the satisfied caterer are *what is seen*; the swampy field and the excavator out of work are *what is not seen*.

Good Lord! What a lot of trouble to prove in political economy that two and two make four; and if you succeed in doing so, people cry, "It is so clear that it is boring." Then they vote as if you had never proved anything at all.

V. 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? At the moment when M. Dupin⁶ pronounces the sacramental words: “The Assembly has adopted,....” do millions of francs descend miraculously on a moonbeam into the coffers of M. Fould⁷ and M. Bineau?⁸ 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

6. [Charles Dupin (1784-1873), distinguished French engineer and economist, professor at the Conservatory of Arts and Crafts, Deputy, and Senator. His greatest contribution to political economy was in the field of economic statistics.—Translator.]

7. [Achille Fould (1800-1867), politician and financier.—Translator.]

8. [Jean Martial Bineau (1805–1855), engineer and politician, Minister of Finance in 1852.—Translator.]

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, 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, 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*.

VIII. 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!

What puzzles me is that it is possible to find anyone at all who can be content with such a doctrine.

For, in the last analysis, if it is true, what is its strictly logical consequence? It is that activity, well-being, wealth, and happiness are possible only for stupid nations, mentally static, to whom God has not given the disastrous gift of thinking, observing, contriving, inventing, obtaining the greatest results with the least trouble. On the contrary, rags, miserable huts, poverty, and stagnation are the inevitable portion of every nation that looks for and finds in iron, fire, wind, electricity, magnetism, the laws of chemistry and mechanics—in a word, in the forces of Nature—an addition to its own resources, and it is indeed appropriate to say with Rousseau: “Every man who thinks is a depraved animal.”

But this is not all. If this doctrine is true, and as all men think and invent, as all, in fact, from first to last, and at every minute of their existence, seek to make the forces of Nature co-operate with them, to do more with less, to reduce their own manual labor or that of those whom they pay, to attain the greatest possible sum of satisfactions with the least possible amount of work; we must conclude that all mankind is on the way to decadence, precisely because of this intelligent aspiration towards progress that seems to torment every one of its members.

Hence, it would have to be established statistically that the inhabitants of Lancaster, fleeing that machine-ridden country, go in search of employment to Ireland, where machines are unknown; and, historically, that the shadow of barbarism darkens the epochs of civilization, and that civilization flourishes in times of ignorance and barbarism.

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.

IX. 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 Revolution⁹ 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 plow, it is not actually the fifty francs that is lent to him; it is the plow.

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 plow, 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 plow 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 plows, houses,

9. [Popular demonstrations against Prime Minister Guizot on February 22, 1848, resulted in his dismissal by King Louis Philippe. This prudent move, however, proved unavailing for the King, because the next day troops fired on a group of demonstrators, and the people of Paris responded with an armed revolt, which brought about the abdication of Louis Philippe and the establishment of the Second Republic.—Translator.]

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 plows, 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 plow in the world and that two farmers want it.

Peter is the owner of the only plow 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 plow to John.

But now, under socialist inspiration, the state intervenes and says to Peter: "Lend your plow 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 plow 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 plow. 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 plow goes to James because it did not go to John.

It is not seen that if James pushes a plow instead of spading, John will be reduced to spading instead of plowing.

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 plow 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 plow 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, along with liberty, is all that social reformers worthy of the name should ask of the law.

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-Cricq¹ 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. Bugeaud² 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.

1. [Pierre Laurent Barthélemy, Comte de Saint-Cricq, member of the Chamber of Deputies, Minister of Commerce from January 4, 1828 to August 8, 1829, and later a Peer of France.—Translator.]

2. [T. R. Bugeaud de la Piconnerie (1784-1849), known chiefly as a military leader. He was also a member of the Chamber of Deputies, and was interested in agriculture, and endorsed protectionist principles.—Translator.]

Has not M. d'Argout³ 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 department 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

3. [Antoine Maurice Appolinaire, Comte d'Argout (1782-1858), administrator and fiscal specialist, Governor of the Bank of France.—Translator.]

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.

This sophism, phrased as a generalization, would perhaps make little impression; but, when applied to a particular set of facts—to this or that industry or to a given class of producers—it is extremely specious, and this is easily explained. It constitutes a syllogism which, although not *false*, is *incomplete*. Now, what is *true* in a syllogism is always and necessarily present to the mind. But what is *incomplete* is a negative quantity, a missing element that it is quite possible and even very easy not to take into account.

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*.

Are we physicians? We cannot blind ourselves to the fact that certain physical improvements, such as better public sanitation, the development of such moral virtues as moderation and temperance, the progress of knowledge to the point at which everyone can take care of his own health, and the discovery of certain simple, easily applied remedies, would be just so many deadly blows struck at our profession. In so far as we are physicians, our secret wishes are antisocial. I do not mean to say that physicians actually give expression to such wishes. I like to believe that they would welcome with joy the discovery of a universal cure; but it would not be as physicians, but as men and as Christians that they would yield to such an impulse: by a laudable art of self-abnegation, they would take the point of view of the consumer. But in so far as the physician practices a profession, in so far as he owes to that profession his well-being, his prestige, and even the means of supporting his family, it is impossible for his desires—or, if you will, his interests—not to be antisocial.

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 means: 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.

In the same way, we could make a survey of all industries, and we should always find that producers, as such, have anti-social attitudes. “The merchant,” says Montaigne, “prosper only by the extravagance of youth; the farmer, by the high cost of grain; the architect, by the decay of houses; officers of justice, by men’s lawsuits and quarrels. Even the ministers of religion owe the honor and practice of their high calling to our death and our vices. No physician takes pleasure in the good health of even his friends; no soldier, in the peace of his country; and so it goes for the rest.”

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.

Suppose for a moment that legislative power and executive authority were put at the disposal of the Mimerel Committee,⁴ and that each of the members of that association had the right to introduce and enact a favorite law. Is it very hard to imagine what sort of industrial code the public would be subjected to?

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. He may

4. [A businessmen’s association headed by P. A. H. Mimerel de Roubaix (1786-1871), a textile manufacturer.—Translator.]

extend his secret wishes to fantastic or absurd lengths; yet they will not cease to be in conformity with the interests of his fellow man. He may wish that food and shelter, roof and hearth, education and morality, security and peace, strength and health, all be his without effort, without toil, and without limit, like the dust of the roads, the water of the stream, the air that surrounds us, and the sunlight that bathes us; and yet the realization of these wishes would in no way conflict with the good of society.

Perhaps people will say that, if these wishes were granted, the producer's labor would be more and more limited, and finally would cease for want of anything to occupy it. But why? Because, in this extreme hypothetical case, all imaginable wants and desires would be fully satisfied. Man, like the Almighty, would create all things by a simple act of volition. Will someone tell me what reason there would be, on this hypothesis, to deplore the end of industrial production?

I referred just now to an imaginary legislative assembly composed of businessmen, in which each member would have the power to enact a law expressing his *secret wish* in his capacity as a producer; and I said that 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 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,⁵ 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.

Now, 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

5. We have no noun in French to express the idea that is opposite to *high* price (“cheapness” in English). It is quite noteworthy that the people instinctively express this idea by this paraphrase: advantageous market, *good market* [*bon marché*]. The protectionists really ought to do something about changing this expression. It implies a whole economic system that is the converse of theirs.

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?

Restrictive laws always present us with the same dilemma.

Either we admit that they produce scarcity, or we do not admit it.

If we do admit it, we thereby confess that they inflict upon the people all the harm that they can do. If we do not admit it, then we deny that they limit the supply of goods and raise their prices, and consequently they deny that they favor the producer.

Such laws are either injurious or ineffective. They cannot be useful.

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; from 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 so mercilessly that we suspect he is being stirred up against us by perfidious Albion (excellent diplomacy nowadays!), particularly because he has for that haughty island a respect that he does not show for us.¹

1. [“Perfidious Albion” is England, along with a typically French jibe at the English fog, which keeps the sun from interfering with artificial light in England as much as it does in France. During the 1840’s, Franco-English relations were occasionally very tense.—Translator.]

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.

The same holds true of shipping. Thousands of vessels will engage in whaling, and in a short time we shall have a fleet capable of upholding the honor of France and of gratifying the patriotic aspirations of the undersigned petitioners, chandlers, etc.

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 of the Anzin Company 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; and to reject our demands precisely because they are *better founded* than anyone else's would be tantamount to accepting the equation: $+ \times + = -$; in other words, it would be to heap *absurdity* upon *absurdity*.

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!

A Chinese Tale



People bewail the greed and selfishness of our age! I, for my part, find the world, especially Paris, peopled with Deciuses.¹

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, senti-

1. [The Deciuses referred to here were Publius Decius Mus, father and son, both military leaders of the Roman Republic between 350 and 275 B.C. Each is said to have performed an act of self-devotion by hurling himself into the enemy's midst when the Roman column he was leading was repulsed by the foe.—Translator.]

mental 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'Esprit 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 transportation, 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'Esprit 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 Lí! 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."

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?”¹

“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

1. [What follows is based on *Robinson Crusoe*, the famous novel by the English author, Daniel Defoe (1659-1731). A number of students of economics, including Bastiat, have used what has been called the “Crusoeist” approach to economic problems by starting with the simplest possible economic organization.—Translator.]

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 foreigner² 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

2. [There is a nuance of meaning here in the French that cannot be reproduced in English. The French word *étranger* means both “foreigner” and “stranger.” Bastiat’s point, as is evident in what follows, is, not that the visitor was just a stranger, but that he was a foreigner in the sense of being external to Robinson’s and Friday’s economic system.—Translator.]

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.”

“The story would not be so bad if Robinson were not so absurd.”

“He is no more so than the committee of the rue Hauteville.”³

“Oh, their case is very different. In the hypothetical cases you cited, first, one man was living by himself, and then (what amounts to the same thing), two men were living in a state of common ownership. That is far from being the picture presented by the world in which we are living today; the division of labor and the intervention of tradesmen and money change the picture considerably.”

“These conditions do, in fact, make transactions more complicated, but they do not change their essential nature.”

“What! You want to compare modern commerce to simple barter?”

“Commerce is nothing but barter on a grand scale; barter and commerce are essentially identical in nature, just as labor on a small scale is of essentially the same nature as labor on a large scale, or as the force of gravitation that moves an atom is of essentially the same nature as the force of gravitation that moves a planet.”

“Then, as you see it, these arguments, which are so clearly untenable when advanced by Robinson Crusoe, are no less so when advanced by our protectionists?”

“No less; the only reason the error is less evident is that the circumstances are more complicated.”

“In that case, why not give us an example taken from conditions as they are at present?”

“Very well. In France, owing to custom and the demands of the climate, cloth is a useful item. Is the essential thing to *make it* or to *have it*?”

“A fine question! In order to have it, you must first make it.”

“Not necessarily. In order to have it, someone must make it, no doubt; but it is not necessary that the person or the country that consumes it should also produce it. You did not

3. [The Committee for the Defense of Domestic Industry, a protectionist organization of which Antoine Odier (1766-1853), President of the Chamber of Commerce of Paris, a Deputy, and later a Peer of France, was one of the leaders.—Translator.]

make the fabric that clothes you so well, nor did France produce the coffee on which her inhabitants breakfast.”

“But I bought my cloth, and France its coffee.”

“Precisely, and with what?”

“With money.”

“But you did not produce the metal for your money, nor did France either.”

“We bought it.”

“With what?”

“With the products we sent to Peru.”

“Thus, in reality, it is your labor that is exchanged for cloth, and French labor that is exchanged for coffee.”

“Undoubtedly.”

“Hence, it is not absolutely necessary that you produce what you consume?”

“Not if we produce *something else* that we give in exchange.”

“In other words, France has two ways of providing itself with a given quantity of cloth. The first is to manufacture it herself; the second is to make *something else*, and to exchange *that something else* with foreigners for cloth. Of these two ways, which is the better?”

“I hardly know.”

“Is it not that which, *for a given amount of labor, yields a larger amount of cloth?*”

“It would seem so.”

“And which is better for a nation, to be free to choose between these two ways of getting cloth, or to have a law interdicting one of them, on the chance of stumbling on the better of the two?”

“It seems to me that it is better for a nation to be free to choose, all the more so since in such matters it always chooses wisely.”

“The law that bans foreign cloth thus determines that if France wants to have cloth, she must make it herself, and prohibits her from making that *something else* with which she could buy foreign cloth.”

“True.”

“And since the law compels the making of cloth and forbids the making of *something else*, precisely because that something else would require less labor (for otherwise there

would be no need for the law to interfere), it thus virtually decrees that for a given quantity of labor France shall have but one meter of cloth by making it herself, whereas for the same amount of labor she would have had two meters by making *something else*.”

“But what else, for goodness’ sake?”

“For goodness’ sake, what difference does it make? Once given freedom of choice, she will make *something else* only in so far as there is *something else* to be made.”

“That is possible; but I keep being haunted by the idea that foreigners may send us cloth and not take the *something else* from us in return, in which case we should be thoroughly victimized. In any case, this is the objection, even from your point of view. You do agree, do you not, that France will make this *something else* to exchange for cloth with less labor than if she had made the cloth itself?”

“Without a doubt.”

“Therefore, there will be a certain quantity of her available labor supply that will be disemployed.”

“Yes, but without her being any the less well clothed—a little circumstance that makes all the difference in the world. It was this that Robinson lost sight of, and that our protectionists either do not see or pretend not to see. The piece of driftwood also disemployed Robinson’s labor for two weeks, at least in so far as it might have been applied to making a plank, but it did not deprive him of its use. We must, therefore, distinguish between two senses in which labor may be disemployed: that in which the effect is *privation*, and that in which the cause is *satisfaction*. They are worlds apart, and if you regard them as alike, your reasoning is no better than Robinson’s. In the most complicated cases, as well as in the simplest, the sophism consists in *judging the utility of labor by its duration and intensity, and not by its results*; which leads to the economic policy of *reducing the results of labor with the aim of increasing its duration and intensity*.”

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