

Biography of Frederic Bastiat (1801-1850)

Frederic Bastiat (1801-1850): Between the French and Marginalist Revolutions

By Thomas J. DiLorenzo



CLAUDE FREDERIC BASTIAT was a French economist, legislator, and writer who championed private property, free markets, and limited government. Perhaps the main underlying theme of Bastiat's writings was that the free market was inherently a source of "economic harmony" among individuals, as long as government was restricted to the function of protecting the lives, liberties, and property of citizens from theft or aggression. To Bastiat, governmental coercion was only legitimate if it served "to guarantee security of person, liberty, and property rights, to cause justice to reign over all." [\[1\]](#)

Bastiat emphasized the plan-coordination function of the free market, a major theme of the Austrian School, because his thinking was influenced by some of Adam Smith's writings and by the great French free-market economists Jean-Baptiste Say, Francois Quesnay, Destutt de Tracy, Charles Comte, Richard Cantillon (who was born in Ireland and emigrated to France), and Anne Robert Jacques Turgot. These French economists were among the precursors to the modern Austrian School, having first developed such concepts as the market as a dynamic, rivalrous process, the free-market evolution of money, subjective value theory, the laws of diminishing marginal utility and marginal returns, the marginal productivity theory of resource pricing, and the futility of price controls in particular and of the government's economic interventionism in general.

Bastiat's Intellectual Background

Bastiat was orphaned at age ten, and was raised and educated by his paternal grandparents. He left school at age seventeen to work in the family exporting business in the town of Bayonne, where he learned firsthand the evils of protectionism by observing all the closed-down warehouses, the declining population, and the increased poverty and unemployment caused by trade restrictions.

When his grandfather died, Bastiat, at age twenty-five, inherited the family estate in Mugron, which enabled him to live the life of a gentleman farmer and scholar for the next twenty years. Bastiat hired people to operate the family farm so he could concentrate on his intellectual pursuits. He was a voracious reader, and he discussed and debated with friends virtually all forms of literature. His closest friend was his neighbor, Felix Coudroy. "Coudroy and Bastiat, worked their way through a tremendous number of books on philosophy, history, politics, religion, travel, poetry, political economy, biography, and so on. . . . It was in these conversations that the ideas of Bastiat developed and his thoughts matured."[\[2\]](#)

Coudroy was initially a follower of Rousseau and, like most of Rousseau's admirers, then as now, was a socialist. But Bastiat, who always said he preferred a one-on-one conversation to giving a speech to thousands of people, converted Coudroy to classical liberalism.

Bastiat's first published article appeared in April of 1834. It was a response to a petition by the merchants of Bordeaux, Le Havre, and Lyons to eliminate tariffs on agricultural products but to maintain them on manufacturing goods. Bastiat praised the merchants for their position on agricultural products, but excoriated them for their hypocrisy in wanting protectionism for themselves. "You demand privilege for a few," he wrote, whereas "I demand liberty for all."[\[3\]](#) He then explained why all tariffs should be abolished completely.

Bastiat continued to hone his arguments in favor of economic freedom by writing a second essay in opposition to all domestic taxes on wine, entitled "The Tax and the Vine," and a third essay opposing all taxes on land and all forms of trade restrictions. Then, in the summer of 1844, Bastiat sent an unsolicited manuscript on the effects of French and English tariffs to the most prestigious economics journal in France, the *Journal des Economistes*. The editors published the article, "The Influence of English and French Tariffs," in the October 1844 issue, and it unquestionably became the most persuasive argument for free trade in particular, and for economic freedom in general, that had ever appeared in France, if not all of Europe.

In this article, Bastiat first displayed his mastery of the accumulated wisdom of the economists of the pre-Austrian tradition, and established himself as a brilliant synthesizer and organizer of economic ideas. He immediately gained national and international fame and, as a fellow advocate of free trade, began a friendship with Richard Cobden, the leader of the British Anti-Corn Law League, which succeeded in abolishing all trade restrictions in England by 1850. Bastiat organized a similar organization in France the French Free-Trade Association which was instrumental in France's elimination of most of its trade barriers in 1860, ten years after Bastiat's death. Bastiat was especially effective in spreading his influence as editor of the Free Trade Association's newspaper, *Le Libre-Exchange*.

After twenty years of intense intellectual preparation, articles began to pour out of Bastiat, and soon took the form of his first book, *Economic Sophisms*, which to this day is still arguably the best literary defense of free trade available.^[4] He quickly followed with his second book, *Economic Harmonies*,^[5] and his articles were reprinted in newspapers and magazines all over France. In 1846, he was elected a corresponding member of the French Academy of Science, and his work was immediately translated into English, Spanish, Italian, and German. Free-trade associations soon began to sprout up in Belgium, Italy, Sweden, Prussia, and Germany, and were all based on Bastiat's French Free Trade Association.

Bastiat's Austrian School Ideas

While Bastiat was shaping economic opinion in France, Karl Marx was writing *Das Kapital*, and the socialist notion of "class conflict" that the economic gains of capitalists necessarily came at the expense of workers was gaining in popularity. Bastiat's *Economic Harmonies* explained why the opposite is true that the interests of mankind are essentially harmonious if they can be cultivated in a free society where government confines its responsibilities to suppressing thieves, murderers, and special-interest groups who seek to use the state as a means of plundering their fellow citizens.

Capital Theory

Bastiat contributed to Austrian capital theory by masterfully explaining how the accumulation of capital results in the enrichment *of the workers* by raising labor's marginal productivity and, consequently, its remuneration. Capital accumulation, wrote Bastiat, would also result in cheaper and better quality consumer goods, which would also raise real wages. He also explained how the interest on capital declines as it becomes more plentiful.

Thus, the interests of capitalists and labor are indeed harmonious, and government interventions into capital markets will impoverish the workers as well as the owners of capital. Bastiat also explained why in a free market no one can accumulate capital unless he uses it in a way that benefits others, i.e., consumers. In reality, wrote Bastiat, capital is always used to satisfy the desires of people who do not own it. In sharp contrast to most of his predecessors, Bastiat believed that "it is necessary to view economics from the viewpoint of the consumer. . . . All economic phenomena . . . must be judged by the advantages and disadvantages they bring to the consumer."^[6] Mises repeated this point in *Human Action* when he noted that although bankers may seem to "control" the allocation of capital by their day-by-day decisions, it is the consumers who are the "captains" of the economic ship, because it is their preferences to which successful businesses cater.

Subjective Cost

Bastiat's greatest contribution to subjective value theory was how he rigorously applied the theory in his essay, "What is Seen and What is Not Seen."^[7] In that essay, Bastiat, by relentlessly focusing on the hidden opportunity costs of governmental resource allocation, destroyed the proto-Keynesian notion that government spending can create jobs and wealth. In the first edition of *Economics in One Lesson*, [Henry Hazlitt](#) wrote that: "My greatest debt, with

respect to the kind of expository framework on which the present argument is hung, is Frederic Bastiat's essay, "What is Seen and What is Not Seen." The present work may, in fact, be regarded as a modernization, extension and generalization of the approach found in Bastiat's pamphlet." [8]

The Science of Human Action

The way in which Bastiat described economics as an intellectual endeavor is virtually identical to what modern Austrians label the science of human action, or praxaeology. Bastiat wrote in his *Harmonies* of how "The subject of political economy is MAN . . . [who is] endowed with the ability to compare, judge, choose, and act. . . . This faculty . . . to work for each other, to transmit their efforts and to exchange their services through time and space . . . is precisely what constitutes Economic Science." [9]

As with contemporary Austrians, Bastiat viewed economics as "the Theory of Exchange" where the desires of market participants "cannot be weighed or measured. . . . Exchange is necessary in order to determine value." [10] Thus, to Bastiat, as with contemporary Austrians, value is subjective, and the only way of knowing how people value things is through their demonstrated preferences as revealed in market exchanges. Voluntary exchange, therefore, is necessarily mutually advantageous. This was an important theoretical innovation in the history of economic theory, for many of the British economists had succumbed to the "physical fallacy" the misguided notion that value is determined by the production of physical objects alone.

The understanding that value is created by voluntary exchange, [Murray Rothbard](#) pointed out, "led Bastiat and the French school to stress the ways in which the free market leads to a smooth and harmonious organization of the economy." [11] Rothbard himself developed Bastiat's subjectivist theory of exchange much more fully a century later in his devastating critique of modern welfare economics.

Another Rothbardian theme in Bastiat's work (or a Bastiat theme in Rothbard's work) has to do with land rent. In Bastiat's time, socialists made the argument that no one was entitled to land rent because it was God, after all, who created the land, not the current landowners. Bastiat's response was that land rent was indeed legitimate because landowners have rendered a valuable service by clearing the land, draining it, and making it suitable for agriculture. If all these investment costs are capitalized, explained Bastiat, then it is clear that landowners were not earning an exceptional income through land rent after all, but were providing a valuable public service. Murray Rothbard would later develop this idea more fully in his defense of "homesteading" as an appropriate means of establishing property rights.

Governmental Plunder

While establishing the inherent harmony of voluntary trade, Bastiat also explained how governmental resource allocation is necessarily antagonistic and destructive of the free market's natural harmony. Since government produces no wealth of its own, it must necessarily take from some to give to others robbing Peter to pay Paul is the essence of government, as Bastiat described it. Moreover, as special-interest groups seek more and more of other peoples money

through the aegis of the state, they undermine the productive capacities of the free market by engaging in politics rather than in productive behavior. "The state," wrote Bastiat, "is the great fictitious entity by which everyone seeks to live at the expense of everyone else."[\[12\]](#)

Bastiat is perhaps best known for his work in the field of political economy the study of the interaction between the economy and the state as opposed to pure economic theory. He sought to understand how the state operated what incentives drive it and he did so as well as anyone ever has. There is no space here for a in-depth discussion of Bastiat's ideas on political economy, but a few examples will suffice. Government was necessary, according to Bastiat, but only if restricted to its "essential" functions. He believed that "no society can exist unless the laws are respected to a certain degree," but at the same time that could only occur if the laws themselves were respectable.[\[13\]](#)

The moral justification for a law, moreover, can never be based on a majority vote, because "since no individual has the right to enslave another individual, then no group of individuals can possibly have such a right."[\[14\]](#) All income redistribution through majoritarian democracy is therefore "legal plunder" and is, by definition, immoral.

The slogan, "if goods don't cross borders, armies will," is often attributed to Bastiat because he so forcefully made the case that free trade was perhaps the surest route to peace as well as prosperity. He understood that throughout history, tariffs had been a major cause of war. Protectionism, after all, is an attempt by governments to inflict on their own citizens in peacetime the same kinds of harm their enemies attempt (with naval blockades) during wars.

Competitive Discovery

Bastiat understood that free-market competition was a "dynamic discovery procedure," to use a Hayekian phrase, in which individuals strove to coordinate their plans to achieve their economic goals. All forms of government intervention interrupt and distort that process because once a law or regulation is issued, "the people no longer need to discuss, to compare, to plan ahead; the law does all this for them. Intelligence becomes a useless prop for the people; they cease to be men; they lose their personality, their liberty, their property."[\[15\]](#)

Phony Altruism

Bastiat also saw through the phony "philanthropy" of the socialists who constantly proposed helping this or that person or group by plundering the wealth of other innocent members of society through the aegis of the state. All such schemes are based on "legal plunder, organized injustice."[\[16\]](#)

Like today's neo-conservatives, nineteenth-century socialists branded classical liberals with the name "individualist," implying that classical liberals are opposed to fraternity, community, and association. But, as Bastiat astutely pointed out, he (like other classical liberals) was only opposed to forced associations, and was an advocate of genuine, voluntary communities and associations. "[E]very time we object to a thing being done by government, the socialists [mistakenly] conclude that we object to its being done at all."[\[17\]](#)

Natural Rights and Freedom of Exchange

Bastiat can also be seen as a link between the seventeenth- and eighteenth-century natural- rights theorists and some members of the modern Austrian School, most notably Murray Rothbard, who based their defense of free markets on natural rights, rather than merely on utilitarian arguments.^[18] To Bastiat, collectivism in all its forms was both morally reprehensible (being based on legalized theft) and an impediment to the natural harmonization of human interests that is facilitated by free markets and private property.

Bastiat not only believed that collectivism constituted legal plunder; he also believed that private property was essential to fulfill man's nature as a free being who, by nature, acts in his own self-interest to satisfy his (subjective) wants. To argue against the right to private property would be to argue that theft and slavery were morally "correct." Thus, the protection of private property is the primary (if not the only legitimate) function of government. The politician has "no authority over our persons and our property, since they pre-exist him, and his task is to surround them with guarantees."^[19]

Bastiat authored what is to this day the strongest defense of free trade ever produced. His case was built on myriad economic concepts, but what the case for free trade really comes down to, "has never been a question of customs duties, but a question of right, of justice, of public order, of property. Because [government-created] privilege, under whatever form it is manifested, implies the denial or the scorn of property rights." And "the right to property, once weakened in one form, would soon be attacked in a thousand different forms."^[20]

In *Economic Sophisms*, Bastiat masterfully created the most complete case for free trade ever constructed up to that time, which applied such economic concepts as the mutual advantage of voluntary trade, the law of comparative advantage, the benefits of competition to the producer as well as the consumer, and the historical link between trade barriers and war. Free trade, Bastiat explained, would mean "an abundance of goods and services at lower prices; more jobs for more people at higher real wages; more profits for manufacturers; a higher level of living for farmers; more income to the state in the form of taxes at the customary or lower levels; the most productive use of capital, labor, and natural resources; the end of the "class struggle" that . . . was based primarily on such economic injustices as tariffs, monopolies, and other legal distortions of the market; the end of the "suicidal policy" of colonialism; the abolition of war as a national policy; and the best possible education, housing, and medical care for all the people."^[21]

Bastiat was a genius at explaining all these economic principles and outcomes by the use of satire and parables, the most famous of which is "The Candlemaker's Petition," which "requested" a law to mandate "the covering of all windows and skylights and other openings, holes, and cracks through which the light of the sun is able to enter houses. This free sunlight is hurting the business of us deserving manufacturers of candles."

Another of Bastiat's most memorable satires is his destruction of the protectionist argument that a "balance of trade" is necessarily desirable. A French merchant is said to have shipped \$50,000 worth of goods to the U.S., sold them for a \$17,000 profit, and purchased \$67,000 worth of U.S. cotton, which he then imported into France. Since France had therefore imported more than it

exported, it "suffered" an "unfavorable" balance of trade. A more "favorable" situation, Bastiat sarcastically wrote, would have been one where the merchant attempted a second transaction in the U.S., but had his ship sunk by a storm as it left the harbor. The customs house at the harbor would therefore have recorded more exports than imports, creating a very "favorable" balance of trade. But since storms are undependable, Bastiat reasoned, the "best" policy would be to have the government throw all the merchants goods into the sea as they left French harbors, thereby guaranteeing a "favorable balance of trade"! It is this kind of display of literary genius that must have motivated [Henry Hazlitt](#) to take up Bastiat's fallen mantle a century after his death.

Bastiat's Intellectual Legacy

Bastiat's writing constitutes an intellectual bridge between the ideas of the pre-Austrian economists, such as Say, Cantillon, de Tracy, Comte, Turgot, and Quesnay, and the Austrian tradition of [Carl Menger](#) and his students. He was also a model of scholarship for those Austrians who believed that general economic education especially the kind of economic education that shatters the myriad myths and superstitions created by the state and its intellectual apologists is an essential function (if not duty) of the economist. [Mises](#) was a superb role model in this regard, as were Henry Hazlitt and Murray Rothbard, among other Austrian economists. As Mises said, the early economists "devoted themselves to the study of the problems of economics," and in "lecturing and writing books they were eager to communicate to their fellow citizens the results of their thinking. They tried to influence public opinion in order to make sound policies prevail." [\[22\]](#)

To this day, Bastiat's work is not appreciated as much as it should be because, as Murray Rothbard explained, today's intemperate critics of economic freedom "find it difficult to believe that anyone who is ardently and consistently in favor of laissez-faire could possibly be an important scholar and economic theorist." [\[23\]](#) It is bizarre that even some contemporary Austrian economists seem to believe that the act of communicating economic ideas especially economic policy ideas to the general public is somehow unworthy of a practitioner of "economic science." For that is exactly the model of scholarship that Mises himself adopted, which was carried forward most aggressively and brilliantly by Murray Rothbard, all in the tradition of the great French Austrian economist, Frederic Bastiat.

Readings

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NOTES

[1]Frédéric Bastiat, "The Law," in *selected="true"="true" Essays on Political Economy*, George B. de Huszar, ed. (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1995), p. 52.

[2]Dean Russell, *Frédéric Bastiat: Ideas and Influence* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1969), pp. 22-23.

[3]Ibid., p. 24.

[4]Frédéric Bastiat, *Economic Sophisms* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1966).

[5]Frédéric Bastiat, *Economic Harmonies* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1966).

[6]Russell, *Ideas and Influence*, p. 32.

[7]Bastiat, "What is Seen and What is Not Seen," in *selected="true"="true" Essays*, pp. 1-50.

[8]Henry Hazlitt, *Economics in One Lesson* (New York: Harper and Brothers, 1946), p. 1.

[9]Bastiat, *Economic Harmonies*, P. 35.

[10]Ibid., p. 36.

[11]Murray N. Rothbard, *Classical Economics*, vol. 2, *An Austrian Perspective on the History of Economic Thought* (Cheltenham, U.K.: Edward Elgar, 1995), p. 446.

[12]Bastiat, *selected="true"="true" Essays*, p. 144.

[13]Russell, *Ideas and Influence*, p. 5.

[14]Ibid.

[15]Ibid., p. 11.

[16]Ibid.

[17]Ibid., p. 12. Also, see Bastiat's essay, "Justice and Fraternity," in *selected="true"="true" Essays*, pp. 116-39.

[18]Because Hayek's defense of liberty was based largely on expediency (does it promote the efficient use of knowledge in society?) and utilitarianism (do "social" benefits outweigh "social" costs, as determined by an "impartial judge"?), he came to endorse virtually all of the government interventions that define the American (or Swedish) welfare state. This is something natural-rights-based theorists, such as Rothbard and Bastiat, would never have done.

[19]Bastiat, "Property and Law," in *selected="true"="true" Essays*, pp. 97-115.

[20]Ibid., p. 111.

[21]Russell, *Ideas and Influence*, p. 42.

[22]Ludwig von Mises, *Human Action: A Treatise on Economics*, 3rd rev. ed (Chicago: Henry Regnery, 1963), p. 869.

[23]Rothbard, *Classical Economics*, p. 449.

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