

# FREDERIC BASTIAT

ECONOMIC  
SOPHISMS

Frédéric Bastiat

**Economic Sophisms**

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# Frederic Bastiat

## Economic Sophisms

### ECONOMIC SOPHISMS. FIRST SERIES

#### INTRODUCTION

My design in this little volume is to refute some of the arguments which are urged against the Freedom of Trade.

I do not propose to engage in a contest with the protectionists; but rather to instil a principle into the minds of those who hesitate because they sincerely doubt.

I am not one of those who say that Protection is founded on men's interests. I am of opinion rather that it is founded on errors, or, if you will, upon *incomplete truths*. Too many people fear liberty, to permit us to conclude that their apprehensions are not sincerely felt.

It is perhaps aiming too high, but my wish is, I confess, that this little work should become, as it were, the *Manual* of those whose business it is to pronounce between the two principles. Where men have not been long accustomed and familiarized to the doctrine of liberty, the sophisms of protection, in one shape or another, are constantly coming back upon them. In order to disabuse them of such errors when they recur, a long process of analysis becomes necessary; and every one has not the time required for such a process – legislators less than others. This is my reason for endeavouring to present the analysis and its results cut and dry.

But it may be asked, Are the benefits of liberty so hidden as to be discovered only by Economists by profession?<sup>1</sup>

We must confess that our adversaries have a marked advantage over us in the discussion. In very few words they can announce a half-truth; and in order to demonstrate that it is *incomplete*, we are obliged to have recourse to long and dry dissertations.

This arises from the nature of things. Protection concentrates on one point the good which it produces, while the evils which it inflicts are spread over the masses. The one is visible to the naked eye; the other only to the eye of the mind. In the case of liberty, it is just the reverse.

In the treatment of almost all economic questions, we find it to be so.

You say, Here is a machine which has turned thirty workmen into the street.

Or, Here is a spendthrift who encourages every branch of industry.

Or, The conquest of Algeria has doubled the trade of Marseilles.

Or, The budget secures subsistence for a hundred thousand families.

You are understood at once and by all. Your propositions are in themselves clear, simple, and true. What are your deductions from them?

Machinery is an evil.

Luxury, conquests, and heavy taxation, are productive of good.

And your theory has all the more success that you are in a situation to support it by a reference to undoubted facts.

On our side, we must decline to confine our attention to the cause, and its direct and immediate effect. We know that this very effect in its turn becomes a cause. To judge correctly of a measure, then, we must trace it through the whole chain of results to its definitive effect. In other words, we are forced to *reason* upon it.

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<sup>1</sup> The first series of the *Sophismes Économiques* appeared in the end of 1845; the second series in 1848. – Editor.

But then clamour gets up: You are theorists, metaphysicians, idealists, utopian dreamers, *doctrinaires*; and all the prejudices of the popular mind are roused against us.

What, under such circumstances, are we to do? We can only invoke the patience and good sense of the reader, and set our deductions, if we can, in a light so clear, that truth and error must show themselves plainly, openly, and without disguise, – and that the victory, once gained, may remain on the side of restriction, or on that of freedom.

And here I must set down an essential observation.

Some extracts from this little volume have already appeared in the *Journal des Economistes*.

In a critique, in other respects very favourable, from the pen of M. le Vicomte de Romanet, he supposes that I demand the suppression of customs. He is mistaken. I demand the suppression of the protectionist *regime*. We don't refuse taxes to the Government, but we desire, if possible, to dissuade the governed from taxing one another. Napoleon said that "the customhouse should not be made an instrument of revenue, but a means of protecting industry." We maintain the contrary, and we contend that the customhouse ought not to become in the hands of the working classes an instrument of reciprocal rapine, but that it may be used as an instrument of revenue as legitimately as any other. So far are we – or, to speak only for myself, so far am I – from demanding the suppression of customs, that I see in that branch of revenue our future anchor of safety. I believe our resources are capable of yielding to the Treasury immense returns; and to speak plainly, I must add, that, seeing how slow is the spread of sound economic doctrines, and so rapid the increase of our budgets, I am disposed to count more upon the necessities of the Treasury than on the force of enlightened opinion for furthering the cause of commercial reform.

You ask me, then, What is your conclusion? and I reply, that here there is no need to arrive at a conclusion. I combat sophisms; that is all.

But you rejoin, that it is not enough to pull down – it is also necessary to build up. True; but to destroy an error, is to build up the truth which stands opposed to it.

After all, I have no repugnance to declare what my wishes are. I desire to see public opinion led to sanction a law of customs conceived nearly in these terms: —

Articles of primary necessity to pay a duty, ad valorem, of 5 per cent.

Articles of convenience, 10 per cent.

Articles of luxury, 15 to 20 per cent.

These distinctions, I am aware, belong to an order of ideas which are quite foreign to Political Economy strictly so called, and I am far from thinking them as just and useful as they are commonly supposed to be. But this subject does not fall within the compass of my present design.

## I. ABUNDANCE, SCARCITY

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

What! you exclaim, can that be a question? Has any one ever asserted, or is it possible to maintain, that scarcity is at the foundation of human wellbeing?

Yes, this has been asserted, and is maintained every day; and I hesitate not to affirm that the *theory of scarcity* is much the most popular. It is the life of conversation, of the journals, of books, and of the tribune; and strange as it may seem, it is certain that Political Economy will have fulfilled its practical mission when it has established beyond question, and widely disseminated, this very simple proposition: "The wealth of men consists in the abundance of commodities."

Do we not hear it said every day, "The foreigner is about to inundate us with his products?" Then we fear abundance.

Did not M. Saint Cricq exclaim, "Production is excessive?" Then he feared abundance.

Do workmen break machines? Then they fear excess of production, or abundance.

Has not M. Bugeaud pronounced these words, "Let bread be dear, and agriculturists will get rich?" Now, bread cannot be dear but because it is scarce. Therefore M. Bugeaud extols scarcity.

Does not M. d'Argout urge as an argument against sugar-growing the very productiveness of that industry? Does he not say, "Beetroot has no future, and its culture cannot be extended, because a few acres devoted to its culture in each department would supply the whole consumption of France?" Then, in his eyes, good lies in sterility, in dearth, and evil in fertility and abundance.

The *Presse*, the *Commerce*, and the greater part of the daily papers, have one or more articles every morning to demonstrate to the Chambers and the Government, that it is sound policy to raise legislatively the price of all things by means of tariffs. And do the Chambers and the Government not obey the injunction? Now tariffs can raise prices only by diminishing the *supply* of commodities in the market! Then the journals, the Chambers, and the Minister, put in practice the theory of scarcity, and I am justified in saying that this theory is by far the most popular.

How does it happen that in the eyes of workmen, of publicists, and statesmen, abundance should appear a thing to be dreaded, and scarcity advantageous? I propose to trace this illusion to its source.

We remark that a man grows richer in proportion to the return yielded by his exertions, that is to say, in proportion as he sells his commodity at a *higher price*. He sells at a higher price in proportion to the rarity, to the scarcity, of the article he produces. We conclude from this, that, as far as he is concerned at least, scarcity enriches him. Applying successively the same reasoning to all other producers, we construct the *theory of scarcity*. We next proceed to apply this theory, and, in order to favour producers generally, we raise prices artificially, and cause a scarcity of all commodities, by prohibition, by restriction, by the suppression of machinery, and other analogous means.

The same thing holds of abundance. We observe that when a product is plentiful, it sells at a lower price, and the producer gains less. If all producers are in the same situation, they are all poor. Therefore it is abundance that ruins society. And as theories are soon reduced to practice, we see the law struggling against the abundance of commodities.

This sophism in its more general form may make little impression, but applied to a particular order of facts, to a certain branch of industry, to a given class, of producers, it is extremely specious; and this is easily explained. It forms a syllogism which is not *false*, but *incomplete*. Now, what is *true* in a syllogism is always and necessarily present to the mind. But *incompleteness* is a negative quality, an absent *datum*, which it is very possible, and indeed very easy, to leave out of account.

Man produces in order to consume. He is at once producer and consumer. The reasoning which I have just explained considers him only in the first of these points of view. Had the second been taken into account, it would have led to an opposite conclusion. In effect, may it not be said: —

The consumer is richer in proportion as he *purchases* all things cheaper; and he purchases things cheaper in proportion to their abundance; therefore it is abundance which enriches him. This reasoning, extended to all consumers, leads to the *theory of plenty*.

It is the notion of *exchange* imperfectly understood which leads to these illusions. If we consider our personal interest, we recognise distinctly that it is double. As *sellers* we have an interest in dearness, and consequently in scarcity; as *buyers*, in cheapness, or what amounts to the same thing, in the abundance of commodities. We cannot, then, found our reasoning on one or other of these interests before inquiring which of the two coincides and is identified with the general and permanent interest of mankind at large.

If man were a solitary animal, if he laboured exclusively for himself, if he consumed directly the fruit of his labour – in a word, *if he did not exchange*– the theory of scarcity would never have appeared in the world. It is too evident that, in that case, abundance would be advantageous, from whatever quarter it came, whether from the result of his industry, from ingenious tools, from powerful machinery of his invention, or whether due to the fertility of the soil, the liberality of nature, or even to a mysterious *invasion* of products brought by the waves and left by them upon the shore. No solitary man would ever have thought that in order to encourage his labour and render it more productive, it was necessary to break in pieces the instruments which saved it, to neutralize the fertility of the soil, or give back to the sea the good things it had brought to his door. He would perceive at once that labour is not an end, but a means; and that it would be absurd to reject the result for fear of doing injury to the means by which that result was accomplished. He would perceive that if he devotes two hours a day to providing for his wants, any circumstance (machinery, fertility, gratuitous gift, no matter what) which saves him an hour of that labour, the result remaining the same, puts that hour at his disposal, and that he can devote it to increasing his enjoyments; in short, he would see that *to save labour* is nothing else than *progress*.

But *exchange* disturbs our view of a truth so simple. In the social state, and with the separation of employments to which it leads, the production and consumption of a commodity are not mixed up and confounded in the same individual. Each man comes to see in his labour no longer a means but an end. In relation to each commodity, exchange creates two interests, that of the producer and that of the consumer; and these two interests are always directly opposed to each other.

It is essential to analyze them, and examine their nature.

Take the case of any producer whatever, what is his immediate interest? It consists of two things: 1st, that the fewest possible number of persons should devote themselves to his branch of industry; 2dly, that the greatest possible number of persons should be in quest of the article he produces. Political economy explains it more succinctly in these terms, Supply very limited, demand very extended; or in other words still, Competition limited, demand unlimited.

What is the immediate interest of the consumer? That the supply of the product in question should be extended, and the demand restrained.

Seeing, then, that these two interests are in opposition to each other, one of them must necessarily coincide with social interests in general, and the other be antagonistic to them.

But which of them should legislation favour, as identical with the public good – if, indeed, it should favour either?

To discover this, we must inquire what would happen if the secret wishes of men were granted.

In as far as we are producers, it must be allowed that the desire of every one of us is anti-social. Are we vine-dressers? It would give us no great regret if hail should shower down on all the vines in the world except our own: *this is the theory of scarcity*. Are we iron-masters? Our wish is, that there should be no other iron in the market but our own, however much the public may be in want of it; and for no other reason than that this want, keenly felt and imperfectly satisfied, shall ensure us a higher price: *this is still the theory of scarcity*. Are we farmers? We say with M. Bugeaud, Let bread be dear, that is to say, scarce, and agriculturists will thrive: always the same theory, *the theory of scarcity*.



Are we physicians? We cannot avoid seeing that certain physical ameliorations, improving the sanitary state of the country, the development of certain moral virtues, such as moderation and temperance, the progress of knowledge tending to enable each man to take better care of his own health, the discovery of certain simple remedies of easy application, would be so many blows to our professional success. In as far as we are physicians, then, our secret wishes would be anti-social. I do not say that physicians form these secret wishes. On the contrary, I believe they would hail with joy the discovery of a universal panacea; but they would not do this as physicians, but as men, and as Christians. By a noble abnegation of self', the physician places himself in the consumer's point of view. But as exercising a profession, from which he derives his own and his family's subsistence, his desires, or, if you will, his interests, are anti-social.

Are we manufacturers of cotton stuffs? We desire to sell them at the price most profitable to ourselves. We should consent willingly to an interdict being laid on all rival manufactures; and if we could venture to give this wish public expression, or hope to realize it with some chance of success, we should attain our end, to some extent, by indirect means; for example, by excluding foreign fabrics, in order to diminish the *supply*, and thus produce, forcibly and to our profit, a *scarcity* of clothing.

In the same way, we might pass in review all other branches of industry, and we should always find that the producers, as such, have anti-social views. "The shopkeeper," says Montaigne, "thrives only by the irregularities of youth; the farmer by the high price of corn, the architect by the destruction of houses, the officers of justice by lawsuits and quarrels. Ministers of religion derive their distinction and employment from our vices and our death. No physician rejoices in the health of his friends, nor soldiers in the peace of their country; and so of the rest."

Hence it follows that if the secret wishes of each producer were realized, the world would retrograde rapidly towards barbarism. The sail would supersede steam, the oar would supersede the sail, and general traffic would be carried on by the carrier's waggon; the latter would be superseded by the mule, and the mule by the pedlar. Wool would exclude cotton, cotton in its turn would exclude wool, and so on until the dearth of all things had caused man himself to disappear from the face of the earth.

Suppose for a moment that the legislative power and the public force were placed at the disposal of Mimral's committee, and that each member of that association had the privilege of bringing in and sanctioning a favourite law, is it difficult to divine to what sort of industrial code the public would be subjected?

If we now proceed to consider the immediate interest of the consumer, we shall find that it is in perfect harmony with the general interest, with all that the welfare of society calls for. When the purchaser goes to market, he desires to find it well stocked. Let the seasons be propitious for all harvests; let inventions more and more marvellous bring within reach a greater and greater number of products and enjoyments; let time and labour be saved; let distances be effaced by the perfection and rapidity of transit; let the spirit of justice and of peace allow of a diminished weight of taxation; let barriers of every kind be removed; – in all this the interest of the consumer runs parallel with the public interest. The consumer may push his secret wishes to a chimerical and absurd length, without these wishes becoming antagonistic to the public welfare. He may desire that food and shelter, the hearth and the roof, instruction and morality, security and peace, power and health, should be obtained without exertion, and without measure, like the dust of the highways, the water of the brook, the air which we breathe; and yet the realization of his desires would not be at variance with the good of society.

It may be said that if these wishes were granted, the work of the producer would become more and more limited, and would end with being stopped for want of aliment. But why? Because, on this extreme supposition, all imaginable wants and desires would be fully satisfied. Man, like Omnipotence, would create all things by a simple act of volition. Well, on this hypotheses, what reason should we have to regret the stoppage of industrial production?

I made the supposition, not long ago, of the existence of an assembly composed of workmen, each member of which, in his capacity of producer, should have the power of passing a law embodying his *secret wish*, and I said that the code which would emanate from that assembly would be monopoly systematized, the theory of scarcity reduced to practice.

In the same way, a chamber in which each should consult exclusively his own immediate interest as a consumer, would tend to systematize liberty, to suppress all restrictive measures, to overthrow all artificial barriers – in a word, to realize the *theory of plenty*.

Hence it follows:

That to consult exclusively the immediate interest of the producer, is to consult an interest which is anti-social.

That to take for basis exclusively the immediate interest of the consumer, would be to take for basis the general interest.

Let me enlarge on this view of the subject a little, at the risk of being prolix.

A radical antagonism exists between seller and buyer.<sup>2</sup>

The former desires that the subject of the bargain should be scarce, its supply limited, and its price high.

The latter desires that it should be *abundant*, its supply large, and its price low.

The laws, which should be at least neutral, take the part of the seller against the buyer, of the producer against the consumer, of dearness against cheapness,<sup>3</sup> of scarcity against abundance.

They proceed, if not intentionally, at least logically, on this datum: *a nation is rich when it is in want of everything*.

For they say, it is the producer that we must favour by securing him a good market for his product. For this purpose it is necessary to raise the price, and in order to raise the price we must restrict the supply; and to restrict the supply is to create scarcity.

Just let us suppose that at the present moment, when all these laws are in full force, we make a complete inventory, not in value, but in weight, measure, volume, quantity, of all the commodities existing in the country, which are fitted to satisfy the wants and tastes of its inhabitants – corn, meat, cloth, fuel, colonial products, etc.

Suppose, again, that next day all the barriers which oppose the introduction of foreign products are removed.

Lastly, suppose that in order to test the result of this reform, they proceed three months afterwards to make a new inventory.

Is it not true that there will be found in France more corn, cattle, cloth, linen, iron, coal, sugar, etc., at the date of the second, than at the date of the first inventory?

So true is this, that our protective tariffs have no other purpose than to hinder all these things from reaching us, to restrict the supply, and prevent depreciation and abundance.

Now I would ask, Are the people who live under our laws better fed because there is *less* bread, meat, and sugar in the country? Are they better clothed, because there is *less* cloth and linen? Better warmed, because there is *less* coal? Better assisted in their labour, because there are *fewer* tools and *less* iron, copper, and machinery?

But it may be said, If the foreigner *inundates* us with his products, he will carry away our money.

And what does it matter? Men are not fed on money. They do not clothe themselves with gold, or warm themselves with silver. What matters it whether there is more or less money in the country,

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<sup>2</sup> The author has modified somewhat the terms of this proposition in a posterior work. – See *Harmonies Économiques*, chapter xi. – Editor.

<sup>3</sup> We have not in French a substantive to express the idea opposed to that of dearness (cheapness). It is somewhat remarkable that the popular instinct expresses the idea by this periphrase, *marche avantageux, bon marche*'. The protectionists would do well to reform this locution, for it implies an economic system opposed to theirs.

if there is more bread on our sideboards, more meat in our larders, more linen in our wardrobes, more firewood in our cellars.

Restrictive laws always land us in this dilemma: —

Either you admit that they produce scarcity, or you do not. If you admit it, you avow by the admission that you inflict on the people all the injury in your power. If you do not admit it, you deny having restricted the supply and raised prices, and consequently you deny having favoured the producer.

What you do is either hurtful or profitless, injurious or ineffectual. It never can be attended with any useful result.

## II. OBSTACLE, CAUSE

The obstacle mistaken for the cause, – scarcity mistaken for abundance, – this is the same sophism under another aspect; and it is well to study it in all its phases.

Man is originally destitute of everything.

Between this destitution and the satisfaction of his wants, there exist a multitude of *obstacles* which labour enables us to surmount. It is curious to inquire how and why these very obstacles to his material prosperity have come to be mistaken for the cause of that prosperity.

I want to travel a hundred miles. But between the starting-point and the place of my destination, mountains, rivers, marshes, impenetrable forests, brigands – in a word, *obstacles*– interpose themselves; and to overcome these obstacles, it is necessary for me to employ many efforts, or, what comes to the same thing, that others should employ many efforts for me, the price of which I must pay them. It is clear that I should have been in a better situation if these obstacles had not existed.

On his long journey through life, from the cradle to the grave, man has need to assimilate to himself a prodigious quantity of alimentary substances, to protect himself against the inclemency of the weather, to preserve himself from a number of ailments, or cure himself of them. Hunger, thirst, disease, heat, cold, are so many obstacles strewn along his path. In a state of isolation he must overcome them all, by hunting, fishing, tillage, spinning, weaving, building; and it is clear that it would be better for him that these obstacles were less numerous and formidable, or, better still, that they did not exist at all. In society, he does not combat these obstacles personally, but others do it for him; and in return he employs himself in removing one of those obstacles which are encountered by his fellow-men.

It is clear also, considering things in the gross, that it would be better for men in the aggregate, or for society, that these obstacles should be as few and feeble as possible.

But when we come to scrutinize the social phenomena in detail, and men's sentiments as modified by the introduction of exchange, we soon perceive how they have come to confound wants with wealth, the obstacle with the cause.

The separation of employments, the division of labour, which results from the faculty of exchanging, causes each man, instead of struggling on his own account to overcome all the obstacles which surround him, to combat only *one* of them; he overcomes that one not for himself but for his fellow-men, who in turn render him the same service.

The consequence is that this man, in combating this obstacle which it is his special business to overcome for the sake of others, sees in it the immediate source of his own wealth. The greater, the more formidable, the more keenly felt this obstacle is, the greater will be the remuneration which his fellow-men will be disposed to accord him; that is to say, the more ready will they be to remove the obstacles which stand in his way.

The physician, for example, does not bake his own bread, or manufacture his own instruments, or weave or make his own coat. Others do these things for him, and in return he treats the diseases with which his patients are afflicted. The more numerous, severe, and frequent these diseases are, the more others consent, and are obliged, to do for his personal comfort. Regarding it from this point of view, disease, that general obstacle to human happiness, becomes a cause of material prosperity to the individual physician. The same argument applies to all producers in their several departments. The shipowner derives his profits from the obstacle called *distance*; the agriculturist from that called *hunger*; the manufacturer of cloth from that called *cold*; the schoolmaster lives upon *ignorance*; the lapidary upon *vanity*; the attorney on *cupidity*; the notary upon possible *bad faith*, – just as the physician lives upon the diseases of men. It is quite true, therefore, that each profession has an immediate interest in the continuation, nay in the extension, of the special obstacle which it is its business to combat.

Observing this, theorists make their appearance, and, founding a system on their individual sentiments, tell us: Want is wealth, labour is wealth, obstacles to material prosperity are prosperity. To multiply obstacles is to support industry.

Then statesmen intervene. They have the disposal of the public force; and what more natural than to make it available for developing and multiplying obstacles, since this is developing and multiplying wealth? They say, for example: If we prevent the importation of iron from places where it is abundant, we place an obstacle in the way of its being procured. This obstacle, keenly felt at home, will induce men to pay in order to be set free from it. A certain number of our fellow-citizens will devote themselves to combating it, and this obstacle will make their fortune. The greater the obstacle is – that is, the scarcer, the more inaccessible, the more difficult to transport, the more distant from the place where it is to be used, the mineral sought for becomes – the more hands will be engaged in the various ramifications of this branch of industry. Exclude, then, foreign iron, create an obstacle, for you thereby create the labour which is to overcome it.

The same reasoning leads to the proscription of machinery.

Here, for instance, are men who are in want of casks for the storage of their wine. This is an obstacle; and here are other men whose business it is to remove that obstacle by making the casks that are wanted. It is fortunate, then, that this obstacle should exist, since it gives employment to a branch of national industry, and enriches a certain number of our fellow-citizens. But then we have ingenious machinery invented for felling the oak, cutting it up into staves, and forming them into the wine-casks that are wanted. By this means the obstacle is lessened, and so are the gains of the cooper. Let us maintain both at their former elevation by a law, and put down the machinery.

To get at the root of this sophism, it is necessary only to reflect that human labour is not the *end*, but the *means*. *It never remains unemployed*. If one obstacle is removed, it does battle with another; and society is freed from two obstacles by the same amount of labour which was formerly, required for the removal of one. If the labour of the cooper is rendered unnecessary in one department, it will soon take another direction. But how and from what source will it be remunerated? From the same source exactly from which it is remunerated at present; for when a certain amount of labour becomes disposable by the removal of an obstacle, a corresponding amount of remuneration becomes disposable also. To maintain that human labour will ever come to want employment, would be to maintain that the human race will cease to encounter obstacles. In that case labour would not only be impossible; it would be superfluous. We should no longer have anything to do, because we should be omnipotent; and we should only have to pronounce our *fiat* in order to ensure the satisfaction of all our desires and the supply of all our wants.<sup>4</sup>

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<sup>4</sup> See post, ch. xiv. of second series of *Sophismes Économiques*, and ch. iii. and xi. of the *Harmonies Économiques*.

### III. EFFORT, RESULT

We have just seen that between our wants and the satisfaction of these wants, obstacles are interposed. We succeed in overcoming these obstacles, or in diminishing their force by the employment of our faculties. We may say in a general way, that industry is an effort followed by a result.

But what constitutes the measure of our prosperity, or of our wealth? Is it the result of the effort? or is it the effort itself? A relation always subsists between the effort employed and the result obtained. Progress consists in the relative enhancement of the second or of the first term of this relation.

Both theses have been maintained; and in political economy they have divided the region of opinion and of thought.

According to the first system, wealth is the result of labour, increasing as the relative *proportion of result to effort increases*. Absolute perfection, of which God is the type, consists in the infinite distance interposed between the two terms – in this sense, effort is *nil*, result infinite.

The second system teaches that it is the effort itself which constitutes the measure of wealth. To make progress is to increase the relative proportion *which effort bears to result*. The ideal of this system may be found in the sterile and eternal efforts of Sisyphus.<sup>5</sup>

The first system naturally welcomes everything which tends to diminish *pains* and augment *products*; powerful machinery which increases the forces of man, exchange which allows him to derive greater advantage from natural agents distributed in various proportions over the face of the earth, intelligence which discovers, experience which proves, competition which stimulates, etc.

Logically, the second invokes everything which has the effect of increasing pains and diminishing products; privileges, monopolies, restrictions, prohibitions, suppression of machinery, sterility, etc.

It is well to remark that the *universal practice* of mankind always points to the principle of the first system. We have never seen, we shall never see, a man who labours in any department, be he agriculturist, manufacturer, merchant, artificer, soldier, author, or philosopher, who does not devote all the powers of his mind to work better, to work with more rapidity, to work more economically – in a word, to effect *more with less*.

The opposite doctrine is in favour only with theorists, deputies, journalists, statesmen, ministers – men, in short, born to make experiments on the social body.

At the same time, we may observe, that in what concerns themselves personally, they act as every one else does, on the principle of obtaining from labour the greatest possible amount of useful results.

Perhaps I may be thought to exaggerate, and that there are no true *sisyphists*.

If it be argued that in practice they do not press their principle to its most extreme consequences, I willingly grant it. This is always the case when one sets out with a false principle. Such a principle soon leads to results so absurd and so mischievous that we are obliged to stop short. This is the reason why practical industry never admits *sisyphism*; punishment would follow error too closely not to expose it. But in matters of speculation, such as theorists and statesmen deal in, one may pursue a false principle a long time before discovering its falsity by the complicated consequences to which men were formerly strangers; and when at last its falsity is found out, the authors take refuge in the opposite principle, turn round, contradict themselves, and seek their justification in a modern maxim of incomparable absurdity: in political economy, there is no inflexible rule, no absolute principle.

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<sup>5</sup> For this reason, and for the sake of conciseness, the reader will pardon us for designating this system in the sequel by the name of *sisyphism*.

Let us see, then, if these two opposite principles which I have just described do not predominate by turns, the one in practical industry, the other in industrial legislation.

I have already noticed the saying of M. Bugeaud (that "when bread is dear, agriculturists become rich"); but in M. Bugeaud are embodied two separate characters, the agriculturist and the legislator.

As an agriculturist, M. Bugeaud directs all his efforts to two ends, – to save labour, and obtain cheap bread. When he prefers a good plough to a bad one; when he improves his pastures; when, in order to pulverize the soil, he substitutes as much as possible the action of the atmosphere for that of the harrow and the hoe; when he calls to his aid all the processes of which science and experiment have proved the efficacy, – he has but one object in view, viz., to diminish *the proportion of effort to result*. We have indeed no other test of the ability of a cultivator, and the perfection of his processes, than to measure to what extent they have lessened the one and added to the other. And as all the farmers in the world act upon this principle, we may assert that the effort of mankind at large is to obtain, for their own benefit undoubtedly, bread and all other products cheaper, to lessen the labour needed to procure a given quantity of what they want.

This incontestable tendency of mankind once established, should, it would seem, reveal to the legislator the true principle, and point out to him in what way he should aid industry (in as far as it falls within his province to aid it); for it would be absurd to assert that human laws should run counter to the laws of Providence.

And yet we have heard M. Bugeaud, as a deputy, exclaim: "I understand nothing of this theory of cheapness; I should like better to see bread dearer and labour more abundant." And following out this doctrine, the deputy of the Dordogne votes legislative measures, the effect of which is to hamper exchanges, for the very reason that they procure us indirectly what direct production could not procure us but at greater expense.

Now, it is very evident that M. Bugeaud's principle as a deputy is directly opposed to the principle on which he acts as an agriculturist. To act consistently, he should vote against all legislative restriction, or else import into his farming operations the principle which he proclaims from the tribune. We should then see him sow his corn in his most sterile fields, for in this way he would succeed in *working much to obtain little*. We should see him throwing aside the plough, since hand-culture would satisfy his double wish for dearer bread and more abundant labour.

Restriction has for its avowed object, and its acknowledged effect, to increase labour.

It has also for its avowed object, and its acknowledged effect, to cause dearness, which means simply scarcity of products; so that, carried out to its extreme limits, it is pure *sisyphism*, such as we have defined it, —*labour infinite, product nil*.

Baron Charles Dupin, the light of the peerage, it is said, on economic science, accuses railways of *injuring navigation*; and it is certain that it is of the nature of a more perfect, to restrict the use of a less perfect means of conveyance. But railways cannot hurt navigation except by attracting traffic; and they cannot attract traffic but by conveying goods and passengers more cheaply; and they cannot convey them more cheaply but by *diminishing the proportion which the effort employed bears to the result obtained*, seeing that that is the very thing which constitutes cheapness. When, then, Baron Dupin deplores this diminution of the labour employed to effect a given result, it is the doctrine of *sisyphism* which he preaches. Logically, since he prefers the ship to the rail, he should prefer the cart to the ship, the pack-saddle to the cart, and the pannier to all other known means of conveyance, for it is the latter which exacts the most labour with the least result.

"Labour constitutes the wealth of a people," said M. de Saint-Cricq, that Minister of Commerce who has imposed so many restrictions upon trade. We must not suppose that this was an elliptical expression, meaning, "The results of labour constitute the wealth of a people." No, this economist distinctly intended to affirm that it is the *intensity* of labour which is the measure of wealth, and the proof of it is, that from consequence to consequence, from one restriction to another, he induced France (and in this he thought he was doing her good) to expend double the amount of labour, in

order, for example, to provide herself with an equal quantity of iron. In England, iron was then at eight francs, while in France it cost sixteen francs. Taking a day's labour at one franc, it is clear that France could, by means of exchange, procure a quintal of iron by subtracting eight days' work from the aggregate national labour. In consequence of the restrictive measures of M. de Saint-Cricq, France was obliged to expend sixteen days' labour in order to provide herself with a quintal of iron by direct production. Double the labour for the same satisfaction, hence double the wealth. Then it follows that wealth is not measured by the result, but by the intensity of the labour. Is not this *sisyphism* in all its purity?

And in order that there may be no mistake as to his meaning, the Minister takes care afterwards to explain more fully his ideas; and as he had just before called the intensity of labour *wealthy* he goes on to call the more abundant results of that labour, or the more abundant supply of things proper to satisfy our wants, *poverty*. "Everywhere," he says, "machinery has taken the place of manual labour; everywhere production superabounds; everywhere the equilibrium between the faculty of producing, and the means of consuming, is destroyed." We see, then, to what, in M. de Saint-Cricq's estimation, the critical situation of the country was owing – it was to having produced too much, and her labour being too intelligent, and too fruitful. We were too well fed, too well clothed, too well provided with everything; a too rapid production surpassed all our desires. It was necessary, then, to put a stop to the evil, and for that purpose, to force us, by restrictions, to labour more in order to produce less.

I have referred likewise to the opinions of another Minister of Commerce, M. d'Argout. They deserve to be dwelt upon for an instant. Desiring to strike a formidable blow at beet-root culture, he says, "Undoubtedly, the cultivation of beet-root is useful, *but this utility is limited*. The developments attributed to it are exaggerated. To be convinced of this, it is sufficient to observe that this culture will be necessarily confined within the limits of consumption. Double, triple, if you will, the present consumption of France, *you will always find that a very trifling portion of the soil will satisfy the requirements of that consumption*." (This is surely rather a singular subject of complaint!) "Do you desire proof of this? How many *hectares* had we under beet-root in 1828? 3130, which is equivalent to 1-10, 540th of our arable land. At the present time, when indigenous sugar supplies one-third of our consumption, how much land is devoted to that culture? 16,700 *hectares*, or 1-1978th of the arable land, or 45 *centiares* in each commune. Suppose indigenous sugar already supplied our whole consumption, we should have only 48,000 hectares under beet-root, or 1-689th of the arable land."<sup>6</sup>

There are two things to be remarked upon in this citation – the facts and the doctrine. The facts tend to prove that little land, little capital, and little labour are required to produce a large quantity of sugar, and that each commune of France would be abundantly provided by devoting to beet-root cultivation one hectare of its soil. The doctrine consists in regarding this circumstance as adverse, and in seeing in the very power and fertility of the new industry, *a limit to its utility*.

I do not mean to constitute myself here the defender of beet-root culture, or a judge of the strange facts advanced by M. d'Argout;<sup>7</sup> but it is worth while to scrutinize the doctrine of a statesman, to whom France for a long time entrusted the care of her agriculture and of her commerce.

I remarked in the outset that a variable relation exists between an industrial effort and its result; that absolute imperfection consists in an infinite effort without any result; absolute perfection in an unlimited result without any effort; and perfectibility in the progressive diminution of effort compared with the result.

But M. d'Argout tells us there is death where we think we perceive life, and that the importance of any branch of industry is in direct proportion to its powerlessness. What are we to expect, for

<sup>6</sup> It is fair to M. d'Argout to say that he put this language in the mouth of the adversaries of beet-root culture. But he adopts it formally, and sanctions it besides, by the law which it was employed to justify.

<sup>7</sup> Supposing that 48,000 or 50,000 hectares were sufficient to supply the present consumption, it would require 150,000 for triple that consumption, which M. d'Argout admits as possible. Moreover, if beet-root entered into a six years' rotation of crops, it would occupy successively 900,000 hectares, or 1-38th of the arable land.



instance, from the cultivation of beet-root? Do you not see that 48,000 *hectares* of land, with capital and manual labour in proportion, are sufficient to supply all France with sugar? Then, this is a branch of industry of limited utility; limited, of course, with reference to the amount of labour which it demands, the only way in which, according to the ex-Minister, any branch of industry can be useful. This utility would be still more limited, if, owing to the fertility of the soil, and the richness of the beet-root, we could reap from 24,000 hectares, what at present we only obtain from 48,000. Oh! were only twenty times, a hundred times, more land, capital, and labour necessary to *yield us the same result*, so much the better. We might build some hopes on this new branch of industry, and it would be worthy of state protection, for it would offer a vast field to our national industry. But to produce much with little! that is a bad example, and it is time for the law to interfere.

But what is true with regard to sugar, cannot be otherwise with regard to bread. If, then, the *utility* of any branch of industry is to be estimated not by the amount of satisfactions it is fitted to procure us with a determinate amount of labour, but, on the contrary, by the amount of labour which it exacts in order to yield us a determinate amount of satisfactions, what we ought evidently to desire is, that each acre of land should yield less corn, and each grain of corn less nourishment; in other words, that our land should be comparatively barren; for then the quantity of land, capital, and manual labour that would be required for the maintenance of our population would be much more considerable; we could then say that the demand for human labour would be in direct proportion to this barrenness. The aspirations of MM. Bugeaud, Saint-Cricq, Dupin, and d'Argout, would then be satisfied; bread would be dear, labour abundant, and France rich – rich at least in the sense in which these gentlemen understand the word.

What we should desire also is, that human intelligence should be enfeebled or extinguished; for, as long as it survives, it will be continually endeavouring to augment *the proportion which the end bears to the means, and which the product bears to the labour*. It is in that precisely that intelligence consists.

Thus, it appears that *sisyphism* has been the doctrine of all the men who have been intrusted with our industrial destinies. It would be unfair to reproach them with it. This principle guides Ministers only because it is predominant in the Chambers; and it predominates in the Chambers only because it is sent there by the electoral body, and the electoral body is imbued with it only because public opinion is saturated with it.

I think it right to repeat here that I do not accuse men such as MM. Bugeaud, Dupin, Saint-Cricq, and d'Argout of being absolutely and under all circumstances *sisyphists*. They are certainly not so in their private transactions; for in these they always desire to obtain *by way of exchange* what would cost them dearer to procure *by direct production*; but I affirm they are *sisyphists* when they hinder the country from doing the same thing.<sup>8</sup>

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<sup>8</sup> See on the same subject, *Sophismes Économiques*, second series, ch. xvi., post, and *Harmonies Économiques*, ch. vi.

## IV. TO EQUALIZE THE CONDITIONS OF PRODUCTION

It has been said...but in case I should be accused of putting sophisms into the mouths of the protectionists, I shall allow one of their most vigorous athletes to speak for them.

"It has been thought that protection in our case should simply represent the difference which exists between the cost price of a commodity which we produce and the cost price of the same commodity produced by our neighbours... A protective duty calculated on this basis would only ensure free competition...; free competition exists only when there is equality in the conditions and in the charges. In the case of a horse race, we ascertain the weight which each horse has to carry, and so equalize the conditions; without that there could be no fair competition. In the case of trade, if one of the sellers can bring his commodity to market at less cost, he ceases to be a competitor, and becomes a monopolist... Do away with this protection which represents the difference of cost price, and the foreigner invades our markets and acquires a monopoly."<sup>9</sup>

"Every one must wish, for his own sake, as well as for the sake of others, that the production of the country should be protected against foreign competition, *whenever the latter can furnish products at a lower price.*"<sup>10</sup>

This argument recurs continually in works of the protectionist school. I propose to examine it carefully, and I solicit earnestly the reader's patience and attention. I shall consider, first of all, the inequalities which are attributable to nature, and afterwards those which are attributable to diversity of taxation.

In this, as in other cases, we shall find protectionist theorists viewing their subject from the producer's stand-point, whilst we advocate the cause of the unfortunate consumers, whose interests they studiously keep out of sight. They institute a comparison between the field of industry and the *turf*. But as regards the latter, the race is at once the *means* and the *end*. The public feels no interest in the competition beyond the competition itself. When you start your horses, your *end*, your object, is to find out which is the swiftest runner, and I see your reason for equalizing the weights. But if your *end*, your object, were to secure the arrival of some important and urgent news at the winning-post, could you, without inconsistency, throw obstacles in the way of any one who should offer you the best means of expediting your message? This is what you do in commercial affairs. You forget the end, the object sought to be attained, which is material prosperity; you disregard it, you sacrifice it to a veritable *petitio principii*; in plain language, you are begging the question.

But since we cannot bring our opponents to our point of view, let us place ourselves in theirs, and examine the question in its relations with production.

I shall endeavour to prove,

1st, That to level and equalize the conditions of labour, is to attack exchange in its essence and principle.

2d, That it is not true that the labour of a country is neutralized by the competition of more favoured countries.

3d, That if that were true, protective duties would not equalize the conditions of production.

4th, That liberty, freedom of trade, levels these conditions as much as they can be levelled.

5th, That the least favoured countries gain most by exchange.

I. To level and equalize the conditions of labour is not simply to cramp exchanges in certain branches of trade, it is to attack exchange in its principle, for its principle rests upon that very diversity, upon those very inequalities of fertility, aptitude, climate, and temperature, which you desire to efface. If Guienne sends wine to Brittany, and if Brittany sends corn to Guienne, it arises from their being

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<sup>9</sup> M. le Vicomte de Romanet.

<sup>10</sup> Matthieu le Dombasle.

placed under different conditions of production. Is there a different law for international exchanges? To urge against international exchanges that inequality of conditions which gives rise to them, and explains them, is to argue against their very existence. If protectionists had on their side sufficient logic and power, they would reduce men, like snails, to a state of absolute isolation. Moreover, there is not one of their sophisms which, when submitted to the test of rigorous deductions, does not obviously tend to destruction and annihilation.

II. It is not true, in point of *fact*, that inequality of conditions existing between two similar branches of industry entails necessarily the ruin of that which is least favourably situated. On the turf, if one horse gains the prize, the other loses it; but when two horses are employed in useful labour, each produces a beneficial result in proportion to its powers; and if the more vigorous renders the greater service, it does not follow that the other renders no service at all. We cultivate wheat in all the departments of France, although there are between them enormous differences of fertility; and if there be any one department which does not cultivate wheat, it is because it is not profitable to engage in that species of culture in that locality. In the same way, analogy shows us that under the *regime* of liberty, in spite of similar differences, they produce wheat in all the countries of Europe; and if there be one which abandons the cultivation of that grain, it is because it is found *more for its interest* to give another direction to the employment of its land, labour, and capital. And why should the fertility of one department not paralyze the agriculturist of a neighbouring department which is less favourably situated? Because the economic phenomena have a flexibility, an elasticity, *levelling powers*, so to speak, which appear to have altogether escaped the notice of the protectionist school. That school accuses us of being given up to system; but it is the protectionists who are systematic in the last degree, if the spirit of system consists in bolstering up arguments which rest upon one fact instead of upon an aggregation of facts. In the example which we have given, it is the difference in the value of lands which compensates the difference in their fertility. Your field produces three times more than mine. Yes, but it has cost you ten times more, and I can still compete with you. This is the whole mystery. And observe, that superiority in some respects leads to inferiority in others. It is just because your land is more fertile that it is dearer; so that it is not *accidentally*, but *necessarily*, that the equilibrium is established, or tends to be established; and it cannot be denied that liberty is the *regime* which is most favourable to this tendency.

I have referred to a branch of agricultural industry; I might as well have referred to industry in a different department. There are tailors at Quimper, and that does not hinder there being tailors also in Paris, though the latter pay a higher rent, and live at much greater expense. But then they have a different set of customers, and that serves not only to redress the balance, but to make it incline to their side.

When we speak, then, of equalizing the conditions of labour, we must not omit to examine whether liberty does not give us what we seek from an arbitrary system.

This natural levelling power of the economic phenomena is so important to the question we are considering, and at the same time so fitted to inspire us with admiration of the providential wisdom which presides over the equitable government of society, that I must ask permission to dwell upon it for a little.

The protectionist gentlemen tell us: Such or such a people have over us an advantage in the cheapness of coal, of iron, of machinery, of capital – we cannot compete with them.

We shall examine the proposition afterwards under all its aspects. At present, I confine myself to the inquiry whether, when a superiority and an inferiority are both present, they do not possess in themselves, the one an ascending, the other a descending force, which must ultimately bring them back to a just equilibrium.

Suppose two countries, A and B. A possesses over B all kinds of advantages. You infer from this, that every sort of industry will concentrate itself in A, and that B is powerless. A, you say, sells

much more than it buys; B buys much more than it sells. I might dispute this, but I respect your hypothesis.

On this hypothesis, labour is much in demand in A, and will soon rise in price there.

Iron, coal, land, food, capital, are much in demand in A, and they will soon rise in price there.

Contemporaneously with this, labour, iron, coal, land, food, capital, are in little request in B, and will soon fall in price there.

Nor is this all. While A is always selling, and B is always buying, money passes from B to A. It becomes abundant in A, and scarce in B.

But abundance of money means that we must have plenty of it to buy everything else. Then in A, to the *real dearness* which arises from a very active demand, there is added a *nominal dearness*, which is due to a redundancy of the precious metals.

Scarcity of money means that little is required for each purchase. Then in B a *nominal cheapness* comes to be combined with *real cheapness*.

In these circumstances, industry will have all sorts of motives – motives, if I may say so, carried to the highest degree of intensity – to desert A and establish itself in B.

Or, to come nearer what would actually take place under such circumstances, we may affirm that sudden displacements being so repugnant to the nature of industry, such a transfer would not have been so long delayed, but that from the beginning, under the free *regime*, it would have gradually and progressively shared and distributed itself between A and B, according to the laws of supply and demand – that is to say, according to the laws of justice and utility.

And when I assert that if it were possible for industry to concentrate itself upon one point, that very circumstance would set in motion an irresistible decentralizing force, I indulge in no idle hypothesis.

Let us listen to what was said by a manufacturer in addressing the Manchester Chamber of Commerce (I omit the figures by which he supported his demonstration): —

"Formerly we exported stuffs; then that exportation gave place to that of yarns, which are the raw material of stuffs; then to that of machines, which are the instruments for producing yarn; afterwards to the exportation of the capital with which we construct our machines; finally, to that of our workmen and our industrial skill, which are the source of our capital. All these elements of labour, one after the other, are set to work wherever they find the most advantageous opening, wherever the expense of living is cheaper and the necessities of life are most easily procured; and at the present day, in Prussia, in Austria, in Saxony, in Switzerland, in Italy, we see manufactures on an immense scale founded and supported by English capital, worked by English operatives, and directed by English engineers."

You see very clearly, then, that nature, or rather that Providence, more wise, more far-seeing than your narrow and rigid theory supposes, has not ordered this concentration of industry, this monopoly of all advantages upon which you found your reasoning as upon a fact which is unalterable and without remedy. Nature has provided, by means as simple as they are infallible, that there should be dispersion, diffusion, solidarity, simultaneous progress; all constituting a state of things which your restrictive laws paralyze as much as they can; for the tendency of such laws is, by isolating communities, to render the diversity of condition much more marked, to prevent equalization, hinder fusion, neutralize countervailing circumstances, and segregate nations, whether in their superiority or in their inferiority of condition.

III. In the third place, to contend that by a protective duty you equalize the conditions of production, is to give currency to an error by a deceptive form of speech. It is not true that an import duty equalizes the conditions of production. These remain, after the imposition of the duty, the same as they were before. At most, all that such a duty equalizes are *the conditions of sale*. It may be said, perhaps, that I am playing upon words, but I throw back the accusation. It is for my opponents to show

that *production and sale* are synonymous terms; and if they cannot do this, I am warranted in fastening upon them the reproach, if not of playing on words, at least of mixing them up and confusing them.

To illustrate what I mean by an example: I suppose some Parisian speculators to devote themselves to the production of oranges. They know that the oranges of Portugal can be sold in Paris for a penny apiece, whilst they, on account of the frames and hot-houses which the colder climate would render necessary, could not sell them for less than a shilling as a remunerative price. They demand that Portuguese oranges should have a duty of elevenpence imposed upon them. By means of this duty, they say, the *conditions of production* will be equalized; and the Chamber, giving effect, as it always does, to such reasoning, inserts in the tariff a duty of elevenpence upon every foreign orange.

Now, I maintain that the *conditions of production* are in nowise changed. The law has made no change on the heat of the sun of Lisbon, or on the frequency and intensity of the frosts of Paris. The ripening of oranges will continue to go on naturally on the banks of the Tagus, and artificially on the banks of the Seine – that is to say, much more human labour will be required in the one country than in the other. The conditions of sale are what have been equalized. The Portuguese must now sell us their oranges at a shilling, elevenpence of which goes to pay the tax. That tax will be paid, it is evident, by the French consumer. And look at the whimsical result. Upon each Portuguese orange consumed, the country will lose nothing, for the extra elevenpence charged to the consumer will be paid into the treasury. This will cause displacement, but not loss. But upon each French orange consumed there will be a loss of elevenpence, or nearly so, for the purchaser will certainly lose that sum, and the seller as certainly will not gain it, seeing that by the hypothesis he will only have received the cost price. I leave it to the protectionists to draw the inference.

IV. If I have dwelt upon this distinction between the conditions of production and the conditions of sale, a distinction which the protectionists will no doubt pronounce paradoxical, it is because it leads me to inflict on them another, and a much stranger, paradox, which is this: Would you equalize effectually the conditions of production, leave exchange free.

Now, really, it will be said, this is too much; you must be making game of us. Well, then, were it only for curiosity, I entreat the gentlemen protectionists to follow me on to the conclusion of my argument. It will not be long. I revert to my former illustration.

Let us suppose for a moment that the average daily wage which a Frenchman earns is equal to a shilling, and it follows incontestably that to produce directly an orange in France, a day's work, or its equivalent, is required; while to produce the value of a Portuguese orange, only a twelfth part of that day's labour would be necessary; which means exactly this, that the sun does at Lisbon what human labour does at Paris. Now, is it not very evident that if I can produce an orange, or, what comes to the same thing, the means of purchasing one, with a twelfth part of a day's labour, I am placed, with respect to this production, under exactly the same conditions as the Portuguese producer himself, excepting the carriage, which must be at my expense. It is certain, then, that liberty equalizes the conditions of production direct or indirect, as far as they can be equalized, since it leaves no other difference, but the inevitable one arising from the expense of transport.

I add, that liberty equalizes also the conditions of enjoyment, of satisfaction, of consumption, with which the protectionists never concern themselves, and which are yet the essential consideration, consumption being the end and object of all our industrial efforts. In virtue of free trade, we enjoy the sun of Portugal like the Portuguese themselves. The inhabitants of Havre and the citizens of London are put in possession, and on the same conditions, of all the mineral resources which nature has bestowed on Newcastle.

V. Gentlemen protectionists, you find me in a paradoxical humour; and I am disposed to go further still. I say, and I sincerely think, that if two countries are placed under unequal conditions of production, *it is that one of the two which is least favoured by nature which has most to gain by free trade*. To prove this, I must depart a little from the usual form of such a work as this. I shall do so nevertheless, first of all, because the entire question lies there, and also because it will afford

me an opportunity of explaining an economic law of the highest importance, and which, if rightly understood, appears to me to be fitted to bring back to the science all those sects who, in our day, seek in the land of chimeras that social harmony which they fail to discover in nature. I refer to the law of consumption, which it is perhaps to be regretted that the majority of economists have neglected.

Consumption is the *end* and final cause of all the economic phenomena, and it is in consumption consequently that we must expect to find their ultimate and definitive solution.

Nothing, whether favourable or unfavourable, can abide permanently with the producer. The advantages which nature and society bestow upon him, the inconveniences he may experience, glide past him, so to speak, and are absorbed and mixed up with the community in as far as the community represents consumers. This is an admirable law both in its cause and in its effects, and he who shall succeed in clearly describing it is entitled, in my opinion, to say, "I have not passed through life without paying my tribute to society." Everything which favours the work of production is welcomed with joy by the producer, for the *immediate effect* of it is to put him in a situation to render greater service to the community, and to exact from it a greater remuneration. Every circumstance which retards or interrupts production gives pain to the producer, for the *immediate effect* of it is to circumscribe his services, and consequently his remuneration. *Immediate* good or ill circumstances – fortunate or unfortunate – necessarily fall upon the producer, and leave him no choice but to accept the one and eschew the other.

In the same way, when a workman succeeds in discovering an improved process in manufactures, the *immediate* profit from the improvement results to him. This was necessary, in order to give his labour an intelligent direction; and it is just, because it is fair that an effort crowned with success should carry its recompense along with it.

But I maintain that these good or bad effects, though in their own nature permanent, are not permanent as regards the producer. If it had been so, a principle of progressive, and, therefore, of indefinite, inequality would have been introduced among men, and this is the reason why these good or evil effects become very soon absorbed in the general destinies of the human race.

How is this brought about? I shall show how it takes place by some examples.

Let us go back to the thirteenth century. The men who then devoted themselves to the art of copying received for the service which they rendered *a remuneration regulated by the general rate of earnings*.<sup>11</sup> Among them there arose one who discovered the means of multiplying copies of the same work rapidly. He invented printing.

In the first instance, one man was enriched, and many others were impoverished. At first sight, marvellous as the invention proves itself to be, we hesitate to decide whether it is hurtful or useful. It seems to introduce into the world, as I have said, an indefinite element of inequality. Guttenberg profits by his invention, and extends his invention with its profits indefinitely, until he has ruined all the copyists. As regards the public, in the capacity of consumer, it gains little; for Guttenberg takes care not to lower the price of his books, but just enough to undersell his rivals.

But the intelligence which has introduced harmony into the movements of the heavenly bodies, has implanted it also in the internal mechanism of society. We shall see the economic advantages of the invention when it has ceased to be individual property, and has become for ever the common patrimony of the masses.

At length the invention comes to be known. Guttenberg is no longer the only printer; others imitate him. Their profits' at first are large. They are thus rewarded for having been the first to imitate the invention; and it is right that it should be so, for this higher remuneration was necessary to induce them to concur in the grand definite result which is approaching. They gain a great deal, but they gain

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<sup>11</sup> The author, here and elsewhere, uses the French word *profits*; but it is clear from the context that he does not refer to the returns from capital, in which sense alone the English economists employ the term *profits*. We have therefore substituted the words *earnings* or *wages*. —Translator,

less than the inventor, for *competition* now begins its work. The price of books goes on falling. The profit of imitators goes on diminishing in proportion as the invention becomes of older date; that is to say, in proportion as the imitation becomes less meritorious...

The new branch of industry at length reaches its normal state; in other words, the remuneration of printers ceases to be exceptionally high, and comes, like that of the copyist, to be *regulated by the ordinary rate of earnings*. Here we have production, as such, brought back to the point from which it started. And yet the invention is not the less an acquisition; the saving of time, of labour, of effort to produce a given result, that is, to produce a determinate number of copies, is not the less realized. But how does it show itself? In the cheapness of books. And to whose profit? To the profit of the consumer, of society, of the human race. The printers, who have thenceforth no exceptional merit, no longer receive exceptional remuneration. As men, as consumers, they undoubtedly participate in the advantages which the invention has conferred upon the community. But that is all. As printers, as producers, they have returned to the ordinary condition of the other producers of the country. Society pays them for their labour, and not for the utility of the invention. The latter has become the common and gratuitous heritage of mankind at large.

I confess that the wisdom and the beauty of these laws call forth my admiration and respect. I see in them Saint-Simonianism:

*To each according to his capacity; to each capacity according to its works.* I see in them, communism; that is, the tendency of products to become the *common* heritage of men; but a Saint-Simonianism, a communism, regulated by infinite prescience, and not abandoned to the frailties, the passions, and the arbitrary will of men.

What I have said of the art of printing, may be affirmed of all the instruments of labour, from the nail and the hammer to the locomotive and the electric telegraph. Society becomes possessed of all through its more abundant consumption, and *it enjoys all gratuitously*, for the effect of inventions and discoveries is to reduce the price of commodities; and all that part of the price which has been annihilated, and which represents the share invention has in production, evidently renders the product gratuitous to that extent. All that remains to be paid for is the human labour, the immediate labour, / and it is paid for without reference to the result of the invention, at least when that invention has passed through the cycle I have just described – the cycle which it is designed to pass through. I send for a tradesman to my house; he comes and brings his saw with him; I pay him two shillings for his day's work, and he saws me twenty-five boards. Had the saw not been invented, he would probably not have made out to furnish me with one, and I should have had to pay him the same wages for his day's work. The *utility* produced by the saw is then, as far as I am concerned, a gratuitous gift of nature, or rather it is a part of that inheritance which, *in common* with all my brethren, I have received from my ancestors. I have two workmen in my field. The one handles the plough, the other the spade. The result of their labour is very different, but the day's wages are the same, because the remuneration is not proportioned to the utility produced, but to the effort, the labour, which is exacted.

I entreat the reader's patience, and beg him to believe that I have not lost sight of free trade. Let him only have the goodness to remember the conclusion at which I have arrived: *Remuneration is not in proportion to the utilities which the producer brings to market, but to his labour.*<sup>12</sup>

I have drawn my illustrations as yet from human inventions. Let us now turn our attention to natural advantages.

In every branch of production, nature and man concur. But the portion of utility which nature contributes is always gratuitous. It is only the portion of utility which human labour contributes which forms the subject of exchange, and, consequently, of remuneration. The latter varies, no doubt, very much in proportion to the intensity of the labour, its skill, its promptitude, its suitability, the need

<sup>12</sup> It is true that labour does not receive a uniform remuneration. It may be more or less intense, dangerous, skilled, etc. Competition settles the usual or current price in each department – and this is the fluctuating price of which I speak.

there is of it, the temporary absence of rivalry, etc. But it is not the less true, in principle, that the concurrence of natural laws, which are common to all, counts for nothing in the price of the product.

We do not pay for the air we breathe, although it is so *useful* to us, that, without it, we could not live two minutes. We do not pay for it, nevertheless; because nature furnishes it to us without the aid of human labour. But if, for example, we should desire to separate one of the gases of which it is composed, to make an experiment, we must make an exertion; or if we wish another to make that exertion for us, we must sacrifice for that other an equivalent amount of exertion, although we may have embodied it in another product. Whence we see that pains, efforts, and exertions are the real subjects of exchange. It is not, indeed, the oxygen gas that I pay for, since it is at my disposal everywhere, but the labour necessary to disengage it, labour which has been saved me, and which must be recompensed. Will it be said that there is something else to be paid for, materials, apparatus, etc.? Still, in paying for these, I pay for labour. The price of the coal employed, for example, represents the labour necessary to extract it from the mine and to transport it to the place where it is to be used.

We do not pay for the light of the sun, because it is a gift of nature. But we pay for gas, tallow, oil, wax, because there is here human labour to be remunerated; and it will be remarked that, in this case, the remuneration is proportioned, not to the utility produced, but to the labour employed, so much so that it may happen that one of these kinds of artificial light, though more intense, costs us less, and for this reason, that the same amount of human labour affords us more of it.

Were the porter who carries water to my house to be paid in proportion to the *absolute utility* of water, my whole fortune would be insufficient to remunerate him. But I pay him in proportion to the exertion he makes. If he charges more, others will do the work, or, if necessary, I will do it myself. Water, in truth, is not the subject of our bargain, but the labour of carrying it. This view of the matter is so important, and the conclusions which I am about to deduce from it throw so much light on the question of the freedom of international exchanges, that I deem it necessary to elucidate it by other examples.

The alimentary substance contained in potatoes is not very costly, because we can obtain a large amount of it with comparatively little labour. We pay more for wheat, because the production of it costs a greater amount of human labour. It is evident that if nature did for the one what it does for the other, the price of both would tend to equality. It is impossible that the producer of wheat should permanently gain much more than the producer of potatoes. The law of competition would prevent it.

If by a happy miracle the fertility of all arable lands should come to be augmented, it would not be the agriculturist, but the consumer, who would reap advantage from that phenomenon for it would resolve itself into abundance and cheapness. There would be less labour incorporated in each quarter of corn, and the cultivator could exchange it only for a smaller amount of labour worked up in some other product. If, on the other hand, the fertility of the soil came all at once to be diminished, nature's part in the process of production would be less, that of human labour would be greater, and the product dearer. I am, then, warranted in saying that it is in consumption, in the human element, that all the economic phenomena come ultimately to resolve themselves. The man who has failed to regard them in this light, to follow them out to their ultimate effects, without stopping short at *immediate* results, and viewing them from the *producer's* standpoint, can no more be regarded as an economist than the man who should prescribe a draught, and, instead of watching its effect on the entire system of the patient, should inquire only how it affected the mouth and throat, could be regarded as a physician.

Tropical regions are very favourably situated for the production of sugar and of coffee. This means that nature does a great part of the work, and leaves little for human labour to do. But who reaps the advantage of this liberality of nature? Not the producing countries, for competition causes the price barely to remunerate the labour. It is the human race that reaps the benefit, for the result of nature's liberality is cheapness, and cheapness benefits everybody.



Suppose a temperate region where coal and iron-ore are found on the surface of the ground, where one has only to stoop down to get them. That, in the first instance, the inhabitants would profit by this happy circumstance, I allow. But competition would soon intervene, and the price of coal and iron-ore would go on falling, till the gift of nature became free to all, and then the human labour employed would be alone remunerated according to the general rate of earnings.

Thus the liberality of nature, like improvements in the processes of production, is, or continually tends to become, under the law of competition, the common and gratuitous patrimony of consumers, of the masses, of mankind in general. Then, the countries which do not possess these advantages have everything to gain by exchanging their products with those countries which possess them, because the subject of exchange is *labour*, apart from the consideration of the natural utilities worked up with that labour; and the countries which have incorporated in a given amount of their labour the greatest amount of these *natural utilities*, are evidently the most favoured countries. Their products which represent the least amount of human labour are the least profitable; in other words, they *are cheaper*; and if the whole liberality of nature resolves itself into *cheapness*, it is evidently not the producing, but the consuming, country which reaps the benefit.

Hence we see the enormous absurdity of consuming countries which reject products for the very reason that they are cheap. It is as if they said, "We want nothing that nature gives us. You ask me for an effort equal to two, in exchange for a product which I cannot create without an effort equal to four; you can make that effort, because in your case nature does half the work. Be it so; I reject your offer, and I shall wait until your climate, having become more inclement, will force you to demand from me an effort equal to four, in order that I may treat with you *on a footing of equality*."

A is a favoured country. B is a country to which nature has been less bountiful. I maintain that exchange benefits both, but benefits B especially; because exchange is not an exchange of *utilities for utilities*, but of *value for value*. Now A includes *a greater amount of utility in the same value*, seeing that the utility of a product includes what nature has put there, as well as what labour has put there; whilst value includes only what labour has put there. Then B makes quite an advantageous bargain. In recompensing the producer of A for his labour only, it receives into the bargain a greater amount of natural utility than it has given.

This enables us to lay down the general rule: Exchange is a barter of *values*; value under the action of competition being made to represent labour, exchange becomes a barter of equal labour. What nature has imparted to the products exchanged is on both sides given *gratuitously and into the bargain*; whence it follows necessarily that exchanges effected with countries the most favoured by nature are the most advantageous.

The theory of which in this chapter I have endeavoured to trace the outlines would require great developments. I have glanced at it only in as far as it bears upon my subject of free trade. But perhaps the attentive reader may have perceived in it the fertile germ which in the rankness of its maturity will not only smother protection, but, along with it, *Fourierisme*, *Saint-Simonianisme*, *communisme*, and all those schools whose object it is to exclude from the government of the world the law of *competition*. Regarded from the producer's point of view, competition no doubt frequently clashes with our *immediate* and individual interests; but if we change our point of view and extend our regards to industry in general, to universal prosperity – in a word, to *consumption* – we shall find that competition in the moral world plays the same part which equilibrium does in the material world. It lies at the root of true communism, of true socialism, of that equality of conditions and of happiness so much desired in our day; and if so many sincere publicists, and well-meaning reformers seek after the *arbitrary*, it is for this reason – that they do not understand liberty.<sup>13</sup>

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<sup>13</sup> The theory sketched in this chapter, is the same which, four years afterwards, was developed in the *Harmonies Économiques*. Remuneration reserved exclusively for human labour; the gratuitous nature of natural agents; progressive conquest of these agents, to the profit of mankind, whose common property they thus become; elevation of general wellbeing and tendency to relative equalization of conditions; we recognise here the essential elements of the most important of all the works of Bastiat. – Editor.

## V. OUR PRODUCTS ARE BURDENED WITH TAXES

We have here again the same sophism. We demand that foreign products should be taxed to neutralize the effect of the taxes which weigh upon our national products. The object, then, still is to equalize the conditions of production. We have only a word to say, and it is this: that the tax is an artificial obstacle which produces exactly the same result as a natural obstacle, its effect is to enhance prices. If this enhancement reach a point which makes it a greater loss to create the product for ourselves than to procure it from abroad by producing a counter value, *laissez faire*, let well alone. Of two evils, private interest will do well to choose the least. I might, then, simply refer the reader to the preceding demonstration; but the sophism which we have here to combat recurs so frequently in the lamentations and demands, I might say in the challenges, of the protectionist school, as to merit a special discussion.

If the question relate to one of those exceptional taxes which are imposed on certain products, I grant readily that it is reasonable to impose the same duty on the foreign product. For example, it would be absurd to exempt foreign salt from duty; not that, in an economical point of view, France would lose anything by doing so, but the reverse. Let them say what they will, principles are always the same; and France would gain by the exemption as she must always gain by removing a natural or artificial obstacle. But in this instance the obstacle has been interposed for purposes of revenue. These purposes must be attained; and were foreign salt sold in our market duty free, the Treasury would lose its hundred millions of francs (four millions sterling); and must raise that sum from some other source. There would be an obvious inconsistency in creating an obstacle, and failing in the object. It might have been better to have had recourse at first to another tax than that upon French salt. But I admit that there are certain circumstances in which a tax may be laid on foreign commodities, provided it is not *protective*, but *fiscal*.

But to pretend that a nation, because she is subjected to heavier taxes than her neighbours, should protect herself by tariffs against the competition of her rivals, in this is a sophism, and it is this sophism which I intend to attack.

I have said more than once that I propose only to explain the theory, and lay open, as far as possible, the sources of protectionist errors. Had I intended to raise a controversy, I should have asked the protectionists why they direct their tariffs chiefly against England and Belgium, the most heavily taxed countries in the world? Am I not warranted in regarding their argument only as a pretext? But I am not one of those who believe that men are prohibitionists from self-interest, and not from conviction. The doctrine of protection is too popular not to be sincere. If the majority had faith in liberty, we should be free. Undoubtedly it is self-interest which makes our tariffs so heavy; but conviction is at the root of it. "The will," says Pascal, "is one of the principal organs of belief." But the belief exists nevertheless, although it has its root in the will, and in the insidious suggestions of egotism.

Let us revert to the sophism founded on taxation.

The State may make a good or a bad use of the taxes which it levies. When it renders to the public services which are equivalent to the value it receives, it makes a good use of them. And when it dissipates its revenues without giving any service in return, it makes a bad use of them.

In the first case, to affirm that the taxes place the country which pays them under conditions of production more unfavourable than those of a country which is exempt from them, is a sophism. We pay twenty millions of francs for justice and police; but then we have them, with the security they afford us, and the time which they save us; and it is very probable that production is neither more easy nor more active in those countries, if there are any such, where the people take the business of justice and police into their own hands. We pay many hundreds of millions (of francs) for roads, bridges, harbours, and railways. Granted; but then we have the benefit of these roads, bridges, harbours, and

railways; and whether we make a good or a bad bargain in constructing them, it cannot be said that they render us inferior to other nations, who do not indeed support a budget of public works, but who have no public works. And this explains why, whilst accusing taxation of being a cause of industrial inferiority, we direct our tariffs especially against those countries which are the most heavily taxed. Their taxes, well employed, far from deteriorating, have ameliorated, *the conditions of production* in these countries. Thus we are continually arriving at the conclusion that protectionist sophisms are not only not true, but are the very reverse of true.<sup>14</sup>

If taxes are unproductive, suppress them, if you can; but assuredly the strangest mode of neutralizing their effect is to add individual to public taxes. Fine compensation truly! You tell us that the State taxes are too much; and you give that as a reason why we should tax one another!

A protective duty is a tax directed against a foreign product; but we must never forget that it falls back on the home consumer. Now the consumer is the tax-payer. The agreeable language you address to him is this: "Because your taxes are heavy, we raise the price of everything you buy; because the State lays hold of one part of your income, we hand over another to the monopolist."

But let us penetrate a little deeper into this sophism, which is in such repute with our legislators, although the extraordinary thing is that it is just the very people who maintain unproductive taxes who attribute to them our industrial inferiority, and in that inferiority find an excuse for imposing other taxes and restrictions.

It appears evident to me that the nature and effects of protection would not be changed, were the State to levy a direct tax and distribute the money afterwards in premiums and indemnities to the privileged branches of industry.

Suppose that while foreign iron cannot be sold in our market below eight francs, French iron cannot be sold for less than twelve francs.

On this hypothesis, there are two modes in which the State can secure the home market to the producer.

The first mode is to lay a duty of five francs on foreign iron. It is evident that that duty would exclude it, since it could no longer be sold under thirteen francs, namely, eight francs for the cost price, and five francs for the tax, and at that price it would be driven out of the market by French iron, the price of which we suppose to be only twelve francs. In this case, the purchaser, the consumer, would be at the whole cost of the protection.

Or again, the State might levy a tax of five francs from the public, and give the proceeds as a premium to the ironmaster. The protective effect would be the same. Foreign iron would in this case be equally excluded; for our ironmaster can now sell his iron at seven francs, which, with the five francs premium, would make up to him the remunerative price of twelve francs. But with home iron at seven francs the foreigner could not sell his for eight, which by the supposition is his lowest remunerative price.

Between these two modes of going to work, I can see only one difference. The principle is the same; the effect is the same; but in the one, certain individuals pay the price of protection; in the other, it is paid for by the nation at large.

I frankly avow my predilection for the second mode. It appears to me more just, more economical, and more honourable; more just, because if society desires to give largesses to some of its members, all should contribute; more economical, because it would save much expense in collecting, and get us rid of many restrictions; more honourable, because the public would then see clearly the nature of the operation, and act accordingly.

But if the protectionist system had taken this form, it would have been laughable to hear men say, "We pay heavy taxes for the army, for the navy, for the administration of justice, for public works, for the university, the public debt, etc. – in all exceeding a milliard [£40,000,000 sterling].

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<sup>14</sup> See *Harmonies Économiques*, ch. xvii.

For this reason, the State should take another milliard from us, to relieve these poor ironmasters, these poor shareholders in the coal-mines of Anzin, these unfortunate proprietors of forests, these useful men who supply us with cod-fish."

Look at the subject closely, and you will be satisfied that this is the true meaning and effect of the sophism we are combating. It is all in vain; you cannot *give money* to some members of the community but by taking it from others. If you desire to ruin the tax-payer, you may do so. But at least do not banter him by saying, "In order to compensate your losses, I take from you again as much as I have taken from you already." To expose fully all that is false in this sophism would be an endless work. I shall confine myself to three observations. You assert that the country is overburdened with taxes, and on this fact you found an argument for the protection of certain branches of industry. But we have to pay these taxes in spite of protection. If, then, a particular branch of industry presents itself, and says, "I share in the payment of taxes; that raises the cost price of my products, and I demand that a protecting duty should also raise their selling price," what does such a demand amount to? It amounts simply to this, that the tax should be thrown over on the rest of the community. The object sought for is to be reimbursed the amount of the tax by a rise of prices. But as the Treasury requires to have the full amount of all the taxes, and as the masses have to pay the higher price, it follows that they have to bear not only their own share of taxation but that of the particular branch of industry which is protected. But we mean to protect everybody, you will say. I answer, in the first place, that that is impossible; and, in the next place, that if it were possible, there would be no relief. I would pay for you, and you would pay for me; but the tax must be paid all the same.

You are thus the dupes of an illusion. You wish in the first instance to pay taxes in order that you may have an army, a navy, a church, a university, judges, highways, etc., and then you wish to free from taxation first one branch of industry, then a second, then a third, always throwing back the burden upon the masses. You do nothing more than create interminable complications, without any other result than these complications themselves. Show me that a rise of price caused by protection falls upon the foreigner, and I could discover in your argument something specious. But if it be true that the public pays the tax before your law, and that after the law is passed it pays for protection and the tax into the bargain, truly I cannot see what is gained by it.

But I go further, and maintain that the heavier our taxes are, the more we should hasten to throw open our ports and our frontiers to foreigners less heavily taxed than ourselves. And why? In order to throw back upon them a greater share of our burden. Is it not an incontestable axiom in political economy that taxes ultimately fall on the consumer? The more, then, our exchanges are multiplied, the more will foreign consumers reimburse us for the taxes incorporated and worked up in the products we sell them; whilst we in this respect will have to make them a smaller restitution, seeing that their products, according to our hypothesis, are less heavily burdened than ours.

In fine, have you never asked yourselves whether these heavy burdens on which you found your argument for a prohibitory regime are not caused by that very regime? If commerce were free, what use would you have for your great standing armies and powerful navies?.. But this belongs to the domain of politics.

Et ne confondons pas, pour trop approfondir,  
Leurs affaires avec les nôtres.

## VI. BALANCE OF TRADE

Our adversaries have adopted tactics which are rather embarrassing. Do we establish our doctrine? They admit it with the greatest possible respect. Do we attack their principle? They abandon it with the best grace in the world. They demand only one thing – that our doctrine, which they hold to be true, should remain relegated in books, and that their principle, which they acknowledge to be vicious, should reign paramount in practical legislation. Resign to them the management of tariffs, and they will give up all dispute with you in the domain of theory.

"Assuredly," said M. Gauthier de Rumilly, on a recent occasion, "no one wishes to resuscitate the antiquated theories of the balance of trade." Very right, Monsieur Gauthier, but please to remember that it is not enough to give a passing slap to error, and immediately afterwards, and for two hours together, reason as if that error were truth.

Let me speak of M. Lestiboudois. Here we have a consistent reasoner, a logical disputant. There is nothing in his conclusions which is not to be found in his premises. He asks nothing in practice, but what he justifies in theory. His principle may be false; that is open to question. But, at any rate, he has a principle. He believes, and he proclaims it aloud, that if France gives ten, in order to receive fifteen, she loses five; and it follows, of course, that he supports laws which are in keeping with this view of the subject "The important thing to attend to," he says, "is that the amount of our importations goes on augmenting, and exceeds the amount of our exportations – that is to say, France every year purchases more foreign products, and sells less of her own. Figures prove this. What do we see? In 1842, imports exceeded exports by 200 millions. These facts appear to prove in the clearest manner that national industry *is not sufficiently protected*, that we depend upon foreign labour for our supplies, that the competition of our rivals *oppresses* our industry. The present law appears to me to recognise the fact, which is not true according to the economists, that when we purchase we necessarily sell a corresponding amount of commodities. It is evident that we can purchase, not with our usual products, not with our revenue, not with the results of permanent labour, but with our capital, with products which have been accumulated and stored up, those intended for reproduction – that is to say, that we may expend, that we may dissipate, the proceeds of anterior economies, that we may impoverish ourselves, that we may proceed on the road to ruin, and consume entirely the national capital. *This is exactly what we are doing. Every year we give away 200 millions of francs to the foreigner.*"

Well, here is a man with whom we can come to an understanding. There is no hypocrisy in this language. The doctrine of the balance of trade is openly avowed. France imports 200 millions more than she exports. Then we lose 200 millions a year. And what is the remedy? To place restrictions on importation. The conclusion is unexceptionable.

It is with M. Lestiboudois, then, that we must deal, for how can we argue with M. Gauthier? If you tell him that the balance of trade is an error, he replies that that was what he laid down at the beginning. If you say that the balance of trade is a truth, he will reply that that is what he proves in his conclusions.

The economist school will blame me, no doubt, for arguing with M. Lestiboudois. To attack the balance of trade, it will be said, is to fight with a windmill.

But take care. The doctrine of the balance of trade is neither so antiquated, nor so sick, nor so dead as M. Gauthier would represent it, for the entire Chamber – M. Gauthier himself included – has recognised by its votes the theory of M. Lestiboudois.

I shall not fatigue the reader by proceeding to probe that theory, but content myself with subjecting it to the test of facts.

We are constantly told that our principles do not hold good, except in theory. But tell me, gentlemen, if you regard the books of merchants as holding good in practice? It appears to me that if there is anything in the world which should have practical authority, when the question regards profit

and loss, it is commercial accounts. Have all the merchants in the world come to an understanding for centuries to keep their books in such a way as to represent profits as losses, and losses as profits? It may be so, but I would much rather come to the conclusion that M. Lestiboudois is a bad economist.

Now, a merchant of my acquaintance having had two transactions, the results of which were very different, I felt curious to compare the books of the counting-house with the books of the Customhouse, as interpreted by M. Lestiboudois to the satisfaction of our six hundred legislators.

M. T. despatched a ship from Havre to the United States, with a cargo of French goods, chiefly those known as *articles de Paris*, amounting to 200,000 francs. This was the figure declared at the Customhouse. When the cargo arrived at New Orleans it was charged with 10 per cent, freight and 30 per cent, duty, making a total of 280,000 francs. It was sold with 20 per cent, profit, or 40,000 francs, and produced a total of 320,000 francs, which the consignee invested in cottons. These cottons had still for freight, insurance, commission, etc., to bear a cost of 10 per cent. so that when the new cargo arrived at Havre it had cost 352,000 francs, which was the figure entered in the Customhouse books. Finally M. T. realized upon this return cargo 20 per cent, profit, or 70,400 francs; in other words, the cottons were sold for 422,400 francs.

If M. Lestiboudois desires it, I shall send him an extract from the books of M. T. He will there see *at the credit* of the *profit and loss* account – that is to say, as profits – two entries, one of 40,000, another of 70,400 francs, and M. T. is very sure that his accounts are accurate.

And yet, what do the Customhouse books tell M. Lestiboudois regarding this transaction? They tell him simply that France exported 200,000 francs' worth, and imported to the extent of 352,000 francs; whence the honourable deputy concludes "*that she had expended, and dissipated the profits of her anterior economies, that she is impoverishing herself that she is on the high road to ruin, and has given away to the foreigner 152,000 francs of her capital.*"

Some time afterwards, M. T. despatched another vessel with a cargo also of the value of 200,000 francs, composed of the products of our native industry. This unfortunate ship was lost in a gale of wind after leaving the harbour, and all M. T. had to do was to make two short entries in his books, to this effect: —

"*Sundry goods debtors to X, 200,000 francs, for purchases of different commodities despatched by the ship N.*

"*Profit and loss debtors to sundry goods, 200,000 francs, in consequence of definitive and total loss of the cargo.*"

At the same time, the Customhouse books bore an entry of 200,000 francs in the list of *exportations*; and as there was no corresponding entry to make in the list of *importations*, it follows that M. Lestiboudois and the Chamber will see in this shipwreck *a clear and net profit* for France of 200,000 francs.

There is still another inference to be deduced from this, which is, that according to the theory of the balance of trade, France has a very simple means of doubling her capital at any moment. It is enough to pass them through the Customhouse, and then pitch them into the sea. In this case the exports will represent the amount of her capital, the imports will be *nil*, and even impossible, and we shall gain all that the sea swallows up.

This is a joke, the protectionists will say. It is impossible' we could give utterance to such absurdities. You do give utterance to them, however, and, what is more, you act upon them, and impose them on your fellow-citizens to the utmost of your power.

The truth is, it would be necessary to take the balance of trade *backwards [au rebours]*, and calculate the national profits from foreign trade by the excess of imports over exports. This excess, after deducting costs, constitutes the real profit. But this theory, which is true, leads directly to free trade. I make you a present of it, gentlemen, as I do of all the theories in the preceding chapters. Exaggerate it as much as you please – it has nothing to fear from that test. Suppose, if that amuses you, that the foreigner inundates us with all sorts of useful commodities without asking anything in

return, that our imports are *infinite* and exports *nil*, I defy you to prove to me that we should be poorer on that account.

## VII. OF THE MANUFACTURERS

OF CANDLES, WAX-LIGHTS, LAMPS, CANDLESTICKS, STREET LAMPS, SNUFFERS, EXTINGUISHERS, AND OF THE PRODUCERS OF OIL, TALLOW, ROSIN, ALCOHOL, AND, GENERALLY, OF EVERYTHING CONNECTED WITH LIGHTING.

To Messieurs the Members of the Chamber of Deputies.

Gentlemen, – You are on the right road. You reject abstract theories, and have little consideration for cheapness and plenty. Your chief care is the interest of the producer. You desire to emancipate him from external competition, and reserve the *national market for national industry*.

We are about to offer you an admirable opportunity of 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 abhor systems, and as for principles, you deny that there are any in social economy: we shall say, then, your practice, your practice without theory and without principle.

We are suffering from the intolerable competition of a foreign rival, placed, it would seem, in a condition so far superior to ours for the production of light, that he absolutely *inundates our national market* with it at a price fabulously reduced. The moment he shows himself, our trade leaves us – all consumers apply to him; and a branch of native industry, having countless ramifications, is all at once rendered completely stagnant. This rival, who is no other than the Sun, wages war to the knife against us, and we suspect that he has been raised up by *perfidious Albion* (good policy as times go); inasmuch as he displays towards that haughty island a circumspection with which he dispenses in our case.

What we pray for is, that it may please you to pass a law ordering the shutting up of all windows, sky-lights, dormer-windows, outside and inside shutters, curtains, blinds, bull's-eyes; in a word, of all openings, holes, chinks, clefts, and fissures, by or through which the light of the sun has been in use to enter houses, to the prejudice of the meritorious manufactures with which we flatter ourselves we have accommodated our country, – a country which, in gratitude, ought not to abandon us now to a strife so unequal.

We trust, Gentlemen, that you will not regard this our request as a satire, or refuse it without at least previously hearing the reasons which we have to urge in its support.

And, first, if you shut up as much as possible all access to natural light, and create a demand for artificial light, which of our French manufactures will not be encouraged by it?

If more tallow is consumed, then there must be more oxen and sheep; and, consequently, we shall behold the multiplication of artificial meadows, meat, wool, hides, and, above all, manure, which is the basis and foundation of all agricultural wealth.

If more oil is consumed, then we shall have an extended cultivation of the poppy, of the olive, and of rape. These rich and exhausting plants will come at the right time to enable us to avail ourselves of the increased fertility which the rearing of additional cattle will impart to our lands.

Our heaths will be covered with resinous trees. Numerous swarms of bees will, on the mountains, gather perfumed treasures, now wasting their fragrance on the desert air, like the flowers from which they emanate. No branch of agriculture but will then exhibit a cheering development.

The same remark applies to navigation. Thousands of vessels will proceed to the whale fishery; and, in a short time, we shall possess a navy capable of maintaining the honour of France, and gratifying the patriotic aspirations of your petitioners, the undersigned candlemakers and others.

But what shall we say of the manufacture of *articles de Paris*? Henceforth you will behold gildings, bronzes, crystals, in candlesticks, in lamps, in lustres, in candelabra, shining forth, in spacious warerooms, compared with which those of the present day can be regarded but as mere shops.

No poor *resinier* from his heights on the seacoast, no coalminer from the depth of his sable gallery, but will rejoice in higher wages and increased prosperity.



Only have the goodness to reflect, Gentlemen, and you will be convinced that there is, perhaps, no Frenchman, from the wealthy coalmaster to the humblest vender of lucifer matches, whose lot will not be ameliorated by the success of this our petition.

We foresee your objections, Gentlemen, but we know that you can oppose to us none but such as you have picked up from the effete works of the partisans of free trade. We defy you to utter a single word against us which will not instantly rebound against yourselves and your entire policy.

You will tell us that, if we gain by the protection which we seek, the country will lose by it, because the consumer must bear the loss.

We answer:

You have ceased to have any right to invoke the interest of the consumer; for, whenever his interest is found opposed to that of the producer, you sacrifice the former. You have done so for the purpose of *encouraging labour and increasing employment*. For the same reason you should do so again.

You have yourselves obviated this objection. When you are told that the consumer is interested in the free importation of iron, coal, corn, textile fabrics – yes, you reply, but the producer is interested in their exclusion. Well, be it so; – if consumers are interested in the free admission of natural light, the producers of artificial light are equally interested in its prohibition.

But, again, you may say that the producer and consumer are identical. If the manufacturer gain by protection, he will make the agriculturist also a gainer; and if agriculture prosper, it will open a vent to manufactures. Very well; if you confer upon us the monopoly of furnishing light during the day, – first of all, we shall purchase quantities of tallow, coals, oils, resinous substances, wax, alcohol – besides silver, iron, bronze, crystal – to carry on our manufactures; and then we, and those who furnish us with such commodities, having become rich will consume a great deal, and impart prosperity to all the other branches of our national industry.

If you urge that the light of the sun is a gratuitous gift of nature, and that to reject such gifts is to reject wealth itself under pretence of encouraging the means of acquiring it, we would caution you against giving a death-blow to your own policy. Remember that hitherto you have always repelled foreign products, because they approximate more nearly than home products to the character of gratuitous gifts. To comply with the exactions of other monopolists, you have only *half a motive*; and to repulse us simply because we stand on a stronger vantage-ground than others would be to adopt the equation,  $+ x + = -$ ; in other words, it would be to heap *absurdity upon absurdity*.

Nature and human labour co-operate in various proportions (depending on countries and climates) in the production of commodities. The part which nature executes is always gratuitous; it is the part executed by human labour which constitutes value, and is paid for.

If a Lisbon orange sells for half the price of a Paris orange, it is because natural, and consequently gratuitous, heat does for the one, what artificial, and therefore expensive, heat must do for the other.

When an orange comes to us from Portugal, we may conclude that it is furnished in part gratuitously, in part for an onerous consideration; in other words, it comes to us at *half-price* as compared with those of Paris.

Now, it is precisely the *gratuitous half* (pardon the word) which we contend should be excluded. You say, How can natural labour sustain competition with foreign labour, when the former has all the work to do, and the latter only does one-half, the sun supplying the remainder? But if this half being gratuitous, determines you to exclude competition, how should the whole, being gratuitous, induce you to admit competition? If you were consistent, you would, while excluding as hurtful to native industry what is half gratuitous, exclude *a fortiori* and with double zeal, that which is altogether gratuitous.

Once more, when products such as coal, iron, corn, or textile fabrics, are sent us from abroad, and we can acquire them with less labour than if we made them ourselves, the difference is a free

gift conferred upon us. The gift is more or less considerable in proportion as the difference is more or less great. It amounts to a quarter, a half, or three-quarters of the value of the product, when the foreigner only asks us for three-fourths, a half, or a quarter of the price we should otherwise pay. It is as perfect and complete as it can be, when the donor (like the sun in furnishing us with light) asks us for nothing. The question, and we ask it formally, is this, Do you desire for our country the benefit of gratuitous consumption, or the pretended advantages of onerous production? Make your choice, but be logical; for as long as you exclude as you do, coal, iron, corn, foreign fabrics, in proportion as their price approximates to zero, what inconsistency would it be to admit the light of the sun, the price of which is already at *zero* during the entire day!

## VIII. DIFFERENTIAL DUTIES

A poor vine-dresser of the Gironde had trained with fond enthusiasm a slip of vine, which, after much fatigue and much labour, yielded him, at length, a tun of wine; and his success made him forget that each drop of this precious nectar had cost his brow a drop of sweat. "I shall sell it," said he to his wife, "and with the price I shall buy stuff sufficient to enable you to furnish a trousseau for our daughter." The honest countryman repaired to the nearest town, and met a Belgian and an Englishman. The Belgian said to him: "Give me your cask of wine, and I will give you in exchange fifteen parcels of stuff." The Englishman said: "Give me your wine, and I will give you twenty parcels of stuff; for we English can manufacture the stuff cheaper than the Belgians." But a Customhouse officer, who was present, interposed, and said: "My good friend, exchange with the Belgian if you think proper, but my orders are to prevent you from making an exchange with the Englishman." "What!" exclaimed the countryman; "you wish me to be content with fifteen parcels of stuff which have come from Brussels, when I can get twenty parcels which have come from Manchester?" "Certainly; don't you see that France would be a loser if you received twenty parcels, instead of fifteen?" "I am at a loss to understand you," said the vine-dresser, "And I am at a loss to explain it," rejoined the Customhouse official; "but the thing is certain, for all our deputies, ministers, and journalists agree in this, that the more a nation receives in exchange for a given quantity of its products, the more it is impoverished." The peasant found it necessary to conclude a bargain with the Belgian. The daughter of the peasant got only three-quarters of her trousseau; and these simple people are still asking themselves how it happens that one is ruined by receiving four instead of three; and why a person is richer with three dozens of towels than with four dozens.

## IX. IMMENSE DISCOVERY

At a time when everybody is bent on bringing about a saving in the expense of transport – and when, in order to effect this saving, we are forming roads and canals, improving our steamers, and connecting Paris with all our frontiers by a network of railways – at a time, too, when I believe we are ardently and sincerely seeking a solution of the problem, *how to bring the prices of commodities, in the place where they are to be consumed, as nearly as possible to the level of their prices in the place where they were produced*, – I should think myself wanting to my country, to my age, and to myself, if I kept longer secret the marvellous discovery which I have just made.

The illusions of inventors are proverbial, but I am positively certain that I have discovered an infallible means of bringing products from every part of the world to France, and *vice versa* at a considerable reduction of cost.

Infallible, did I say? Its being infallible is only one of the advantages of my invention.

It requires neither plans, estimates, preparatory study, engineers, mechanists, contractors, capital, shareholders, or Government aid!

It presents no danger of shipwreck, explosion, fire, or collision!

It may be brought into operation at any time!

Moreover – and this must undoubtedly recommend it to the public – it will not add a penny to the Budget, but the reverse. It will not increase the staff of functionaries, but the reverse. It will interfere with no man's liberty, but the reverse.

It is observation, not chance, which has put me in possession of this discovery, and I will tell you what suggested it.

I had at the time this question to resolve:

"Why does an article manufactured at Brussels, for example, cost dearer when it comes to Paris?"

I soon perceived that it proceeds from this: That between Paris and Brussels *obstacles* of many kinds exist. First of all, there is *distance*, which entails loss of time, and we must either submit to this ourselves, or pay another to submit to it. Then come rivers, marshes, accidents, bad roads, which are so many *difficulties* to be surmounted. We succeed in building bridges, in forming roads, and making them smoother by pavements, iron rails, etc. But all this is costly, and the commodity must be made to bear the cost. Then there are robbers who infest the roads, and a body of police must be kept up, etc.

Now, among these *obstacles* there is one which we have ourselves set up, and at no little cost, too, between Brussels and Paris. There are men who lie in ambuscade along the frontier, armed to the teeth, and whose business it is to throw *difficulties* in the way of transporting merchandise from the one country to the other. They are called Customhouse officers, and they act in precisely the same way as ruts and bad roads. They retard, they trammel commerce, they augment the difference we have remarked between the price paid by the consumer and the price received by the producer – that very difference, the reduction of which, as far as possible, forms the subject of our problem.

That problem is resolved in three words: Reduce your tariff.

You will then have done what is equivalent to constructing the Northern Railway without cost, and will immediately begin to put money in your pocket.

In truth, I often seriously ask myself how anything so whimsical could ever have entered into the human brain, as first of all to lay out many millions for the purpose of removing the *natural obstacles* which lie between France and other countries, and then to lay out many more millions for the purpose of substituting *artificial obstacles*, which have exactly the same effect; so much so, indeed, that the obstacle created and the obstacle removed neutralize each other, and leave things as they were before, the residue of the operation being a double expense.

A Belgian product is worth at Brussels 20 francs, and the cost of carriage would raise the price at Paris to 30 francs. The same article made in Paris costs 40 francs. And how do we proceed?

In the first place, we impose a duty of 10 francs on the Belgian product, in order to raise its cost price at Paris to 40 francs; and we pay numerous officials to see the duty stringently levied, so that, on the road, the commodity is charged 10 francs for the carriage, and 10 francs for the tax.

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