economic phenomena, is it not evident that it is the touchstone of all progress? A man's well-being is not measured by his efforts, but by his satisfactions. This observation also holds true for men taken collectively. This again is one of those truths accepted by everybody when it is applied to the individual, but disputed endlessly when applied to society as a whole. The expression so much attacked means only this: The value of every economic activity is determined, not by the labor it entails, but by the positive effect it produces, which in turn results in increasing or decreasing the general welfare.

We have said, apropos of wants and desires, that no two men are alike. The same is true of our satisfactions. They are not equally esteemed by all; which is tantamount to the trite observation: tastes differ. But it is the intensity of our desires and the variety of our tastes that determine the direction of our efforts. Here the influence of morality on habits of work becomes clear. We can imagine an individual man as a slave to idle, childish, immoral tastes. In that case, it is obvious that his strength, which is limited, will satisfy his depraved desires only at the expense of more intelligent and reasonable desires. But when society as a whole is considered, this obvious axiom appears erroneous. We tend to believe that idle tastes, illusory satisfactions, which we recognize as a cause of poverty for the individual, are nevertheless a source of national wealth because they create an outlet for a multitude of industries. If such were the case, we should arrive at a very distressing conclusion: Man in the social state has the choice of poverty or immorality. Once again, it is political economy that can resolve these seeming contradictions in the most satisfactory and conclusive way.

Exchange

Exchange is political economy. It is society itself, for it is impossible to conceive of society without exchange, or exchange without society. Therefore, I do not expect to exhaust in this one chapter so vast a subject. The whole book will hardly present more than a rough outline of it.

If men, like snails, lived in complete isolation from one another, if they did not exchange their work and their ideas, if they did not engage in transactions with one another, there could be multitudes, human units, juxtapositions of individuals, but there could not be a society.

Indeed, there would not even be individuals. For man, isolation means death. Now, if he cannot live outside society, it is strictly logical to conclude that his natural state is the social state.

All sciences arrive at this same truth, so much misunderstood in the eighteenth century, which founded its moral and political systems on the contrary assumption. Men of that time, not content with merely contrasting the state of nature with the social state, gave the former marked superiority over the latter. "Happy are men," said Montaigne,* "when they live without ties, without laws, without language, without religion!" We know that Rousseau's system, which once had, as it still has, so great an influence over men's opinions and actions, rests entirely on the hypothesis that one day men, to their undoing, agreed to abandon the innocent state of nature for the stormy state of society.

*Michel de Montaigne (1533–1592), famous humanistic essayist of the Renaissance.

—TRANSLATOR.
It is not the intent of this chapter to assemble all the refutations that could be made against this fundamental error, the most virulent that ever infected the social sciences; for, if society is simply contrived and artificially agreed upon, it follows that every man may invent a new social order, and such has been, since Rousseau, the direction taken by many minds. I could easily prove, I feel sure, that isolation precludes language, just as the absence of language precludes thought. And certainly man without thought, far from being man in the state of nature, is not even man.

But an unanswerable refutation of the idea on which Rousseau's doctrine rests will come directly, without our seeking it, from a few considerations on the subject of exchange.

*Want, effort, satisfaction:* such is man, from the point of view of economics.

We have seen that the two extremes are essentially nontransferable, for they occur in the realm of sensation; they are themselves sensation, which is the most personal thing in the world: the want that precedes the effort and calls it forth is a sensation, as is the satisfaction that follows the effort and rewards it.

*Effort*, then, is the element that is exchanged; and it cannot be otherwise, since exchange implies activity, and our activity displays itself only in terms of effort. We cannot suffer or enjoy for one another, however sensitive we may be to others' pains and pleasures. But we can help one another, work for one another, render reciprocal *services*, put our faculties, or the product of our faculties, at the *service* of others, subject to payment in return. This is society. The causes, the effects, the laws of these exchanges constitute political and social economy.

We not only can aid one another in all these ways, but we do so of necessity. What I affirm is this: We are so constituted that we are obliged to work for one another under penalty of immediate death. If this is true, society is our natural state, since it is the only state in which we can live at all.

There is one observation that I have to make concerning the equilibrium between our wants and our productive capacities, an observation that has always filled me with admiration for the providential plan that rules our destiny.

In the state of isolation, our wants exceed our productive capacities.

In society, our productive capacities exceed our wants.

Hence, man in the state of isolation cannot survive; whereas, with man in society, the most elemental wants give way to desires of a higher order, and this process, tending always toward a more perfect condition, goes on without interruption or assignable limits.

This is not mere oratory, but a statement that can be fully proved by reason and analogy, if not by experience. And why not by experience, by direct observation? Simply because the statement is true; simply because, since man cannot live in a state of isolation, it is impossible to demonstrate the effects of absolute solitude on living human nature. Our senses cannot grasp something that does not exist. You can prove to my mind that a triangle never has four sides; you cannot, in support of your argument, place before my eyes a tetragonal triangle. If you did, you would destroy your assertion by your own evidence. Similarly, to ask me for a proof based on experiment, to demand that I study the effects of isolation on living human nature, would be to force upon me a logical contradiction, since, isolation and life being mutually incompatible for man, no one has ever seen, no one will ever see, men without human contacts.

There may be animals, for all I know, destined by their bodily structure to live out their span of life in absolute isolation; if so, it is very clear that Nature must have established an exact balance between their wants and their productive capacities. We could also conceive of their productive capacities as superior to their wants, in which case they would be perfectible and capable of progress. Exact balance makes them static creatures, but a preponderance of wants cannot be conceived of: from their birth on, from their first appearance on the scene of life, their productive capacities would have to be fully adequate to satisfy the wants for which they would have to provide, or, at least, the two would
have to develop side by side at the same rate. Otherwise the species would die at birth and would not be available for observation.

Of all the species of living creatures about us, not one, certainly, is subject to as many wants as man. In not one is the period of immaturity so long and so helpless, maturity so loaded with responsibility, old age so feeble and ailing. And, as if his wants were not enough for him, man also has tastes whose satisfaction taxes his faculties quite as much as his wants. Hardly has he learned to satisfy his hunger when he seeks to tickle his palate; to cover his nakedness, when he seeks adornment; to shelter himself from the elements, when he dreams of beautifying his dwelling. His mind is as restless as his body is demanding. He seeks to penetrate the mysteries of Nature, to tame the animals, to harness the elements, to delve into the bowels of the earth, to cross the boundless oceans, to soar above the winds, to annihilate time and space; he seeks to know the inner workings, the springs, the laws, of his own will and heart, to rule over his passions, to achieve immortality, to merge his being in his Creator, to place everything under his dominion—Nature, his fellows, himself; in a word, his desires reach out endlessly toward the infinite.

Hence, in no other species are faculties to be found capable of such great development as in man. He alone appears able to compare and to judge; he alone reasons and speaks; he alone looks ahead; he alone sacrifices the present for the future; he alone transmits from one generation to another his works, his thoughts, the treasures of his experience; he alone, in a word, is capable of forging the countless links of a chain of progress seemingly stretching beyond the limits of this earth.

Let us make a purely economic observation here. However extensive our productive capacities may be, they cannot go so far as to enable us to create. It is not given to man, in fact, to add to or subtract from the existing number of molecules. His role is confined to modifying or combining for his use the substances he finds everywhere about him. (J. B. Say.)

To modify substances in such a way as to increase their utility for us is to produce, or rather it is one way of producing. I conclude that value, as we shall see later, can never reside in these substances themselves, but in the effort which is exerted in order to modify them and to which exchange gives a relative appraisal based on other comparable efforts. For this reason, value is merely the appraisal of the services exchanged, whether a material commodity is or is not involved in the transaction. As regards the notion of value, it is a matter of complete indifference whether I render my fellow man a direct service—for example, by performing a surgical operation—or an indirect service by making him some medicinal preparation; in the latter case the utility is in the substance, but the value is in the service, in the intellectual and material effort made by one man for the benefit of another. It is pure metonymy to attribute value to the material commodity itself, and in this case, as in so many others, the metaphor leads science astray.

I return to the subject of the way man is constituted. If we stopped at the notions we have already presented, man would be different from other animals only in the greater range of his wants and the superiority of his capacities. All are subject to the former and endowed with the latter. Birds undertake long migrations in search of the proper temperature; beavers cross streams on dams that they have built; hawks attack their prey in full view; cats stalk theirs patiently; spiders set up snares; all work in order to live and increase.

But, while Nature has set up an exact balance between the wants of animals and their productive capacities, she has treated man more grandly and munificently. If, in order to force him to be sociable, she has decreed that in the state of isolation his wants should exceed his productive capacities, whereas in society his productive capacities, superior to his wants, should open up boundless vistas for his nobler enjoyments; we must also recognize that, even as man in his relation to his Creator is raised above the beasts by his religious feeling, in his dealings with his fellow men by his sense of justice, in his dealings with himself by his morality, so, in finding his means of survival and increase, he is
distinguished from them by a remarkable phenomenon, namely, *exchange*.

Shall I try to portray the state of poverty, barrenness, and ignorance in which, without the faculty of exchange, the human species would have wallowed eternally, if indeed, it would not have disappeared altogether from the face of the earth?

One of the most popular of philosophers, in a novel that has had the good fortune to charm generation after generation of children, shows us how a man can rise above the hardships of absolute solitude by his energy, his initiative, and his intelligence. Desiring to show all the resources possessed by this noble creature, our author imagines him accidentally cut off, so to speak, from civilization. It was, therefore, Daniel Defoe’s original plan to cast Robinson Crusoe ashore on the Isle of Despair alone, naked, deprived of all that can be added to one man’s strength by united effort, specialized skills, exchange, and society.

Nevertheless, and despite the fact that the obstacles are purely fictitious, Defoe would have deprived his novel of every trace of verisimilitude if, overfaithful to the thought he wished to develop, he had not made necessary social concessions by allowing his hero to save from the shipwreck a few indispensable objects, such as provisions, gunpowder, a rifle, an ax, a knife, rope, boards, iron, etc.—decisive evidence that society is man’s necessary milieu, since even a novelist cannot make him live outside it.

And note that Robinson Crusoe took with him into solitude another social treasure worth a thousand times more, one that the waves could not swallow up: I mean his ideas, his memories, his experience, and especially his language, without which he could not have communicated with himself or formed his thoughts.

We have the distressing and unreasonable habit of attributing to society the suffering that we see about us. Up to a point we are right, if we mean to compare society with itself, taken at two different stages of its progress; but we are wrong, if we compare the social state, even in its imperfection, with the state of isolation. To be able to assert that even the most unfortunate of men are worse off in society than out of it, we should have to begin by proving that the poorest of our fellow men has to bear, in the social state, a heavier burden of privations and suffering than would have been his lot in solitude. Now, consider the life of the humblest day laborer. Consider, in all their detail, the articles of his daily consumption. He wears a few coarse pieces of clothing; he eats a little black bread; at night he has a roof over his head and at the very worst some bare planks to sleep on. Now, ask yourself whether this man in isolation, without the resources of exchange, would have the remotest possibility of obtaining this coarse clothing, this black bread, this crude cot, this humble shelter. The most impassioned advocate of the *state of nature*, Rousseau himself, admitted that this was completely impossible.

Men did without everything, he said; they went naked, they slept in the open air. Thus, Rousseau himself, in order to present the state of nature favorably, was obliged to make happiness consist in privation. But I affirm that even this negative happiness is a delusion, and that man in the state of isolation would surely die in a very few hours. Perhaps Rousseau would have gone so far as to say that that would be the true perfection. He would have been consistent, for if happiness lies in privation, then perfection lies in annihilation.

I trust that the reader will not conclude from the preceding remarks that we are insensible to the social suffering of our fellow men. Although the suffering is less in the present imperfect state of our society than in the state of isolation, it does not follow that we do not seek wholeheartedly for further progress to make it less and less; but if the state of isolation is worse than the worst in the social state, then I was right in saying that isolation makes our wants, to mention only the most elemental of them, far exceed our productive capacities.

How does exchange reverse this order to our advantage and make our productive capacities exceed our wants?

First of all, this is proved by the very fact of civilization. If our wants exceeded our productive capacities, we should be irremediably retrogressive creatures; if the two were in complete balance, we should be irremediably static. However, we advance; hence,
every period in the life of society, compared to a previous period, frees for other purposes, in relation to a given number of satisfactions, a certain part of our productive capacities.

Let us try to explain this marvelous phenomenon.

The explanation we owe to Condillac* seems to me entirely insufficient and empirical, or rather it fails to explain anything at all. "The very fact that an exchange takes place," he says, "is proof that there must necessarily be profit in it for both the contracting parties; otherwise it would not be made. Hence, every exchange represents two gains for humanity."

Even granting that the proposition is true, we see in it only a statement of fact, not an explanation. It was thus that the hypochondriacs explained the narcotic power of opium:

Quia est in eo
Virtus dormitiva
Quae facti dormire.t"

The exchange represents two gains, you say. The question is: Why and how? It results from the very fact that it takes place. But why does it take place? What motives have induced the two men to make it take place? Does the exchange have in it a mysterious virtue, inherently beneficial and incapable of explanation?

Others attribute the benefit to the fact that we gain from what we have in excess to receive what we lack. Exchange, they say, is the barter of the surplus for the necessary. Aside from the fact that this is contrary to what we see happening before our own eyes—who would dare say that the peasant, who parts with the grain he has grown and will never eat, is giving from his surplus?—I see from it how two men happen to strike a bargain, but I do not see any explanation of progress.

* [Étienne Bonnot de Condillac (1714–1780), philosopher of the French Enlightenment. His main ideas on political economy are presented in Le Commerce et le gouvernement.—TRANSLATOR.]

† ["Because there is in it a soporific virtue that induces sleep." Argan, the "imaginary invalid," gives this answer in his doctor's examination, in Latin, at the end of Molière's comedy, Le Malade imaginaire.—TRANSLATOR.]

Observation will give us a more satisfactory explanation of the power of exchange.

Exchange produces two phenomena: the joining of men's forces and the diversification of their occupations, or the division of labor.

It is very clear that in many cases the combined force of several men is superior to the sum of their individual separate forces. In moving a heavy object, for example, a thousand men taking successive turns would fail where four men by uniting their efforts could succeed. Try to imagine the things that would never have been done in the world without this kind of joint action.

And yet the co-operative use of muscle power for a common goal is a mere nothing. Nature has given us highly varied physical, moral, and intellectual faculties. There are inexhaustible combinations in the co-operative union of these faculties. Do we need to carry out a useful project, like building a road or defending our country? One places his strength at the disposal of the community; another, his agility; another, his daring; still another, his experience, his foresight, his imagination, even his renown. It is easy to understand that the same men, working separately, could never have accomplished, or even contemplated, such an undertaking.

Now, the joining of men's forces implies exchange. To gain their co-operation, they must have good reason to anticipate sharing in the satisfaction to be obtained. Each one by his efforts benefits the others and in turn benefits by their efforts according to the terms of the bargain, which is exchange.

We see how exchange, in this form, adds to our satisfactions. By the mere fact of their union, efforts equal in intensity produce superior results. Here there is no trace of the so-called barter of the superfluous for the necessary, nor of the double and empirical profit alleged by Condillac.

We may make the same observation concerning the division of labor. Indeed, if we look closely at the matter, we see that the diversification of occupations is only another, more permanent, way of joining forces, of co-operating, of forming an association; and it is altogether accurate to say, as will be shown later, that the
present social organization, provided the principle of free exchange is recognized, is the most beautiful, most stupendous of associations—a marvelous association, but very different from the associations dreamed up by the socialists, since in it, by an admirable arrangement, the principle of individual liberty is recognized. All men, at all times, may join or leave it at their pleasure. They contribute what they will; they receive in return a constantly increasing degree of satisfaction, which is determined, according to the laws of justice, by the nature of things, not by the arbitrary will of a chief. But I should not anticipate what I shall say later. All that I have to do at the moment is to explain how the division of labor adds to our strength.

Without dwelling on this subject, one of the few that has not provoked controversy, I do have something to say that is not without value. Perhaps, indeed, its importance has been minimized. To demonstrate the power of the division of labor, writers have been content to point out the marvelous things it accomplishes in certain industries, pin manufacture, for example. The question can be given broader and more philosophical significance. Moreover, habit has the peculiar power of making us shut our eyes and lose sight of the things around us. There is no truer word than that of Rousseau: "It takes a great deal of scientific insight to observe what we see every day." It is not superfluous, then, to call to men's attention what they owe to exchange without being aware of it.

How has the power of exchange raised humanity to its present heights? By its influence on labor, on the harnassing of the forces of Nature, on the capacities of man, and on capital.

Adam Smith has well shown this influence on labor.

"The increase in the quantity of labor that can be performed by the same number of men as a result of the division of labor is due to three factors," said the celebrated economist: "(1) the level of skill acquired by each worker; (2) the saving of time normally lost by moving from one occupation to another; (3) the increased opportunity each man has of discovering easy and efficient ways

of attaining an object when his attention is centered on it, rather than diverted to many other things." *

Those who, like Adam Smith, see in labor the sole source of wealth, confine themselves to the question of how division improves its efficiency. But we have seen in the preceding chapter that labor is not the only agent for procuring our satisfactions. Natural forces also contribute. This is not open to question.

Thus, in agriculture, the action of the sun and the rain, the moisture in the soil, the gases in the atmosphere, are certainly resources that co-operate with human labor in the growing of vegetables.

Industry owes similar services to the chemical qualities of certain substances: to the power generated by waterfalls, to the pressure of steam, to gravitation, to electricity.

Commerce has learned to turn man's profit the strength and instincts of certain animals, the power of the wind for sailing boats, the laws of magnetism, which, acting on the compass, guide ships over great oceans.

There are two great incontrovertible truths. The first is: The better man exploits the forces of Nature, the better he provides himself with all that he needs.

It is self-evident that we get more wheat, for the same amount of effort, from good, rich soil than from dry sand or barren rocks.

The second truth is: The resources of Nature are unequally distributed over the earth.

Who would dare maintain that all lands are equally favorable

* [In his third point Bastiat has taken certain liberties with the original text of Adam Smith: "This great increase of the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances: first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and last, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many." (The Wealth of Nations, Oxford, I, 9.)

Bastiat substitutes for "the invention of a great number of machines, etc." a remark Smith makes subsequently on this subject: "Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things." (Op. cit., p. 11.)—TRANSLATOR.]
for growing the same crops, all countries for producing the same goods?

Now, if it is true that natural resources vary from one part of the globe to another, and if, on the other hand, the more men use them, the richer they are, it follows that the power of exchange increases immeasurably the usefulness of these resources.

Here once again we encounter gratuitous utility and onerous utility, the first replacing the second by virtue of exchange. Is it not clear, in fact, that if, deprived of the power of exchange, men were reduced to producing ice at the equator and sugar at the poles, they would have to do with great effort what heat and cold today do for them gratis, and that, as far as they were concerned, a great percentage of natural resources would remain idle? Thanks to exchange, these resources are put to use wherever they are found. Wheat land is sown with wheat; land suitable for the production of grapes is planted with vineyards; there are fishermen on the sea coasts, and woodcutters in the mountains. Here water, there wind, is directed against a wheel, replacing ten men. Nature becomes a slave whom we neither have to clothe nor feed, whose services require no payment, who costs neither our purse nor our conscience anything. The same sum of human efforts, that is to say, the same service—the same value—produces a constantly increasing sum of utility. For every project completed, only a part of human activity is expended; the rest, through the instrumentality of Nature, is made available and is turned to new problems, satisfies new desires, creates new utilities.

The effects of exchange on our intellectual faculties are such that even the most ingenious imagination would be unable to gauge their extent.

“Our knowledge,” says M. de Tracy, “is our most precious possession, since it is knowledge, in proportion to its soundness and breadth, which guides our efforts and makes them productive. Now, no man is in a position to see everything, and it is much easier to learn than to invent. But when several men are in com-

*** [Antoine-Louis-Claude Destutt de Tracy (1754–1836), disciple of Condillac and chief of the so-called “ideologue” school of philosophy.—Translator.]
natural resources, capital, and, consequently, there is more to share. So much the better if three, ten, a hundred, a thousand, a million men join the association.

The two propositions that I have advanced are therefore strictly correct, namely:

**In the state of isolation, our wants exceed our productive capacities.**

**In society, our productive capacities exceed our wants.**

The first is true because the entire area of France could not for long keep alive a single man in the state of absolute isolation. The second is true because, in fact, the population of this same area is growing in numbers and prosperity.

**Progress in Exchange**

The primitive form of exchange is barter. Two persons, each of whom feels a want and possesses the object that can satisfy the other's want, either exchange objects or agree to work separately at different things and share, to the extent stipulated, in the finished product. This is barter, which is, as the socialists would say, exchange, business, commerce in embryo. We note here two wants as the motivating force, two efforts as the means, two satisfactions as the result, or as the termination of the entire process, and nothing in it differs essentially from the same process as carried out in the state of isolation, except that only the wants and satisfactions have remained nontransferable, as is their nature, while the efforts have been exchanged; in other words, two persons have worked for each other and have rendered reciprocal services.

It is at this point, therefore, that political economy really begins, for it is here that we can first observe the appearance of value. Barter occurs only after an agreement, a discussion. Each of the contracting parties makes his decision after considering his self-interest. Each one calculates in this fashion: "I shall barter if the trade brings me the satisfaction of my want with less effort on my part." It is certainly a striking phenomenon that exchange makes it possible to give men's wants the same satisfaction at the cost of less effort, and it is explained by the considerations I presented in the first paragraph of this chapter. When two products or two services are bartered, we may say that they are of equal value. Later we shall have occasion to go more deeply into the question of value. For the moment this vague definition will suffice.

We can conceive of roundabout barter, involving three contracting parties. Paul renders a service to Peter, who renders an equivalent service to James, who in turn renders an equivalent service to Paul, thereby completing the cycle. I need not say that this rotation does not take place unless it satisfies all parties, and it changes in no wise either the nature or the result of a simple barter.

The fundamental character of barter would not in any way be affected if the number of contracting parties should be further increased. In my parish the winegrower uses his wine to pay for the services of the blacksmith, the barber, the tailor, the beadle, the vicar, the grocer. The blacksmith, the barber, the tailor, in turn, deliver to the grocer the wine they receive from the winegrower as payment for the commodities they consume during the year.

This roundabout barter, I cannot repeat too often, does not in any way alter the original concepts set forth in the preceding chapter. When the process is completed, each participant has presented this triple phenomenon: want, effort, satisfaction. Only one thing has been added: the exchange of efforts, which means the transfer of services and the division of labor. The results are advantageous to all parties; for otherwise the bargain would not have been agreed to, and each would have preferred his own isolated, individual effort, which is always a possible alternative.

It is easy to understand that roundabout barter in kind cannot be greatly expanded, and there is no need to dwell on the obstacles that prevent its further development. If a man wished to barter his house for the thousand and one items he would use in the course of the year, how would he go about it? In any case, barter cannot go beyond a small circle of persons acquainted with one another. Humanity would soon have reached the limits of the
division of labor, the limits of progress, if a means of facilitating exchange had not been found.

That is why, since the beginnings of society, men have employed in their transactions some intermediate article, such as grain, wine, animals, and, almost always, metals. These articles perform their function as a medium of exchange, some more, some less satisfactorily; but all are acceptable, provided they represent effort in terms of value, which is the thing to be transmitted.

When this type of intermediate commodity is resorted to, two economic phenomena appear, which are called sale and purchase. It is clear that the idea of sale and purchase is not included in simple barter or even in roundabout barter. When one man gives another something to drink in return for something to eat, we have a simple act that cannot be further broken down into component parts. Now, at the outset of our study of political economy, we must notice that the exchange that is transacted through an intermediate commodity loses nothing of the nature, essence, or character of barter; it is simply a form of indirect barter. As Jean-Baptiste Say very wisely and profoundly observed, it is barter with two factors added, one called sale, the other purchase, which together are indispensable to complete a barter transaction.

In fact, the appearance in the world of a convenient medium of barter does not change the nature of men or of things. There remain for every man the want that prompts the effort, and the satisfaction that rewards it. Exchange is not complete until the man who has made an effort for another man receives in return an equivalent service, that is, a satisfaction. For this purpose, he sells his service for the intermediate commodity; then with it he buys equivalent services, and thus the two factors reconstitute for him a simple barter transaction.

Take the case of a doctor, for example. For some years he has devoted his time and his faculties to the study of diseases and their cure. He has called on his patients, he has given them medical care—in a word, he has rendered services. Instead of receiving from his patients, in payment, direct services, which would have constituted simple barter, he has received an intermediate commodity, pieces of metal, with which he has procured the satisfac-

Exchange

tions that were his objective. His patients have not supplied him with bread, wine, or furniture, but they have supplied him with value to that amount. They have been able to give him pieces of money because they themselves had rendered services. There is, therefore, a balance of services for them as well as for the doctor; and, if it were possible to trace this circulation of money in our imaginations to its very end, we should see that exchange through the medium of money breaks down into a multitude of simple acts of barter.

Under the system of simple barter, value is the appraisal of the worth of the two services exchanged, arrived at through direct comparison. Under the system of indirect exchange, the two services are also appraised, but in comparison with the middle factor, the intermediate commodity, which is called money. We shall see elsewhere what difficulties, what errors, have arisen from this complication. It is enough to observe here that the presence of this intermediate commodity does not in any way alter the fundamental notion of value.

Once it is admitted that exchange is both the cause and the effect of the division of labor, once it is admitted that the division of labor multiplies satisfactions in relation to effort, for the reasons presented at the beginning of this chapter, the reader will readily understand the services money has rendered humanity by the mere fact that it facilitates the act of making an exchange. Thanks to money, exchange has truly been able to expand indefinitely. Each one turns his services over to society; without knowing who will receive the satisfactions they are intended to give. Likewise each one receives from society, not immediate services, but pieces of money, with which he will buy particular services where, when, and how he wills. In this way the ultimate transactions are carried on across time and space between persons unknown to one another, and no one knows, at least in most instances, by whose effort his wants will be satisfied, or to whose wants his own efforts will bring satisfaction. Exchange, through the intermediary of money, breaks down into countless acts of barter between parties unacquainted with each other.

Yet exchange is so great a benefit to society (indeed, is it not
society itself?) that society, to encourage and expand it, has done more than introduce money. In logical order, after want and satisfaction brought together in the same individual by isolated effort, after direct barter, after indirect barter, in which the exchange consists of purchase and sale, come other transactions, extended over time and space by credit: mortgages, bills of exchange, bank notes, etc. Thanks to this marvelous device, which is the result of civilization, which perfects civilization, and which at the same time is perfected along with civilization, an effort exerted in Paris today will cross the oceans and the centuries to satisfy a person unknown; and the one making the effort nevertheless receives his remuneration now, through persons who advance it and are willing to go to distant lands to ask for their compensation, or to await it from the far-off future—an amazingly intricate piece of machinery, which, when submitted to exact analysis, shows us, after all, the soundness of the economic process, want, effort, satisfaction, functioning for each individual in keeping with the laws of justice.

Limits of Exchange

The general nature of exchange is to lessen the amount of effort in relation to the satisfaction. Between our wants and our satisfactions there are interposed obstacles that we succeed in lessening by joining our forces or dividing our labor, that is, by exchange. But exchange too encounters obstacles and demands effort. Proof of this is to be found in the great mass of human labor that exchange brings into play. Precious metals, roads, canals, railways, coaches, ships—all these things absorb a considerable part of human activity. And just think of how many men are employed solely in expediting acts of exchange, how many bankers, businessmen, shopkeepers, brokers, coachmen, sailors! This vast and costly assemblage of men and things proves better than any argument the tremendous power in the faculty of exchange; otherwise, why would humanity have consented to burden itself with it?

Since it is in the nature of exchange both to save effort and to demand effort, it is easy to understand what its natural limitations are. By virtue of that force within man that always impels him to choose the lesser of two evils, exchange will expand indefinitely as long as the effort it requires is less than the effort it saves. And it will halt, naturally, when, in the aggregate, the sum total of satisfactions obtained by the division of labor reaches the point where it is less, by reason of the difficulties of exchange, than the satisfactions that could be procured by direct, individual action.

Consider a small community, for example. If it desires a certain satisfaction, it will have to make the necessary effort. It can say to another such community: “Make this effort for us, and we shall make another one for you.” The arrangement can satisfy everybody, if, for example, the second community is able, through its situation, to bring to bear on the task a larger proportion of gratuitous natural resources than the first. In that case it will accomplish what it wants with an effort equal to, say, eight, while the first community could not do so for an effort of less than twelve. Since only eight is required, there is a saving of four for the first community. But then come the cost of transportation, the remuneration of middlemen—in short, the effort required by the machinery of the exchange. Evidently the figure of eight will have to be added to. The exchange will continue in effect as long as it itself does not cost four. Once that figure is reached, the exchange comes to a halt. It is not necessary to legislate on this matter. For either the law intervenes before this level has been reached, and then the law is harmful, since it thwarts the economizing of effort; or it comes afterwards, and then it is superfluous, like a law forbidding the lighting of lamps at noonday.

When exchange thus comes to a halt because it ceases to be advantageous, the least improvement in the commercial machinery gives it a new impetus. A certain number of transactions are carried on between Orléans and Angoulême. These two towns exchange whenever this procedure brings more satisfactions than direct production could. They stop exchanging when production by exchange, aggravated by the costs of the exchange itself, reaches or exceeds the level of effort required by direct production. Under
these circumstances, if the machinery of exchange is improved, if
the middlemen lower their costs, if a mountain is tunneled, if a
bridge is thrown over a river, if a road is paved, if obstacles are
reduced, exchange will increase, because the inhabitants wish to
avail themselves of all the advantages we have noted in exchange,
because they desire to obtain gratuitous utility. The improvement
of the commercial machinery, therefore, is equivalent to moving
the two towns closer together. Hence, it follows that bringing men
closer together is equivalent to improving the machinery of
exchange. And this is very important, for it is the solution of the
problem of population; here in this great problem is the element
that Malthus has neglected. Where Malthus saw discord, this
element will enable us to see harmony.

By means of exchange, men attain the same satisfaction with
less effort, because the mutual services they render one another
yield them a larger proportion of gratuitous utility.

Therefore, the fewer obstacles an exchange encounters, the less
effort it requires, the more readily men exchange.

And the closer men are together, the fewer the obstacles, the
smaller the effort. A greater density of population is, therefore,
necessarily accompanied by a greater proportion of gratuitous
utility. It transmits greater power to the machinery of exchange;
it makes available a greater part of human effort; it is a source
of progress.

And now let us, if you please, leave off generalities and look
at the facts.

Does not a street of equal length render more service in Paris
than in a small town? Does not a railroad a kilometer long in the
Department of the Seine render more service than one in the
Department of Landes? * Cannot a merchant in London be
satisfied with a smaller profit per sale because of his volume? In
everything we shall see that two mechanisms of exchange, though

* [The Department of the Seine is an administrative district of France which
includes Paris and the rich countryside around it. The Department of Landes
in southwestern France, along the Atlantic coast, is, on the contrary, sandy, marshy,
and relatively barren. Bastiat himself was from this department, and was elected
by it to the national Chamber of Deputies.—TRANSLATOR.]

identical, render very different services according to their location,
depending on whether they function in areas with a dense
or a sparse population.

Density of population enables us not only to get a better return
from the apparatus of exchange but also to enlarge and perfect
this apparatus itself. Certain improvements that are desirable in a
densely populated area, because they will save more effort than
they will cost, are not feasible in a sparsely populated area, because
they would require more effort than they would save.

When one leaves Paris for a short stay in a little town in the
provinces, one is astonished at the number of occasions when
certain little services can be secured only at excessive cost of time
and money and with great difficulty.

It is not only the physical side of the commercial mechanism
that is put to use and improved by the mere fact of the density
of the population, but the moral and cultural side as well. Men
living in close proximity are better able to divide their labor,
join forces, work together to found schools and museums, build
churches, provide for their security, establish banks and insurance
companies—in a word, to enjoy mutual advantages with the
expenditure of much less effort per person.

These considerations will again become apparent when we
reach the question of population. Let us confine ourselves here to
this observation: Exchange is a means given to men to enable
them to make better use of their productive capacities, to econ-
omize their capital, to exploit more effectively the gratuitous re-
sources of Nature, to increase the ratio of gratuitous utility to
onerous utility, to decrease, therefore, the ratio of effort to result,
to free more and more of their energy from the business of pro-
viding for their more urgent and elemental wants, in order to use
it instead for enjoyments of a higher and higher order.

If exchange saves effort, it also requires effort. It expands,
increases, multiplies to the point where the effort it requires
equals the effort it saves, and then it comes to a halt until, through
improvement in the commercial machinery, through the mere fact
of increased population, of more men living closer together, it
encounters the conditions necessary to resume its forward march.
Consequently, laws that limit exchange are always either harmful or unnecessary.

Governments, which are always disposed to believe that nothing can be done without them, refuse to understand this law of harmony.

*Exchange develops naturally to the point where further development would be more onerous than useful, and stops of its own accord at this limit.*

Consequently, we see governments everywhere greatly preoccupied either with giving exchange special favors or with restricting it. To carry it beyond its natural limits, they seek after new outlets and colonies. To hold it within these limits, they think up all kinds of restrictions and checks.

This intervention of force in human transactions is always accompanied by countless evils.

The very increase in its size is already a primary evil; for it is very evident that a state cannot make conquests, place distant countries under its domination, divert the natural flow of commerce by means of tariffs, without multiplying greatly the number of its agents.

The diverting of the agencies of law and order from their natural function is an even greater evil than adding unduly to their size. Their rational function was to protect all liberty and all property, and instead we see them bent on doing violence to the liberty and the property of the citizens. Thus, governments seem to be dedicated to the task of removing from men's minds all notions of equity and principle. As soon as it is admitted that oppression and plunder are legitimate provided they are legal, provided they are practiced on the people only through the authority of the law and its powers of enforcement, we see each class little by little demanding that all other classes be sacrificed to it.

Whether this intervention of force in the process of exchange creates exchanges that otherwise would not be made or prevents others from being made, it cannot fail to result in the waste and misuse of labor and capital, and consequently in the disturbance of the natural distribution of population. Natural interests dis-

appear at one point, artificial interests are created at another, and men are compelled to follow the course of these interests. Thus, great industries are established where they have no right to be. France makes sugar; England spins cotton brought from the plains of India. It took centuries of war, torrents of spilled blood, the frittering away of immense treasure, to arrive at this result: substituting in Europe precarious industries for vigorous ones, and thus opening the door to panics, unemployment, instability, and, in the last analysis, pauperism.

But I see that I am anticipating. We must first know the laws of the free and natural development of human society. We may then study the disturbances.

*The Moral Force of Exchange*

We must repeat, at the risk of distressing modern sentimentals: Political economy is restricted to the area that we call *business*, and business is under the influence of *self-interest*. Let the puritans of socialism cry out as much as they will: “This is horrible; we shall change all this”; their rantings on this subject constitute their own conclusive refutation. Try to buy a printed copy of their publications on the Quai Voltaire,* using brotherly love as payment!

It would be falling into another kind of empty oratory to attribute morality to acts determined and governed by *self-interest*. But surely Nature, in her ingenuity, has been able so to arrange the social order that these same acts, though they have no moral motivation, nevertheless achieve moral results. Is this not true of labor? So I say that exchange, whether in the form of direct barter or grown into a vast industry, develops in society tendencies more noble than its motives.

God forbid that I should try to attribute to but a single aspect of human energy all the grandeur, glory, and charm of our existence. As there are two forces in the physical universe, centripetal force and centrifugal force, so there are two principles in the

* [The Quai Voltaire, an area along the Seine in Paris, where there are many book-sellers' shops and stalls.—Translator.]
social world: self-interest and altruism. Who is unfortunate enough not to know the benefits and the joys that come from altruistic impulses, manifested by love, filial devotion, parental affection, charity, patriotism, religion, enthusiasm for the good and the beautiful? There are those who say that altruism is only a glorified form of self-love, and that, in reality, loving others is only an intelligent way of loving oneself. This is not the place to delve into the profoundness of this question. Whether our two motivating forces be distinct or merged, it is enough to know that, far from clashing, as is so often said, they combine and work together for the same common end: the general welfare.

I have established these two propositions:

In the state of isolation, our wants exceed our productive capacities.

By virtue of exchange, our productive capacities exceed our wants.

They explain the reason for the existence of society. Here are two others that assure unlimited progress:

In the state of isolation, one man’s prosperity is inimical to that of all others.

By virtue of exchange, one man’s prosperity is beneficial to all others.

Is there need to prove that, if Nature had destined men for a solitary existence, the prosperity of one would be an obstacle to the prosperity of another? The more numerous they were, the less chance they would have of attaining well-being. In any case, we can well see how their numbers could be harmful to them; we cannot see how they could be beneficial. And then, I ask, under what form would altruism manifest itself? What would bring it into being? How could we even conceive of it?

But men exchange. Implicit in exchange, as we have seen, is the division of labor. It gives rise to the professions and trades. Each one applies himself to conquering one set of obstacles for the benefit of the community. Each one devotes himself to rendering one kind of service. Now, a complete analysis of value demonstrates that the worth of every service is dependent first on its intrinsic utility, and then on the fact that it is offered for sale in a richer locality, that is, in a community more inclined to demand it, more able to pay for it. Actual experience—which shows us the artisan, the doctor, the lawyer, the businessman, the coachmaker, the teacher, the scholar, receiving a better return for their services in Paris, London, or New York, than in the moors of Gascony, the mountains of Wales, or the prairies of the Far West—confirms us in this truth:

The more prosperous the place in which he is situated, the better the chances a man has to prosper.

Of all the harmonies about which I have written, this one is certainly the most important, the finest, the most decisive, the most productive. It implies and sums up all the others. For this reason I can give it here only a very incomplete demonstration. I should consider it fortunate, indeed, if it emanates from the spirit of this book and more fortunate still if it appears sufficiently probable to induce the reader to proceed on his own from probability to certainty!

For, beyond all shadow of doubt, this is the reason why we must decide between the natural social order and all artificial social orders; here, and here alone, is the solution to the social problem. If the prosperity of all is requisite for the prosperity of one, we may place our trust not only in the economic power of free exchange, but also in its moral force. Once men know what their true interests are, then all the restrictions, all the industrial jealousies, the commercial wars, the monopolies, will fall before the protest of public opinion; then they will ask, before demanding the passage of any legislation, not: “What good will it do me?” but: “What good will it do the community?” I admit that we sometimes ask ourselves this second question at the prompting of our altruism; but as the light of understanding comes to prevail, we shall ask it also out of self-interest. Then, indeed, it will be possible to say that the two motive forces of our nature work together for the same result—the general good; and it will be impossible to deny that in self-interest, and likewise in the transactions that stem from it, at least as far as their results are concerned, there resides a source of moral power.

Whether we consider the relations of man to man, family to
family, province to province, nation to nation, hemisphere to hemisphere, capitalist to worker, or property owner to proletarian, it is evident, I believe, that we cannot solve or even approach the social problem from any of these points of view without first choosing between these two maxims:

*The profit of the one is the loss of the other.*

*The profit of the one is the profit of the other.*

For, if Nature has arranged things in such a way that antagonism is the law of free transactions, our only recourse is to conquer Nature and to stifle liberty. If, on the contrary, these free transactions are harmonious, that is, if they tend to improve and equalize conditions, we must confine our efforts to allowing Nature to act and to maintaining the rights of human liberty.

And that is why I urge the young men to whom this book is dedicated to scrutinize carefully the doctrines it contains and to analyze the inner nature and the results of exchange. Yes, I am confident that there will be one among them who will finally adduce a rigorously logical demonstration of this proposition: *The good of each is favorable to the good of all, even as the good of all is favorable to the good of each;* who will be able to plant this truth deeply in all minds, making it simple, crystal-clear, irrefutable. This young man will have solved the social problem; he will be the benefactor of the human race.

Let us, then, bear this in mind: According to the truth or falsity of this axiom, the natural laws of society are harmonious or antagonistic; and according to their harmony or antagonism, it is to our interest to conform to them or to deviate from them. If, then, it were once clearly demonstrated that, under liberty, each man's self-interest is in accord with that of every other, and those of all are mutually favorable, all the efforts that we now see governments making to disrupt the action of these natural laws of society would better be devoted to leaving to them their full power; or rather no effort would be needed at all, except the effort it takes not to interfere. In what does the interference by governments consist? This can be deduced from the end they have in view. What is that? To remedy the inequality that is thought to spring from liberty. Now there is only one way to re-establish the balance: to take from some to give to others. Such is, in fact, the mandate that governments have given themselves or have received, and it is the logical deduction from the proposition: *The profit of the one is the loss of the other.* This axiom being held as true, force must indeed repair the damage done by liberty. Thus, governments, which we thought were instituted to guarantee every man his liberty and his property, have taken it upon themselves to violate all liberty and all property rights, and with good reason, if in liberty and property resides the very principle of evil. Thus, everywhere we see them busy changing artificially the existing distribution of labor, capital, and responsibility.

On the other hand, a truly incalculable amount of intellectual energy is being wasted in the pursuit of contrived social organizations. *To take from some to give to others,* to violate both liberty and property rights—this is a very simple objective; but the ways of going about it can vary to infinity. Hence these multitudes of systems, which throw all classes of workers into consternation, since, by the very nature of their goal, they menace all existing interests.

Therefore, arbitrary and complicated governments, the denial of liberty and property rights, the antagonism of classes and nations—all this is the logical outgrowth of the axiom: *The profit of the one is the loss of the other.* And, for the same reason, simplicity in government administration, respect for individual dignity, freedom of labor and exchange, peace among nations, protection of person and property—all this is the outgrowth of this truth: All interests are harmonious, provided, however, only that this truth be generally accepted.

Such is far from the case. Many persons, reading the above, are prompted to say to me: You are breaking down an open door. Who has ever thought seriously of challenging the superiority of exchange over isolation? In what book, except perhaps Rousseau's, have you encountered this strange paradox?

Those who stop me with this observation forget only two things, two symptoms, or rather two aspects, of our modern society: the doctrines with which the theorists flood us, and the practices that governments foist upon us. No, it must indeed be
that the harmony of interests is not universally recognized, since, on the one hand, the force of government is constantly intervening to disrupt their natural combinations; and, on the other, the reproach is everywhere made that government does not intervene enough.

This is the question: Is evil (it is clear that I here refer to evil that is not the necessary consequence of our original infirmity) traceable to the action of the natural laws of society or to our penchant for disturbing this action?

Now, two facts are coexistent: evil, and the force of government directed against the natural laws of society. Is the first of these two facts the consequence of the second? Personally, I believe it is; I will even say that I am sure of it. But at the same time I attest to this: as evil spreads, governments seek the remedy in new interferences with the action of these laws; and the theorists complain that they still do not interfere enough. Am I not, then, justified in concluding that there is little confidence in the natural laws of society?

Yes, without a doubt, if the question is posed as a choice between isolation or exchange, there is agreement. But if the choice is between free exchange and forced exchange, is there likewise agreement? Is there nothing artificial, forced, restrained or constrained, in France, in the exchange of services relative to commerce, credit, transportation, arts, education, religion? Are labor and capital naturally distributed between agriculture and industry? When men are moved out of their normal channels, are they still allowed to follow the natural direction of their own self-interest? Do we not find obstructions everywhere? Are there not a hundred vocations that are closed to most of us? Is the Catholic not obliged to pay for the services of the Jewish rabbi, and the Jew for the services of the Catholic priest? Is there one man in France who has had the education his parents would have given him if they had been free? Are not our minds, our way of life, our ideas, our industry, fashioned under the rule of the arbitrary or at least of the artificial? Now, I ask, is not such disturbing

of the free exchange of services a way of denying the harmony of interests? On what pretext am I deprived of my liberty if not that my liberty is judged to be harmful to others? It can hardly be said to be harmful to me, for that would be adding but one antagonism the more. And where on earth are we, in Heaven's name, if Nature has placed in every man's heart a permanent, indomitable drive that impels him to harm both others and himself?

We have tried so many things; when shall we try the simplest of all: freedom? Freedom in all our acts that do not offend justice; freedom to live, to develop, to improve; the free exercise of our faculties; the free exchange of our services. What a fine and solemn spectacle it would have been had the government brought to power by the February Revolution* spoken thus to the citizens:

"You have invested me with the power of authority. I shall use it only in cases where the intervention of force is permissible. But there is only one such case, and that is for the cause of justice. I shall require every man to remain within the limits set by his rights. Every one of you may work in freedom by day and sleep in peace at night. I take upon myself the safety of your persons and property. That is my mandate; I shall fulfill it, but I accept no other. Let there be no misunderstanding between us. Henceforth you will pay only the slight assessment indispensable for the maintenance of order and the enforcement of justice. But also, please note, each one of you is responsible to himself for his own subsistence and advancement. Turn your eyes toward me no longer. Do not ask me to give you wealth, work, credit, education, religion, morality. Do not forget that the motive power by which you advance is within yourselves; that I myself can act only through the instrumentality of force. All that I have, absolutely all, comes from you; consequently, I cannot grant the slightest advantage to one except at the expense of others. Cultivate your fields, then, manufacture and export your products, conduct your business affairs, make your credit arrangements, give and receive your services freely, educate your children, find them a calling, cultivate the arts, improve your minds, refine your sentiments,

* [Reference to the system established by Napoleon I providing government subsidies for the leading religious denominations.—TRANSLATOR.]

* [Cf. note, chap. 5, p. 37.—TRANSLATOR.]
Economic Harmonies

strengthen your bonds with one another, establish industrial or charitable associations, unite your efforts for your individual good as well as for the general good; follow your inclinations, fulfill your individual destinies according to your endowments, your values, your foresight. Expect from me only two things: freedom and security, and know that you cannot ask for a third without losing these two."

Yes, I am convinced, if the February Revolution had proclaimed principles, we should not have had another revolution. Can we imagine citizens, otherwise completely free, moving to overthrow their government when its activity is limited to satisfying the most vital, the most keenly felt of all social wants, the need for justice?

But, unfortunately, it was impossible for the National Assembly to follow this course or to speak these words. These utterances were not in accord with the Assembly's thinking or with the public's expectations. They would have spread as much consternation throughout society, perhaps, as would the proclaiming of a socialist state. Be responsible for ourselves! they would have said. Look to the state for nothing beyond law and order! Count on it for no wealth, no enlightenment! No more holding it responsible for our faults, our negligence, our improvidence! Count only on ourselves for our subsistence, our physical, intellectual, and moral progress! Merciful heavens! What is going to become of us? Won't society give way to poverty, ignorance, error, irreligion, and perversity?

Such, you will agree, would have been the fears, voiced on all sides, if the February Revolution had proclaimed liberty, that is, the reign of the natural laws of society. Hence, either we do not know these laws, or we do not trust them. We cannot help thinking that the motive forces that God implanted in man are essentially perverse; that there is integrity only in the intentions and designs of government; that the tendencies of mankind lead to disorder, to anarchy; in a word, we believe in the inevitable mutual antagonism of men's interests.

Therefore, French society during the February Revolution, far from showing the slightest desire for a natural organization, never, perhaps, turned its thoughts and its hopes so ardently toward artificial contrivances. What were they? We know only too well. It was proposed, according to the language of the time, to give it a try: Faciamus experimentum in corpore viili. And the social planners seemed to have such contempt for human personality, to identify man so completely with inert matter, that they spoke of conducting social experiments with mankind as one would speak of making chemical experiments with alkalis or acids. An initial experiment was begun at the Luxembourg.† we know with what success. Soon the Constituent Assembly formed a Committee on Labor which was deluged with a thousand social plans. A Fourier spokesman, in all seriousness, asked for land and money (he undoubtedly would not have been slow to ask for men as well) to implement his model society. Another spokesman, an egalitarian, offered his recipe, which was rejected. The manufacturers, more fortunate, succeeded in having theirs accepted. Finally, at this juncture, the legislative assembly named a commission to set up a public relief program.

What is surprising in all this is that those in power, simply to stay in power, did not now and then protest: "You are leading thirty-six million citizens to imagine that we are responsible for everything, good or bad, that happens to them in this world. On these terms, no government is possible."

In any case, however much these various proposals, glorified as social planning, may differ from one another in their methods, they are all predicated on the same proposition: Take from some to give to others. Now, it is very clear that such a proposition could meet with so sympathetic a response from the whole nation only because of the general conviction that men's interests are naturally antagonistic and human inclinations are essentially perverse.

* ["Let us make the experiment on a worthless body." Quoted by Antoine Feisier, Loges des hommes savans (1885). Cf. Thomas Benfield Harbottle, Dictionary of Quotations (Classical) (London, 1906).—TRANSLATOR.]
† [The Luxembourg Palace, the seat of the French Senate. The references in this paragraph are to the government's efforts to end unemployment, which resulted in the establishment of the relief measure known as the National Workshops. —TRANSLATOR.]
Take from some to give to others! I know that this is the way things have been going for a long time. But, before contriving, in our effort to banish poverty, various means of putting this outlandish principle into effect, ought we not rather to ask ourselves whether poverty is not due to the very fact that this principle has already been put into effect in one way or another? Before seeking the remedy in the further disturbance of the natural law of society, ought we not first to make sure that these disturbances are not themselves the very cause of the social ills that we wish to cure?

Take from some to give to others! Permit me to point out the danger and the absurdity of the economic thinking in this so-called social aspiration, which welled up in the hearts of the masses and finally burst forth so violently during the February Revolution.

When there are a number of strata in society, it is understandable that the uppermost one should enjoy privileges at the expense of the others. This is hateful, but it is not illogical.

Then the second stratum from the top will not fail to batter down these privileges; and, with the help of the masses, will sooner or later stage a revolution. In that case, as power passes into its hands, we can understand that it too creates privileges for itself. This is always detestable, but it is not illogical; at least it is not unfeasible, for privilege is possible so long as it has the great mass of the people under it to support it. If the third and the fourth strata also stage their revolutions, they too will arrange, if they can, to exploit the masses through carefully contrived privileges. But now the great masses of the people, downtrodden, oppressed, exhausted, stage their revolution too. Why? What do they propose to do? You think perhaps they are going to abolish all privilege, inaugurate the reign of universal justice? Do you think that they are going to say: “An end to restrictions; an end to restraints; an end to monopoly; an end to government interference for the benefit of one class; an end to heavy taxation; an end to diplomatic and political intrigue”? No, their aim is very different. They become a pressure group; they too insist on becoming privileged. They, the masses of the people, imitating the upper classes, cry in their turn for privileges. They demand their right to employment, their right to credit, their right to education, their right to pensions. But at whose expense? That is a question they never stop to ask. They know only that being assured of employment, credit, education, security for their old age, would be very pleasant indeed, and no one would deny it. But is it possible? Alas, no, and at this point, I say, it is no longer detestable, but illogical to the highest degree.

Privileges for the masses! People of the lower classes, think of the vicious circle you are placing yourselves in. Privilege implies someone to profit from it and someone to pay for it. We can conceive of a privileged man or a privileged class; but can we conceive of a whole nation of privileged people? Is there another social stratum under you that you can make carry the load? Will you never understand the weird hocus pocus of which you are the dupes? Will you never understand that the state cannot give you something with one hand without taking that something, and a little more, away from you with the other? Do you not see that, far from there being any possible increase of well-being in this process for you, its end result is bound to be an arbitrary government, more galling, more meddling, more extravagant, more precarious, with heavier taxes, more frequent injustices, more shocking cases of favoritism, less liberty, more lost effort, with interests, labor, and capital all misdirected, greed stimulated, discontent fomented, and individual initiative stifled?

The upper classes become alarmed, and not without reason, at this disturbing attitude on the part of the masses. They sense in it the germ of constant revolution, for what government can endure when it has had the misfortune to say: “I have the force, and I shall use it to make everybody live at the expense of everybody else. I take upon myself the responsibility for the happiness of all”? But is not the consternation these classes feel a just punishment? Have they themselves not set the baneful example of the attitude of mind of which they now complain? Have they not always had their eyes fixed on favors from the state? Have they ever failed to bestow any privilege, great or small, on industry, banking, mining, landed property, the arts,
and even their means of relaxation and amusement, like dancing and music—everything, indeed, except on the toil of the people and the work of their hands? Have they not endlessly multiplied public services in order to increase, at the people’s expense, their means of livelihood; and is there today the father of a family among them who is not taking steps to assure his son a government job? Have they ever voluntarily taken a single step to correct the admitted inequalities of taxation? Have they not for a long time even exploited their electoral privileges? And now they are amazed and distressed that the people follow in the same direction! But when the spirit of mendicancy has prevailed for so long among the rich, how can we expect it not to have penetrated to the less privileged classes?

However, a great revolution has taken place. Political power, the law-making ability, the enforcement of the law, have all passed, virtually, if not yet completely in fact, into the hands of the people, along with universal suffrage.* Thus, the people who raise the problem, will be called upon to resolve it; and we to the nation if, following the example that has been given them, they seek the solution in privilege, which is always the violation of the rights of others! Certainly it will result in great disillusionment, and also in a great lesson; for, though it is possible to violate the rights of the many for the benefit of the few, how can we violate the rights of all for the benefit of all? But at what price will this lesson be bought? What should the upper classes do to warn against this frightful danger? Two things: give up their privileges of their own accord, and enlighten the masses; for there are but two things that can save society: justice and enlightenment. They should examine carefully whether they are not enjoying some monopoly—if so, let them renounce it: whether they are not benefiting by some artificial inequities—if so, let them eradicate them; whether pauperism is not due, in part at least, to their disturbance of the natural law of society—if so, let them make an end of it in order that they may show their hands to the people and say: These hands are not empty.

* [Universal suffrage had just been adopted by the Second Republic.—TRANSLATOR]

but they are clean. Is this what they actually do? Unless I am completely blind, they do the exact opposite. They begin by keeping their monopolies and have even been seen to take advantage of the Revolution to increase them. After thus putting themselves in the position where they cannot tell the truth and cannot invoke any principles without appearing inconsistent, they promise to treat the people as the people would treat themselves, and dangle before their eyes the lure of privilege. But they feel that they are being very wily in that today they grant the people only a small privilege—the right to pensions—in the hope that they may avoid any request for a great privilege—the right to employment. And they do not see that by extending and systematizing more and more the axiom: Take from some to give to others, they are encouraging the error that creates the difficulties of the present and dangers for the future.

Let us not exaggerate, however. When the upper classes seek in the extension of privilege the remedy for the ills that privilege has caused, they act in good faith, and, I feel sure, more through ignorance than from a desire to commit injustice. The fact that successive governments in France have always blocked the teaching of political economy has done irreparable harm. Even greater is the harm done by our university system, which fills all our heads with Roman prejudices, that is, with everything most incompatible with social truth. This is what leads the upper classes astray. It is fashionable today to declaim against them. For my part, I believe that their intentions have never been more benevolent in any age. I believe that they earnestly desire to solve the problems of society. I believe that they would go further than give up their privileges and would willingly turn over to charitable works a part of the property they have acquired, if, by so doing, they felt that they could definitely end the hardships of the working classes. People will say, doubtless, that they are motivated by self-interest or fear, and that there is no great generosity in giving up a part of one's goods in order to save the rest. It is the commonplace prudence of a man who keeps a fire within bounds. Let us not thus abuse human nature. Why
refuse to admit any less selfish motive? Is it not quite natural for the democratic attitudes that prevail in our country to make men sensitive to the suffering of their fellows? But, whatever may be the motive, what cannot be denied is that everything that reveals public opinion—philosophy, literature, poetry, the drama, the pulpit, parliamentary debate, the press—indicates in the wealthy class more than a desire, an ardent longing, to solve the great problem. Why, then, does nothing come from our legislative assemblies? Because of their ignorance. Political economy offers them this solution: Legal justice, private charity. But they are off on a wrong scent and, without realizing it, follow the socialist influence; they want to incorporate charity into the law, that is, to banish justice from the law, a course likely to destroy private charity, which is always quick to give way before legal charity.

Why do our legislators thus contravene all sound notions of political economy? Why do they not leave things in their proper place: altruism in its natural realm, which is liberty; and justice in its, which is law? Why do they not use the law exclusively to further justice? It is not that they do not love justice, but that they have no confidence in it. Justice is liberty and property. But they are socialists without knowing it; for achieving the progressive reduction of poverty and the progressive increase in wealth, they have no faith, whatever they may say, in liberty or in property or, consequently, in justice. And that is why we see them in all good faith seeking to achieve the good by the constant violation of the right.

We can call the natural laws of society that body of phenomena, considered from the standpoint of their motivations and their results, which govern the free transactions of men.

Once this is postulated, the question is: Must we permit these laws to function, or must we prevent them from functioning? This question is tantamount to asking: Must we recognize the right of every man to his property, his freedom to work and to exchange on his own responsibility, whether to his profit or his loss, invoking the law, which is force, only for the protection of his rights; or can we reach a higher plane of social well-being by violating property rights and liberty, regulating labor, disrupting exchange, and shifting responsibility away from the individual?

In other words:

Must the law enforce strict justice, or be the instrument of organized confiscation administered more or less intelligently?

It is quite evident that the answer to these questions is dependent on the study and knowledge of the laws of society. We cannot make any reasonable pronouncement until we know whether property, liberty, the varied pattern of services freely exchanged, lead men forward toward their improvement, as economists assert, or backward toward their debasement, as the socialists affirm. In the first case, the ills of society must be attributed to interference with the operation of natural laws, to the legalized violation of the right to liberty and property. It is this interference and violation, then, that must be stopped, and the political economists are right. In the second case, we do not yet have enough government interference. Forced and artificial patterns of exchange have not yet sufficiently replaced the free and natural pattern; too much respect is still paid to justice, property, and liberty. Our lawmakers have not yet attacked them violently enough. We are not yet taking enough from some to give to others. So far we have taken only from the many to give to the few. Now we must take from all to give to all. In a word, we must organize confiscation, and from socialism will come our salvation.2

Disastrous Fallacies Derived from Exchange

Exchange is society. Consequently economic truth is the complete view, and economic error is the partial view, of exchange.

If man did not exchange, every part of the economic process would take place in the individual, and it would be very easy for us to set down from observation its good and bad effects.

But exchange has brought about a division of labor, or, to
speak less learnedly, the establishment of professions and trade. Every service (or every product) involves two persons, the one who provides it, and the one who receives it.

Undoubtedly, at the end of the evolutionary process, man is society, like man in isolation, is at once producer and consumer. But the difference must be clearly noted. Man in isolation is always the producer of what he consumes. This is almost never true of man in society. It is an incontestable point of fact that everyone can verify from his own experience. This is so because society is simply an exchange of services.

We are all producers and consumers, not of the thing, but of the value that we have produced. While we exchange things, we always remain the owners of their value.

From this circumstance are derived all economic misconceptions and fallacies. It is certainly not superfluous to indicate here the course of men's thinking on this subject.

We can give the general name of obstacle to everything that, coming between our wants and our satisfactions, calls forth our efforts.

The interrelations of these four elements—want, obstacle, effort, satisfaction—are perfectly evident and understandable in the case of man in a state of isolation. Never, never in the world, would it occur to us to say:

"It is too bad that Robinson Crusoe does not encounter more obstacles; for, in that case, he would have more outlets for his efforts; he would be richer.

"It is too bad that the sea has cast up on the shore of the Isle of Despair useful articles, boards, provisions, arms, books; for it deprives Robinson Crusoe of an outlet for his efforts; he is poorer.

"It is too bad that Robinson Crusoe has invented nets to catch fish or game; for it lessens by that much the efforts he exerts for a given result; he is less rich.

"It is too bad that Robinson Crusoe is not sick often. It would give him the chance to practice medicine on himself, which is a form of labor; and, since all wealth comes from labor, he would be richer."

"It is too bad that Robinson Crusoe succeeded in putting out the fire that endangered his cabin. He has lost an invaluable opportunity for labor; he is less rich.

"It is too bad that the land on the Isle of Despair is not more barren, the spring not farther away, the sun not below the horizon more of the time. Robinson Crusoe would have more trouble providing himself with food, drink, light; he would be richer."

Never, I say, would people advance such absurd propositions as oracles of truth. It would be too completely evident that wealth does not consist in the amount of effort required for each satisfaction obtained, but that the exact opposite is true. We should understand that value does not consist in the want or the obstacle or the effort, but in the satisfaction; and we should readily admit that although Robinson Crusoe is both producer and consumer, in order to gauge his progress, we must look, not at his labor, but at its results. In brief, in stating the axiom that the paramount interest is that of the consumer, we should feel that we were simply stating a veritable truism.

How happy will nations be when they see clearly how and why what we find false and what we find true of man in isolation continue to be false or true of man in society?

Yet it is certainly a fact that the five or six propositions that appeared so absurd when we applied them to the Isle of Despair seem so incontestably true when applied to France that they serve as the basis of all our economic legislation. And, on the contrary, the axiom that seemed truth itself when applied to the individual is never mentioned without provoking a disdaining smile.

Could it be true, then, that exchange so alters us that what makes for the poverty of the individual makes for the wealth of society?

No, this is not true. But, it must be said, it is plausible, very plausible indeed, since it is generally believed.

Society consists in the fact that we work for one another. We receive more services either as we give more or as those we give are assigned greater value, are more in demand, that is to say, are better paid. On the other hand, the division of labor causes each
one of us to apply his efforts to conquering obstacles that block the satisfactions of others. The farmer attacks the obstacle called hunger; the doctor, the obstacle called illness; the priest, the obstacle called vice; the writer, the obstacle called ignorance; the miner, the obstacle called cold; etc., etc.

And, since the more keenly all those about us are aware of the obstacles that stand in their way, the more generously they are inclined to remunerate our efforts, it follows that we are all disposed, from this point of view, as producers, to dedicate ourselves almost religiously to exaggerating the importance of the obstacles that it is our business to combat. We consider ourselves richer if these obstacles are increased, and we immediately conclude that what is to our personal gain is for the general good.5

5

On Value

A long discourse is always boring, and a long discourse on value must be doubly so.

Therefore, naturally enough, every inexperienced writer, when confronted with a problem in economics, tries to solve it without involving himself in a definition of value.

But inevitably it does not take him long to discover how very inadequate such a procedure is. The theory of value is to political economy what a numerical system is to arithmetic. How hopelessly confusing Bezout* would have become if, to spare his students tedium, he had tried to teach them the four fundamental operations of arithmetic—addition, subtraction, multiplication, and division—and the theory of proportions without first explaining to them how the ten digits by their shape and position represent numerical values!

If only the reader could foresee the fascinating conclusions to be deduced from the theory of value, he would accept the tiresome explanation of the basic principles, just as he resigns himself to the dull chore of learning the elementary principles of geometry by keeping in mind the exciting prospect of things to come.

But in the field of political economy one does not intuitively anticipate anything of this sort. The more pains I shall take to make clear the distinctions between value and utility, and between value and labor, in order to explain how natural it was for early economic theory to have run aground on these treacherous shoals,

*[Etienne Bezout (1730–1783), French naval inspector and mathematician.—TRANSLATOR.]