

THE BEST OF BASTIAT #3.3

“The Utopian” (17 Jan. 1847)

***“I will therefore promulgate a law on Customs
Duties.” “In two folio volumes?”
“No, in two articles.”***



Claude Frédéric Bastiat (1801-1850)

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[March, 2013]

Editor's Introduction

Frédéric Bastiat (1801-1850) was the leading advocate of free trade in France during the 1840s. He made a name for himself as a brilliant economic journalist, debunking the myths and misconceptions people held on protectionism in particular and government intervention in general. When revolution broke out in February 1848 Bastiat was elected twice to the Chamber of Deputies where he served on the Finance Committee and struggled to bring government expenditure under control.

Knowing he was dying from a serious throat condition (possibly cancer), Bastiat attempted to complete his magnum opus on economic theory, his *Economic Harmonies*. In this work he showed the very great depth of his economic thinking and made theoretical advances which heralded the Austrian school of economics which emerged later in the 19th century.

Bastiat first made a name for himself as a brilliant economic journalist who supported the free trade movement in France between 1845 and 1848. As editor of *Libre-Échange* (Free Trade) he wrote scores of pithy, amusing, and very clever refutations of what he called “economic sophisms”, by which he meant the false and misleading arguments used by supporters of government subsidies and tariffs to protect their self-interest. Two collections of these Sophisms were published in his lifetime with enough material for a third which never appeared until Liberty Fund's full collection.

In this sophism which appeared at the beginning of 1847 Bastiat dreams that he is made Prime Minister with the full authority to implement his agenda of economic deregulation, free trade, and tax cuts. After getting carried away with euphoria he comes to realise that all his reforms will come to nothing unless he has the bulk of the people on side, and to do this he and the free trade movement have to convince them of the soundness of their ideas, not impose reforms on them from above.

The Utopian becomes excited: "Thank heavens; my budget has been reduced by 200 million! I will abolish city tolls, I will reform indirect taxes, I ..."

"Just a minute Mr. Utopian!"

The Utopian becomes increasingly excited: "I will proclaim the freedom of religion and freedom of education. New projects: I will purchase the railways, I will reimburse the debt, and I will starve stockjobbing of its profits."

"Mr. Utopian!"

"Freed from responsibilities which are too numerous to mention, I will concentrate all of the forces of government on repressing fraud and distributing prompt and fair justice to all, I ..."

“The Utopian” (17 January, 1847)¹ [2]

"If only I were one of His Majesty's Ministers! ... [3]

"Well, what would you do?[4]

"I would begin by ... by ... goodness me, by being highly embarrassed. For when it comes down to it, I would be Minister only because I had a majority; I would have a majority only because I had made myself one and I would have made myself one, honestly at least, only by governing in accordance with their ideas. ... Therefore, if I undertook to ensure that my ideas prevailed by thwarting theirs I would no longer have a majority, and if I did not have a majority I would not be one of His Majesty's Ministers."

"Let me suppose that you are a Minister and that consequently having a majority is not an obstacle for you; what would you do?"

"I would seek to establish on which side *justice* was to be found."

"And then?"

"I would seek to establish on which side *utility* was to be found."

And next?

"I would seek to find out whether they were in harmony or in conflict with one another."

"And if you found that they were not in harmony?"

"I would say to King Philip:

Take back your portfolio.

The rhyme is not rich and the style outdated.

But do you not see that that is much better

Than the *transactions* whose common sense is just a murmur,

And that *honesty* speaks these in its purest form?[5]

"But if you acknowledge that *justice* and *utility* are one and the same?"

"Then I would go right ahead."

"Very well. But to achieve utility through justice, a third element is needed."

"Which is?"

"Opportunity."

"You have given it to me."

"When?"

"A short time ago."

"How?"

"By granting me a majority."

"No wonder it seemed to me that this concession was highly risky, since in the end it implies that the majority clearly sees what is just and what is useful and clearly sees that they are in perfect harmony."

"And if it saw all these things clearly, good would be done, so to speak, automatically."

“What would you do?”

"I would seek to establish on which side justice was to be found."

"And then?"

"I would seek to establish on which side utility was to be found."

And next?

"I would seek to find out whether they were in harmony or in conflict with one another."

"And if you found that they were not in harmony?"

"I would say to King Philip:

Take back your portfolio."

"This is where you are constantly leading me: to see the possibility of reform only through the general progress of reason."

"Which is like saying that as a result of this progress all reform is certain."

"Perfectly put. However, this preliminary progress takes rather a long time to be implemented. Let us suppose it has been accomplished. What would you do? The fact is I cannot wait to see you at work, doing things, involved in the actual practice."

"Firstly, I would reduce the postage tax to 10 centimes."[6]

"I had heard you mention before 5 centimes."[7]

¹ From *Economic Sophisms Series 2*, no. XI "The Utopian" (January 17, 1847). It will appear in volume 3 of *The Collected Works of Frédéric Bastiat* (Liberty Fund, 2014).

"Yes, but since I have other reforms in view, I must advance prudently in order to avoid a deficit."

"Good heavens! What prudence! You are already in deficit to the tune of 30 million!"

"Then I would reduce the salt tax to 10 fr." [8]

"Good! Here you are now, with a deficit of 30 million more. Doubtless you have invented a new tax?"

"God forbid! Besides, I do not flatter myself that I have a sufficiently inventive mind."

"But you need one... Ah! I am with you! What was I thinking of? You will simply reduce expenditure. I did not think of that."

"You are not the only one - I will come to that, but for the moment that is not what I am counting on."

"Oh yes! You are reducing revenue without reducing expenditure and you will avoid a deficit?"

"Yes, by reducing other taxes at the same time."

(Here the questioner, placing his index finger on the side of his forehead, nods his head, which may be translated thus: he is off his head.)

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"I do believe that this is an ingenious maneuver! I pay 100 francs to the Treasury, you save me 5 francs on salt and 5 francs on postage and in order for the Treasury to receive no less than 100 francs, you are saving me 10 francs on some other tax?"

"Shake my hand, you have understood me."

"The devil take me if I have! I am not even sure I have heard you correctly."

I repeat that I will balance one reduction in tax with another.

"Heavens above! I have a few minutes to spare; I might as well listen to your development of this paradox."

"This is the entire mystery. I know of a tax that costs you 20 francs and of which not a sou comes in to the Treasury. I save you half of it and direct the other half to the Rue de Rivoli." [9]

"Really! You are a financier of a rare variety. There is only one problem. On what, may I ask, am I paying a tax that does not reach the Treasury?"

"How much has this suit cost you?"

"100 francs."

"And if you had brought in the cloth from Verviers, [10] how much would it have cost you?"

"80 francs."

"Why then did you not order it from Verviers?"

"Because it is forbidden." [11]

"And why is this forbidden?"

"In order for the suit to cost me 100 francs instead of 80."

"This prohibition will therefore cost you 20 francs?"

"Without doubt."

"And where do these 20 francs go?"

"Where do they go? To the cloth manufacturer."

"Well then! Give me 10 francs for the Treasury, I will lift the prohibition and you will still save 10 francs."

"Oh, oh! I now begin to see. Here is the Treasury account: it loses 5 francs on the post, 5 francs on salt and gains 10 francs on woolen cloth. It is thus quits."

"And here is your account: you save 5 francs on salt, 5 francs on the post and 10 francs on woolen cloth."

"A total of 20 francs. I quite like this plan. But what will become of the poor manufacturer of cloth?"

"Oh! I have thought of him. I am arranging compensation for him, still through tax reductions that provide profit for the Treasury, and what I have done for you with regard to cloth, I will do for him with regard to wool, coal, machines, etc., so that he will be able to reduce his price without losing out."

"But are you sure that things will remain in balance?"

"The balance will be in his favor. The 20 francs I save you on cloth will be increased by the sums I will also save you on wheat, meat, fuel, etc. This will become quite considerable, and savings like this will be made by the thirty five million of your fellow citizens. There will be enough there to buy out the supplies of

cloth from Verviers and Elbeuf[12] alike. The nation will be better dressed, that is all."

"I will think about this, as it is becoming quite confused in my mind."

"After all, with regard to clothing, the essential thing is to be clothed. Your limbs are your own property and not the property of the manufacturer. Protecting them from freezing is your business and not his! If the law takes his side against you the law is unjust, and you have allowed me to reason on the premise that anything that is unjust is harmful."

"Perhaps I have been too bold, but please continue to set out your financial plan."

"I will therefore promulgate a law on

Customs Duties."

"In two folio volumes?"

"No, in two articles."

"I will therefore promulgate a law on Customs Duties."

"In two folio volumes?"[13]

"No, in two articles."

"This time, no one will be able to say that the well-known saying "No one is supposed to be ignorant of the law" is a fiction. Let us see what your tariffs will be."

"Here they are:

Article 1. All goods imported will pay a tax of 5 percent on their value."[14]

"Even *raw materials*?"

"Unless they have no *value*."

"But all of them have some value, more or *less*."

"In this case they will pay more or *less*."

"How do you expect our factories to compete with foreign factories that have *raw materials* duty free?"

"Given the expenditure of the State, if we close down this source of revenue, another will have to be opened up; this will not reduce the relative inferiority of our factories and there will be one more administrative department to create and pay for."

"That is true. I was reasoning as though it was a question of abolishing the tax and not of displacing it. I will think about this. Let us have your second article ..."

"Article 2. All goods exported will pay a tax of 5 percent of their value."

"Good heavens, Mr. Utopian! You are going to be stoned, and if necessary I will throw the first stone."

"We have agreed that the majority is enlightened."

"Enlightened! Do you maintain that an *export duty* will not be a burden?"

"Any tax is a burden, but this is less of a burden than others."

"A great deal of eccentric behaviour is to be expected at carnival time.[15] Be so good as to make this new paradox plausible, if you can."

"How much have you paid for this wine?"

"One franc a liter."

"How much would you have paid for it outside the tollgates?"[16]

"Fifty centimes."[17]

"Why is there this difference?"

"Ask the city tolls, which have levied ten sous on it."

"And who set up the city tolls?"

"The Commune of Paris, in order to pave and light the streets."

"It is therefore an import duty. But if the bordering communes had set up the city tolls for their benefit, what would have happened?"

"I would still pay 1 franc for my 50-centime wine and the other 50 centimes would pave and light Montmartre and the Batignoles."[18]

"So that in the end, it is the consumer who pays the tax."

"There is no doubt about this."

"Therefore, by imposing an export tax, you make foreigners pay for your expenditure."

"I have caught you out. That is no longer *justice*."

"Why not? For a product to be made, the country has to have education, security, and roads, things that cost money. Why should foreigners not pay for the charges generated by this product since he, in the long run, is the one who will be consuming it?"

"This runs counter to established ideas."

"Not in the slightest. The final purchaser has to reimburse all the direct or indirect production costs."

"Whatever you say, it is crystal clear that a measure like this would paralyze commerce and close off our markets."

"That is an illusion. If you paid this tax on top of all the others, you would be right. But if the 100 million raised by this avenue saved them from paying

as much by way of other taxes, you would reappear on foreign markets with all your previous advantages, and even more, if this tax generated fewer restrictions and less expenditure."

"I will think about this. So, now we have settled salt, the postal services and customs duties. Is this all?"

"I have scarcely begun."

"I beg you, let me into your other Utopian plans." [19]

"I have lost 60 million on salt and the postal services. I have recovered them on Customs duties, which have given me something even more precious."

"And what is that, if you please?"

"International relationships based on justice, and the likelihood of peace, which is almost a certainty. I would disband the army." [20]

"The entire army?"

"Except for some specialized divisions, which would recruit voluntarily just like any other profession. And as you can see, conscription would be abolished." [21]

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"Sir, you should say recruitment." [22]

"Ah, I was forgetting! I admire the ease with which in certain countries it is possible to perpetuate the most unpopular things by giving them a different name." [23]

"It is just like *combined duties* which have become *indirect contributions*." [24]

"And *gendarmes* who have adopted the name *municipal guards*."

"In short, you are disarming the country based on a Utopian faith."

"I said that I was disbanding the army and not that I was disarming the country.[25] On the contrary, I intend to give it an invincible force."

"How are you going to sort out this heap of contradictions?"

"I will call on the services of all citizens." [26]

"It is really not worth the trouble of discharging a few of them in order to call up everyone."

"You did not make me a Minister for me to leave things as they are. Therefore, when I come to power I will say, like Richelieu:[27] "The maxims of the State have changed." And my first maxim, which will form the basis of my administration, will be this: "Every citizen must know two things: how to provide for his own existence and how to defend his country"."

"At first sight, I really think that there is a spark of common sense in this."

"Following this, I would base national defense on a law with two articles:

Article 1. All eligible citizens, without exception, will remain under the flag for four years, from the ages of 21 to 25, in order to receive military instruction."

"That is a fine saving! You dismiss 400,000 soldiers and you make 10 million of them!"

"Wait for my second article."

Article 2. Unless they can prove at the age of 21 that they have successfully attended a training unit."

"I was not expecting this outcome. It is quite certain that, to avoid four years of military service, there would be a terrific rush in our youth to learn "*by the right, quick march*" and "*in double quick time, charge*". The idea is very odd."

"It is better than that. For finally, without causing grief to families and without upsetting the principle of equality, would it not simply and cheaply ensure the country 10 million defenders capable of meeting a coalition of all the standing armies in the world?"

"Truly, if I were not on my guard, I would end up by being interested in your fantasies."

The Utopian becomes excited: "Thank heavens; my budget has been reduced by 200 million! I will abolish city tolls, I will reform indirect taxes, I ..."

"Just a minute Mr. Utopian!"

The Utopian becomes increasingly excited: "I will proclaim the freedom of religion [28] and freedom of education.[29] New projects: I will purchase the railways,[30] I will reimburse the debt,[31] and I will starve stockjobbing of its profits." [32]

"Mr. Utopian!"

"Freed from responsibilities which are too numerous to mention, I will concentrate all of the forces of government on repressing fraud and distributing prompt and fair justice to all, I ..."

"Mr. Utopian, you are taking on too much, the nation will not follow you!"

"You have given me a majority."

"I withdraw it."

"About time, too! So I am no longer a Minister, and my plans remain what they are, just so many UTOPIAS."

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"Mr. Utopian!"
"Freed from responsibilities which are too numerous to mention, I will concentrate all of the forces of government on repressing fraud and distributing prompt and fair justice to all, I ..."

Notes

[2] (Paillottet's note) Taken from the issue of *Le Libre-Echange* dated 17th January 1847. [DMH - Note that Molinari, under the "nom de plume" of "le Rêveur" (the Dreamer), wrote an appeal to socialists for solidarity in their joint struggle for prosperity and justice. He published this only a few days before the June Days rioting in 1848 under the title "L'Utopie de la liberté. Lettres aux socialistes" (The Utopia of Liberty. Letters to the Socialist). This was ignored of course in the chaos of the aftermath of the crackdown by Cavaignac's troops. See Molinari, "L'Utopie de la liberté. Lettres aux socialistes" *JDE*, 15 June, 1848, vol.

XX, pp. 328-32.]

[3] Bastiat also wrote what might be called "political sophisms" to debunk fallacies of a political nature, especially concerning electoral politics and the ability of political leaders to initiate fundamental reforms. Good examples of the former are "Electoral Sophisms" and "The Elections" in CW1, pp. 397-404, 404-9; and of the latter are "The Tax Collector" and "The Utopian" in this volume. See "The Political or Electoral Sophisms" in Appendix 1 "Further Aspects of Bastiat's Life and Thought."

[4] Fifteen months after this article was written Bastiat was elected to the Constituent Assembly of the Second Republic after the Revolution of February 1848. He was subsequently appointed vice-president of the Chamber's Finance Committee where he, as the resident "Utopian" on the committee, attempted to enact his tax cutting measures proposed here. See the Appendix on "Bastiat's Activities in the National Assembly 1848-50." Also see ES3 XXI. "Circulars from a Government that is Nowhere to be Seen", below, for some of Bastiat's sarcastic comments about the usefulness of the Provisional Government in the days immediately following the Revolution in February 1848.

[5] Bastiat again parodies this scene from Molière's play *The Misanthrope* (1666), Act I Scene II. Alceste is a misanthrope who is trying to tell Oronte, a foolish nobleman, that his verse is poorly written and worthless. Here Bastiat replaces King Henry with King Louis Philippe, and Paris with "portfolio", and the word "colifichets" (trinkets or baubles) with "transactions" and the word "Passion" with "honesty". *Théâtre complet de Molière*, vol. 4 (1882), p. 86.

[6] The old system of charging by distance was abolished during the Revolution (24 August, 1848). The year before in 1847 125 million letters were sent at an average cost of 43 centimes. The new fixed tax for mail in 1849 was reduced to 20 centimes. Thus, Bastiat's proposal for a cut to 10 centimes in January 1847 was a radical one. According to the Budget Papers of 1848 the French state raised fr. 51.5 million from various taxes, duties, and other charges for delivering letters, parcels, and money. The tax on letters alone raised fr. 46.5 million. See C.S. "Postes, *DEP*, vol. 2, pp. 421-24, and the Appendix on "French Government Finances in 1848-49."

[7] (Paillottet's note) The author had indeed mentioned 5 centimes in May 1846 in an article in *Le Journal des Economistes*, which became chapter XII of the second series of the *Sophisms*.

[8] The tax on salt, or "gabelle" was a much hated tax on an item essential for preserving food. It was abolished during the Revolution but revived during the Restoration. In 1816 it was set at 30 centimes per kilogramme and in 1847 it raised fr. 70.4 million. During the Revolution of 1848 it was reduced to 10 centimes per kilogramme. According to the Budget Papers of 1848 the French state raised fr. 38.2 million from tariffs on imported salt and fr. 13.4 million from the salt tax on internal sales. Bastiat's proposed cut to 10 centimes in January 1847 was the same level adopted by the new government in 1848. See E. de Parieu, "Sel", *DEP*, vol. 2, pp. 606-09. See the Appendix on "French Government Finances in 1848-49" and the glossary entry on "French Taxes."

[9] The Ministry of Finance was located in Rue de Rivoli.

[10] Verviers is a textile manufacturing city in eastern Belgium in the province of Liège. Its textile industry dates from the 15th century. It suffered a serious decline when Liège was annexed to France in 1795. It revived after the Restoration and became one of the major industrial cities producing woollen cloth in the 19th century.

[11] French tariffs on manufactured goods such as textiles were very complex. In the case of textiles many goods were prohibited outright in order to protect French manufacturers. Some products used to manufacture other goods, such as cotton thread used to make lace or tulle, were allowed entry upon payment of a tariff of 7-8 fr. per kilogramme. Most finished goods had prohibitive duties imposed upon them such as 50-100 fr. per piece in the case of cashmere scarves and 550 f. per 100 kilogramme for wool carpets. According to the Budget Papers of 1848 the French state raised fr. 202.1 million from tariffs and import duties out of total receipts of fr. 1,391 million, or 14.5%. See Horace Say, "Douanes," *DEP*, vol. 1, pp. 578-604; the glossary entries on "French Tariff Policy" and "French Government Finances in 1848-49."

[12] Elbeuf is an industrial town in northern France on the Seine river to the south of Rouen.

[13] This is a snide reference by Bastiat to the three very large volumes on French tariffs which was produced by the inquiry conducted by the protectionist

"Conseil supérieur du commerce" (Superior Council of Commerce) in 1835. See "Superior Council of Commerce" in Appendix 2 "The French State and Politics."

[14] For Bastiat and other 19th century free traders the figure of 5% was regarded as a kind of magic number, below which tariffs were acceptable for revenue raising purposes only (since there were no income taxes at this time), above which tariffs were unacceptable as they were then regarded as "protectionist", giving advantages to politically well-connected manufactures at the expense of the consuming public. British aggregate tariff rates (excluding fiscal goods) peaked at about 15% in 1836 and began dropping in 1840 reaching a low point of about 6% in 1847 (the abolition of the Corn Laws was announced in January 1846), and continuing to drop steadily throughout the rest of the century reaching a plateau of less than 1% between 1880 and 1903. France had a rate of about 12% in 1836 and it was still around 11% in 1848 before it began to drop steadily reaching 5% in 1857 before spiking briefly to 7.5% in 1858, then dropping steadily again to about 1.5% in 1870 (the Anglo-French Free Trade Treaty was signed in 1860), before again moving steadily upwards to about 8% in 1893. In 1849 the rates were about 6% in Britain and 10% in France. Throughout this period the United States had an internal free market but high tariffs for external trade. In 1832 the Protectionist Tariff imposed an average rate of 33%; the Compromise Tariff of 1833 intended to lower rates to a flat 20%; and the 1846 Tariff created 4 tariff schedules for goods which imposed 100%, 40%, 30%, or 20% depending upon the particular kind of good. The average rate in the U.S. in 1849 was about 23% which is definitely a "protectionist" tariff and not a "fiscal" tariff according to Bastiat's definition of a 5% limit. After the Civil War averages tariff rates in the U.S. were about 40%. See the glossary entry on "French Tariff Policy."

[15] Carnival is a festive season which occurs in many Catholic countries in February (or late December in the case of France) with public parades, the wearing of masks and costumes, and revelry which often expresses the temporary overturning of traditional authority (or at least the mocking of it). In Paris the carnival is called "la fête des fous" (feast of fools) and dates back to at least the 16th century. It was memorably described in Victor Hugo's novel *The*

Hunchback of Notre Dame (1831) in which Quasimodo is appointed the King of Fools.

[16] King Louis XVI had 57 "barrières d'octroi" (tollgates) built around the outskirts of the city of Paris where goods coming into the city could be inspected and taxed. See "French Taxation" in Appendix 3 "Economic Policy and Taxation."

[17] In 1845 the city of Paris raised fr. 49 million from the "octroi" (entry tax) which was imposed on all goods which entered the city. Of this fr. 26.1 million were levied on wine and other alcoholic drinks which comprised 53% of the total. The tax on wine was the heaviest as a proportion of total value and the most unequally applied. Cheap table wine was taxed at the rate of 80-100% by value whilst superior quality wine was taxed at the rate of 5-6% by value. See Horace Say, *Paris, son octroi et ses emprunts* (Paris: Guillaumin, 1847). Say, Horace Émile Say (1794-1860) was the son of Jean-Baptiste Say, a businessman, president of the Chamber of Commerce of Paris in 1834. Say was also very active in liberal circles: he participated in the foundation of the Société d'économie politique, the Guillaumin publishing firm, and *Le Journal des économistes*. See the glossary entry on "French Taxes."

[18] Montmartre and Les Batignoles were independent communes at the time. They became incorporated into Paris in 1860.

[19] See the glossary entry on "Utopias."

[20] In the pamphlet *What is Seen and What is Not Seen, or Political Economy in One Lesson* (July 1850) [see below] Bastiat proposes to cut the size of the French Army immediately by 100,000 men from its total in 1849 of about 390,000 men (a cut of 25.6%). The expenditure on the army in 1849 was fr. 346,319,558. Total government expenditure in 1849 was fr. 1.573 billion with expenditure on the armed forces making up 29.6% of the total budget. Bastiat roughly estimates that 100,000 soldiers cost the French state fr. 100 million. See note below, pp. ??? See the Appendix on "French Government Finances in 1848-49."

[21] The modern mass conscript army was pioneered by the French during the Revolution. A law of August 1793 ordered a "levée en masse" of all unmarried men aged between 18-25 with no substitution allowed - this was called a "requisition." A law of September 1798 (the Jourdan law) made it obligatory for all males between the ages of 20 and 25 to serve 5 years in the army with no substitution allowed - this was called "conscription" or "levée

forcée." Conscription was technically abolished under the Charter of 1814 but when new legislation was enacted in 1818 it filled the army with a mixture of voluntary recruits and others chosen by lot to make up any shortfall in enlistment - this was called "recrutement". It required military service for 12 years, six in the army and six in the reserves. An unwilling conscript could buy their way out by paying a thirty party to take their place. There were also many categories for exemption which were decided by boards in the local Cantons which were given quotas of recruits to fill each year. The length of service was reduced to 8 years in 1824 and then 7 years in 1832. Some 80,000 new recruits were needed each year to maintain the size of the French Army (Armée de terre) at its full strength of about 400,000 men in the late 1840s. During the Third Republic (1872) service in the army was again made compulsory for all males. Conscription came to an end in France in 1996. See A. Legoyt, "Recrutement," *DEP*, vol. 2, pp. 498-503; "Conscription," in *Dictionnaire de l'armée de terre*, Vol. 3, ed. Bardin and Reggio (1841), pp. 1539-1542. See the glossary on "The French Army and Conscription."

[22] It was a common practice for those conscripted by the drawing of lots ("tirage au sort") to pay for a replacement or substitute to take their place in the ranks. The liberal publisher and journalist Émile de Girardin estimated that about one quarter of the entire French Army consisted of replacements who had been paid fr. 1,800-2,400 to take the place of some young man who had been called up but did not want to serve. The schedule of payments depended on the type of service: fr. 1,800-2,000 for the infantry; 2,000-2,400 for the artillery, cavalry and other specialized forces. This meant that only quite well off men could afford to pay these amounts to avoid army service, thus placing a greater burden on poor agricultural workers and artisans. See Émile de Girardin, *Les 52: Abolition de l'esclavage militaire*. (1849). "Le remplacement militaire," pp. 66-84.

[23] This is a reference to the different names given to the forced enlistment of men in the French Army. It was called "requisition" in 1793, "conscription" in 1798, and more euphemistically, "recrutement," during the Restoration and the July Monarchy. During the 1848 Revolution there was a pamphlet war calling for the abolition of conscription but this was unsuccessful. See *Plus de conscription!* (Signé: Allyre Bureau, l'un des rédacteurs de "la Démocratie pacifique") (Paris: Impr.

de Lange Lévy, 1848) and Émile de Girardin, *Les 52: Abolition de l'esclavage militaire*. (Paris: M. Lévy, 1849).

[24] Many indirect taxes on consumer goods were abolished in the early years of the Revolution only to be reintroduced by Napoleon who centralized their collection in 1804 by a single administrative body under the name of "droits réunis" (combined duties). In the Restoration the Charter of 1814 promised to abolish both the "droits réunis" and conscription but these promises were not kept. The old indirect taxes were just renamed as "contributions indirectes" (indirect contributions) although they were imposed at a slightly reduced rate. In 1848 the state received fr. 307.9 million in indirect "contributions" (taxes) out of a total of fr. 1.391 billion, or 22% of all revenue. These taxes were levied on drink, salt, sugar, tobacco, gun powder, and other goods. See the Appendix on "French Government Finances in 1848-49"; Charles Coquelin, "Droits réunis," *DEP*, vol. 1, p. 619; and H. Passy, "Impôt," *DEP*, vol. 1, pp. 898-914, and the glossary entry on "French Taxes."

[25] Bastiat called for simultaneous disarmament of all nations and a corresponding reduction of taxation in his speech at the Second General Peace Congress held in Paris on the 22nd, 23rd and 24th of August, 1849. Émile de Girardin summarized the resolutions of the 1849 Paris Peace Congress as follows: "reduction of armies to 1/200th of the size of the population of each state, the abolition of compulsory military service, the freedom of (choosing one's) vocation, the reduction of taxes, and balanced budgets." Since France's population in 1849 was about 36 million this would mean a maximum size of the French armed forces of 180,000. It was then made up of 389,967 men and 95,687 horses for the Armée de terre, and 69,490 men and 2,051 horses for the Navy and the armed forces in the colonies, for a combined total of 459,457 men and 97,738 horses. Thus, Bastiat and the other attendees at the Peace Congress were calling for a cut of 279,457 or 61% in the size of the French armed forces. See the Appendix on "Frédéric Bastiat on "Disarmament and Taxes" (1849)".

[26] Bastiat probably has in mind here local militias or something like the National Guard. The Economists were appalled at the cost and destruction caused by the standing armies of the Napoleonic period (whether professional or conscript). See Amboise Clément, "Armées permanentes," *DEP*, vol. 1, pp. 70-75, and the

glossary entry "The French Army and Conscription."

[27] Jean Armand Duplessis, cardinal de Richelieu (1585-1642) was the chief minister to Louis XIII and played an important role in centralizing the power of the French state in the first half of the 17th century. It is not clear what Maxim by Richelieu Bastiat had in mind. One that refers explicitly to the question of war and peace is his "Discours de Monseigneur sur la paix lors de la venue de M. Légar" (1625) where Richelieu recommends in Machiavellian fashion that the King not accept an offer of peace, concluding that he should "choose what will be most suitable for his reputation, for the good and advantage of his State, and for the preservation of his allies." p. 91. See *Maximes d'état et fragments politiques de Cardinal de Richelieu* (1880), pp. 87-91.

[28] Although the Catholic Church was the established church, other denominations also received government subsidies from taxpayers' money. In the 1848 Budget a total of fr. 39.6 million was set aside for expenditure by the state on religion. Of this 38 million went to the Catholic Church, 1.3 million went to Protestant churches, and 122,883 went to Jewish groups. The Catholic church also played a very important role in education, assisting the sick and the poor, overseeing rituals such as births, death, and marriages, and in morals legislation. Appendix on "French Government Finances in 1848-49."

[29] A major restructuring of education took place with Guizot's law on public education (1833) which stated that every commune in France with more than 500 inhabitants would have an elementary school for boys (girls were included in 1867), every town over 6,000 people would have a higher primary school, and every Département would run a teaching training school. A system of state school inspectors was established and a minimum wage of fr. 200 per annum was enacted. School attendance was not compulsory (until 1881-82), fees were charged (again until 1881-82), and the education included religious instruction. Secondary and higher education was placed under the control of the state run University. Freedom of education was hotly debated during the Second Republic and major reforms resulted in the Falloux law of 1850. The notion of "la liberté d'enseignement" (freedom of education) meant different things to different political groups. For many it meant breaking the control of the central government

and transferring it to the Départements, and reducing the influence of the Catholic church. For classical liberals like Bastiat it meant taking education completely out of the state sector and letting private groups provide educational services in the market.

[30] The Economists were frustrated by the state of the French railways in January 1847 when this article was written. They were excited by the possibilities railways offered for drastically lowering the price of transport, but what had begun as a private initiative of coal mining companies had turned into a hybrid of state and favoured private groups which had serious problems. The state set the number of concessions and freight rates, the state owned much of the infrastructure (bridges, stations) while private companies owned and maintained the track and rolling stock). The law of 1842 laid the basis for this state-private cooperation and when concessions were first announced in 1844-45 there was a frantic scramble for access rights and funding. Furthermore the French railway builders were hampered by the fact that they were forced to buy higher priced French-made rails because cheaper foreign rails were kept out the French market by high tariffs. Perhaps Bastiat had in mind the state buying the entire network and starting again. See the glossary entry on "French Railways."

[31] Total debt held by the French government in 1848 amounted to fr. 5.2 billion which required annual payments of fr. 384 million to service or 26.6% of the total budget. Since total annual income for the government in 1848 was fr. 1.4 billion the outstanding debt was 3.7 times receipts. See the glossary on "French Government Finances in 1848-49"; and Gustave de Puynode, "Crédit public," *DEP*, vol. 1, pp. 508-25.

[32] Bastiat uses the expression "affamer l'agiotage" (to starve stockjobbing of its profits). The Economists drew a distinction between "la spéculation commerciale" (commercial speculation) and "agiotage" (stockjobbing). According to Horace Say, the former was a normal part of doing business where investors took risks in trying to discover what line of economic activity was profitable and which was not. Thus it was "useful and helpful to society." Agiotage on the other hand was harmful and even "immoral" because it usually involved speculation in government regulated stocks and bonds such as mining leases, railway concessions, and government bonds. Since the number of stocks and bonds traded on the Paris Bourse were very small (198 in 1847) the proportion of

government regulated or issued stocks and bonds played an exaggerated role. Say notes that in such an "interventionist country" (*un pays d'intervention gouvernementale*) as France the best way to reduce stockjobbing was to cut government expenditure, put an end to budget deficits, and reduce government borrowing. See Horace Say, "Agiotage," *DEP*, vol. 1, pp. 27-31.

Further Information

SOURCE

From *Economic Sophisms Series 2*, no. XI “The Utopian” (January 17, 1847). It will appear in volume 3 of *The Collected Works of Frédéric Bastiat* (Liberty Fund, 2014). The version used here is a final draft.

An older translation by the Foundation for Economic Education can be found here: Frédéric Bastiat, *Selected Essays on Political Economy*, trans. Seymour Cain, ed. George B. de Huszar, introduction by F.A. Hayek (Irvington-on-Hudson: Foundation for Economic Education, 1995). Series II, Chapter: 11. “The Utopian” <oll.libertyfund.org/title/276/23396>.

LF’s edition of *The Collected Works of Frédéric Bastiat*, in 6 Vols. ed. Jacques de Guenin (2011). As each vol. is published it will appear on the OLL at <oll.libertyfund.org/title/2451>.

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FURTHER READING

More works by Bastiat can be found here <oll.libertyfund.org/person/25>.

“I love all forms of freedom; and among these, the one that is the most universally useful to mankind, the one you enjoy at each moment of the day and in all of life’s circumstances, is the freedom to work and to trade. I know that making things one’s own is the fulcrum of society and even of human life.

(Draft Preface to Economic Harmonies, 1847)



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