

THE BEST OF BASTIAT #3.2

“The Broken Window” (July 1850)

“If it is a good thing to break windows, that this causes money to circulate & therefore industry in general is stimulated, I am obliged to cry: “Stop!” Your theory has stopped at what is seen and takes no account of what is not seen.”



Claude Frédéric Bastiat (1801-1850)

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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.

The pamphlet from which these two pieces were taken, *What is Seen and What is Not Seen*, was written in July 1850 just six months before he died. It was written in the style of his famous “economic sophisms” which were designed to debunk popular but false understandings of economic principles. Here he discusses a profound economic insight, namely that most people only look at the direct and immediate impact of an economic action (“what is seen”) and ignore the indirect and less immediate impacts (“what is not seen”).

Bastiat argued that the “seen” benefits of an economic disaster or government policies, such as tariffs or subsidies, are outweighed by the “unseen” costs of losses to some individuals, higher prices to consumers, and distortions introduced into the broader economy. In this example of the broken window Bastiat argues that the act of replacing a broken window (“the seen”) might be a gain to one person (the glazier) but it is a loss to two other people, the owner of the window (who is also “seen”) and the business owners who do not get the sales they would have had if the window not been broken (“the unseen”).

“What is not seen is that since our bourgeois has spent six francs on one thing, he can no longer spend them on another. What is not seen is that if he had not had a window to replace, he might have replaced his down-at-heel shoes or added a book to his library. In short, he would have used his six francs for a purpose that he will no longer be able to.”

What is Seen and What is Not Seen, or Political Economy in One Lesson (1850)

“The Author’s Introduction”

In the sphere of economics an action, a habit, an institution or a law engenders not just one effect but a series of effects. Of these effects only the first is immediate; it is revealed simultaneously with its cause, *it is seen*. The others merely occur successively, *they are not seen*; [4] we are lucky if we *foresee* them.

The entire difference between a bad and a good Economist is apparent here. A bad one relies on the visible effect while the good one takes account both of the effect one can see and of those one must foresee.

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However, the difference between these is huge, for it almost always happens that when the immediate consequence is favorable the later consequences are disastrous, and vice versa. From which it follows that a bad Economist will pursue a small current benefit that is followed by a large disadvantage in the future, while a true Economist will pursue a large benefit in the future at the risk of suffering a small disadvantage immediately. [5]

This distinction is also true, moreover, for hygiene and the moral code. Often, the sweeter the first fruit of a habit, the more bitter are those that follow. Examples of this are debauchery, laziness and prodigality. So when a man, touched by some effect that *can be seen*, has not yet learnt to discern those that *are not seen*, he gives way to disastrous habits, not just through inclination but deliberately.

This explains the inexorably painful evolution of the human race. Ignorance surrounds its cradle; it therefore makes up its mind with regards to its acts according to their initial consequences, the only ones it is able to see originally. It is only in the long run that it learns to take account of the others. [6] Two masters, very different from one another, teach it this lesson: experience and foresight. Experience governs effectively but brutally. It teaches us all the effects of an action by having us feel them and we cannot fail to end up learning that fire burns, by burning ourselves. For this rough teacher, I would like, as far as possible to substitute a gentler one: foresight. This is why I will be seeking the consequences of certain economic phenomena by opposing *those that are not seen* to those *that are seen*.

Notes

[4] Bastiat’s first use of these concepts is most likely in ES1 XX “Human Labor and Domestic Labor” (c. 1845) where he contrasts “immediate and transitory effects” and “general and definitive consequences.”

[5] During the course of 1849 when Bastiat repeatedly rewrote this pamphlet as he could not decide on the appropriate style to use, whether serious or satirical, he had developed his thinking on two ideas which were of great concern to him for the previous few years. These were firstly, the immediately observable and obvious consequences of an economic act (“the seen”) and the longer term and less apparent consequences (“the unseen”), and secondly the “ricochet” or flow on effects of economic actions which may or may not have positive or negative consequences. This pamphlet is an extended exploration of the former set of ideas. See the glossary entry on “The Double Incidence of Loss” and the Appendices “Bastiat and the Ricochet Effect” and “The Sophism Bastiat never wrote: the Sophism of the Ricochet Effect.”

[6] (Paillottet’s note) See chapter XX in vol. VI. . [DMH - This is a reference to Chap. XX “Responsibility” in the *Economic Harmonies*.]

Chap. I. The Broken Window [7]

Have you ever witnessed the fury of the good bourgeois Jacques Bonhomme [8] when his dreadful son succeeded in breaking a window? If you have witnessed this sight, you will certainly have noted that all the onlookers, even if they were thirty in number, appeared to have agreed mutually to offer the unfortunate owner this uniform piece of consolation: “Good comes out of everything. Accidents like this keep production moving. Everyone has to live. What would happen to glaziers if no window panes were ever broken?”

Well, there is an entire theory in this consoling formula, which it is good to surprise in flagrante delicto [9] in this very simple example, since it is exactly the same as the one that unfortunately governs the majority of our economic institutions.

“But if, by way of deduction, as is often the case, the conclusion is reached that it is a good thing to break windows, that this causes money to circulate and therefore industry in general is stimulated, I am obliged to cry: “Stop!” Your theory has stopped at what is seen and takes no account of what is not seen.”

If you suppose that it is necessary to spend six francs to repair the damage, if you mean that the accident provides six francs to the glazing industry and stimulates the said industry to the tune of six francs, I agree and I do not query in any way that the reasoning is accurate. The glazier will come, do his job, be paid six francs, rub his hands and in his heart bless the dreadful child. *This is what is seen.*

But if, by way of deduction, as is often the case, the conclusion is reached that it is a good thing to break windows, that this causes money to circulate and therefore industry in general is stimulated, I am obliged to cry: “Stop!” Your theory has stopped at *what is seen* and takes no account of *what is not seen.*

What is not seen is that since our bourgeois has spent six francs on one thing, he can no longer spend them on another *What is not seen* is that if he had not had a window to replace, he might have replaced his down-at-heel shoes or added a book to his library. In short, he would have used his six francs for a purpose that he will no longer be able to.

Let us therefore draw up the accounts of industry *in general.*

As the window was broken, the glazing industry is stimulated to the tune of six francs; *this is what is seen.*

If the window had not been broken, the shoemaking industry (or any other) would have been stimulated to the tune of six francs; *this is what is not seen.*

And if we took into consideration *what is not seen*, because it is a negative fact, as well as *what is seen*, because it is a positive fact, we would understand that it makes no difference to national output and employment, taken as a whole, whether window panes are broken or not.

Let us now draw up Jacques Bonhomme’s account. [10]

In the first case, that of the broken window, he spends six francs and enjoys the benefit of a window neither more nor less than he did before.

In the second, in which the accident had not happened, he would have spent six francs on shoes and would have had the benefit of both a pair of shoes and a window.

“What is not seen is that since our bourgeois has spent six francs on one thing, he can no longer spend them on another What is not seen is that if he had not had a window to replace, he might have replaced his down-at-heel shoes or added a book to his library. In short, he would have used his six francs for a purpose that he will no longer be able to.”

Well, since Jacques Bonhomme is a member of society, it has to be concluded that, taken as a whole

and comparing what he has to do with his benefits, society has lost the value of the broken window.

“From which, as a generalization, we reach the unexpected conclusion: “Society loses the value of objects destroyed to no purpose”, and the aphorism that will raise the hackles of protectionists: “Breaking, shattering and dissipating does not stimulate the national employment”, or more succinctly: “Destruction is not profitable”.”

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What will *Le Moniteur industriel* say, [11] and what will the opinion be of the followers of the worthy Mr. de Saint-Chamans, [12] who has so accurately calculated what productive activity would gain from the burning of Paris because of the houses that would have to be rebuilt? [13]

It grieves me to upset his ingenious calculations, especially since he has introduced their spirit into our legislation. But I beg him to redo them, introducing into the account what is not seen next to what is seen.

The reader must take care to note clearly that there are not just two characters, but three, in the little drama that I have put before him. One, Jacques Bonhomme, represents the Consumer, reduced by the breakage to enjoy one good instead of two. The second is the Glazier, who shows us the Producer whose activity is stimulated by the accident. The third is the Shoemaker (or any other producer) whose output is reduced to the same extent for the same reason. It is this third character that is always kept in the background and who, by personifying *what is not seen*, is an essential element of the problem. He is the one who

makes us understand how absurd it is to see profit in destruction. He is the one who will be teaching us shortly that it is no less absurd to see profit in a policy of trade restriction, which is after all, nothing other than partial destruction. Therefore, go into the detail of all the arguments brought out to support it and you will merely find a paraphrase of that common saying: “*What would happen to glaziers if window were never broken?*” [14]

Notes

[7] The American journalist Henry Hazlitt played an important role in bringing the work of Bastiat to the attention of Americans in the immediate post-World War Two period. In his preface to his book *Economics in One Lesson* (1946) he acknowledged his debt to Bastiat’s pamphlet “What is Seen and What is not Seen”: “My greatest debt, with respect to the kind of expository framework on which the present argument is being hung, is to Frédéric Bastiat’s essay *Ce qu’on voit et ce qu’on ne voit pas*, now nearly a century old. The present work may, in fact, be regarded as a modernization, extension, and generalization of the approach found in Bastiat’s pamphlet” (p. 9). Hazlitt’s first chapter was entitled “The Broken Window” which is a reference to one of Bastiat’s better known Sophisms and the very title of Hazlitt’s book probably is drawn from the subtitle used in the printed edition of the pamphlet by the Guillaumin publishing firm, “ou l’économie politique en une leçon” (or, political economy in one lesson). See Henry Hazlitt, *Economics in One Lesson* (1st edition Harper and Brothers, 1946). The edition used for the quote is New York: Manor Books Inc, 1974.

[8] “Jacques Bonhomme” (literally Jack Goodfellow) is the name used by the French to refer to “everyman,” sometimes with the connotation that he is the archetype of the wise French peasant. Bastiat uses the character of Jacques Bonhomme frequently in his constructed dialogues in the *Economic Sophisms* as a foil to criticise protectionists and advocates of government regulation. The name *Jacques Bonhomme* was given to the small magazine that Bastiat and Molinari published and handed out on the street corners of Paris in June and July 1848. See the glossary entry “Jacques Bonhomme [person].”

[9] “In flagrante delicto” is a Latin phrase which means literally “in blazing offence”. It is used in legal

circles to mean that someone has been caught in the act of committing an offence.

[10] In drawing up this account Bastiat was keen to introduce some mathematical precision into his calculations. He was first inspired by the work of the anti-corn law advocate Colonel Perronet Thompson (1783-1869) who between 1834-36 developed the idea of a calculable “double incidence of loss” by which he meant “the (part) of the sum gained to the monopolists and lost twice over by the rest of France, - (viz. once by a corresponding diminution of business to some other French traders, and once more by the loss to the consumers, who are the nation)... The understanding of the misery of this basis, depends upon a clear comprehension of the way in which the gain to the monopolist is lost twice over by other parties; or what in England has been called the double incidence of loss.” Bastiat took up this idea and made it the basis for two sophisms beginning with ES3 IV. “One profit vs. Two Losses” (7 May 1847). Later that month he wrote an appeal to one of the leading physicists in France, François Arago (1786-1853), who was active in liberal politics to assist him in making these arguments more rigorous mathematically and thus “invincible.” See “Two Losses vs. One Profit” (30 May 1847) above. See also the glossary entries on “François Arago,” “Perronet Thompson,” “The Double Incidence of Loss,” and the Appendices “Bastiat and the Ricochet Effect” and “The Sophism Bastiat never wrote: the Sophism of the Ricochet Effect.”

[11] *Le Moniteur industriel* was the journal of the protectionist “Association pour la défense du travail national” (Association for the Defense of National Employment) founded by Mimerel de Roubaix in 1846. See the glossary entries on “Le Moniteur industriel,” “Mimerel,” and “Association for the Defense of National Employment”.

[12] Saint-Chamans was a deputy (1824-27) and a Councillor of State. He advocated protectionism and a mercantilist theory of the balance of trade. See the glossary entry on “Saint-Chamans.”

[13] Bastiat misremembers Saint-Chamans’ argument in this passage. In his *Traité d’économie politique* (1852), which was a reworking of a previous work on *Nouvel essai sur la richesse des nations* (1824), Saint-Chamans argues against the free market economist Joseph Droz (1773-1850) who stated that that a sudden loss of a large amount of accumulated capital in Europe would cause severe hardship and would take

considerable time to overcome. Saint-Chamans countered this by arguing that the Great Fire of London in 1666 (so not Paris) destroyed a huge amount of the capital stock which was quickly replaced and was thus a net gain for the nation of some one million pounds sterling (or 25 million francs). See M. le vicomte de Saint-Chamans, *Traité d’économie politique suivi d’un aperçu sur les finances de la France* (Paris: Dentu et Ledoyen, 1852), vol. 1. See the glossary entry for “Saint-Chamans.”

¹⁴ (Paillottet’s note) See pages 100 et seq. of chapter XX of the first series of *Sophisms* in Tome IV. [DMH - This is a reference to Chap. XX “Travail humain, travail national” (Human Labor and Domestic Labor” in *Economic Sophisms* Part I.]

Further Information

SOURCE

These two pieces open Bastiat's famous pamphlet *Ce qu'on voit et ce qu'on ne voit pas* (What is Seen and What is Not Seen) (1850) which will be published in vol. 3 of Liberty Fund's *The Collected Works of Frédéric Bastiat* (forthcoming). The version used here is a final draft.

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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). Chapter: 1. The Broken Window <oll.libertyfund.org/title/956/35427>.

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>.

Copies of LF's translation of the *Collected Works* of Bastiat can be purchased here : <<http://www.libertyfund.org>>.

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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