

Capitalism and Morality

FRÉDÉRIC BASTIAT ON SELF-INTEREST

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Introduction

An intricate and multifaceted understanding of the role of self-interest in economic behavior underpins the economic writings of Claude Frédéric Bastiat (1801-1850), a French classical liberal thinker, free-trade activist, and delegate to the French National Assembly. Bastiat saw the self-interest motive as central to human nature but capable of leading to diametrically opposite consequences depending on whether this motive was employed in peaceful production and voluntary exchange or in the plundering of others through crime or through the enshrinement of plunder in the law. This paper will examine Bastiat's view of self-interest's dual tendencies and the societies each of them leads to. In free markets where property is secure, self-interest results in prosperity, peace, harmony, and morality. In a redistributive state, however, man is pitted against man in perpetually recurring "legal plunder," which is reinforced by the self-interest of politicians, special interest groups (rent-seekers), and the plundered classes who wish to enter government and remake the law to make *themselves* the plunderers. In a state of legalized plunder, the law and morality are at opposites, and the law, with the aid of self-interest, engenders immorality.

Bastiat's Understanding of Economics and Human Nature

Bastiat's views on self-interest were derived from his approach to economics in general; for him, the question of self-interest was integrally tied to economics itself. In his treatise on political economy, *The Law*, Bastiat defined economics as "the science of determining whether the interests of human beings are harmonious or antagonistic" (Bastiat 1850). To ascertain this harmony or antagonism, it is necessary to understand the nature and consequences of human self-interest in different circumstances.

Bastiat had a positive rather than normative view of human nature; he believed that the economist must study human nature as it is, rather than attempt to remake or alter it. In *The Law*, Bastiat commented on his approach that "just as the physiologist accepts the human body as it is, so do I accept people as they are. I desire only to study and admire" (Bastiat 1850). Bastiat's hostility to utopian attempts to coercively re-engineer human nature was the reason for his entry into politics: "if I have joined the ranks of the reformers, it is solely for the purpose of persuading them to leave people alone" (Bastiat 1850).

Bastiat was a methodological individualist whose analysis always began with the desires and motivations of human actors: "[h]is starting point is always the individual and the natural motive to improve one's condition to achieve greater happiness" (Dorn 2001, p. 33). Self-interest is a central motive force for individual actors; for Bastiat, self-interest "simply meant that individuals are born with an 'instinct for self-preservation'" (Dorn 2001, p. 33), in which case self-interest is *the* predominant human motivation. Bastiat recognized the importance of self-interest in all areas of human activity, whether private or public; he understood that "[w]hen individuals enter the public sector, they do not abandon

their desire for personal gain—self-interest does not die” (Dorn 2001, p. 33). However, the outcomes of this self-interest could differ dramatically depending on the nature of the institutional arrangements in the context of which individuals make their decisions.

Bastiat perceived the eradication of self-interest as both impossible and undesirable. James A. Dorn writes that

“Bastiat is critical of certain political theorists (French socialists in particular) for their attempt to change the nature of man by asserting that self-interest is socially destructive and should be replaced by the motive of ‘self-sacrifice’ for the ‘common good.’ Such a ‘complete transformation of the human heart’ is unrealistic and dangerous, according to Bastiat. Any attempt to destroy self-interest will, in his opinion, destroy mankind. Virtue cannot be forced on individuals by government; it must be spontaneous and consistent with self-preservation.” (Dorn 2001, p. 33)

The socialists’ project to remake man into an essentially altruistic being is thus, according to Bastiat, doomed to failure. Either it will destroy mankind in the process, or it will fail to eradicate self-interest—in which case the socialist society will be characterized by tendencies and consequences that the socialists did not foresee.

Self-Interest, Labor, Prosperity, and Harmony

In *The Law*, Bastiat begins his analysis of self-interest by noting that “[s]elf-preservation and self-development are common aspirations among all people” (Bastiat 1850). In a world where every man is able to act in accordance with these aspirations, there is unceasing prosperity and harmony: “if everyone enjoyed the unrestricted use of his faculties and the free disposition of the fruits of his labor, social progress would be ceaseless, uninterrupted, and unending” (Bastiat 1850). Everyone would be free to pursue his own self-interest, and there would be no expropriation or violation of life, liberty, or property; Bastiat thinks that in such a world, people’s interests would not conflict. Bastiat justifies this view by examining how it is possible for individuals to fulfill their interests: “Man can live and satisfy his wants only by ceaseless labor; by the ceaseless application of his faculties to natural resources. This process is the origin of property” (Bastiat 1850). Because an individual harms nobody else when he labors to transform natural resources, it is possible for everyone to labor in his own self-interest and violate no human being’s rights or interests in the process; one person’s gain does not entail another’s loss, and social harmony can thus exist. Meanwhile—because everyone will labor to produce useful goods and services—the real wealth of individuals will continually increase.

Self-interest does not only result in autonomous production of every individual for himself, however. Individuals follow their self-interests when they undertake a division of labor and specialize in performing different economic functions. This further reinforces social harmony: “Bastiat insisted that the enormous saving in time and effort that came about from the division of labor and free exchange provided a system in which the more effective producer was the strongest possible ally of the consumer” (Roche 1993, p. 143). Thus, the producers and consumers in an economy where division of labor is present are led into a mutually beneficial relationship by means of the self-interest motive. George Roche cites Bastiat’s advice to all producers in an economy: “If you wish to prosper, let your customer prosper... When people have learned this lesson, everyone will seek his individual welfare in the general welfare. Then jealousies between man and man, city and city, province and province, nation and nation, will no longer trouble the world” (Roche 1993, p. 143). In a free market, producers will—out of their own self-interest—come to serve their consumers; in market exchanges, every party will pursue its own benefit and thus lead to the benefit of all. Social relations benefit from the free market as well: when each man has the

liberty to follow his own self-interest, “there is social harmony, since each man sees his neighbor not as an enemy but as a partner in the ongoing processes of human improvement” (Ebeling 2001, p. 30).

Self-Interest, Plunder, and the Law

The aspiration toward self-development through productive work, however, is only one of self-interest’s “Janus-like features” (Barry 2001, p. 20). In some cases, Bastiat recognized, people seek self-preservation without self-development: “When they can, they wish to live and prosper at the expense of others” (Bastiat 1850). This, for Bastiat, explains the historical prevalence of “incessant wars, mass migrations, religious persecutions, universal slavery, dishonesty in commerce, and monopolies” (Bastiat 1850).

The origin of this desire is also found in human nature—in “that primitive, universal, and insuppressible instinct that impels [man] to satisfy his desires with the least possible pain” (Bastiat 1850). When he incurs less disutility in stealing a product from another person than he would in producing the same product or obtaining it through non-coercive exchange, an individual will steal it: “since man is naturally inclined to avoid pain – and since labor is pain in itself – it follows that men will resort to plunder whenever plunder is easier than work” (Bastiat 1850). Where plunder presents less disutility than production, the same self-interest motive that might otherwise create harmonious market societies will result in a society of universal antagonisms—where everyone tries to plunder everyone else.

The way to stop plunder is to render it more painful than work. This, for Bastiat, is the function of the law: “the proper purpose of law is to use the power of its collective force to stop this fatal tendency to plunder instead of to work. All the measures of the law should protect property and punish plunder” (Bastiat 1850). Protecting individuals’ inalienable rights to life, liberty, and property is both necessary and sufficient for a legal system that preserves the beneficent tendencies of self-interest while restraining its harmful ones.

Bastiat did not view legal justice as a positive, but rather as the absence of a negative; it is not entirely correct to state that law’s purpose is the establishment of justice; rather, “the purpose of the law is to prevent injustice from reigning. In fact, it is injustice, instead of justice, that has an existence of its own. Justice is achieved only when injustice is absent” (Bastiat 1850). Government action, for Bastiat, is not necessary to produce any social good other than protection from coercion and plunder. If the law suppresses plunder and violence, individuals will acquire all other positive goods by pursuing their own interests and participating in the market economy: “If a government is strictly limited to protecting men’s rights, then peace prevails, and men can go about working to improve their lives, associating with their neighbors in a division of labor and exchange” (Ebeling 2001, p. 30). The government does not need to instill in human beings any aspirations toward improvement and better living, because individuals already have these aspirations as a part of their nature: “Since all persons seek well-being and perfection, would not a condition of justice be sufficient to cause the greatest efforts toward progress, and the greatest possible equality that is compatible with individual responsibility?” (Bastiat 1850).

Yet in actual human societies, not all of the laws are devoted to protecting individual rights against plunder and coercion. The same element of self-interest which leads to plunder also leads to the enshrinement of plunder in the law. How does this occur? Bastiat explains the perversion of the law by noting that “the law is made by one man or one class of men. And since law cannot operate without the sanction and support of a dominating force, this force must be entrusted to those who make the laws” (Bastiat 1850). When men are in possession of such overwhelming force, their ability to plunder their fellow men increases dramatically. Because of “the fatal tendency that exists in the heart of man to satisfy his wants with the least possible effort” and the comparative expense for the governing classes of non-coercive private production relative to plunder, “law, instead of checking injustice, becomes the

invincible weapon of injustice” (Bastiat 1850). The deprivation of the people’s “personal independence by slavery, their liberty by oppression, and their property by plunder” is in the legislator’s self-interest; it “is done for the benefit of the person who makes the law, and in proportion to the power that he holds” (Bastiat 1850). These legislators find as their allies certain special interest groups in society who see the law as an opportunity to plunder others in a reliable manner rather than having to increase their productivity and innovation on the free market. Inhibitions to the right of property and to uncoerced exchange are “motivated by... the desire of some people to live at the expense of others (rent-seeking)” (Barry 2001, p. 20).

Bastiat perceived another aspect of human nature that aids in the perversion of the law and hinders the efficacious use of self-interest: men’s general overconfidence in the correctness of their own opinions and judgments and their underestimation of their vulnerability to error. Roche cites Bastiat on this tendency: “By a providential decree, we all have faith in our own judgment, and we believe that there is only one right opinion in the world, namely, our own. Therefore we think that the legislator could do no better than impose it on everyone; and the better to be on the safe side, we all want to be that legislator.” (Roche 1993, p. 173)

As a deputy to the French National Assembly, Bastiat saw this tendency in action; he witnessed numerous factions of socialists, protectionists, nationalists, and other advocates of government coercion, each trying to implement its particular system of ideas by force to the exclusion of the others.

The central human motive force—self-interest—can lead either to a harmonious free-market society where a minimal government rigorously protects property rights or to a society where plunder is the norm and is enshrined in the law. Both of these systems, in turn, direct the self-interest motive further to either beneficial or harmful ends. This paper shall next examine Bastiat’s understanding of self-interest’s function *within* the systems of free markets and of legal plunder.

Self Interest in a Free-Market Society

Bastiat devoted his 1845 work, *Economic Harmonies*, to explaining how the market coordinates individual desires and activities to lead to prosperity for all. He observed that a city as populous as Paris can get enough food to sustain all of its inhabitants without any central direction: “Remarkably, that regularity is not designed or maintained by any grand master. It results from the acts of countless individuals looking after their own interests” (Richman 2001, p. 10). Paris can get fed, and all other social needs provided, without government involvement. To convey this idea, Bastiat first needed to expose the conflation—common from ancient times to the present day—between society and government. Instead of the two being equivalent, society is “the spontaneous ordering of people interacting and voluntarily exchanging their goods” (Barry 2001, p. 21). Thus, just because a given service, practice, or commodity is necessary for the survival of a society does not imply that government needs to provide it. Self-interested individuals recognize the importance of the good in question and voluntarily arrange for its provision. Provided that these arrangements are entirely consensual, they are always more effective than government provision: Bastiat believed that “there is an inevitable *harmony* in the world if only politicians would get out of the way and allow free individuals to coordinate their activities subject to a minimum of rules (derived from natural law)” (Barry 2001, p. 19).

The power of self-interest as a human motive explains why private economic action is more effective than government action. Self-interested individuals are faced with a world where actions not only have direct and immediately visible primary consequences, but also indirect secondary effects removed in time:

In the economic sphere an act, a habit, an institution, a law produces not only one effect, but a series of effects. Of these effects, the first alone is immediate; it appears simultaneously with its cause; *it is*

seen. The other effects emerge only subsequently; *they are not seen*; we are fortunate if we *foresee* them. (Bastiat 1850, p. 12)

To be effective in their actions, individuals must learn to recognize secondary effects. “Two very different masters teach” man to take secondary consequences into account: “experience and foresight. Experience teaches efficaciously but brutally. It instructs us all in the effects of an act by making us feel them” (Bastiat 1850, p. 12). Once individuals have had disappointing experiences due to their failure to take secondary consequences into account, they will change their actions to adjust for what they have learned—because they wish to fulfill their self-interested desires effectively. To ease the pains of the learning process, Bastiat advises economic actors “to replace this rude teacher with one more gentle: foresight” (Bastiat 1850, p. 12). As a teacher of economic principles, Bastiat himself hoped to increase the foresight with which individuals acted to fulfill their aspirations.

In a free-market system, however, foresight is a natural tendency for individuals—who are free to change their actions on the basis of their improved information about the world. Because each individual is responsible for his own actions on the free market, his success will depend directly on the efficacy with which he foresees secondary consequences: “[u]nder such an administration, everyone would understand that he possessed all the privileges as well as all the responsibilities of his existence” (Bastiat 1850). An individual thus free and responsible knows that he has only himself to praise for his successes or to blame for his failures: “No one would have any argument with government, provided that his person was respected, his labor was free, and the fruits of his labor were protected against all unjust attack” (Bastiat 1850). The government would not be accused of bearing responsibility for individual misfortunes, any more “than would the farmers blame the state because of hail or frost” (Bastiat 1850). Thus, Bastiat thinks that a free-market society would also have a stable and well-respected government to which people would be grateful for its services in protecting against plunder. No considerations besides the effectiveness with which the government protected individual rights would affect the government’s reputation or threaten it with overthrow and revolution.

In a free-market system, self-interest would lead individuals to prioritize their wants and objectives in a logical manner. We would not see poor families seeking literary instruction before they have bread. We would not see cities populated at the expense of rural districts, nor rural districts at the expense of cities. We would not see the great displacements of capital, labor, and population that are caused by legislative decisions. (Bastiat 1850)

Most individuals will, from experience and foresight, come to understand what is necessary for their preservation and which necessities, comforts, and opportunities of life depend on which others. This prioritizing will lead to the greatest possible prosperity, the most equally distributed prosperity, and the greatest happiness—a claim Bastiat supports with empirical evidence:

Which countries contain the most peaceful, the most moral, and the happiest people? Those people are found in the countries where the law least interferes with private affairs; where government is least felt; where the individual has the greatest scope, and free opinion the greatest influence; where administrative powers are fewest and simplest; where taxes are lightest and most nearly equal, and popular discontent the least excited and the least justifiable; where individuals and groups most actively assume their responsibilities, and, consequently, where the morals of admittedly imperfect human beings are constantly improving... (Bastiat 1850)

In *The Law*, Bastiat considers England, Holland, Switzerland, and the United States during his time to have exhibited the above characteristics. He showed a link between the freedom of the economy in a society and the prevalence of virtue among its inhabitants. Left to their own devices and freed from the

threat of plunder by a just government and system of laws, self-interested individuals have every natural impulse to improve morally and to prosper.

Self-Interest in a Society of Legalized Plunder

In a society where plunder is enshrined in the law, however, self-interest will motivate individuals to undertake actions which *exacerbate* the occurrence of legal plunder. If the law authorizes plunder, wrote Bastiat, the *plundered* individuals will wish to enter the legislative arena and change the law: “According to their degree of enlightenment, these plundered classes may propose one of two entirely different purposes when they attempt to attain political power: Either they may wish to stop lawful plunder, or they may wish to share in it” (Bastiat 1850). Bastiat offers a society imperiled by plunder a way out of its predicament through the economic and moral enlightenment of individuals. Absent that enlightenment, however, it is far less costly and more lucrative for these new entrants into law-making to perpetuate the plunder and merely redirect it than it is for them to abolish legalized plunder altogether. If the suffrage is extended to the plundered classes, it will hence result in *more* plunder, not less—a tendency Bastiat observed in France, where the suffrage was extended to the bourgeoisie after the July 1830 Revolution and to the working classes after the 1848 Revolution while the scope of government redistribution, coercion, and taxation only ballooned. Bastiat explains that “[i]nstead of rooting out the injustices found in society, [the formerly plundered classes] make these injustices general. As soon as the plundered classes gain political power, they establish a system of reprisals against other classes. They do not abolish legal plunder” (Bastiat 1850). Thus, legalized plunder is self-reinforcing: it draws into government the plundered classes, who further amplify the amount of legalized plunder.

A government that legalizes plunder attracts a variety of rent-seekers. Bastiat noted that “[b]ecause of its power to tax and coerce, [the state] became the main agent of plunder, and it naturally attracted people who wanted an extra-market income” (Barry 2001, p. 21). Once the government engages in redistributive activities, the rent-seekers see an opportunity and grasp it. The rent-seekers—including associations and combinations of industries, workers, and other special-interest constituencies— wish to direct the law “to prevent rivals from competing, to restrict the domestic and foreign trading opportunities of other consumers in the society, and therefore to steal the wealth of one’s neighbors” (Ebeling 2001, p. 30). The rent-seekers advise government to engage in such regulation, and government officials are all too eager to oblige. Roche cites Bastiat on this tendency: “Alas! The state is only too ready to follow such diabolical advice; for it is composed of cabinet ministers, of bureaucrats, of men, in short, who, like all men, carry in their hearts the desire, and always enthusiastically seize the opportunity, to see their wealth and influence grow” (Roche 1993, p. 147). In a redistributive state, the government officials can increase their own power over men by indulging the rent-seekers; they will follow their self-interest to do so where the law allows them.

Any time the law and the scope of government are extended beyond the essential protective functions of the minimal state to pursue the goal of “equalizing” the distribution of property, rent-seeking will result, since “[t]he law can be an instrument of equalization only as it takes from some persons and gives to other persons. When the law does this, it is an instrument of plunder” (Bastiat 1850). The law can either protect the property rights of all, or it can deprive some of property to fulfill the positive ambitions of others; the second function necessarily undercuts the first. For Bastiat, the test for seeing whether legal plunder occurs is simple: “See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime” (Bastiat 1850).

The consequences of legalized plunder for social and political stability are devastating: “The sources of our existence are made uncertain and precarious by these state-created displacements. And, furthermore, these acts burden the government with increased responsibilities” (Bastiat 1850). If

government involves itself with ever more areas of human existence, it will also be ever more vulnerable in the event that misfortunes, errors, and failures occur in those areas. A minimal state would not be faulted for mistakes in the production of grain, poor quality of education, or sub-optimal workplace safety standards—because it would be clearly recognized that the state’s function does not extend to these spheres. On the other hand, an interventionist, redistributive state would involve itself in these areas and incur the blame if it does a poor job— greatly increasing the likelihood of social unrest, upheaval, and even revolution. Bastiat recognized that if “the law is responsible for all individual misfortunes and all social inequalities – then the door is open to an endless succession of complaints, irritations, troubles, and revolutions” (Bastiat 1850).

Bastiat also recognized that a society of legalized plunder will direct individual self-interest toward immorality. In the first place, a government-planned society eliminates the need for individual foresight and initiative:

It substitutes the will of the legislator for [individuals’] own wills; the initiative of the legislator for their own initiatives. When this happens, the people no longer need to discuss, to compare, to plan ahead; the law does all this for them. Intelligence becomes a useless prop for the people; they cease to be men; they lose their personality, their liberty, their property (Bastiat 1850).

If individuals are no longer free to act upon what experience and foresight teach them, then experience and foresight cease to have a direct link to individual economic success or failure. The criteria that government regulators use to determine who gets taken care of and who does not are not the natural criteria of the free marketplace, but rather artificial criteria which have little to do with prudence or virtue and which often conflict with them. Yet still, it is in the self-interest of individuals to meet the government’s criteria so that they can get taken care of. In this way, legalized plunder “erases from everyone’s conscience the distinction between justice and injustice” (Bastiat 1850), since people must now appeal to the apparatus of coercive redistribution and rights-violation to acquire their subsistence; it is not clear to them anymore what justice is if they must resort to injustice to survive.

Furthermore, individuals’ ethical expectations are adversely affected by the redistributive state: “The basic immorality involved in coercion of men soon corrupts not only the wielder of such power, but those over whom the power is wielded. Soon all men come to expect that their lives should be rendered problem-free by an omniscient state” (Roche 1993, p. 150). Instead of striving to be autonomous, creative, and active, individuals become passive and dependent on government handouts. The person who retains a sense of morality and of the wrong entailed in coercing and expropriating human beings is put in a double-bind: he “has the cruel alternative of either losing his moral sense or losing his respect for the law” (Bastiat 1850). The law in a redistributive state conflicts with morality and often is used to punish the *moral* people who seek to protect their own property: “It has converted plunder into a right, in order to protect plunder. And it has converted lawful defense into a crime, in order to punish lawful defense” (Bastiat 1850). Such a system gives self-interested individuals the overwhelming incentive to abandon morality and prudence and give in to the temptation to partake in the plunder; in the long run, of course, this tendency will devastate the society.

Conclusion

Bastiat’s analysis of self-interest’s economic role does not classify self-interest as either *wholly and universally* good or *wholly and universally* evil; self-interest, motivated by different incentives and constrained by different circumstances, will produce vastly different results. Bastiat is not a naïve optimist about the ability to isolate the beneficial consequences of self-interest from the harmful ones: while it would seem that a law strictly confined to the protection of property will fulfill this task, attaining such a law is immensely difficult. The very adverse facets of self-interest against which just laws must protect

motivate the lawmakers to pervert the law and legalize plunder. Not only is this phenomenon possible, but it has been more prevalent than not throughout the history of human societies and governments—as Bastiat recognizes. Bastiat does not despair, however, over the difficulty of achieving liberty and justice—a task to which he devoted his entire life. He hints at a way of doing so when he states that the plundered individuals who are also enlightened will seek to control the law not to perpetuate the plunder, but to stop it. Thus, *enlightenment* seems to be the means by which individuals might recognize the harms which a redistributive state inflicts on *everybody* and the inevitable failure of such “an attempt to enrich everyone at the expense of everyone else” (Bastiat 1850). Furthermore, Bastiat’s wish that foresight rather than experience were the primary guiding force of human learning illustrates his understanding that foresight among most of his contemporaries was insufficient to notice the ill secondary effects of government redistribution, protectionism, and regulation. This lack of foresight is true of our time as well, as the scope of government and its redistributive activities increase while far too few voices point out the danger and inevitable harms of such trends. Increasing individual foresight through the dissemination of sound economic ideas, then, can be a powerful means of combating legalized plunder and informing self-interested individuals of the benefits of peaceful production and trade over coercion and redistribution.

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