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Natural Right, Providence, and Order: Frédéric Bastiat's Laissez-Faire

Raimondo Cubeddu and Antonio Masala

Abstract

The paper suggests that Bastiat's theory of interests, harmony, and the State is rooted in a particular conception of Natural Right, in which the Lockeans and thomistic streams of thought meet. But it also suggests that Bastiat's interpretation of the role that Providence plays in human events is not able to give a sustainable theory of liberal order. The paper also considers the criticisms to Bastiat's economic and political theory coming from exponents of classical liberalism, from the Austrians, and from Catholic thinkers of that time, such as L. Taparelli d'Azeglio and M. Liberatore.

The conclusion is that although the economic theory of Bastiat is by now obsolete from the conceptual point of view, his political theory and his criticism of the state do remain extraordinarily topical.

Cet article suggère que les théories des intérêts, de l'harmonie et de l'Etat de Bastiat sont ancrées dans une conception particulière du droit naturel au confluent des pensées lockéenne et thomiste. Cependant, il suggère aussi que l'interprétation que donne Bastiat du rôle de la Providence dans les affaires humaines ne débouche pas sur une théorie recevable de l'ordre libéral. L'article examine aussi les critiques qu'adressent les partisans du libéralisme classique-tels que les économistes autrichiens, les penseurs catholiques de l'époque comme L. Taparelli d'Azeglio et M. Liberatore-à l'égard des théories économiques et politiques de Bastiat. L'article conclut que le caractère obsolète des théories de Bastiat d'un point de vue conceptuel ne remet pas en cause la singulière actualité de sa théorie politique et de sa critique de l'Etat.

KEYWORDS: Bastiat, Natural Law, Order

NATURAL RIGHT, PROVIDENCE, AND ORDER: FREDERIC BASTIAT'S LAISSEZ FAIRE

Raimondo Cubeddu[°] & Antonio Masala^{°°}

1. Introduction

The success and influence of Frédéric Bastiat's¹ ideas are almost inversely proportional to his scientific reputation outside the economic and political tradition of classical liberalism, a reputation that has not always been extended and unconditional. Bastiat's political success and scientific reputation were affected by the spread of the Millian paradigm and, more generally, of the Anglo-American paradigm, to the detriment of the French tradition; and by the subsequent development of marginalist economics. These trends shifted the general focus of interest away from Bastiat's central concerns, thus rendering his analytical and conceptual apparatus obsolete.² Therefore, as can already be inferred from Gide and Rist's *Histoire des doctrines économiques* (1909), Bastiat's success *as a theoretical economist* was confined mostly to France, where he exerted such strong influence as to precipitate talk of a specific 'French School of Economics'.³

Paradoxically, his great capacity to explain the issues and propositions of nineteenth-century economics in an immediately clear and usable manner only served to raise the charge of superficiality, leading to his characterization of a mere popularizer of economic theory. A typical example is the judgement expressed by Joseph A. Schumpeter in his 1954 *History of Economic Analysis*:

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¹ For a general overview on Bastiat, see Roche-1993 and Solal/Zouache-2000, pp. 409-20.

² See Rothbard-1995, II, pp. 441ff. Rothbard maintains that Bastiat's contribution to economic theory should be seen as an effort toward overturning classical Smithian economy, but that it stops short of being 'pre-Austrian'.

³ Gide/Rist-1909, pp. 385-407. However, other scholars reject the notion of a 'French school' generated and developed around Bastiat's teaching. See, for example, Béraud/Etner-1993.

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...his name might have gone down to posterity as the most brilliant economic journalist who ever lived. But [...he lacked...] power to handle the analytical apparatus of economics. I do not hold that Bastiat was a bad theorist. I hold that he was no theorist. This fact was bound to tell in what was essentially a venture in theory, but does not affect any other merits of his.⁴

In Pascal Salin's words, Bastiat was a victim of the fact that "les gens ont tendance à confondre l'aspect scientifique et l'aspect incompréhensible".⁵ Today, while there might be consensus that his contribution to economic analysis was not particularly original, it must nevertheless be admitted that both his political insights and his talent for dissemination of economic ideas were seminal and original. This is especially noteworthy when we consider the lack of writers in the classical liberal tradition who were effective theorists and disseminators at the same time.

All things considered, the factor that was particularly detrimental to Bastiat's scientific reputation was his theory of the spontaneous harmonization of interests (whose 'providentialistic' component is almost always neglected⁶) which seemed to be so naively optimistic as to appear superficial. Similarly, as regards his oft-derided notion of *laissez faire*, what Bastiat *himself* wrote has almost always been overlooked: "pour prevenir toute équivoque: que *laissez faire* s'applique ici aux choses honnêtes, l'État étant institué précisément pour *empêcher* les choses déshonnêtes." It is also frequently noted that in his day the cry for limits to be placed on opportunities for individual choice (motivated by the fact that individuals could make mistakes) rather paradoxically came precisely from those who, at one and the same time, pressed for universal suffrage and the government of everybody over everybody, while judging those very same individuals who were deemed to be capable of governing others as incapable of governing themselves.⁷

Numerous objections were raised against Bastiat's notion of the prospective harmony of interests. For instance, Bastiat was attacked towards the end of the nineteenth century by the Italian libertarian anarchist Francesco Saverio Merlino.⁸

⁴ Schumpeter-1954, p. 500.

⁵ Salin-1993a, p.15.

⁶ See Croce-1932, p. 125. Croce wrote that the widespread hope that all conflicts could be pacified by "liberal economic expedients [...] could not be conceived of but by placing, after all, the law of history beyond history itself, as can be seen, in fact, in the most popular amongst these advocates and utopians of liberalism, Bastiat, who had a sort of religious background midway between faith in nature, in line with eighteenth-century philosophy, and faith in a provident God." Moreover Croce (1927, p. 12), who tried to provide liberalism with an ethical-political basis by placing it above the economic sphere ('*liberismo*'), positions Bastiat among those who did a disservice to liberalism by attempting to transform "legitimate economic principle [...] into illegitimate ethical theory, [...] whose main criterion for the definition of good is the maximum satisfaction of desires as such [...]. These connections between liberalism and ethical utilitarianism are well known, as is the fact that one of the forms of utilitarianism, the one popularized by Bastiat, attempted to idealize itself in a general cosmic harmony, as Nature's law or law of Divine Providence".

⁷ Bastiat-1993, p. 114.

⁸ Merlino was widely recognized for his criticism of Marxist socialism from an 'Austrian' point of view (see Cubeddu-1999), and for his debate with Gustav de Molinari in the *Journal des Economistes* (see Merlino-1890a, 1890b).

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Merlino rejected Bastiat's claims (as well as those of Gustav de Molinari and Herbert Spencer, whose theses on the state and its functions were deemed by Merlino – rather curiously for an anarchist – to be “so exasperatingly negative”⁹). He contended that Bastiat's assertion that “men's interests, when left to themselves, tend to form harmonious combinations and to work together for progress and the general good”¹⁰ was naive and empirically false,¹¹ especially in the very period when the state had transferred its functions to the market and the government itself became – using a famous expression uttered by Marx – ‘the committee of affairs of the bourgeoisie’. What made Bastiat's ideas appear unrealistic was the real condition of the proletariat of his time, and the political and economic power exerted by the bourgeoisie. In the final analysis, this was why Bastiat was unsuccessful, and even discredited for such a long time, to the point that his discredit reflected on the whole of classical liberalism.

As a matter of fact, the reputation enjoyed by Bastiat among many important scholars, and in particular economists who today defend classical liberalism, was neither homogeneous nor uniformly positive, and this was so beyond any influence exerted by his defense of *laissez faire* and his criticism of protectionism. Paradoxically enough, the first criticism came from one of his greatest admirers: the Italian liberal economist and politician, Francesco Ferrara. In his extensive introduction to the Italian translation of Bastiat's *Harmonies économiques*, written in 1851, Ferrara laid down a series of inescapable critical observations, both against Bastiat's theory of value and also against the possible consequences of basing liberalism on such a theory of human action. Ferrara's critique, which anticipates comments later advanced by Carl Menger and Eugen von Böhm-Bawerk, denounced Bastiat's theory of value as “damaging to science [...because] his system could turn into a weapon that some sort of ingenious socialism would not hesitate to exploit in order to attack our system of freedoms with our very own principles”. Ferrara concluded: “I don't understand how Bastiat, when he wrote his *Harmonies*, failed to see at any point that his theory of value-service was on the threshold of communism, on the one hand, and of despotism, on the other.” Consequently, “once we have thrown this terrible dice of value-service, it is logically impossible to stand firmly on the ground of freedom that we will have marked out for ourselves.”¹² These were harsh words, even though uttered by an ardent admirer who believed firmly in the distinction between ends and means.¹³ The means employed by Bastiat were, in Ferrara's view, not only inappropriate, but also erroneous and dangerous. Ultimately, what he doubted

⁹ See Merlino-1893b, pp. 200-02.

¹⁰ Bastiat-1850c, pp. 2-7; Engl. transl. pp. xxi-xxvi.

¹¹ See Merlino-1893a, p. 156.

¹² Ferrara-1851, p. 11-18. On Ferrara and Bastiat see Guidi-1995, pp. 225ff. and Faucci-1995, pp. 171-72 and 198-99.

¹³ This criticism is analysed by Pareto-1902-03, II, pp. 47ff.; but is not mentioned by Rothbard-1995 during his assessment of Bastiat's success, where he remembers Ferrara and Pareto only as his admirers (see II, pp. 448-49).

most was whether Bastiat's theory of *value-service* would ever be able to balance conflicting interests, as correctly understood, and therefore whether it could build up a theory of political order based on individual freedom.

Marco Minghetti, an illustrious scholar and politician who served as President of the Council of Ministers from 1873 to 1876, echoed the same themes in his *Della economia pubblica e delle sue attinenze colla morale e col diritto* [*On public economics and its relevance to morals and law*], published in 1859. Like Ferrara,¹⁴ Minghetti emphasized the practical limitations of Bastiat's political ideas. Minghetti was the last exponent of the so-called Historical Right [*Destra storica*] that forged a united Italy based on a liberal economic ideal. Like Ferrara, Minghetti admired Bastiat's ideas, but underscored its weaknesses. In particular, both writers were skeptical of the theory of labor and the natural products of the earth;¹⁵ the theory of free value; that of 'equivalent service'.¹⁶

Lord Acton, on the other hand, perhaps because he, too, was a liberal Catholic, was one of the few to express appreciation of Bastiat's theory according to which "*legitimate self-interest falls into a harmonious social pattern*", even though that term 'legitimate' resounds as emblematic and may appear to limit the conditions for harmony.¹⁷ Similar praise, although mixed with critical comments,

¹⁴ See Gherardi-1986, pp. 72 e 426.

¹⁵ Minghetti-1859, pp. 194-95.

¹⁶ Minghetti-1859, p. 200. Apart from such economic criticism, which is nonetheless indicative of the fact that Bastiat's ideas raised reservations even amongst the liberals of his time, what strikes us most is the fact that Minghetti realises that, since "inequality between effort and product [...] is a notion that dominates the whole economy", Bastiat's argumentation "hurts Bastiat himself" (Minghetti-1859, p. 202). Furthermore, Minghetti distanced himself from the role attributed by Bastiat to Providence in human life by observing: *a*) that his *laissez faire* does not take into consideration that which he defines as "the law of transitions [*legge dei trapassi*] [...] according to which, since the different economic elements proceed unevenly and in different proportions, consequent friction and conflict are virtually inevitable"; *b*) that Bastiat, while stating that private and public interest coincide, attributes an excessively wide role to private interest within the process of establishment of harmony and forgets the other gifts "assigned by the Creator to accomplish the work", these being "virtue and sacrifice"; *c*) that, even though Bastiat "insists on the differences between near and remote effects", he does not take into consideration that the agreement that leads to public good "requires perspicacity and training"; that, given the limited nature of human knowledge, "what is useful does not always correspond to what is honest", and that therefore, and after all, *d*) "for freedom to be used properly, it must necessarily be cleared up by a higher guide: morals." Not to mention the fact that usefulness follows justice and that, if "exchange is to involve equivalent services", "efforts that had a cost for their possessors", the products and services should be "equivalent in the judgment of the buyer and the seller; for, without such a judgment, no exchange would take place [...] one cannot argue, therefore, that there is an equation between the usefulness of a product and its value; and similarly, one cannot claim that there is an equation between its value and the effort is cost to obtain it" (see Minghetti-1859, pp. 326-28). After expressing his reservations on the theory of capital as well (Minghetti-1859, p. 328), Minghetti continues his criticism of Bastiat's theories by commenting that "bad behavior by the governments and their excessive interference are not enough to account for the greatness and decadence of the peoples"; "if, finally, the natural law that leads to the good of humanity could be so obviously followed, why should there be so many wars and ruin?" His conclusion is that "freedom is the rule in economic matters, it is the principle we fully assume and adhere to. But we must add that in order for freedom to be properly practiced and in order to establish the desired agreement between the private and public interest, upright judgement and morals are necessary" (Minghetti-1859, pp. 333-34).

¹⁷ Acton-1985, II, p. 489.

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was pronounced by Vilfredo Pareto in his *Cours d'économie politique* (1896-97) and in his later work, *Les Systèmes socialistes* (1902-03).¹⁸

The tendency of Bastiat's early critics to question specific aspects of his thought without expressly disputing his theoretical structure was soon reversed by the Austrians. Menger wrote in his *Grundsätze* (1871) that the efforts of Bastiat, Canard, Carey, Wirth and Rösler are to be ranked among the

...numerous attempts to fit land and the services of land into the framework of a system of economic theory with all other goods, and to trace their values and the prices they fetch back to human labor or to the services of capital, in conformity with the accepted principles.

Menger considered this to be a 'forced interpretation', which did not take into account that the value of these goods derives from the "importance goods attain for us solely because they assure us future satisfactions."¹⁹ Like Ferrara, Menger also advanced the key criticism that Bastiat did not grasp the difference between "use value" and "exchange value".²⁰ Menger therefore believed that Bastiat's political theory was grounded in error, one that not only nullifies his theory, but also offers more than a mere foothold to non-liberal thinkers.

Böhm-Bawerk took up the same argument in *Kapital und Kapitalzins* (1884), where he maintained that "Bastiat's theory of interest, which has been the subject of a great deal of altercation, can perhaps be described as a copy of Senior's abstinence theory, which has been forcibly squeezed into the mold of Bastiat's theory of value."²¹ He also attacked Bastiat's theory of interest as logically contradictory, among other things.²² The low esteem in which Böhm-Bawerk held Bastiat's theory of capital and interest led him to denounce, together with McCulloch, Roscher and Strasburger, those who, by advancing unsound theory, gave an advantage to

...the exploitation theory and to its wide dissemination
[...]. As long as the scientific controversy was conducted on the

¹⁸ Cf., Pareto-1896-97, §§ 581, 593, 637, 839, 1042. Also see Pareto-1902-03, I, p. 125, where he writes "en France, toute l'économie politique était libérale, les admirables pamphlets de Bastiat en avaient rendu populaires les doctrines [...]." Elsewhere, Pareto-1902-03, I, pp. 353ff., 381, 383-87 and discusses Bastiat versus Proudhon; and Pareto-1902-03, II, pp. 46ff., 63ff wonders what determines the success of ideas, noting that, even though Bastiat's theory of value is as incorrect as Marx's, it has been presented as "une dégénération des doctrines libérales").

¹⁹ Menger-1871, pp. 145-46 e n.; Engl. transl. pp. 166-67.

²⁰ Menger-1871, pp. 215-16 e n.; Engl. transl. p. 228 and p. 308.

²¹ Böhm-Bawerk-1884, I, p.191. Pantaleoni-1889, p. 342, declared that Bastiat was "severely mistreated" by Böhm-Bawerk, but did not take sides on this issue.

²² Since in this circumstance they are more interesting than their content and plausibility, we will only transcribe a part of the expressions: "that, quite briefly, is the substance of Bastiat's doctrine, delivered with rhetorical verbosity and frequent repetition"; "performing a complete logical somersault"; "Bastiat's explanation reveals the fact that he has been misled into a number of incredibly gross errors [...]. It is really difficult to understand how Bastiat could be guilty of error on matters so simple and so much a matter of common knowledge [...] And so on the whole, Bastiat's interest theory seems to me to fall far short of deserving the good reputation which, at least in certain circles, it has so long enjoyed" (Böhm-Bawerk-1884, I, pp. 191-94).

basis of such equally vulnerable theories as those of productivity, abstinence or remuneration [...] the battle could not have an outcome unfavorable to socialists. Their enemies could not attack their true weaknesses from such ill-chosen positions; their opponents' weak attacks could be repulsed without any great difficulty, and the enemy victoriously pursued into his own camp [...].²³

In the light of these considerations, it is not surprising that Böhm-Bawerk judged Bastiat's theory negatively: "Bastiat's theory of value [...], which for a certain period of time was highly esteemed, but then fell into a condition of complete discredit, should be judged as a *sui generis* confutation, more formal and rhetorical than substantial, of classical theory."²⁴

Bastiat fare little better at the hands of second-generation Austrians. Evaluating the 'invisible hand' theories of Smith and Bastiat, Mises argued that the authors' theism does not invalidate their scientific propositions concerning human action, even though today, except for the criticism of protectionism, they can be considered "obsolete".²⁵ Hayek wrote a rather indifferent introduction to Bastiat's *Selected Essays on Political Economy*, in 1964;²⁶ but otherwise mostly ignored Bastiat in his own writings. We may well ask, therefore, whether it is legitimate to speak of Bastiat as an 'Austrian' or a precursor of the 'Austrians', since he was so roundly criticized by the pioneers of the Austrian tradition.²⁷

²³ Böhm-Bawerk-1884, I, pp. 320-21.

²⁴ Böhm-Bawerk-1894, p. 995n.

²⁵ See Mises-1927, p. 197. As regards Smith's theory and Bastiat's theory of the 'invisible hand', Mises-1949, p. 147n. writes: "Many economists, among them Adam Smith and Bastiat, believed in God. Hence they gloried in the fact that they had discovered the providential care of "the great Director of Nature." Atheistic critics blame them for this attitude. However, these critics fail to realize that to express disdain for the "invisible hand" does not invalidate the essential teachings of the rationalist and utilitarian social philosophy." Mises-1957, pp. 168-69, confirms the same notion by writing: "believing in the existence of God, Smith could not help tracing back all earthly things to him and his providential care, just as later the Catholic Bastiat spoke of God's finger [...]. The pre-established harmony to which they alluded did not affect their epistemological principles and the methods of their reasoning. It was merely a device to reconcile the purely secular and mundane procedures they applied in their scientific efforts with their religious beliefs [...]. For the agnostic, atheistic, and antitheistic historians and economists there is no need to refer to Smith's and Bastiat's invisible hand [...]. Thus the theological views of Smith and Bastiat no longer have any meaning for our age."

²⁶ Hayek-1964, pp. ix-xii.

²⁷ See, for example, DiLorenzo-1999, pp. 59-60, who writes that Bastiat, together with other French economists such as F. Quesnay, D. de Tracy, J. B. Say, Ch. Comte, R. Cantillon; A. R. J. Turgot, can be considered precursors of the Austrian School, "having first developed such concepts as the market as a dynamic, rivalrous process, the free-market evolution of money subjective value theory [...]." DiLorenzo credits Bastiat with a contribution to the Austrian theory of capital (p. 62) and identifies him as a sort of bridge between "pre-Austrian economists and Austrian tradition" (p. 68). Salin-2000, p. 35; 40, connects certain French liberals to the Austrian School by saying that, together with Turgot and Say, Bastiat had "reconnu le caractère fondamentalement subjectif de la valeur (contrairement à A. Smith ou à D. Ricardo)"; and by naming Bastiat a precursor of Hayek (p. 52). For a more problematic treatment of the relationship between Bastiat and Hayek, see Dorn-1981 and Feldman-1995.

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Our argument here is that Bastiat enjoyed a certain success within the tradition of classical liberalism, but it was not unequivocal.²⁸ Notwithstanding the 'statist' attacks of turn-of-the-century liberals, Bastiat's ideas were flawed from the standpoint of defenders of the classical liberal tradition, which presented a dilemma for classical liberalism. Because it required the disappearance of the State, Bastiat's liberalism attracted greater criticism than that of John S. Mill, who assigned important functions to the state and paved the way for contemporary interventionism. This happened notwithstanding the fact that both thinkers had based their political theory on a false (though for different reasons) theory of value. It could therefore be said that Mill's reputation was saved precisely by his 'statism' and that Bastiat's failure was due to his 'anti-statism'. On the one hand, Bastiat's political theory appeared as too extreme, and on the other hand, it was founded on an economic theory rejected by socialists, interventionists, and by the Austrians as well. What undermined both Bastiat and classical liberalism was the fact that ever-increasing conflicts of interests, rather than the hoped-for harmonization of interests, seemed to be occurring at the time that the market seemed to have reached its maximum application.

Today it is possible to construct a liberal political order that surmounts the theoretical obstacles that proved insuperable to Bastiat. Indeed, following Rothbard's more positive reappraisal of Bastiat, the nature and originality of his contribution can be better identified and appreciated. Even though he may have had an incomplete understanding of the fact, Bastiat was aware that if the purpose of social institutions is to produce security as regards individual expectations, then the market can produce this result in a more timely, more stable, and more efficient manner than the State. Moreover, the market can satisfy a greater number of different individual expectations without having to select arbitrarily among them, something that politics cannot avoid doing. Therefore, Bastiat's relevance and importance within the contemporary debate on liberalism does not so much rest on his theory of the prospective harmony of interests founded on Providence and on his theory of "value-service", as it does on the replacement of the state by the market in the production of 'security'.

We believe that this insight is exactly what makes his thought still interesting and relevant today. At the same time, we recognize that this essential feature of Bastiat's thought is merely an insight, unsupported by an appropriate theoretical structure. The full appreciation of this insight had to await Hayek's formulation of the production and distribution of knowledge. For it was Hayek who explained how a mutually satisfying exchanges are linked to particular distributions of knowledge, even in extreme cases overlooked by Bastiat.

One objective of this essay, therefore, will be to point out the weaknesses of Bastiat's explanation of the establishment of a social/economic 'order'. The

²⁸ See, for example, Guido de Ruggiero (Ruggiero-1925, p. 197) who criticized Bastiat because he advocated "an almost complete cancellation of the state [as the] natural deployment of certain unctuous harmonies [...] in such a sentimental work as the *Armonie Economiche*, which has rightly been the target of the socialists' satire [and where] eighteenth-century collective optimism echoes once again with its identification of individual and collective interest."

problem is that he envisions order as the outcome of evolutionary progress, a process that does not admit obstacles to progress in this regard caused by “dispersion of knowledge in society”. If the latter is admitted, spontaneously established order may not occur. Or alternatively, it becomes established much more slowly, and therefore over a much longer period of time, than Bastiat’s theory predicts. From this point of view, order is not so much a consequence of Providence, but is rather the result of the cultural (non natural) selection of certain types of information and its dissemination, and of behavior that tends to minimize the unintended consequences (or ‘transaction costs’) of human action. In other words, it favors property rights exchanges in conditions of freedom and time such that each individual may satisfy his or her own needs through interaction with other individuals. This means that Bastiat, like others, did not address the issue of the relation between the establishment of an order and subjective time expectations, including amongst these the minimization of the time necessary for their accomplishment. Such a solution becomes practicable only by resorting to the theory of human action within a ‘subjectivist economy’.

Another objective of this paper is to evaluate the objections to Bastiat’s economic and political concepts raised by Luigi Taparelli d’Azeglio in the years 1855-56.²⁹ D’Azeglio emphasizes the opposition between the political and economic philosophy of Bastiat’s liberal Catholicism and that of Catholicism itself, which was far from accepting the market economy based on self-interest as a tool of Divine Providence. The importance of this controversy is that it allows us to examine the theological-religious presuppositions of Bastiat’s theory of his theory of the harmonization of interests, both as between individual interests and between individual and collective interests – suppositions that have been persistently overlooked in previous evaluations of Bastiat’s thought.

2. The theory of the harmony of interests

Our analysis in this section is based mainly based on Bastiat’s essay, *La Loi*, and on the introductory sections of *Harmonies Economiques*, both dating from 1850. In our opinion, these works clearly show that Bastiat’s negative concept of the State and its functions is based on his conviction that the State’s actions can only result in hindering or retarding the natural process of the harmonization of interests.

Bastiat’s theory of the harmony of interests is founded on a notion of *natural right* in which two main lines of reasoning converge: Lockean thought (in which natural rights consist of person, liberty and property³⁰) and Thomistic thought, which involves a notion of *natural right* different from that defined

²⁹ See Taparelli-1856. On the relevance of economics within such journals see Bianchini-1996, pp. 289-310.

³⁰ Bastiat-1850a, p. 343; Engl. transl. p. 52.

canonically in Luigi Taparelli d'Azeglio's treatise, *Saggio teoretico di diritto naturale appoggiato sul fatto* (1855). The theory of the harmony of interests is not so much an expression of Physiocratic doctrine (although this may also have affected Bastiat), as it is a reflection of a certain strand of liberal Catholicism and its religious vision of the world, man, freedom and the market. This particular strand has always been a minority view among Catholics, and sometimes it has even been considered as spurious.

The tendency to overlook the role of Providence in his theory has led Bastiat's critics to miss the central core of his political philosophy. As a result, his *laissez-faire* has been interpreted usually as the belief that social conflicts will eventually converge via a 'natural' mechanism that is independent of the role of Providence in human life. Keynes' criticism is typical of this sort:

...let us clear from the ground the metaphysical or general principles upon which, from time to time, *laissez-faire* has been founded. It is *not* true that individuals possess a prescriptive 'natural liberty' in their economic activities. There is *no* 'compact' conferring perpetual rights on those who Have or on those who Acquire. The world is *not* so governed from above that private and social interest always coincide. It is *not* so managed here below that in practice they coincide. It is *not* a correct deduction from the principles of economics that enlightened self-interest always operates in public interest. Nor is it true that self-interest generally *is* enlightened; more often individuals acting separately to promote their own ends are too ignorant or too weak to attain even these. Experience does *not* show that individuals, when they make up a social unit, are always less clear-sighted than when they act separately.³¹

Although Keynes is the author of these words, the criticism can be traced back to Bastiat's socialist and anarchist critics. It presumes that Bastiat's principle of non-intervention derives support from a sort of physiological mechanism that, in fact, has no place in Bastiat's theory, nor in Smith's for that matter. Bastiat's concept of human nature is intertwined with Providence. He maintains that social interests end up harmonizing because of the action of Providence, not Nature. Moreover, for Bastiat this result will occur spontaneously provided the state does not frustrate the design of Providence.

The centrality of Providence in Bastiat's social thought is verified by a close reading of all his writings, but some passages are more imposing than others. In *Deux morales* (1848), he wrote: "political economy has not been given the mission of finding out what society would be like if it had pleased God to make man different from what he is", *i.e.*, a being who has "*fondness for the fruits of toil and repugnance to its pains*". Since their distribution tends to become increasingly equal, it is evident that in our society there is "some natural and providential force

³¹ Keynes-1926, pp. 287-88.

[... and] that God has put it there.” For Bastiat, Providence is a beneficial force that tends progressively to reduce the evil force of spoliation; by doing so (in the guise of ‘economic morality’, which is different from ‘religious morality’), it involves man, “in his *passive* role [*en tant que patient*] [... and] it strives to disseminate enough good sense, knowledge, and justifiable mistrust among oppressed masses to make oppression more and more difficult and dangerous.”³² According to Bastiat, economics involves a study of such forces. By tracing out a path that shows man “the necessary consequences of his acts”, it distinguishes itself from morals understood as a process of purification and correction of man’s performance “in his active role [*en tant qu’agent*]”. It follows that economics “does not tell us everything, does not include everything, is not the universal science.”³³ Nevertheless, it allows Bastiat to proclaim that “free trade distributes in the most uniform and equitable manner the fruits that Providence grants to the labor of man.”³⁴

Though incomplete and unfinished in many respects, Bastiat’s *Harmonies économiques* is the most mature product of his work on this subject. It starts by stating that “*all men’s impulses, when motivated by legitimate self-interest, fall into a harmonious social pattern [Tous les intérêts légitimes sont harmoniques].*” His use of the phrase “legitimate self-interest” suggests that the pursuit of subjective interests does not always produce ‘harmony’, and therefore that a distinction should be made between different types of interests, using criteria other than ‘subjective’ ones. But because this approach is inconsistent with a ‘*subjectivist theory of value*’ we may ask where does Bastiat stand? Legitimacy comes from non-interference. Hence, Bastiat affirms, “men’s interests, when left to themselves, tend to form a harmonious combination and to work together for progress and the general good ... the practical solution to the social problem is simply not to thwart these interests or to try to redirect them.”³⁵

If harmony fails, the reason must be sought in the fact that some people – for instance, socialists – “propose to substitute coercion for freedom, an artificial social order for the natural social order, and a work of their own contrivance for the handiwork of God.” As a consequence, given the strict relationship existing between God and freedom, between natural laws and social laws, “it is not true that the great laws of Providence are hastening society along the road to disaster”, contrary to the assumption made by many, first and foremost the socialists, who do not realize that, if God exists, the laws of light cannot be different from those of interests. For this reason, if God’s wisdom and his history are revealed in social mechanics, he who has “faith in the wisdom of the laws of Providence [has] faith in liberty”. These laws are bad only if they are disturbed by men’s actions and by the institutions created by man to pursue unnatural ends. Therefore, they are harmonious because that is how Providence intended to make human nature, even

³² In Bastiat-1848a, pp. 149-50; Engl. transl. pp. 148-49.

³³ In Bastiat-1848a, pp. 150-52; Engl. transl. pp. 149-51.

³⁴ In Bastiat-1848a, p. 188; Engl. transl. p. 187.

³⁵ Bastiat-1850c, pp. 2-7; Engl. transl. pp. xxi-xxvi.

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though evil is not excluded because free men are able to make mistakes. From this point of view, good presupposes the knowledge of evil, and it is precisely when human actions conflict with divine laws that “the natural laws [*lois naturelles*] of the social order [are not shown] in all their majestic harmony.”³⁶ On this point, Bastiat joins freedom and providence: “if the laws of Providence are harmonious, they can be so only when they operate under conditions of freedom, for otherwise harmony is lacking,”³⁷ and in the long run it is vain to impose on men aims that differ from the natural aims established by Providence.

But can the state, which is by nature coercive, be helpful in achieving harmony? Bastiat’s answer is no, because the state – “*the great fictitious entity*” – is an artificial and fraudulent organization, which always acts with force and cannot be in harmony with the natural rights of individuals,³⁸ and with the general, providential and unwritten laws of society.³⁹ As a consequence, it is useless to expect that the “natural tendencies of mankind” may be achieved through those artificial organizations that deny the natural tendency towards harmony and which, in doing so, are also subjected to very high costs and conditions (the use of force, persuasion and fraud).⁴⁰ Therefore, the thesis according to which interests are naturally antagonistic is false, because it does not ask the question: “what social order necessarily results” from the fact that man is “as God saw fit to make him”?⁴¹

To act against these laws means accepting high social costs (*i.e.*, “transactions carried on between people who do not know each other”), while the elements that allow these laws to be known, understood and affirmed are freedom, personal interest (“the mainspring of human nature”), and utility understood as “everything that effects the satisfaction of wants.” Taken together, these arguments suggest that in Bastiat’s approach, harmony – which will be progressively achieved by “replacing *onerous utility* by *gratuitous utility*”⁴² – is to be seen as the progressive elimination of human errors: the discovery of honest behaviour in the conduct of our lives, consistent with the design of Providence.

It is in this context that Bastiat’s concept of ‘*value*’ acquires fundamental importance. To Bastiat, value is “the comparative estimation of reciprocal services,” and ‘human needs’ are that to which God has subjected us: to satisfy these needs, we must necessarily undergo suffering, deprivation and pain. Furthermore, neither the market nor political economy are responsible for all this, but are instead the remedies.⁴³ Primary needs are those concerning the preservation of life. Because these needs, just like more complex ones, “are not a fixed and unchangeable

³⁶ Bastiat-1850c, pp. 10-15; Engl. transl. pp. xxviii-xxxii.

³⁷ Bastiat-1850c, p. 18; Engl. transl. p. xxxiv.

³⁸ Bastiat-1850c, pp. 18-19; Engl. transl. p. xxxv.

³⁹ Bastiat-1850c, p. 24; Engl. transl. p. 2.

⁴⁰ Bastiat-1850c, pp. 30ff.; Engl. transl. pp. 7ff.

⁴¹ Bastiat-1850c, pp. 48-49; Engl. transl. p. 23.

⁴² Bastiat-1850c, pp. 51-53; Engl. transl. pp. 25-27.

⁴³ Bastiat-1850c, pp. 59-63; Engl. transl. pp. 32-35.

quantity”, it is very difficult for political economy to establish a criterion upon which it can be construed as an exact science. Given such a situation and due to the fact that human needs can be satisfied in a great variety of ways, “the balance between the means and the end is the first law of all harmony.” Therefore, “unless Nature, Providence [...] has fallen into the most cruel and shocking contradiction, we must presume, since our desires are without limit, that our means of satisfying them are likewise without limit.” This is supported by the fact that “*Nature and labor* function together for the satisfaction of our wants and our desires.”⁴⁴ *Utility*, understood as “the property of rendering a service,” even though not in an equal manner, is therefore “*transmitted sometimes by Nature, sometimes by labor alone, almost always by the conjunction of Nature and labor.*” As a matter of fact, “to bring a thing to its complete state of utility, the contribution of labor is in inverse ratio to the contribution of Nature.”⁴⁵

Bastiat, therefore, regarded the theory of value as the essence of political economy but, unlike those who define wealth as something deriving from labor, he maintains that “the gratuitous gifts of Nature, *however great their utility*, have no value.” His aim is to maintain utility and value, while reducing onerousness and labor. It follows that “*in bringing a thing to the highest degree of utility, man’s share in the action is in inverse ratio to Nature’s*” and human action that transforms matter is a *service* in whose “free appraisal [...] is the basis of *value*.”⁴⁶ Labor, therefore, is “the use of our faculties for the satisfaction of our wants.” For this reason – although “the science of economics [...] does not have the same advantage as the so-called exact sciences, of possessing a measure, a yardstick, enabling it to determine the precise intensity of desires, efforts, and satisfactions” – “a man’s well-being is not measured by his *efforts*, but by his *satisfactions*”: “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 an increase or decrease of the general welfare.”⁴⁷

Thanks to the possibility of carrying out exchanges, it is only in the welfare state that our faculties can exceed our needs, and the condition for exchanges is that be mutually satisfactory, *i.e.*, produce “an equivalent service” to the effort made. Bastiat does not say that this satisfaction must be ‘subjectively equivalent’, but only ‘*equivalent*’. And this non-subjective nature of satisfaction derived from exchanges is in some sense confirmed by the fact that Bastiat holds that “*the general nature of exchange is to lessen the amount of effort in relation to the satisfaction,*” to increase “gratuitous utility” and mutual advantages. Therefore, the freer the transactions, the greater will be natural utility and harmony, ultimately ending up by depending on the increase in natural utility, and “the good of each is favorable to the good of all, even as the good of all is favorable to the good of each.”⁴⁸

⁴⁴ Bastiat-1850c, pp. 72-78; Engl. transl. pp. 42-47.

⁴⁵ Bastiat-1850c, pp. 79-80; Engl. transl. p. 48.

⁴⁶ Bastiat-1850c, pp. 82-85; Engl. transl. pp. 50-53.

⁴⁷ Bastiat-1850c, pp. 86-92; Engl. transl. pp. 54-58.

⁴⁸ Bastiat-1850c, pp. 108-122; Engl. transl. pp. 73-84.

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According to Bastiat, “the harmony of the providential laws that govern human society” requires a true notion of value, which in turn requires intellectual vigilance.

...the notion of *value* will be an imperfect one, an erroneous one, if, neglecting the mean, we base it on the extremes, which are phenomena of our sensations—*wants* and *satisfactions*, which are intimate, non transferable, not subject to measurement from one individual to another— instead of founding it on our *activity*, our *effort*, our exchange or reciprocal *services*, since these are capable of comparison, appraisal, *evaluation*, and can indeed be *evaluated* for the very reason that they are exchanged.

Therefore, in “the notion of *value* implying acquisition through *effort* [...] *value* must refer to the *efforts* made by men in order to secure the *satisfaction* of their wants.” It is “*the relationship existing between two services that have been exchanged*” and “one could say that the evaluation of services tends to come closer to the absolute truth and justice as men progress in knowledge and morality.”⁴⁹ In other words, only if knowledge is equal and widespread will individuals be able to attribute the correct value to goods and services. The example of air, which has no value “since it occasions no effort, it calls for no service,” is used by Bastiat to assert that “value comes only from the service that has been rendered.”⁵⁰

Following this line of reasoning, harmony comes from the discovery of the natural balance between services, and it is for this reason that he can state that “after studying the providential laws that govern the social order, [what we] declare is this: These laws are harmonious”, even though evil exists and even if they act slowly in remedying the damage produced by ignorance and error. “Study the laws of Providence, marvel at them, and *allow them to operate*, ...if men’s interests are harmonious, they need only be understood, and harmony and the good life will be achieved, for men naturally pursue their own interests.” Only if the interests are “mutually antagonistic by nature [...] can it be said that there is no other means of achieving harmony than by forcing, frustrating, and thwarting the interests of all men.” Hence the clarion call to “permit the laws of Providence to act”; the warning that we can be mistaken in many ways even about our own needs and interests; and the thesis that evil originates from human passions and weakness of judgment.⁵¹

3. The ‘grande fiction’

This process is hindered or retarded by man’s presumption that he can improve upon Providence by being able to better identify goals and the means to

⁴⁹ Bastiat-1850c, pp. 141-47; Engl. transl. pp. 100-05. We note that no Austrian is likely to endorse these definitions.

⁵⁰ Bastiat-1850c, pp. 148-49; Engl. transl. p. 107.

⁵¹ Bastiat-1850c, pp. 567-71; Engl. transl. pp. 469-73.

achieve them. The tool for accomplishing this 'improvement' is, of course, the State. In *L'État* (1848), Bastiat not only provides a famous definition of the State: "the state is the great fictitious entity by which everyone seeks to live at the expense of everyone else (*L'État c'est la grande fiction à travers laquelle tout le monde s'efforce de vivre aux dépens de tout le monde*)",⁵² but he also stresses its violent and fraudulent nature, a theme that has been resumed later by *Libertarians*.

As usual, Bastiat's sparkling prose is studded with brilliant quips that indelibly impress his ideas upon the reader. Although he offers little analytical support for his definition, he clearly grasps the core of the issue when he points out that the prestige of the State is based on the credibility of its promise to give back to each individual more than it takes from him. Bastiat denies the State's credibility because it is "fundamentally impossible for it to confer a particular advantage on some of the individuals who constitute the community without inflicting a greater damage on the entire community."⁵³ A similar hypocrisy is involved in the State's contention that it is the only agency capable of guaranteeing justice, security, enforcement of the law and the granting of rights. Bastiat, as an exponent of the Lockean tradition, agrees only as regards this last function, but he simultaneously insinuates that, in reality, the State may not be constitutionally able to carry out such a function. He denounces as "chimerical, absurd, childish, contradictory, and dangerous" the belief that it is possible to establish a synthesis that "consists in requiring everything from the state without giving anything to it."⁵⁴

The *great fiction*, therefore, consists in the capacity of a state to deceive different social groups at different times into believing that they can receive from the State more than the State has taken from them, that is to say taking from everybody in order to distribute to different subjects. The State bases its prestige on "*ce qu'on voit*" and tends to hide the fact that it is able to redistribute what it can take only by the use of force. From an economic standpoint, Bastiat believed the consequence was disastrous.

Society is the aggregate of all the services that men perform for one another by compulsion or voluntarily, that is to say, *public services* and *private services*. The first, imposed and regulated by the law, which is not always easy to change when necessary, can long outlive their usefulness and still retain the name of *public services*, even when they are no longer anything but public nuisances. The second are in the domain of the voluntary, *i.e.*, of individual responsibility. Each gives and received what he wishes, or what he can, after bargaining. These services are always presumed to have a real utility, exactly measured by their comparative value.⁵⁵

⁵² Bastiat-1848b, p. 332; Engl. transl. p. 144. As Leoni-1961, p. 138, writes: "admittedly, this definition is valid also in our own time".

⁵³ Bastiat-1848b, p. 334; Engl. transl. p. 146.

⁵⁴ Bastiat-1848b, p. 340-41; Engl. transl. p. 151.

⁵⁵ Bastiat-1850b, p. 356; Engl. transl. p. 19.

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For Bastiat, the “pressure of competition” is the only way to stop the “disastrous parasitism” produced by the “exaggerated development of public services.”⁵⁶ But the socialists have managed to convince many people that the prices of goods paid to the intermediaries in a market economy exceed the prices that would prevail if the State were to produce them.⁵⁷ In this way, the socialists “ceaselessly oppose free association in present-day society. They do not realize that a free society is a true association much superior to any of those that they concoct out of their fertile imaginations.”⁵⁸ Bastiat realized that the *great fiction* is founded on the capacity of the State to convince citizens that the State itself is the antidote to uncertainty and that it has the ability to satisfy all individual expectations in the fastest possible time.

Rather than fight the spread of this belief by developing the theoretical side of his doctrine, Bastiat concentrated on exposing the ‘great fiction’ as an illusion, something that contradicts the very nature of humanity. Nature cannot be accelerated by producing laws and by their forcible and costly enforcement.⁵⁹ Bastiat’s every effort seemed to be directed towards the aim of making visible that which various entities seek to hide through artifice and fiction. In other words, he sought to show that artificial arrangements could not be maintained in the long term because they are not natural, and because the further any system moves away from the true nature of exchange among free men, the higher the cost of maintaining that system.

A close correspondence can therefore be observed between his essay on the law and the *Harmonies*, as can be inferred from the fact that the reduction in the cost of exchanges between men, and therefore in the condition of harmony, will be the result of a natural process of enlightenment and moralization. If “to use force is not to produce, but to destroy,”⁶⁰ then the verdict on the State cannot be anything but irremediably negative. The State cannot be based on forms of exchange that do not admit ‘*spoliation*’ which means that its attempt at producing security by way of taxation is, in reality, a process of destruction – first and foremost a destruction of that social order “so admirably arranged by the divine Inventor,” in which the conciliation between economy and morals is accomplished,⁶¹ followed by the destruction of the very bases of peaceful coexistence. These insightful views remain politically valid and fecund, even though the theoretical assumptions on which Bastiat sought to base them have been found to be lacking. Certainly Bastiat showed great courage because his views ran counter to the ‘deification of the State’ tide that was beginning to engulf Europe.

Bastiat directed his attack against a rising chorus in favor of the legislative production of law. He tried to re-institute the theory of *natural right* against the

⁵⁶ Bastiat-1850b, pp. 356-58; Engl. transl. pp. 19-20.

⁵⁷ Bastiat-1850b, p. 357; Engl. transl. p. 20.

⁵⁸ Bastiat-1850b, p. 361; Engl. transl. p. 23.

⁵⁹ Bastiat-1850b, p. 364ff.; Engl. transl. pp. 26 ff.

⁶⁰ Bastiat-1850b, p. 368; Engl. transl. p. 31.

⁶¹ Bastiat-1850b, p. 385; Engl. transl. p. 44.

new tide, claiming that “the law [...] has destroyed its own object” in its attempt to implement misguided selfishness and false philanthropy.⁶² Natural rights (life, freedom and property) exist prior to the law-making activity of man, and the legitimacy of collective rights is also based on individual rights. Law is therefore the verification of the *natural right* of legitimate defense and guarantee of life, liberty and property.⁶³ Ultimately it is identifiable with the State, if the latter is *correctly* interpreted as the producer of security [*sûreté*] as regards those rights. The guarantee of a pre-existing natural order that preceded the advent of politics, *i.e.* the “nonintervention of the state in private affairs,” is, after all, that which allows “wants and satisfactions [to be] develop[ed] in their natural order.”⁶⁴ Bastiat attributed the excessive role assigned to politics “under the pretext of organization, regulation, protection, or encouragement”⁶⁵ to the adverse teachings of Rousseau, Saint-Just and Robespierre – who believed in the “omnipotence of the law” and attributed to government “the function [...] to direct the physical and moral forces of the nation toward the ends for which it was founded.”⁶⁶ Such beliefs have produced one of the strangest phenomena of all time, which attributes infallibility to legislators in the mistaken belief that the general will is incapable of error.⁶⁷ This dangerous belief transformed the notion of law from that which served to establish justice and preserve “...the pre-existing individual right to legitimate self-defense” to that which revolutionized the natural order. Bastiat denounced this development in the harshest terms (a denunciation that was to be stressed repeatedly within the liberal tradition and would reach its fullest expression in Hayek⁶⁸) as follows: “...base the law on the principle of fraternity, proclaim that everything good and everything bad derive from it, that it is responsible for all individuals ills, all social inequality, and you will open the door to an endless series of complaints, resentments, disturbances, and revolutions.”⁶⁹

Bastiat foresaw a different outcome if society embraced the theory of *natural right*: “under the law of justice, under the rule of right, under the influence of liberty, security, stability, and responsibility, [...] every man will attain to the full worth and dignity of his being, and [...] mankind will achieve, in a calm and orderly way, slowly, no doubt, but surely, the progress to which it is destined.”⁷⁰ And this would be assured, as always, by Providence:

God has endowed mankind also with all that it needs to accomplish its destiny. There is a providential social physiology, as

⁶² Bastiat-1850a, p. 345; Engl. transl. p. 53.

⁶³ Bastiat-1850a, p. 344; Engl. transl. p. 52.

⁶⁴ Bastiat-1850a, p. 344.; Engl. transl. p. 53.

⁶⁵ Bastiat-1850a, p. 351; Engl. transl. p. 58.

⁶⁶ Bastiat-1850a, pp. 377ff.; Engl. transl. pp. 81ff.

⁶⁷ Bastiat-1850a, pp. 381ff.; Engl. transl. pp. 86ff.

⁶⁸ See Hayek-1960, 1969 and 1973-99, I.

⁶⁹ Bastiat-1850a, pp. 387ff.; Engl. transl. pp. 91ff.

⁷⁰ Bastiat-1850a, pp. 390-91; Engl. transl. p. 94.

there is a providential individual physiology. Social organs too are so constituted as to develop harmoniously in the open air of liberty [...]. Let us cast out all artificial systems and give freedom a chance – freedom, which is an act of faith in God and in His handiwork.⁷¹

By virtue of these statements Bastiat, like the other exponents of the anti-statist tradition of classical liberalism, such as Herbert Spencer, occupies a prominent position in the liberal and libertarian traditions. What is problematic, however, is whether Bastiat influenced these traditions directly or was merely aligned with them by virtue of an affinity of ideas. If we date the rebirth of classical liberalism by the publication of Mises' *Socialism* (1922) we are forced to admit that Bastiat is not vital. But this is not surprising. Mises in particular attempted to re-establish classical liberalism on subjective human action rather than on the labor theory of value, and on this point Bastiat was already in the vanguard. If we look to other forms of contemporary libertarianism, however, Bastiat looms more prominent. For example, in his critique of the function of the State as a producer of certainty, we have to acknowledge that Bastiat was among the first (perhaps together with Molinari) to show how such a function could be carried out at less cost and perhaps without coercion by a competitive market economy based on *natural right*. Likewise, we must acknowledge the deep influence that Bastiat exerted on the exponents of liberal Catholicism through his emphasis on the role of Providence and the full compatibility between the market economy and the Christian tradition.

4. The order of Providence

The manner in which an *order* is generated and gradually reinforced has always constituted the central focus of reflections in political philosophy. Bastiat's solution to this problem is located mid-way between the evolutionary and the providentialist approaches. In the first case, order is the *possible* (or fortuitous) result of a selection of partly natural and partly cultural actions, whose proportions may vary from time to time, but which tend over time to enhance the *cultural* aspect. In the second case, order is inscribed within a divine design, and its accomplishment depends on the time that individuals take to grasp it and implement in an unimpeded way.

As we have seen, Bastiat favored the mode of conduct that allowed “the laws of Providence” to work without hindrance. The road may be long, and complicated by the existence of ‘evil’, and by the limits of human knowledge, but the objective is attainable because the direction is known. Faith avows that the act of creation has resulted in humans who enjoy the freedom to err, but who are

⁷¹ Bastiat-1850a, pp. 392-93; Engl. transl. p. 95-96.

nevertheless endowed with “a providential social physiology, just as there is a providential individual physiology.” It would be contradictory for this point of view to assume that the act of creation regards human physiology only and is not extended to social physiology. However, if the divine message is a message of salvation understandable in every era by every man who is in a state of grace, one cannot help noticing that Bastiat confounds the providential with the evolutionary. For if harmony consisted in the capacity to select among behaviors that favor it, each epoch would be capable of achieving it. But, as a matter of fact, Bastiat tells us that harmony is also the result of prolonged evolution, which is continuously undermined by the prospect of detours, through error, from the main road. As a consequence, this will not be an objective within reach of every epoch, but rather the result of a process of cumulative wisdom and understanding of the laws of Providence. As a consequence, freedom itself ends up being identified with a sort of rational acceptance of Providence; or, more specifically, with the idea of not hindering it – a this circumstance reminiscent of Hegel’s distinction between ‘subjective freedom’ and ‘objective freedom’.

This kind of solution to the problem of order differs sharply from that provided by classical political philosophy. The latter regarded order as the possible outcome of men’s rational efforts directed towards the establishment of the best political order for each age, and believed this was possible because the natural essence of the universe can be understood by learned individuals in every age. In contrast, for Bastiat as well as other exponents of Christian tradition, order was the result of an eschatological historical process toward which history progressively tends. Bastiat affirms this notion more than once in his recurrent expression, “let the laws of Providence act”. When these laws are understood correctly, that is to say by distinguishing the *choses bonnes* from their opposite, they tend toward harmony. The State becomes the tool to carry out this distinction and the guarantor of that which is honest – this means, first of all, the natural rights to life, freedom and property; and furthermore, security and justice as the “balance between services”. Unfortunately, the State, as Bastiat never ceases to remind us, has been, and is constantly taken to mean something rather different, namely as the means of reversing the natural order that tends toward the harmonization of legitimate interests, and as the tool to accelerate social progress. Hence, the State is involved in constant intervention to guarantee natural rights, actions that might seem desirable, were it not for the fact that it requires the use of coercion, because the same individuals can cherish mistaken notions of both procedural goals and legitimate interests. Of course, Bastiat rejects this notion, if only because this would end up attributing excessive power to rulers.

If we admit that society and order have a sort of providential nature, what appears to be unacceptable in Bastiat’s perspective is that individuals might take advantage of it to different degrees. Admittedly it could be said that such an eventuality is not particularly negative within a conception of order as a *possibility* that may present itself in the course of an evolution largely depending on chance, or *fortuitousness*. In a Providence-based view, on the other hand, this circumstance could hardly escape the charge of being unfair, as it would favor some individuals (those who are closer to the accomplishment of the goal) over others (those who are further from it). Moreover, if we place this reasoning in a theoretical framework

that excludes Providence, Bastiat's theory of order would be of little use in the quest to understand how any order can be generated, enhanced and developed.

As an example of the distinction sought here, let us consider the Menger/Hayek theory of the emergence of social institutions, which seeks to explain "the most noteworthy problem of the social sciences." Arguably the most important social institutions, language, religion, law, the state, markets, competition, money, prices, etc. – which "*serve the common welfare and are extremely significant for its development*" – are not only *not* designed by individuals, and therefore are *natural*, but they also emerged "*without a common will directed toward establishing them.*"⁷² In this sense, order is understood as a complex of rules produced by 'cultural evolution'; once they are known and imitated, it is possible to reduce the uncertainty inherent in mutual exchanges, and therefore allow individuals to exercise mutually free choices for the purpose of fulfilling their own subjective needs and ends. Having emerged spontaneously, however, Menger denies that such institutions follow a naturally positive evolution:

...but never, and this is the essential point in the matter under review, may science dispense with testing for their suitability those institutions which have come about 'organically'. It must, when careful investigation so requires, change and better them according to the measure of scientific insight and the practical experience at hand. No era may renounce this 'calling'⁷³.

Hayek followed Menger in the basic belief that institutions are the result of a 'cultural' rather than a natural process.⁷⁴ Because the social order is the unintentional product of a cultural evolution, it cannot be taken for granted. In *The Sensory Order* Hayek described the process by which '*sensorial data*' is classified and communicated, wherein the pace of development is connected to the particular, and therefore cultural and unequal, distributions of knowledge in society that catalactics may favor by carrying out the function of producer of certainty, which, in other circumstances, would have to be performed by politics and, therefore, by the State. Such an order, in the Austrian view, is based on the 'theory of subjective values'.

According to Leo Strauss (who criticizes liberalism as building on Locke's theory of *natural right*) there is a radically new circumstance at the origin of *classical liberalism*, namely the severing of the tie that existed between virtue-morality and the 'best political order', tie that even Machiavelli did not break. Strauss argues that "Locke's teaching on property, and therewith his whole political philosophy, are revolutionary not only with regard to the Biblical tradition but with regard to the philosophic tradition as well."⁷⁵ Economic liberalism, therefore,

⁷² Menger-1883, pp. 162ff.; Engl. transl. p. 146.

⁷³ Menger-1883, p. 287; Engl. transl. p. 234.

⁷⁴ See Hayek-1973-79, III, *Epilogue*, pp. 154ff.

⁷⁵ Strauss-1953, p. 248.

harbors a totally new notion of how a political order is generated. The best political order, *i.e.*, the one that leads to “the solution of the political problem by economic means,”⁷⁶ and that tends towards the virtually complete elimination of collective choice, thus becomes the product of “accidental causes modified by the prudential handling of situations as they arose”. As a consequence, this order will not even have *an* end, as it will reflect the constant endeavor to fulfill individual expectations which, prompted by the constant and subjective attempt at improving initial conditions by using the tools of fallible knowledge, change continuously and without a precise and universally shared direction. What thereby ensues is that the teachings of political economy as regards the origin of public prosperity are fully applied to the formation of political order: “the common good is the product of activities which are not by themselves ordered toward the common good.” “The good or rational order is the result of forces which do not themselves tend toward the good or the rational order.”⁷⁷

Strauss’ interpretation of liberal order is different from Bastiat’s. In Bastiat’s framework, individual freedom produces ‘harmony’ in its application only when it cooperates with Providence. Even if Bastiat fully accepted Locke’s notion of *natural rights*, he believed that order is not a fortuitous result, but rather the outcome of a process that is propelled by Providence. That this does not hold for the Austrians can also be deduced from Hayek’s analysis of Bernard de Mandeville’s theory.⁷⁸ For Mandeville, the ‘common good’ is not the direct result of individual and social virtue, but rather the unintentional product of private and public vice.⁷⁹

Once we recognize that this was also the point of disagreement between Mandeville and Smith regarding the nature of the ‘*invisible hand*,’⁸⁰ (which Smith also viewed as an expression of Providence), it becomes clear that the solution to Bastiat’s problem of order is different from that provided by the exponents of *classical* and *Austrian liberalism*. It is a solution that grafts Locke’s theory of *natural rights* onto a new departure from Catholic thought. Here too, *natural law* exists prior to the State and *natural rights* have a theological basis; but they do not coincide. Like other liberal Catholic thinkers, Bastiat tends to merge two traditions of thought that do not easily combine, the liberal-Christian tradition, whose order springs from the gradual disclosure of the design of Providence, and second liberal tradition, exemplified by Burke and the Austrians, according to which order springs from the ‘prudential manipulation of events’.

⁷⁶ Strauss-1959, p. 49.

⁷⁷ Strauss-1953, pp. 313-15.

⁷⁸ See Hayek-1978, pp. 249ff.

⁷⁹ We doubt, however, whether it is appropriate to speak of a “common good” of society for *Austrians* and *Libertarians* in the terms used by the Catholic Bastiat. For the later traditions, “common good” corresponds respectively and exclusively to the *Rule of Law* and to *Natural Right*.

⁸⁰ See Smith-1759, pp. 308ff.

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It is this merger that provoked the criticisms of Taparelli d'Azeglio and Matteo Liberatore;⁸¹ two writers who upheld a Catholic orthodoxy opposed to the Protestant political theology that heavily influenced Catholicism from the mid nineteenth century onwards. Taparelli, heir and champion of the Catholic tradition of *natural law*, insisted on the distinction between *natural law* [*legge naturale*] and not of *natural Rights* [*diritti naturali*]. The former is the “eternal law of the Creator [... which] must regulate by leading towards the good.”⁸² By contrast, “the right [*diritto*] is a *power* [*potere*] that does not depend on force [... but] is founded on truth and good.”⁸³ Therefore, “*natural law*” [*diritto naturale*] coincides with ethics and, as it is grounded in natural principles, shows how man should exercise the power of will [*facoltà di volere*].⁸⁴ Therefore, the moral obligation of the individual is to direct his or her own freedom according to a reason that “depends on the supreme director of the universe.” And “since the law [*la legge*] is said to be the system through which a superior manages his employees, reason naturally manifests a law [*una legge*] to us, one that was conceived *ab eterno* by the Supreme Organizer: and one that is called natural in our reason; in the ordering Mind it is called eternal: the source of every other obligation and law [*legge*].”⁸⁵

The point we wish to stress here is that Bastiat's notion of *natural law* differs from the traditional Catholic notion. Perhaps without realizing it, Bastiat tried to incorporate Locke's notion of *natural rights* into the Catholic notion of *natural law*, a path that has been taken by more recent supporters of liberal Catholicism, but one specifically rejected by Taparelli. In Taparelli's view, political economy cannot be legitimately grounded in elements of utilitarianism and/or epicureanism (*i.e.*, the “animal parts and tendencies of man”). He therefore regarded Bastiat's political economy as perverse because it was grounded in harmonic laws of Providence and self-interest, an inferior part of human nature. It excluded from economics precisely that which is most important for Taparelli: “any idea of benevolence, equity, Christian charity.” As a consequence, it is very difficult to derive from such presuppositions the conclusion drawn by Bastiat, according to which “human interests abandoned to themselves are in harmony,” and even more difficult to pass it off as the design of Providence. According to Taparelli, harmony or order, as we have seen, do not originate from the untrammelled expression of

⁸¹ See Liberatore-1889, where the author, while claiming that property “derives from nature as a right” and therefore cannot be abolished by the state (p. 181), reaffirms, against backers of *laissez-faire*, that economics depends on politics and morals (pp. 15-17), harshly criticizing ‘modern Liberalism’ (p. 5). Criticisms of Bastiat can be found also at pp. 38 (utility and value), 40 (Say), 96 (“witty inventions” on value), 126, 140ff. (on the importance of natural agents in the creation of wealth and in the determination of value; on how Bastiat's theories backed socialism), 152 (Bastiat's and Carey's theories of value), 234 (on free competition and *laissez faire*). See Bianchini (Bianchini-1996) on Liberatore and criticisms of *laissez-faire* and on the separation of economics from ethics in *La Civiltà Cattolica*. In its day, Liberatore's book had a remarkable influence on the formation of economic culture within the clergy.

⁸² Taparelli-1855, §§ 114, 115.

⁸³ Taparelli-1855, §§ 341, 342, 343.

⁸⁴ Taparelli-1855, *Epilogo ragionato del saggio di diritto naturale*, 2.

⁸⁵ Taparelli-1855, *Epilogo ragionato del saggio di diritto naturale*, 25.

individual interests, but rather from human action guided by moral duty, and by those principles ranked higher by Christianity than individual interest and the right to life, freedom and property.⁸⁶

5. Conclusion

We conclude not only that Bastiat was not a 'pre-Austrian', but also that his notion of natural rights was somewhat at odds with the orthodox Catholic thought of his time. From this point of view, the charge of having restricted the field of economics to the study of the ways in which individuals fulfill their needs, that is to say their *interests*, does not seem to be unwarranted, and his approach, thus defined, did not (and does not) correspond to the official position of the Catholic Church.⁸⁷ Another charge that is not unwarranted is that Bastiat excluded the religious and ethical component of individual action from his field of investigation, even as he appealed to Providence in order to justify his own theory of harmony between individual interests on the one hand, and between private and public interests on the other.⁸⁸ Bastiat, therefore, reflects all the problems regarding the nature of political order and the relationship between market economy and Catholic social doctrine that have been the object of debate for decades.⁸⁹ However, it is not wise for a 'lay Austrian' to venture too far into this land.

⁸⁶ Taparelli-1856, III, pp. 613-14; French transl. pp. 48-49. On Taparelli's criticism of Bastiat, see Pellissier Tanon-1993.

⁸⁷ Taparelli-1856, III, pp.613-14; French transl., pp.48-49. Taparelli's volume was identified by Pius XI as one of the "main treatises of Catholic learning", cf. Taparelli-1940, p. v.

⁸⁸ Taparelli, *loc. cit.*, in reference to Bastiat's essay, *Deux Morales* (1848a).

⁸⁹ See Antiseri (a cura di)-1995, and Baldini-2001.

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