

What Is Seen and What Is Not Seen

By Frederic Bastiat

Audio Available (18:11 minutes)

Question for thought: During the reading, think about the following question. When the government spends money on highways, national defense, or sports stadiums, where do the funds for the spending come from?

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.

There is only one difference between a bad economist and a good one: the bad economist confines himself to the visible effect; the good economist takes into account both the effect that can be seen and those effects that must be foreseen.

The Broken Window

Have you ever been witness to the fury of that solid citizen, James Goodfellow, when his incorrigible son has happened to break a pane of glass? If you have been present at this spectacle, certainly you must also have observed that the onlookers, even if there are as many as thirty of them, seem with one accord to offer the unfortunate owner the selfsame consolation: "It's an ill wind that blows nobody some good. Such accidents keep industry going. Everybody has to make a living. What would become of the glaziers if no one ever broke a window?"

Now, this formula of condolence contains a whole theory that it is a good idea for us to expose, since it is exactly the same as that which, unfortunately, underlies most of our economic institutions.

Suppose that it will cost six francs to repair the damage. If you mean that the accident gives six francs' worth of encouragement to the aforesaid industry,

I agree. I do not contest it in any way; your reasoning is correct. The glazier will come, do his job, receive six francs, congratulate himself, and bless in his heart the careless child. That is what is seen.

But if, by way of deduction, you conclude, as happens only too often, that it is good to break windows, that it helps to circulate money, that it results in encouraging industry in general, I am obliged to cry out: That will never do! Your theory stops at what is seen. It does not take account of what is not seen.

It is not seen that, since our citizen has spent six francs for one thing, he will not be able to spend them for another. It is not seen that if he had not had a windowpane to replace, he would have replaced, for example, his worn-out shoes or added another book to his library. In brief, he would have put his six francs to some use or other for which he will not now have them.

Let us next consider industry in general. The window having been broken, the glass industry gets six francs' worth of encouragement; that is what is seen.

If the window had not been broken, the shoe industry (or some other) would have received six francs' worth of encouragement; that is what is not seen.

And if we were to take into consideration what is not seen, because it is a negative factor, as well as what is seen, because it is a positive factor, we should understand that there is no benefit to industry in general or to national employment as a whole, whether windows are broken or not broken.

Now let us consider James Goodfellow.

On the first hypothesis, that of the broken window, he spends six francs and has, neither more nor less than before, the enjoyment of one window.

On the second, that in which the accident did not happen, he would have spent six francs for new shoes and would have had the enjoyment of a pair of shoes as well as of a window.

Now, if James Goodfellow is part of society, we must conclude that society, considering its labors and its enjoyments, has lost the value of the broken window.

From which, by generalizing, we arrive at this unexpected conclusion: "Society loses the value of objects unnecessarily destroyed,"... "To break, to destroy, to dissipate is not to encourage national employment," or more briefly: "Destruction is not profitable."

The reader must apply himself to observe that there are not only two people, but three, in the little drama that I have presented. The one, James Goodfellow, represents the consumer, reduced by destruction to one enjoyment instead of two. The other, under the figure of the glazier, shows us the producer whose industry the accident encourages. The third is the shoemaker (or any other manufacturer) whose industry is correspondingly discouraged by the same cause. It is this third person who is always in the shadow, and who, personifying what is not seen, is an essential element of the problem. It is he who makes us understand how absurd it is to see a profit in destruction.

Theaters and Fine Arts

Should the state subsidize the arts?

There is certainly a great deal to say on this subject pro and con.

In favor of the system of subsidies, one can say that the arts broaden, elevate, and poetize the soul of a nation; that they draw it away from material preoccupations, giving it a feeling for the beautiful, and thus react favorably on its manners, its customs, its morals, and even on its industry. One can ask where music would be in France without the Théâtre-Italien and the Conservatory; dramatic art without the Théâtre-Français; painting and sculpture without our collections and our museums. One can go further and ask whether, without the centralization and consequently the subsidizing of the fine arts, there would have developed that exquisite taste which is the noble endowment of French labor and sends its products out over the whole world. In the presence of such results would it not be the height of imprudence to renounce this moderate assessment on all the citizens, which, in the last analysis, is what has achieved for them their pre-eminence and their glory in the eyes of Europe?

To these reasons and many others, whose power I do not contest, one can oppose many no less cogent. There is, first of all, one could say, a question of distributive justice. Do the rights of the legislator go so far as to allow him to dip into the wages of the artisan in order to supplement the profits of the artist? M. de Lamartine¹ said: "If you take away the subsidy of a theater, where are you going to stop on this path, and will you not be logically required to do away with your university faculties, your museums, your institutes, your libraries?" One could reply: If you wish to subsidize all that is good and useful, where are you going to stop on that path, and will you not logically be required to set up a civil list for agriculture, industry, commerce, welfare, and education? Furthermore, is it certain that subsidies favor the progress of the arts? It is a question that is far from being resolved, and we see with our own eyes that the theaters that prosper are those that live on their own profits. Finally, proceeding to higher considerations, one may observe that needs and desires give rise to one another and keep soaring into regions more and more rarefied² in proportion as the national wealth permits their satisfaction; that the government must not meddle in this process, since, whatever may be currently the amount of the national wealth,

¹ [Alphonse Marie Louis de Lamartine (1790-1869), one of the great poets of French romanticism and subsequently a distinguished statesman. First elected Deputy in 1834, he attained his greatest glory at the time of the Revolution of 1848, when he was a prime mover in the establishment of the Republic. By his eloquence he calmed the Paris mobs that threatened to destroy it and became the head of the provisional government. More an idealist and orator than a practical politician, however, he soon lost influence and retired to private life in 1851.—Translator.]

² [See chap. 3 of *Economic Harmonies*.—Editor.]

it cannot stimulate luxury industries by taxation without harming essential industries, thus reversing the natural advance of civilization. One may also point out that this artificial dislocation of wants, tastes, labor, and population places nations in a precarious and dangerous situation, leaving them without a solid base.

These are some of the reasons alleged by the adversaries of state intervention concerning the order in which citizens believe they should satisfy their needs and their desires, and thus direct their activity. I confess that I am one of those who think that the choice, the impulse, should come from below, not from above, from the citizens, not from the legislator; and the contrary doctrine seems to me to lead to the annihilation of liberty and of human dignity.

But, by an inference as false as it is unjust, do you know what the economists are now accused of? When we oppose subsidies, we are charged with opposing the very thing that it was proposed to subsidize and of being the enemies of all kinds of activity, because we want these activities to be voluntary and to seek their proper reward in themselves. Thus, if we ask that the state not intervene, by taxation, in religious matters, we are atheists. If we ask that the state not intervene, by taxation, in education, then we hate enlightenment. If we say that the state should not give, by taxation, an artificial value to land or to some branch of industry, then we are the enemies of property and of labor. If we think that the state should not subsidize artists, we are barbarians who judge the arts useless.

I protest with all my power against these inferences. Far from entertaining the absurd thought of abolishing religion, education, property, labor, and the arts when we ask the state to protect the free development of all these types of human activity without keeping them on the payroll at one another's expense, we believe, on the contrary, that all these vital forces of society should develop harmoniously under the influence of liberty and that none of them should become, as we see has happened today, a source of trouble, abuses, tyranny, and disorder.

Our adversaries believe that an activity that is neither subsidized nor regulated is abolished. We believe the contrary. Their faith is in the legislator, not in mankind. Ours is in mankind, not in the legislator.

Returning to the fine arts, one can, I repeat, allege weighty reasons for and against the system of subsidization. The reader understands that, in accordance with the special purpose of this essay, I have no need either to set forth these reasons or to decide between them.

But M. de Lamartine has advanced one argument that I cannot pass over in silence.

He has said:

The economic question in the matter of theaters can be summed up in one word: employment. The nature of the employment matters little; it is of a kind just as productive and fertile as any other kind. The theaters, as you know, support by wages no less than eighty thousand workers of all kinds—painters, masons, decorators, costumers, architects, etc., who are the very life and industry of many quarters of this capital, and they should have this claim upon your sympathies!

Your sympathies? Translate: your subsidies.

And further on:

The pleasures of Paris provide employment and consumers' goods for the provincial departments, and the luxuries of the rich are the wages and the bread of two hundred thousand workers of all kinds, living on the complex industry of the theaters throughout the Republic, and receiving from these noble pleasures,

which make France illustrious, their own livelihood and the means of providing the necessities of life for their families and their children. It is to them that you give these sixty thousand francs. [Very good! Very good! Much applause.]

For my part, I am forced to say: Very bad! Very bad! confining, of course, the burden of this judgment to the economic argument which we are here concerned with.

Yes, it is, at least in part, to the workers in the theaters that the sixty thousand francs in question will go. A few scraps might well get lost on the way. If one scrutinized the matter closely, one might even discover that most of the pie will find its way elsewhere. The workers will be fortunate if there are a few crumbs left for them! But I should like to assume that the entire subsidy will go to the painters, decorators, costumers, hairdressers, etc. That is what is seen.

But where does it come from? This is the other side of the coin, just as important to examine as its face. What is the source of these 60,000 francs? And where would they have gone if a legislative vote had not first directed them to the rue de Rivoli and from there to the rue de Grenelle?* That is what is not seen.

Surely, no one will dare maintain that the legislative vote has caused this sum to hatch out from the ballot box; that it is a pure addition to the national wealth; that, without this miraculous vote, these sixty thousand francs would have remained

invisible and impalpable. It must be admitted that all that the majority can do is to decide that they will be taken from somewhere to be sent somewhere else, and that they will have one destination only by being deflected from another.

This being the case, it is clear that the taxpayer who will have been taxed one franc will no longer have this franc at his disposal. It is clear that he will be deprived of a satisfaction to the tune of one franc, and that the worker, whoever he is, who would have procured this satisfaction for him, will be deprived of wages in the same amount.

Let us not, then, yield to the childish illusion of believing that the vote of May 16 adds anything whatever to national well-being and employment. It reallocates possessions, it reallocates wages, and that is all.

Will it be said that for one kind of satisfaction and for one kind of job it substitutes satisfactions and jobs more urgent, more moral, more rational? I could do battle on this ground. I could say: In taking sixty thousand francs from the taxpayers, you reduce the wages of plowmen, ditchdiggers, carpenters, and blacksmiths, and you increase by the same amount the wages of singers, hairdressers, decorators, and costumers. Nothing proves that this latter class is more important than the other. M. de Lamartine does not make this allegation. He says himself that the work of the theaters is just as productive as, just as fruitful as, and not more so than, any other work, which might still be contested; for the best proof that theatrical work is not as productive as other work is that the latter is called upon to subsidize the former.

But this comparison of the intrinsic value and merit of the different kinds of work forms no part of my present subject. All that I have to do here is to show that, if M. de Lamartine and those who have applauded his argument have seen on the one hand the wages earned by those who supply the needs of the actors, they should see on the other the earnings lost by those who supply the needs of the taxpayers; if they do not, they are open to ridicule for mistaking a reallocation for a gain. If they were logical in their doctrine, they would ask for infinite subsidies; for what is true of one franc and of sixty thousand francs is true, in identical circumstances, of a billion francs.

When it is a question of taxes, gentlemen, prove their usefulness by reasons with some foundation, but not with that lamentable assertion: "Public spending keeps the working class alive." It makes the mistake of covering up a fact that it is essential to know: namely, that public spending is always a substitute for private spending, and that consequently it may well support one worker in place of another but adds nothing to the lot of the working class taken as a whole...

Concluding questions: When the government spends money on highways, national defense, or sports stadiums, does it expand total employment? Why or why not?

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