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Economic Sophisms

*That one should have the freedom to buy anything from anyplace
as that is in one's best economic interest.*

Some think protectionism is a recent phenomenon beginning with the Great Depression, but it has been with mankind since commerce began and always with the same outcome: higher prices for the consumer and the destruction of a portion of an offending country's production. With this in mind, what follows is a brief review of *Economic Sophisms* by the French author Frederic Bastiat an important early critic of this vile practice by political leaders pandering for votes. If we were to take the greatest economists from all ages and judge them on the basis of their theoretical rigor, their influence on economic education, and their impact in support of the free-market economy, then Frédéric Bastiat would be at the top of the list.

His historic series of brilliant and witty essays began in 1844 in order to expose the breathtaking nonsense of the French and English Socialists and their economic deceptions as they embraced protectionism during their quest for power. In spite of the cogent and devastating common sense refutations put forth by Bastiat these major fallacies are still with us today, over 150 years later and are a part of every presidential election.

The fundamental argument existing during the whole of *Economic Sophisms* is how the few have managed to plunder the many through the sophistry that persuades the victims that they are being robbed for their own benefit. Even today, that powerful and shocking revelation is obscure for the many as they lack the knowledge and education to recognize deceptive economic rhetoric. When constituents are unable to detect economic fallacies, those elected are able to relieve them of a great part of their wealth and personal freedoms. However, wit and mockery were not Bastiat's only weapons in his attempt to develop public understanding of the fine-sounding but empty language of sophists as he also used a powerful logic.

Bastiat stood alone in his criticism about the consequences of 19th century socialism and his arguments are astonishingly modern in their application across today's rhetorical political spectrum. The present gullibility and ignorance of economics by the public and the demagoguery used by those interested in ever-larger government and central planning allows for the continuation of these delusive solutions. There seems to be no end to their unseemly use to garner political power.

During the recent presidential election year the political rhetoric about protectionism approached a level of high intensity by certain candidates, especially then Senator Barack Obama. However, he seemed to indicate by various means that this was just campaign fodder for his base and that we should watch his actions rather than his words. Evidently, many listened to his words and now through his actions we will pay a higher price for our tires and ultimately a loss of American jobs. China will simply shift production to cheaper labor in other countries increasing their profits; and, it will possibly retaliate for the levying of these tariffs in the various ways open to them. As reported in the *Wall Street Journal*, one of their targets is U.S. exporters' pricing of chicken and that could directly affect a major Delaware industry. Historically, trade wars have a way of destroying economies and jobs rather than fostering them as voiced by various politicians, and this may be a budding local example.

As you read the thirty-five essays in *Economic Sophisms*, each usually about four pages in length, you will soon see that Bastiat draws attention to the consumer and the nation as the focal point for all arguments favoring free markets: that one should have the freedom to buy anything from any place as that is in one's best economic interest. This reversal by Bastiat to draw attention to the importance that free markets play in personal and national economic interests is in direct conflict with today's purveyors of protectionism. Existing vocal charlatans advocating protectionism look to favor certain domestic industries in order to garner political power or to eliminate effective international competition. Tires and steel are two recent examples.

For at least the past 30 years protectionists have warned that the U.S. free market trade deficit will lead to ruin, but it is closer to the truth to say that they have it backwards. The trade deficit increases when the economy is growing and declines when the economy is faltering. Hausmann and Sturzenegger of Harvard found the net return on the U.S. financial position in 2004 was roughly a positive \$30 billion as it was in 1982. The global exchange process has been a formula for U.S. success and there is a strong correlation between rising trade deficits and falling unemployment. Presently, we are experiencing a falling trade deficit and increasing unemployment, but that is the opposite effect promised by the protectionists. Ironically, those politicians who are the most insistent alarmists are promoting tariffs that would cause the most harm. Here is the academic discussion: (<http://online.wsj.com/article/SB114247166848599620.html>).

Thus, nations that restrict free trade hurt only their own citizens by denying them a higher standard of living. No nation needs to wait for a reciprocal trade agreement. To foster international peace and prosperity the U.S. could declare itself a free trade nation scrapping all restrictive trade barriers and set an example for the world. The statesman who achieves such a policy will go down in history as the greatest peacemaker in modern times. Less is an economic fallacy and a political failure that only encourages worldwide ill will.

Recently, a full collection of Bastiat's writings have been released to the public along with a video that you can view online at this address: (<http://www.mises.org/store/Bastiat-Collection-P427C0.aspx>). Here you can allow yourself a most enjoyable evening indulging in this economic genius from the 19th Century. His exceptional intellectual and creative achievements have gained worldwide recognition and have influenced economists and society in the institutions of law, government, money, and capital. Frederic Bastiat was an original thinker – and they are rare, very rare!

Lastly, after reading *Economic Sophisms*, I guarantee that you will forever eschew the discourse of most modern politicians trumpeting their own brand of economics and view it in the light it should be: generally, pure nonsense. Their sophistic ventures into your living room can be cut short by your use of the magic TV wand to tune them out and to tune in the comics for laughter. By doing that, your time will be better spent and more aptly rewarded; and, you will likely enjoy doing it again and again!

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