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Bastiat's "The Broken Window": A Critique

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"The Broken Window," an essay written by Frédéric Bastiat (1801–1850), was the first of a dozen short essays compiled under the heading, *What is Seen and What is Not Seen* (1964). In these essays, Bastiat cautions us by saying that to accurately evaluate the full outcome of an event, we must account for all effects of that event, namely, the obvious (that which is seen), and also the not so obvious (that which is not seen). "The Broken Window" is the most famous of these instructive essays and is often cited by libertarians as a precise lesson in critical economic analysis. Henry Hazlitt in fact emulated Bastiat's Broken Window episode in his book, *Economics in One Lesson* (2008) by citing that episode as the first applied lesson of economics.

In his twelve essays, Bastiat methodically reveals the fallacies in the established political doctrine of his day by identifying what proponents failed to consider (the unseen) in the policies they advocated. He demonstrates how the failure to account for unseen effects led to economic conclusions that were not valid. Sometimes we do not see the negative effects of a visible positive event, and at other times, we do not see the positive effects of a visible negative event. In other words, we often see the benefits and not the harm, such as the harm coming from taxes (1964, chap. 3). At other times we see the harm and not the benefits, when using labor-saving machines (ibid.).

My critique is not meant here to diminish the important lesson that Bastiat was teaching, but rather to criticize the conclusions he derived from teaching that lesson in The Broken Window episode. Thus, my attempt is indeed to strengthen the crucial lessen provided by Bastiat's work by digging more deeply into what is truly unseen in the Broken Window episode and hopefully encouraging the

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reader to do likewise and use that knowledge productively to scrutinize economic events to a greater depth and extent.

Although Hazlitt's account of The Broken Window episode is more contemporary, the essence of his analysis matches that developed by Bastiat. Thus, my criticism would hold for Hazlitt's analysis as well.

Bastiat criticizes the crowd's shortsighted consolation of Mr. Goodfellow, namely, that accidents such as a "broken window" keep industries going. After all, "*What would become of the glaziers if no one ever broke a window*?" He points to the unseen shoes Mr. Goodfellow did not buy with his six francs, which Goodfellow instead used to pay the glazier. In essence, Bastiat demonstrates that the encouragement of the glass industry is that which is seen, while the discouragement of the shoe industry is that which is not seen. He refutes the erroneous conclusion drawn by the crowd, which implies that there is a benefit to breaking windows by identifying an equivalent offsetting unseen effect. To wit:

> 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. (1964, p. 3; emphasis in original)

Bastiat argues that one can't improve an economy by destroying property because the events that occur as a result of that destruction preempt the events that would have otherwise occurred. He concludes that if we take into account that which was preempted, that is, the unseen, we would see no net gain to the whole. Bastiat limits his analysis to an equivalent offset and, as such, fails to account for any real net loss to the community as a whole from the destruction of property. Where the onlookers see a positive-sum game, Bastiat sees a zero-sum game. Unfortunately, Bastiat ends his analysis too soon, leaving us only with the notion that destruction is not profitable. To wit: "To break, to destroy, to dissipate is not to encourage national employment," or more briefly: "Destruction is not profitable" (p. 3)

I indeed argue that the destruction of property is not just "not profitable," but is indeed a *deficit* to the community. In making his case, what Bastiat failed to take into account is a preempted unrealized event that is more subtle than the unseen shoes, has nothing to do with money and, when included in the analysis, will result in a negative-sum game. It matters not whether the window was broken deliberately as in Hazlitt's version or accidentally as in Bastiat's version of the "Broken Window."

If the window had not been broken, the crowd would assume that the glazier would not have earned six francs. This notion is incorrect, and Bastiat fails to contest the point in his essay. Bastiat erred by not indicating what the glazier would be doing if he were not restoring Mr. Goodfellow's window. If the glazier were not restoring Mr. Goodfellow's window, he would be doing something else, possibly installing a new window in a new house. If he were installing a new window in a new house, he would have also earned six francs or so for his time and energy. Without the broken window, both Mr. Goodfellow and the glazier would each have been able to realize a new pair of shoes or the equivalent goods

Bastiat identifies the unseen negative effect as the shoe industry. To wit: "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*" (p. 3; emphasis in original). Bastiat errs here also since the shoe industry (or some other) would have been encouraged by the same six francs, albeit more indirectly by way of the glazier. To clarify, let us say that the glazier bought shoes from the same shoemaker where Mr. Goodfellow would have purchased his shoes. So, with the window broken and repaired, the glazier is simply wearing the shoes theoretically that Mr. Goodfellow did not purchase. As it stands then, the shoe industry (or other industry) is no less encouraged whether the window is broken or remains intact. The prosperity of the community appears unchanged as well since there is no net gain or loss. So what then is so unfortunate about this destruction of a window other than a rearrangement of payments and a substitution of beneficiaries?

The *unseen* effect of the destruction is not just limited to the offsetting shoes that Mr. Goodfellow did not buy, wear, and enjoy, but more importantly, the diversion of the glazier's time and energy from a project that would have *increased* the prosperity of the community as a whole to a project that simply *restored* the community to the same position it was prior to the destruction. The more subtle *unseen* effect of the broken window is the missing window of a new home or an equivalent good or service that the glazier would have otherwise produced and which someone would thereafter be enjoying.

To reinforce this conclusion and to more clearly identify the more significant unseen event that Bastiat missed, let us say there is only one person in town able to install and repair windows, but the need for that individual's services is very infrequent. During the time that individual is not repairing and installing windows, he instead fishes for a living. When he is repairing windows, however,

he cannot fish, and when he is not fishing, someone does not get to eat fish. Thus, what is unseen here are the fish that do not get caught and enjoyed whenever the glazier is repairing broken windows.

To drive the point home with an even simpler example, let us envision only one person in our scene. That person bakes bread for himself, and there is no one other than himself to repair his window when it breaks. If he decides that the window is more important than the bread he can bake, he will repair the window and forgo the eating of bread that he doesn't have the time to bake. It's a choice—either the window or the bread! Even if he were to repair his window during his leisure reading time, he would be forgoing that other pleasure while repairing his window. Time and energy are finite, and if one's time and energy are diverted from A to B, then A will neither be produced nor enjoyed.

Bastiat's ending paraphrase of the cliché "What would become of the glaziers if no one ever broke any windows?" is the quintessential question posed by the onlookers at the beginning of the essay. The question, as posed, presumes that fewer glaziers in the community would be an unfortunate result if their services were needed less often. A response to invalidate such a presumption is vital, but Bastiat fails to present one. It is true that if no one ever broke a window, there would be less need for glaziers; and the glazier industry would have fewer workers. However, those who would otherwise be glaziers would then be working in industries where their time and energies are more needed. To keep an industry alive by destroying property would remove those now employed in make-work jobs, i.e., repairing and restoring the property, from employment in productive jobs that would increase the overall welfare of the members of the community. It would be as absurd to break windows to keep glaziers busy as it would be to burn shoes to keep shoemakers busy.

Too often, people envision work in and of itself as having benefit. This view stems from a common misconception that jobs, irrespective of what is being done on them, are good for society because that activity keeps people working, industries alive, and money flowing. That concept is a fallacy. If work is beneficial, we should burn down every house in the community—make it Paris, as Bastiat quips, (p. 4) to create work. We are of course immediately struck by the absurdity of employing such a means as a way to improve the community, because of common sense. We envision an immense disruption of people who will now have to divert their time and energies away from what they were doing to restore the community to where it was before the mass destruction.

However, once the reconstruction begins, some may conclude, as did the crowd in the Bastiat scene, that all is not bad, since everybody is working and earning money. As in wartime, we sense prosperity, because we are all hard at work, producing tanks, ships and a myriad of other war-related materials, but we lose sight of the cars, yachts and countless other useful goods that do not get produced and are not enjoyed. We lose all the unseen things that would have been produced by those who are now marching, fighting, and laboring for another purpose. Work in and of itself does not create prosperity, nor does money. Prosperity is gained by producing goods and services that people value.

CONCLUSION

In *What Is Seen and What is Not Seen*, Bastiat cautions us that unless we take into account ALL the effects that relate to a given economic event, we are likely to draw conclusions about that event that are not valid. While that lesson does remain one of paramount importance, we must however, when teaching that lesson, modify Bastiat's Broken Window example by taking into account what the glazier would have been doing if the window had not been broken. The unseen effect that is missing in his Broken Window analysis is the diversion of time and energy from a community-enhancing endeavor (the unseen) to one of restoration (the seen).

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