

## Manuscript of 1857-58 (*Grundrisse*)

### 2 Bastiat and Carey

This short text, which Marx apparently wrote in July 1857<sup>1</sup> (which makes it the first text included in the Manuscript of 1857-58—the text(s) we know today as the *Grundrisse*), is titled (by Marx) ‘Bastiat. Harmonies Économiques. 2 édit. Paris. 1851.’ The reference is to the work (*Harmonies Économiques*) of the French liberal economist and ardent supporter of free trade and *laissez-faire* Frédéric Bastiat (1850-1851).<sup>2</sup>

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The history of political economy, Marx tells us, begins, at the end of the seventeenth century, with Petty<sup>3</sup> and Boisguillebert,<sup>4</sup> and ends with Ricardo<sup>5</sup> and Sismondi.<sup>6</sup> The subsequent literature in its main part either ‘ends up [...] in eclectic, syncretic compendia’, (Marx cites John Stuart Mill), or ‘detailed elaboration of particular branches, like e.g. Tooke’s *History of Prices* [...]’.<sup>7</sup>

Standing out (Marx tells us) as exceptions among the more recent economic literature are the contributions of Bastiat and Henry Charles Carey.<sup>8</sup> Despite the obvious superficial differences between the *laissez-faire* supporting Bastiat and the protectionist Carey both are defenders of the notion of economic ‘harmony’. Both, in addition, share in common the view that ‘the opposition to political economy—socialism and communism—finds its theoretical assumptions in the works of classical political economy itself, especially in Ricardo, who must be considered as its most complete and final expression’; both, as a consequence, ‘find it necessary to criticise the theoretical expression which bourgeois society has historically achieved in modern political economy as a misunderstanding and to

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<sup>1</sup> Karl Marx and Friedrich Engels, *Gesamtausgabe* (Berlin, 1975-), Abteilung II, Band 1, p. 11\*.

<sup>2</sup> Bastiat was a minor economist, whose greatest claim to fame is perhaps the introduction of the notion (but not the name: this came from the Austrian Friedrich von Wieser and his notion of ‘*Alternativkosten*’ or ‘*Opportunitätskosten*’) of ‘opportunity cost’—through the ‘parable of the broken window’, which appears in his 1850 essay ‘Ce qu’on voit et ce qu’on ne voit pas’ (‘What is seen and what is not seen’).

<sup>3</sup> Sir William Petty (1623-1687)

<sup>4</sup> Pierre le Pesant, Sieur de Boisguilbert (1645-1714).

<sup>5</sup> David Ricardo (1772-1823).

<sup>6</sup> Jean Charles Leonard Simonde de Sismondi (1773-1842).

<sup>7</sup> Karl Marx, ‘Bastiat and Carey’, in Karl Marx and Friedrich Engels, *Karl Marx Frederick Engels Collected Works* (London, 1975-) vol. 28 (hereafter BC), p. 5. Marx was, nonetheless, an admirer of Tooke: when Tooke died, Marx commented to Engels that he had been ‘the last English economist of any value’ *Karl Marx Frederick Engels Collected Works* (London, 1975-) vol. 40, p. 284).

<sup>8</sup> 1793-1879. Carey (in Marx’s judgement (BC, p. 6) ‘the only original economist among the North Americans’) was a trenchant critic of free trade and a vehement supporter of American protectionism. He was arguably the most prominent, and certainly the most influential (he was the chief economic advisor to President Abraham Lincoln), north American economist of his day. His best-known work was *The Harmony of Interests: Agricultural, Manufacturing, and Commercial*, published in 1851. Marx’s essay is an exploration of the contradictions behind the apparent similarities of both Carey’s and Bastiat’s promulgation of economic ‘harmony’.

demonstrate the harmony of the relations of production at the point where the classical economists naively analysed their antagonism.<sup>9</sup>

For Carey, the superiority of capitalist society in the United States over the ‘English’ (*sic*) lies in the fact that it is unfettered by precapitalist forms; specifically, for Carey, the influence of old—feudal—society manifested itself in the hold the *State* had on the economy, in the form of government taxes, State monopolies, public debt, etc. (while for Marx, of course, ‘these State influences [...] themselves arise from bourgeois relations’).<sup>10</sup>

However, if for Carey English society stands as an example of backwardness, for Bastiat it is a symbol of progress: for Bastiat it is the *French* State that fetters bourgeois development, while in England bourgeois forms are allowed their free development.

In this way, ‘[w]hile Carey thus seeks to confront the English economists with the higher potency of bourgeois society in North America, Bastiat seeks to confront the French socialists with the lower potency of bourgeois society in France.’<sup>11</sup>

For Carey, ‘as the dominating power on the world market, England distorts the harmony of economic relations in all countries of the world.’<sup>12</sup> This is what leads him to protectionism.

The harmony of economic relations is based, according to Carey, on the harmonious cooperation of town and country, of industry and agriculture. England, having destroyed this basic harmony within itself, destroys it everywhere on the world market through its competition, and is thus the destructive element of universal harmony. The only defence against this are protective tariffs—the forcible isolation of the nation from the destructive power of English large-scale industry.<sup>13</sup>

In doing this, Carey ‘articulates the specific national development of the United States, its opposition to and its competition with England.’<sup>14</sup> The irony is that his championing of ‘harmony’ at home leads him to see only disharmony on the world market: ‘the relations which appear to him harmonious within particular national boundaries, or also in the abstract form of general relations of bourgeois society—the concentration of capital, division of labour, wage labour, etc.—appear to him as disharmonious where they show themselves in their most developed form—in their world market form [...]’<sup>15</sup> This is an expression of his national origin: ‘He is American as much in his assertion of the harmony within bourgeois society as in his assertion of the disharmony of the same relations in their world market form.’<sup>16</sup>

For Bastiat, on the other hand, it is precisely the wider world where bourgeois economic ‘harmony’ is to be found. Hence

Carey’s generality is Yankee universality. For him France and China are equally near. [...]. Bastiat’s generality is a turning away from all countries. [...] Hence [Carey’s] [...] traversing of all countries, his mountains of uncritical statistics, his encyclopaedic reading. Bastiat on the other hand produces

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<sup>9</sup> BC, p. 6.

<sup>10</sup> BC, p. 6.

<sup>11</sup> BC, p. 7.

<sup>12</sup> BC, p. 8.

<sup>13</sup> BC, p. 8.

<sup>14</sup> BC, p. 8.

<sup>15</sup> BC, pp. 8-9.

<sup>16</sup> BC, p. 9.

fantastic history [...]. Just as the theologian discusses sin now as a law of human nature, now as the history of man's fall.

Bastiat and Carey are therefore equally unhistorical and anti-historical. But the unhistorical element in Carey is the contemporary historical principle of North America, while the unhistorical element in Bastiat is only a reminiscence of the 18th-century French mode of generalisation.<sup>17</sup>

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Marx now directs his attention to chapter 25 of Bastiat's *Harmonies*, which deals with wages.

Bastiat, says Marx, assumes modern wages to be fixed (i.e., not be subject to random variations)—this is an advantage, and contrasts with the income of the capitalist, which is not fixed (and to the remuneration of the producers in what in Bastiat approximates to Smith's 'rude and early state'<sup>18</sup>).

(Marx notes that *defining* wages according to their fixed nature, 'subsuming [them] [...] under fixed revenues'<sup>19</sup>—even if it were true that they *were* fixed—tells us nothing about the '*real character* of wages, their characteristic determinateness'.<sup>20</sup>)

Bastiat thus imagines an 'original form of association, in which all *associés* share in all the risks of chance, [which] is succeeded by a higher form of association freely entered into by both sides, in which the remuneration of the worker is fixed.'<sup>21</sup> But this is all wrong (says Marx): the emergence of wage-labour out of the collapse of pre-capitalist social configurations *precisely* involves 'labour' losing its 'fixity'.

In real history, wage labour arises from the disintegration of slavery and serfdom—or from the decay of communal property as among the Oriental and Slav peoples—and, in its adequate, epoch-making form affecting the entire social existence of labour, from the decline of the guild economy, of the feudal estates system, of labour services and income in kind, of industry carried on as a rural sideline, of small-scale feudal agriculture, etc. In all these really historical transitions, wage labour appears as the dissolution, as the destruction of relations in which labour was fixed in all respects, in respect of income, content, locality, scope, etc. Hence as negation of the fixity of labour and its remuneration.<sup>22</sup>

Even the 'economists' who argue that wages are 'fixed' (i.e. with respect to capital) admit that wages fluctuate according to conditions of supply and demand, that wages are affected by crises, that the introduction of machinery renders labour superfluous; no: when the economists talk of the 'fixity of wages' what they mean is 'that, over a period of time, wages roughly keep to an average level, i.e. there is a minimum wage for the whole class, despite Bastiat's great detestation of the idea, and there is a certain average continuity of labour, e.g. wages may continue to be paid even in cases where profit

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<sup>17</sup> BC, p. 10.

<sup>18</sup> '[T]he state in which fishing, hunting and pastoralism are the dominant forms of production and society', as Marx puts it (BC, p. 13).

<sup>19</sup> BC, p. 11.

<sup>20</sup> BC, pp. 11-12.

<sup>21</sup> BC, p. 13. 'We pass over the ingenuity which first assumes a capitalist on the one side and a worker on the other, in order afterwards to derive, from the agreement between the two, the relationship between capital and wage labour.'

<sup>22</sup> BC, p. 13.

declines or completely disappears for a time.’<sup>23</sup> But Marx dismisses this as a tautology. ‘Where capital and wage labour is the dominant relation of production, average continuity of wage labour exists; to that extent there is fixity of wages for the worker. Where wage labour exists, it exists.’<sup>24</sup>

After noting parenthetically that historically ‘[t]he first form in which wages generally appear is military pay’,<sup>25</sup> Marx, evidently dissatisfied, abandons the essay. ‘It is impossible to pursue this nonsense any further. We, therefore, drop Mr Bastiat,’<sup>26</sup> he declares.

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<sup>23</sup> BC, p. 15.

<sup>24</sup> BC, p. 15.

<sup>25</sup> BC, p. 15.

<sup>26</sup> BC, p. 16.