The Corn Laws

by T.R. Malthus

1814

Observations on the Effects of the Corn Laws, and of a Rise or

Fall in the Price of Corn on the Agriculture and General Wealth

of the Country

by the Rev. T.R. Malthus, Professor of Political Economy at the

East India College, Hertfordshire

London

Printed for J. Johnson and Co., St. Paul's Church-Yard,

1814

Observations on the Effects of the Corn Laws

A revision of the corn laws, it is understood, is immediately

to come under the consideration of the legislature. That the

decision on such a subject, should be founded on a correct and

enlightened view of the whole question, will be allowed to be of

the utmost importance, both with regard to the stability of the

measures to be adopted, and the effects to be expected from them.

For an attempt to contribute to the stock of information

necessary to form such a decision, no apology can be necessary.

It may seem indeed probable, that but little further light can be

thrown on a subject, which, owing to the system adopted in this

country, has been so frequently the topic of discussion; but,

after the best consideration which I have been able to give it, I

own, it appears to me, that some important considerations have

been neglected on both sides of the question, and that the

effects of the corn laws, and of a rise or fall in the price of

corn, on the agriculture and general wealth of the state, have

not yet been fully laid before the public.

If this be true, I cannot help attributing it in some degree

to the very peculiar argument brought forward by Dr Smith, in his

discussion of the bounty upon the exportation of corn. Those who

are conversant with the Wealth of nations, will be aware, that

its great author has, on this occasion, left entirely in the

background the broad, grand, and almost unanswerable arguments,

which the general principles of political economy furnish in

abundance against all systems of bounties and restrictions, and

has only brought forwards, in a prominent manner, one which, it

is intended, should apply to corn alone. It is not surprising

that so high an authority should have had the effect of

attracting the attention of the advocates of each side of the

question, in an especial manner, to this particular argument.

Those who have maintained the same cause with Dr Smith, have

treated it nearly in the same way; and, though they may have

alluded to the other more general and legitimate arguments

against bounties and restrictions, have almost universally seemed

to place their chief reliance on the appropriate and particular

argument relating to the nature of corn.

On the other hand, those who have taken the opposite side of

the question, if they have imagined that they had combated this

particular argument with success, have been too apt to consider

the point as determined, without much reference to the more

weighty and important arguments, which remained behind.

Among the latter description of persons I must rank myself. I

have always thought, and still think, that this peculiar argument

of Dr Smith, is fundamentally erroneous, and that it cannot be

maintained without violating the great principles of supply and

demand, and contradicting the general spirit and scope of the

reasonings, which pervade the Wealth of nations.

But I am most ready to confess, that, on a former occasion,

when I considered the corn laws, my attention was too much

engrossed by this one peculiar view of the subject, to give the

other arguments, which belong to it, their due weight.

I am anxious to correct an error, of which I feel conscious.

It is not however my intention, on the present occasion, to

express an opinion on the general question. I shall only

endeavour to state, with the strictest impartiality, what appear

to me to be the advantages and disadvantages of each system, in

the actual circumstances of our present situation, and what are

the specific consequences, which may be expected to result from

the adoption of either. My main object is to assist in affording

the materials for a just and enlightened decision; and, whatever

that decision may be, to prevent disappointment, in the event of

the effects of the measure not being such as were previously

contemplated. Nothing would tend so powerfully to bring the

general principles of political economy into disrepute, and to

prevent their spreading, as their being supported upon any

occasion by reasoning, which constant and unequivocal experience

should afterwards prove to be fallacious.

We must begin, therefore, by an inquiry into the truth of Dr

Smith's argument, as we cannot with propriety proceed to the main

question, till this preliminary point is settled.

The substance of his argument is, that corn is of so peculiar

a nature, that its real price cannot be raised by an increase of

its money price; and that, as it is clearly an increase of real

price alone which can encourage its production, the rise of money

price, occasioned by a bounty, can have no such effect.

It is by no means intended to deny the powerful influence of

the price of corn upon the price of labour, on an average of a

considerable number of years; but that this influence is not such

as to prevent the movement of capital to, or from the land, which

is the precise point in question, will be made sufficiently

evident by a short inquiry into the manner in which labour is

paid and brought into the market, and by a consideration of the

consequences to which the assumption of Dr Smith's proposition

would inevitably lead.

In the first place, if we inquire into the expenditure of the

labouring classes of society, we shall find, that it by no means

consists wholly in food, and still less, of course, in mere bread

or grain. In looking over that mine of information, for

everything relating to prices and labour, Sir Frederick Morton

Eden's work on the poor, I find, that in a labourer's family of

about an average size, the articles of house rent, fuel, soap,

candles, tea, sugar, and clothing, are generally equal to the

articles of bread or meal. On a very rough estimate, the whole

may be divided into five parts, of which two consist of meal or

bread, two of the articles above mentioned, and one of meat,

milk, butter, cheese, and potatoes. These divisions are, of

course, subject to considerable variations, arising from the

number of the family, and the amount of the earnings. But if they

merely approximate towards the truth, a rise in the price of corn

must be both slow and partial in its effects upon labour. Meat,

milk, butter, cheese, and potatoes are slowly affected by the

price of corn; house rent, bricks, stone, timber, fuel, soap,

candles, and clothing, still more slowly; and, as far as some of

them depend, in part or in the whole, upon foreign materials (as

is the case with leather, linen, cottons, soap, and candles),

they may be considered as independent of it; like the two

remaining articles of tea and sugar, which are by no means

unimportant in their amount.

It is manifest therefore that the whole of the wages of

labour can never rise and fall in proportion to the variations in

the price of grain. And that the effect produced by these

variations, whatever may be its amount, must be very slow in its

operation, is proved by the manner in which the supply of labour

takes place; a point, which has been by no means sufficiently

attended to.

Every change in the prices of commodities, if left to find

their natural level, is occasioned by some change, actual or

expected, in the state of the demand or supply. The reason why

the consumer pays a tax upon any manufactured commodity, or an

advance in the price of any of its component parts, is because,

if he cannot or will not pay this advance of price, the commodity

will not be supplied in the same quantity as before; and the next

year there will only be such a proportion in the market, as is

accommodated to the number of persons who will consent to pay the

tax. But, in the case of labour, the operation of withdrawing the

commodity is much slower and more painful. Although the

purchasers refuse to pay the advanced price, the same supply will

necessarily remain in the market, not only the next year, but for

some years to come. Consequently, if no increase take place in

the demand, and the advanced price of provisions be not so great,

as to make it obvious that the labourer cannot support his

family, it is probable, that he will continue to pay this

advance, till a relaxation in the rate of the increase of

population causes the market to be under-supplied with labour;

and then, of course, the competition among the purchasers will

raise the price above the proportion of the advance, in order to

restore the supply. In the same manner, if an advance in the

price of labour has taken place during two or three years of

great scarcity, it is probable that, on the return of plenty, the

real recompense of labour will continue higher than the usual

average, till a too rapid increase of population causes a

competition among the labourers, and a consequent diminution of

the price of labour below the usual rate.

This account of the manner in which the price of corn may be

expected to operate upon the price of labour, according to the

laws which regulate the progress of population, evidently shows,

that corn and labour rarely keep an even pace together; but must

often be separated at a sufficient distance and for a sufficient

time, to change the direction of capital.

As a further confirmation of this truth, it may be useful to

consider, secondly, the consequences to which the assumption of

Dr Smith's proposition would inevitably lead.

If we suppose, that the real price of corn is unchangeable,

or not capable of experiencing a relative increase or decrease of

value, compared with labour and other commodities, it will

follow, that agriculture is at once excluded from the operation

of that principle, so beautifully explained and illustrated by Dr

Smith, by which capital flows from one employment to another,

according to the various and necessarily fluctuating wants of

society. It will follow , that the growth of corn has, at all

times, and in all countries, proceeded with a uniform unvarying

pace, occasioned only by the equable increase of agricultural

capital, and can never have been accelerated, or retarded, by

variations of demand. It will follow , that if a country happened

to be either overstocked or understocked with corn, no motive of

interest could exist for withdrawing capital from agriculture, in

the one case, or adding to it in the other, and thus restoring

the equilibrium between its different kinds of produce. But these

consequences, which would incontestably follow from the doctrine,

that the price of corn immediately and entirely regulates the

prices of labour and of all other commodities, are so directly

contrary to all experience, that the doctrine itself cannot

possibly be true; and we may be assured, that, whatever influence

the price of corn may have upon other commodities, it is neither

so immediate nor so complete, as to make this kind of produce an

exception to all others.

That no such exception exists with regard to corn, is implied

in all the general reasonings of the Wealth of nations. Dr Smith

evidently felt this; and wherever, in consequence, he does not

shift the question from the exchangeable value of corn to its

physical properties, he speaks with an unusual want of precision,

and qualifies his positions by the expressions much, and in any

considerable degree. But it should be recollected, that, with

these qualifications, the argument is brought forward expressly

for the purpose of showing, that the rise of price, acknowledged

to be occasioned by a bounty, on its first establishment, is

nominal and not real. Now, what is meant to be distinctly

asserted here is, that a rise of price occasioned by a bounty

upon the exportation or restrictions upon the importation of

corn, cannot be less real than a rise of price to the same

amount, occasioned by a course of bad seasons, an increase of

population, the rapid progress of commercial wealth, or any other

natural cause; and that, if Dr Smith's argument, with its

qualifications, be valid for the purpose for which it is

advanced, it applies equally to an increased price occasioned by

a natural demand.

Let us suppose, for instance, an increase in the demand and

the price of corn, occasioned by an unusually prosperous state of

our manufactures and foreign commerce; a fact which has

frequently come within our own experience. According to the

principles of supply and demand, and the general principles of

the Wealth of nations, such an increase in the price of corn

would give a decided stimulus to agriculture; and a more than

usual quantity of capital would be laid out upon the land, as

appears obviously to have been the case in this country during

the last twenty years. According to the peculiar argument of Dr

Smith, however, no such stimulus could have been given to

agriculture. The rise in the price of corn would have been

immediately followed by a proportionate rise in the price of

labour and of all other commodities; and, though the farmer and

landlord might have obtained, on an average, seventy five

shillings a quarter for their corn, instead of sixty, yet the

farmer would not have been enabled to cultivate better, nor the

landlord to live better. And thus it would appear, that

agriculture is beyond the operation of that principle, which

distributes the capital of a nation according to the varying

profits of stock in different employments; and that no increase

of price can, at any time or in any country, materially

accelerate the growth of corn, or determine a greater quantity of

capital to agriculture.

The experience of every person, who sees what is going

forward on the land, and the feelings and conduct both of farmers

and landlords, abundantly contradict this reasoning.

Dr Smith was evidently led into this train of argument, from

his habit of considering labour as the standard measure of value,

and corn as the measure of labour. But, that corn is a very

inaccurate measure of labour, the history of our own country will

amply demonstrate; where labour, compared with corn, will be

found to have experienced very great and striking variations, not

only from year to year, but from century to century; and for ten,

twenty, and thirty years together;(1\*) and that neither labour

nor any other commodity can be an accurate measure of real value

in exchange, is now considered as one of the most

incontrovertible doctrines of political economy. , and indeed

follows, as a necessary consequence, from the very definition of

value in exchange. But to allow that corn regulates the prices of

all commodities, is at once to erect it into a standard measure

of real value in exchange; and we must either deny the truth of

Dr Smith's argument, or acknowledge, that what seems to be quite

impossible is found to exist; and that a given quantity of corn,

notwithstanding the fluctuations to which its supply and demand

must be subject, and the fluctuations to which the supply and

demand of all the other commodities with which it is compared

must also be subject, will, on the average of a few years, at all

times and in all countries, purchase the same quantity of labour

and of the necessaries and conveniences of life.

There are two obvious truths in political economy, which have

not infrequently been the sources of error.

It is undoubtedly true, that corn might be just as

successfully cultivated, and as much capital might be laid out

upon the land, at the price of twenty shillings a quarter, as at

the price of one hundred shillings, provided that every

commodity, both at home and abroad, were precisely proportioned

to the reduced scale. In the same manner as it is strictly true,

that the industry and capital of a nation would be exactly the

same (with the slight exception at least of plate), if, in every

exchange, both at home or abroad, one shilling only were used,

where five are used now.

But to infer, from these truths, that any natural or

artificial causes, which should raise or lower the values of corn

or silver, might be considered as matters of indifference, would

be an error of the most serious magnitude. Practically, no

material change can take place in the value of either, without

producing both lasting and temporary effects, which have a most

powerful influence on the distribution of property, and on the

demand and supply of particular commodities. The discovery of the

mines of America, during the time that it raised the price of

corn between three and four times, did not nearly so much as

double the price of labour; and, while it permanently diminished

the power of all fixed incomes, it gave a prodigious increase of

power to all landlords and capitalists. In a similar manner, the

fall in the price of corn, from whatever cause it took place,

which occurred towards the middle of the last century,

accompanied as it was by a rise, rather than a fall in the price

of labour, must have given a great relative check to the

employment of capital upon the land, and a great relative

stimulus to population; a state of things precisely calculated to

produce the reaction afterwards experienced, and to convert us

from an exporting to an importing nation.

It is by no means sufficient for Dr Smith's argument, that

the price of corn should determine the price of labour under

precisely the same circumstances of supply and demand. To make it

applicable to his purpose, he must show, in addition, that a

natural or artificial rise in the price of corn, or in the value

of silver, will make no alteration in the state of property , and

in the supply and demand of corn and labour; a position which

experience uniformly contradicts.

Nothing then can be more evident both from theory and

experience, than that the price of corn does not immediately and

generally regulate the prices of labour and all other

commodities; and that the real price of corn is capable of

varying for periods of sufficient length to give a decided

stimulus or discouragement to agriculture. It is, of course, only

to a temporary encouragement or discouragement, that any

commodity , where the competition is free, can be subjected. We

may increase the capital employed either upon the land or in the

cotton manufacture, but it is impossible permanently to raise the

profits of farmers or particular manufacturers above the level of

other profits; and, after the influx of a certain quantity of

capital, they will necessarily be equalized. Corn, in this

respect, is subjected to the same laws as other commodities, and

the difference between them is by no means so great as stated by

Dr Smith.

In discussing therefore the present question, we must lay

aside the peculiar argument relating to the nature of corn; and

allowing that it is possible to encourage cultivation by corn

laws, we must direct our chief attention to the question of the

policy or impolicy of such a system.

While our great commercial prosperity continues, it is

scarcely possible that we should become again an exporting nation

with regard to corn. The bounty has long been a dead letter; and

will probably remain so. We may at present then confine our

inquiry to the restrictions upon the importation of foreign corn

with a view to an independent supply.

The determination of the question, respecting the policy or

impolicy of continuing the corn laws, seems to depend upon the

three following points.

First, whether, upon the supposition of the most perfect

freedom of importation and exportation, it is probable that Great

Britain and Ireland would grow an independent supply of corn.

Secondly, whether an independent supply, if it do not come

naturally, is an object really desirable, and one which justifies

the interference of the legislature.

And, thirdly, if an independent supply be considered as such

an object, how far, and by what sacrifices, are restrictions upon

importation adapted to attain the end in view.

Of the first point, it may be observed, that it cannot, in

the nature of things, be determined by general principles, but

must depend upon the size, soil, facilities of culture, and

demand for corn in the country in question. We know that it

answers to almost all small well-peopled states, to import their

corn; and there is every reason to suppose, that even a large

landed nation, abounding in a manufacturing population, and

having cultivated all its good soil, might find it cheaper to

purchase a considerable part of its corn in other countries,

where the supply , compared with the demand, was more abundant.

If the intercourse between the different parts of Europe were

perfectly easy and perfectly free, it would be by no means

natural that one country should be employing a great capital in

the cultivation of poor lands, while at no great distance, lands

comparatively rich were lying very ill cultivated, from the want

of an effectual demand. The progress of agricultural improvement

ought naturally to proceed more equably. It is true indeed that

the accumulation of capital, skill, and population in particular

districts, might give some facilities of culture not possessed by

poorer nations; but such facilities could not be expected to make

up for great differences in the quality of the soil and the

expenses of cultivation. And it is impossible to conceive that

under very great inequalities in the demand for corn in different

countries, occasioned by a very great difference in the

accumulation of mercantile and manufacturing capital and in the

number of large towns, an equalization of price could take place,

without the transfer of a part of the general supply of Europe,

from places where the demand was comparatively deficient, to

those where it was comparatively excessive.

According to Oddy's European commerce, the Poles can afford

to bring their corn to Danzig at thirty two shillings a quarter.

The Baltic merchants are said to be of opinion that the price is

not very different at present; and there can be little doubt,

that if the corn growers in the neighbourhood of the Baltic could

look forward to a permanently open market in the British ports,

they would raise corn expressly for the purpose. The same

observation is applicable to America; and under such

circumstances it would answer to both countries, for many years

to come, to afford us supplies of corn, in much larger quantities

than we have ever yet received from them.

During the five years from 1804 to 1808, both inclusive, the

bullion price of corn was about seventy five shillings per

quarter; yet, at this price, it answered to us better to import

some portion of our supplies than to bring our land into such a

state of cultivation as to grow our own consumption. We have

already shown how slowly and partially the price of corn affects

the price of labour and some of the other expenses of

cultivation. Is it credible then that if by the freedom of

importation the prices of corn were equalized, and reduced to

about forty five or fifty shillings a quarter, it could answer to

us to go on improving our agriculture with our increasing

population, or even to maintain our produce in its actual state?

It is a great mistake to suppose that the effects of a fall

in the price of corn on cultivation may be fully compensated by a

diminution of rents. Rich land which yields a large net rent, may

indeed be kept up in its actual state, notwithstanding a fall in

the price of its produce: as a diminution of rent may be made

entirely to compensate this fall and all the additional expenses

that belong to a rich and highly taxed country. But in poor land,

the fund of rent will often be found quite insufficient for this

purpose. There is a good deal of land in this country of such a

quality that the expenses of its cultivation, together with the

outgoings of poor rates, tithes and taxes, will not allow the

farmer to pay more than a fifth or sixth of the value of the

whole produce in the shape of rent. If we were to suppose the

prices of grain to fall from seventy five shillings to fifty

shillings the quarter, the whole of such a rent would be

absorbed, even if the price of the whole produce of the farm did

not fall in proportion to the price of grain, and making some

allowance for a fall in the price of labour. The regular

cultivation of such land for grain would of course be given up,

and any sort of pasture, however scanty, would be more beneficial

both to the landlord and farmer.

But a diminution in the real price of corn is still more

efficient, in preventing the future improvement of land, than in

throwing land, which has been already improved, out of

cultivation. In all progressive countries, the average price of

corn is never higher than what is necessary to continue the

average increase of produce. And though, in much the greater part

of the improved lands of most countries, there is what the French

economists call a disposable produce, that is, a portion which

might be taken away without interfering with future production,

yet, in reference to the whole of the actual produce and the rate

at which it is increasing, there is no part of the price so

disposable. In the employment of fresh capital upon the land to

provide for the wants of an increasing population, whether this

fresh capital be employed in bringing more land under the plough

or in improving land already in cultivation, the main question

always depends upon the expected returns of this capital; and no

part of the gross profits can be diminished without diminishing

the motive to this mode of employing it. Every diminution of

price not fully and immediately balanced by a proportionate fall

in all the necessary expenses of a farm, every tax on the land,

every tax on farming stock, every tax on the necessaries of

farmers, will tell in the computation; and if, after all these

outgoings are allowed for, the price of the produce will not

leave a fair remuneration for the capital employed, according to

the general rate of profits and a rent at least equal to the rent

of the land in its former state, no sufficient motive can exist

to undertake the projected improvement.

It was a fatal mistake in the system of the Economists to

consider merely production and reproduction, and not the

provision for an increasing population, to which their

territorial tax would have raised the most formidable obstacles.

On the whole then considering the present accumulation of

manufacturing population in this country, compared with any other

in Europe, the expenses attending enclosures, the price of labour

and the weight of taxes, few things seem less probable, than that

Great Britain should naturally grow an independent supply of

corn; and nothing can be more certain, than that if the prices of

wheat in Great Britain were reduced by free importation nearly to

a level with those of America and the continent, and if our

manufacturing prosperity were to continue increasing, it would

incontestably answer to us to support a part of our present

population on foreign corn, and nearly the whole probably of the

increasing population, which we may naturally expect to take

place in the course of the next twenty or twenty five years.

The next question for consideration is, whether an

independent supply, if it do not come naturally, is an object

really desirable and one which justifies the interference of the

legislature.

The general principles of political economy teach us to buy

all our commodities where we can have them the cheapest; and

perhaps there is no general rule in the whole compass of the

science to which fewer justifiable exceptions can be found in

practice. In the simple view of present wealth, population, and

power, three of the most natural and just objects of national

ambition, I can hardly imagine an exception; as it is only by a

strict adherence to this rule that the capital of a country can

ever be made to yield its greatest amount of produce.

It is justly stated by Dr Smith that by means of trade and

manufactures a country may enjoy a much greater quantity of

subsistence, and consequently may have a much greater population,

than what its own lands could afford. If Holland, Venice, and

Hamburg had declined a dependence upon foreign countries for

their support, they would always have remained perfectly

inconsiderable states, and never could have risen to that pitch

of wealth, power, and population, which distinguished the

meridian of their career.

Although the price of corn affects but slowly the price of

labour, and never regulates it wholly , yet it has unquestionably

a powerful influence upon it. A most perfect freedom of

intercourse between different nations in the article of corn,

greatly contributes to an equalization of prices and a level in

the value of the precious metals. And it must be allowed that a

country which possesses any peculiar facilities for successful

exertion in manufacturing industry, can never make a full and

complete use of its advantages; unless the price of its labour

and other commodities be reduced to that level compared with

other countries, which results from the most perfect freedom of

the corn trade.

It has been sometimes urged as an argument in favour of the

corn laws, that the great sums which the country has had to pay

for foreign corn during the last twenty years must have been

injurious to her resources, and might have been saved by the

improvement of our agriculture at home. It might with just as

much propriety be urged that we lose every year by our forty

millions worth of imports, and that we should gain by diminishing

these extravagant purchases. Such a doctrine cannot be maintained

without giving up the first and most fundamental principles of

all commercial intercourse. No purchase is ever made, either at

home or abroad, unless that which is received is, in the estimate

of the purchaser, of more value than that which is given; and we

may rest quite assured, that we shall never buy corn or any other

commodities abroad, if we cannot by so doing supply our wants in

a more advantageous manner, and by a smaller quantity of capital,

than if we had attempted to raise these commodities at home.

It may indeed occasionally happen that in an unfavourable

season, our exchanges with foreign countries may be affected by

the necessity of making unusually large purchases of corn; but

this is in itself an evil of the slightest consequence, which is

soon rectified, and in ordinary times is not more likely to

happen, if our average imports were two millions of quarters,

than if, on an average, we grew our own consumption.

The unusual demand is in this case the sole cause of the

evil, and not the average amount imported. The habit on the part

of foreigners of supplying this amount, would on the contrary

rather facilitate than impede further supplies; and as all trade

is ultimately a trade of barter, and the power of purchasing

cannot be permanently extended without an extension of the power

of selling, the foreign countries which supplied us with corn

would evidently have their power of purchasing our commodities

increased, and would thus contribute more effectually to our

commercial and manufacturing prosperity.

It has further been intimated by the friends of the corn

laws, that by growing our own consumption we shall keep the price

of corn within moderate bounds and to a certain degree steady.

But this also is an argument which is obviously not tenable; as

in our actual situation, it is only by keeping the price of corn

up, very considerably above the average of the rest of Europe,

that we can possibly be made to grow our own consumption.

A bounty upon exportation in one country, may be considered,

in some degree, as a bounty upon production in Europe; and if the

growing price of corn in the country where the bounty is granted

be not higher than in others, such a premium might obviously

after a time have some tendency to create a temporary abundance

of corn and a consequent fall in its price. But restrictions upon

importation cannot have the slightest tendency of this kind.

Their whole effect is to stint the supply of the general market,

and to raise, not to lower, the price of corn.

Nor is it in their nature permanently to secure what is of

more consequence, steadiness of prices. During the period indeed,

in which the country is obliged regularly to import some foreign

grain, a high duty upon it is effectual in steadily keeping up

the price of home corn, and giving a very decided stimulus to

agriculture. But as soon as the average supply becomes equal to

the average consumption, this steadiness ceases. A plentiful year

will occasion a sudden fall; and from the average price of the

home produce being so much higher than in the other markets of

Europe, such a fall can be but little relieved by exportation. It

must be allowed, that a free trade in corn would in all ordinary

cases not only secure a cheaper, but a more steady, supply of

grain.

To counterbalance these striking advantages of a free trade

in corn, what are the evils which are apprehended from it?

It is alleged, first, that security is of still more

importance than wealth, and that a great country likely to excite

the jealousy of others, if its it become dependent for the

support of any considerable portion of people upon foreign corn,

exposes itself to the risk of having its most essential supplies

suddenly fail at the time of its greatest need. That such a risk

is not very great will be readily allowed. It would be as much

against the interest of those nations which raised the

superabundant supply as against the one which wanted it, that the

intercourse should at any time be interrupted; and a rich

country, which could afford to pay high for its corn, would not

be likely to starve, while there was any to be purchased in the

market of the commercial world.

At the same time it should be observed that we have latterly

seen the most striking instances in all quarters, of governments

acting from passion rather than interest. And though the

recurrence of such a state of things is hardly to be expected,

yet it must be allowed that if anything resembling it should take

place in future, when, instead of very nearly growing our own

consumption, we were indebted to foreign countries for the

support of two millions of our people, the distresses which our

manufacturers suffered in 1812 would be nothing compared with the

wide-wasting calamity which would be then experienced.

According to the returns made to Parliament in the course of

the last session, the quantity of grain and flour exported in

1811 rather exceeded, than fell short of, what was imported; and

in 1812, although the average price of wheat was one hundred and

twenty five shillings the quarter, the balance of the

importations of grain and flour was only about one hundred

thousand quarters. From 1805, partly from the operation of the

corn laws passed in 1804, but much more from the difficulty and

expense of importing corn in the actual state of Europe and

America, the price of grain had risen so high and had given such

a stimulus to our agriculture, that with the powerful assistance

of Ireland, we had been rapidly approaching to the growth of an

independent supply. Though the danger therefore may not be great

of depending for a considerable portion of our subsistence upon

foreign countries, yet it must be acknowledged that nothing like

an experiment has yet been made of the distresses that might be

produced, during a widely extended war, by the united operation,

of a great difficulty in finding a market for our manufactures,

accompanied by the absolute necessity of supplying ourselves with

a very large quantity of corn.

Secondly, it may be said, that an excessive proportion of

manufacturing population does not seem favourable to national

quiet and happiness. Independently of any difficulties respecting

the import of corn, variations in the channels of manufacturing

industry and in the facilities of obtaining a vent for its

produce are perpetually recurring. Not only during the last four

or five years, but during the whole course of the war, have the

wages of manufacturing labour been subject to great fluctuations.

Sometimes they have been excessively high, and at other times

proportionably low; and even during a peace they must always

remain subject to the fluctuations which arise from the caprices

of taste and fashion, and the competition of other countries.

These fluctuations naturally tend to generate discontent and

tumult and the evils which accompany them; and if to this we add,

that the situation and employment of a manufacturer and his

family are even in their best state unfavourable to health and

virtue, it cannot appear desirable that a very large proportion

of the whole society should consist of manufacturing labourers.

Wealth, population and power are, after all, only valuable, as

they tend to improve, increase, and secure the mass of human

virtue and happiness.

Yet though the condition of the individual employed in common

manufacturing labour is not by any means desirable, most of the

effects of manufactures and commerce on the general state of

society are in the highest degree beneficial. They infuse fresh

life and activity into all classes of the state, afford

opportunities for the inferior orders to rise by personal merit

and exertion, and stimulate the higher orders to depend for

distinction upon other grounds than mere rank and riches. They

excite invention, encourage science and the useful arts, spread

intelligence and spirit, inspire a taste for conveniences and

comforts among the labouring classes; and, above all, give a new

and happier structure to society, by increasing the proportion of

the middle classes, that body on which the liberty, public

spirit, and good government of every country must mainly depend.

If we compare such a state of society with a state merely

agricultural, the general superiority of the former is

incontestable; but it does not follow that the manufacturing

system may not be carried to excess, and that beyond a certain

point the evils which accompany it may not increase further than

its advantages. The question, as applicable to this country, is

not whether a manufacturing state is to be preferred to one

merely agricultural but whether a country the most manufacturing

of any ever recorded in history, with an agriculture however as

yet nearly keeping pace with it, would be improved in its

happiness, by a great relative increase to its manufacturing

population and relative check to its agricultural population.

Many of the questions both in morals and politics seem to be

of the nature of the problems de maximis and minimis in fluxions;

in which there is always a point where a certain effect is the

greatest, while on either side of this point it gradually

diminishes.

With a view to the permanent happiness and security from

great reverses of the lower classes of people in this country, I

should have little hesitation in thinking it desirable that its

agriculture should keep pace with its manufactures, even at the

expense of retarding in some degree the growth of manufactures;

but it is a different question, whether it is wise to break

through a general rule, and interrupt the natural course of

things, in order to produce and maintain such an equalization.

Thirdly, it may be urged, that though a comparatively low

value of the precious metals, or a high nominal price of corn and

labour, tends rather to check commerce and manufactures, yet its

effects are permanently beneficial to those who live by the wages

of labour.

If the labourers in two countries were to earn the same

quantity of corn, yet in one of them the nominal price of this

corn were twenty five per cent higher than in the other, the

condition of the labourers where the price of corn was the

highest, would be decidedly the best. In the purchase of all

commodities purely foreign; in the purchase of those commodities,

the raw materials of which are wholly or in part foreign, and

therefore influenced in a great degree by foreign prices, and in

the purchase of all home commodities which are taxed, and not

taxed ad valorem, they would have an unquestionable advantage:

and these articles altogether are not inconsiderable even in the

expenditure of a cottager.

As one of the evils therefore attending the throwing open our

ports, it may be stated, that if the stimulus to population, from

the cheapness of grain, should in the course of twenty or twenty

five years reduce the earnings of the labourer to the same

quantity of corn as at present, at the same price as in the rest

of Europe, the condition of the lower classes of people in this

country would be deteriorated. And if they should not be so

reduced, it is quite clear that the encouragement to the growth

of corn will not be fully restored, even after the lapse of so

long a period.

Fourthly, it may be observed, that though it might by no

means be advisable to commence an artificial system of

regulations in the trade of corn; yet if, by such a system

already established and other concurring causes, the prices of

corn and of many commodities had been raised above the level of

the rest of Europe, it becomes a different question, whether it

would be advisable to risk the effects of so great and sudden a

fall in the price of corn, as would be the consequence of at once

throwing open our ports. One of the cases in which, according to

Dr Smith, 'it may be a matter of deliberation how far it is

proper to restore the free importation of foreign goods after it

has been for some time interrupted, is, when particular

manufactures, by means of high duties and prohibitions upon all

foreign goods which can come into competition with them, have

been so far extended as to employ a great multitude of

hands.'(2\*)

That the production of corn is not exempted from the

operation of this rule has already been shown; and there can be

no doubt that the interests of a large body of landholders and

farmers, the former to a certain extent permanently, and the

latter temporarily, would be deeply affected by such a change of

policy. These persons too may further urge, with much appearance

of justice, that in being made to suffer this injury, they would

not be treated fairly and impartially. By protecting duties of

various kinds, an unnatural quantity of capital is directed

towards manufactures and commerce and taken from the land; and

while, on account of these duties, they are obliged to purchase

both home-made and foreign goods at a kind of monopoly price,

they would be obliged to sell their own at the price of the most

enlarged competition. It may fairly indeed be said, that to

restore the freedom of the corn trade, while protecting duties on

various other commodities are allowed to remain, is not really to

restore things to their natural level, but to depress the

cultivation of the land below other kinds of industry. And

though, even in this case, it might still be a national advantage

to purchase corn where it could be had the cheapest; yet it must

be allowed that the owners of property in land would not be

treated with impartial justice.

If under all the circumstances of the case, it should appear

impolitic to check our agriculture; and so desirable to secure an

independent supply of corn, as to justify the continued

interference of the legislature for this purpose, the next

question for our consideration is;

Fifthly, how far and by what sacrifices, restrictions upon

the importation of foreign corn are calculated to attain the end

in view.

With regard to the mere practicability of effecting an

independent supply, it must certainly be allowed that foreign

corn may be so prohibited as completely to secure this object. A

country with a large territory, which determines never to import

corn, except when the price indicates a scarcity, will

unquestionably in average years supply its own wants. But a law

passed with this view might be so framed as to effect its object

rather by a diminution of the people than an increase of the

corn: and even if constructed in the most judicious manner, it

can never be made entirely free from objections of this kind.

The evils which must always belong to restrictions upon the

importation of foreign corn, are the following:

1. A certain waste of the national resources, by the

employment of a greater quantity of capital than is necessary for

procuring the quantity of corn required.

2. A relative disadvantage in all foreign commercial

transactions, occasioned by the high comparative prices of corn

and labour, and the low value of silver, as far as they affect

exportable commodities.

3. Some check to population, occasioned by a check to that

abundance of corn, and demand for manufacturing labours, which

would be the result of a perfect freedom of importation.

4. The necessity of constant revision and interference, which

belongs to almost every artificial system.

It is true, that during the last twenty years we have

witnessed a very great increase of population and of our exported

commodities, under a high price of corn and labour; but this must

have happened in spite of these high prices, not in consequence

of them; and is to be attributed chiefly to the unusual success

of our inventions for saving labour and the unusual monopoly of

the commerce of Europe which has been thrown into our hands by

the war. When these inventions spread and Europe recovers in some

degree her industry and capital, we may not find it so easy to

support the competition. The more strongly the natural state of

the country directs it to the purchase of foreign corn, the

higher must be the protecting duty or the price of importation,

in order to secure an independent supply; and the greater

consequently will be the relative disadvantage which we shall

suffer in our commerce with other countries. This drawback may ,

it is certain, ultimately be so great as to counterbalance the

effects of our extraordinary skill, capital and machinery.

The whole, therefore, is evidently a question of contending

advantages and disadvantages; and, as interests of the highest

importance are concerned, the most mature deliberation is

required in its decision.

In whichever way it is settled, some sacrifices must be

submitted to. Those who contend for the unrestrained admission of

foreign corn, must not imagine that the cheapness it will

occasion will be an unmixed good; and that it will give an

additional stimulus to the commerce and population of the

country, while it leaves the present state of agriculture and its

future increase undisturbed. They must be prepared to see a

sudden stop put to the progress of our cultivation, and even some

diminution of its actual state; and they must be ready to

encounter the as yet untried risk, of making a considerable

proportion of our population dependent upon foreign supplies of

grain, and of exposing them to those vicissitudes and changes in

the channels of commerce to which manufacturing states are of

necessity subject.

On the other hand, those who contend for a continuance and

increase of restrictions upon importation, must not imagine that

the present state of agriculture and its present rate of eminence

can be maintained without injuring other branches of the national

industry. It is certain that they will not only be injured, but

that they will be injured rather more than agriculture is

benefited; and that a determination at all events to keep up the

prices of our corn might involve us in a system of regulations,

which, in the new state of Europe which is expected, might not

only retard in some degree, as hitherto, the progress of our

foreign commerce, but ultimately begin to diminish it; in which

case our agriculture itself would soon suffer, in spite of all

our efforts to prevent it.

If, on weighing fairly the good to be obtained and the

sacrifices to be made for it, the legislature should determine to

adhere to its present policy of restrictions, it should be

observed, in reference to the mode of doing it, that the time

chosen is by no means favourable for the adoption of such a

system of regulations as will not need future alterations. The

state of the currency must throw the most formidable obstacles in

the way of all arrangements respecting the prices of importation.

If we return to cash payments, while bullion continues of its

present value compared with corn, labour, and most other

commodities; little alteration will be required in the existing

corn laws. The bullion price of corn is now very considerably

under sixty three shillings, the price at which the high duty

ceases according to the Act of 1804.

If our currency continues at its present nominal value, it

will be necessary to make very considerable alterations in the

laws, or they will be a mere dead letter and become entirely

inefficient in restraining the importation of foreign corn.

If, on the other hand, we should return to our old standard,

and at the same time the value of bullion should fall from the

restoration of general confidence, and the ceasing of an

extraordinary demand for bullion; an intermediate sort of

alteration will be necessary, greater than in the case first

mentioned, and less than in the second.

In this state of necessary uncertainty with regard to our

currency, it would be extremely impolitic to come to any final

regulation, founded on an average which would be essentially

influenced by the nominal prices of the last five years.

To these considerations it may be added, that there are many

reasons to expect a more than usual abundance of corn in Europe

during the repose to which we may now look forward. Such an

abundance(3\*) took place after the termination of the war of

Louis XIV, and seems still more probable now, if the late

devastation of the human race and interruption to industry should

be succeeded by a peace of fifteen or twenty years.

The prospect of an abundance of this kind, may to some

perhaps appear to justify still greater efforts to prevent the

introduction of foreign corn; and to secure our agriculture from

too sudden a shock, it may be necessary to give it some

protection. But if, under such circumstances with regard to the

price of corn in Europe, we were to endeavour to retain the

prices of the last five years, it is scarcely possible to suppose

that our foreign commerce would not in a short time begin to

languish. The difference between ninety shillings a quarter and

thirty two shillings a quarter, which is said to be the price of

the best wheat in France, is almost too great for our capital and

machinery to contend with. The wages of labour in this country,

though they have not risen in proportion to the price of corn,

have been beyond all doubt considerably influenced by it.

If the whole of the difference in the expense of raising corn

in this country and in the corn countries of Europe was

occasioned by taxation, and the precise amount of that taxation

as affecting corn, could be clearly ascertained; the simple and

obvious way of restoring things to their natural level and

enabling us to grow corn, as in a state of perfect freedom, would

be to lay precisely the same amount of tax on imported corn and

grant the same amount in a bounty upon exportation. Dr Smith

observes, that when the necessities of a state have obliged it to

lay a tax upon a home commodity, a duty of equal amount upon the

same kind of commodity when imported from abroad, only tends to

restore the level of industry which had necessarily been

disturbed by the tax.

But the fact is that the whole difference of price does not

by any means arise solely from taxation. A part of it, and I

should think, no inconsiderable part, is occasioned by the

necessity of yearly cultivating and improving more poor land, to

provide for the demands of an increasing population; which land

must of course require more labour and dressing, and expense of

all kinds in its cultivation. The growing price of corn

therefore, independently of all taxation, is probably higher than

in the rest of Europe; and this circumstance not only increases

the sacrifice that must be made for an independent supply , but

enhances the difficulty of framing a legislative provision to

secure it.

When the former very high duties upon the importation of

foreign grain were imposed, accompanied by the grant of a bounty,

the growing price of corn in this country was not higher than in

the rest of Europe; and the stimulus given to agriculture by

these laws aided by other favourable circumstances occasioned so

redundant a growth, that the average price of corn was not

affected by the prices of importation. Almost the only sacrifice

made in this case was the small rise of price occasioned by the

bounty on its first establishment, which, after it had increased

operated as a stimulus to cultivation, terminated in a period of

cheapness.

If we were to attempt to pursue the same system in a very

different state of the country, by raising the importation prices

and the bounty in proportion to the fall in the value of money ,

the effects of the measure might bear very little resemblance to

those which took place before. Since 1740 Great Britain has added

nearly four millions and a half to her population, and with the

addition of Ireland probably eight millions, a greater proportion

I believe than in any other country in Europe; and from the

structure of our society and the great increase of the middle

classes, the demands for the products of pasture have probably

been augmented in a still greater proportion. Under these

circumstances it is scarcely conceivable that any effects could

make us again export corn to the same comparative extent as in

the middle of the last century. An increase of the bounty in

proportion to the fall in the value of money, would certainly not

be sufficient; and probably nothing could accomplish it but such

an excessive premium upon exportation, as would at once stop the

progress of the population and foreign commerce of the country,

in order to let the produce of corn get before it.

In the present state of things then we must necessarily give

up the idea of creating a large average surplus. And yet very

high duties upon importation, operating alone, are peculiarly

liable to occasion great fluctuations of price. It has been

already stated, that after they have succeeded in producing an

independent supply by steady high prices, an abundant crop which

cannot be relieved by exportation, must occasion a very sudden

fall.(4\*) Should this continue a second or third year, it would

unquestionably discourage cultivation, and the country would

again become partially dependent. The necessity of importing

foreign corn would of course again raise the price of

importation, and the same causes might make a similar fall and a

subsequent rise recur; and thus prices would tend to vibrate

between the high prices occasioned by the high duties on

importation and the low prices occasioned by a glut which could

not be relieved by exportation.

It is under these difficulties that the parliament is called

upon to legislate. On account of the deliberation which the

subject naturally requires, but more particularly on account of

the present uncertain state of the currency, it would be

desirable to delay any final regulation. Should it however be

determined to proceed immediately to a revision of the present

laws, in order to render them more efficacious, there would be

some obvious advantages, both as a temporary and permanent

measure, in giving to the restrictions the form of a constant

duty upon foreign corn, not to act as a prohibition, but as a

protecting, and at the same time, profitable tax. And with a view

to prevent the great fall that might be occasioned by a glut,

under the circumstances before adverted to, but not to create an

average surplus, the old bounty might be continued, and allowed

to operate in the same way as the duty at all times, except in

extreme cases.

These regulations would be extremely simple and obvious in

their operations, would give greater certainty to the foreign

grower, afford a profitable tax to the government, and would be

less affected even by the expected improvement of the currency,

than high importation prices founded upon any past average.(5\*)

NOTES:

1. From the reign of Edward III to the reign of Henry VII, a

day's earnings, in corn, rose from a pack to near half a bushel,

and from Henry VII to the end of Elizabeth, it fell from near

half a bushel to little more than half a peck.

2. Adam Smith, An inquiry into the nature and causes of the

wealth of nations. 6th ed. 3 vols (1791) II, p. 202.

3. The cheapness of corn, during the first half of the last

century, was rather oddly mistaken by Dr Smith for a rise in the

value of silver. That it was owing to peculiar abundance was

obvious, from all other commodities rising instead of falling.

4. The sudden fall of the price of corn this year seems to be a

case precisely to point. It should be recollected however that

quantity always in some degree balances cheapness.

5. Since sending the above to the press I have heard of the new

resolutions that are to be proposed. The machinery seems to be a

little complicated, but if it will work easily and well, they are

greatly preferable to those which were suggested last year.

To the free exportation asked, no rational objection can of

course be made, though its efficiency in the present state of

things may be doubted. With regard to the duties, if any be

imposed, there must always be aqueston of degree. The principal

objection which I see to the present scale, is that with an

average price of corn in the actual state of the currency, there

will be a pretty strong competition of foreign grain; whereas

with an average price on the restoration of the currency, foreign

competition will be absolutely and entirely excluded.