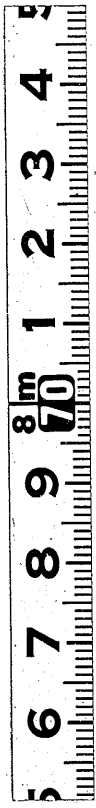


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ON

PROTECTION

TO

AGRICULTURE.

BY

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FOURTH EDITION.

LONDON:
 JOHN MURRAY, ALBEMARLE-STREET.

MDCCCXXII.

LONDON:
PRINTED BY WILLIAM CLOWES,
Northumberland-court.

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INTRODUCTION.

IT cannot, I think, be denied, that, within these few years, great progress has been made in diffusing correct opinions on the impolicy of imposing restrictions on the importation of foreign corn; but, unhappily, much prejudice yet exists on this subject, and it is to be feared that the generally-prevailing errors in the minds of those who are suffering from the distressed state of our agriculture, may lead to measures of increased restriction, rather than to the only effectual remedy for those distresses, the gradual approach to a system of free trade. It is to the present corn-law that much of the distress is to be attributed, and I hope to make it appear, that the occupation of a farmer will be exposed to continual hazard, and will be placed under peculiar disadvantages, as compared with all

other occupations, while any system of restriction on the importation of foreign corn is continued, which shall have the effect of keeping the price of corn in this country habitually and considerably above the prices of other countries.

Before I proceed, however, to this, which is the main object that I have in view, I wish to notice some of the prevailing opinions which are daily advanced on the subject of the causes of the present distress; on the doctrine of remunerating price; on taxation; on currency, &c.: after disposing of these, we shall be better able to examine the important question of what ought to be the permanent regulations of this country, respecting the trade in corn, in order to afford the greatest security to the people, for a cheap and steady price, with an abundant supply of that essential article.

SECT. I.—*On Remunerating Price.*

THE words Remunerative Price are meant to denote the price at which corn can be raised, paying all charges, including rent, and leaving to the grower a fair profit on his capital. It follows from this definition, that in proportion as a country is driven to the cultivation of poorer lands for the support of an increasing population, the price of corn, to be remunerative, must rise; for even if no rent is paid for such poorer land—as the charges on its cultivation must, for the same quantity of produce, be greater than on any other land previously cultivated, those charges can only be returned to the grower by an increase of price. “I know districts of the country*,” says Mr. Iveson, “taking the very best qualities in them,

* Report, Agricultural Committee, 1821, page 338.

that will produce from four to five quarters by the acre. I know there are farms that have averaged in the wheat crop, four quarters to the acre, or 32 bushels." "In what part of the kingdom? In Wiltshire." "What would you estimate the second quality of land at? I think the middling, or second, what I should call the middling quality of lands under good cultivation, may be taken at two quarters and a half." "And the inferior lands? From 12 to 15 bushels an acre." Mr. Harvey was asked, "What is the lowest rent you have ever known to be paid for the worst land on which corn is raised? Eighteen-pence an acre." Mr. Harvey further stated, that on an average of the last ten years he had obtained 30 bushels of wheat per acre from his land. Mr. Wakefield's evidence was to the same effect as Mr. Iveson's; but the difference according to him between the produce of wheat per acre on the best and worst land in cultivation was as much as 32 bushels; for he said "that on the sea coast of Norfolk, Suffolk, Essex, and Kent, the crop is thought a bad one, if it be not 40 bushels per acre;" and he added, "I do not believe, that the very poor lands produce above eight bushels per acre."

Suppose now, that the population of England

had only been one half its present amount, and that it had not been necessary to take any other quality of land into cultivation than that which yielded 32 bushels of wheat per acre; what would have been the remunerative price? Can any one doubt of its being so low, that, if the prices on the Continent had been at the same average at which they have been for the last five or ten years, we should have been an exporting instead of an importing country? It is true, that this land now yields 32 bushels, and would have yielded no more on the supposition that I have made; but is it not true, that the value of the 32 bushels now raised, is regulated by the cost of producing the 12 or 15 bushels on the inferior lands of which Mr. Iveson speaks? If the cost of raising 15 bushels of wheat is as great now, as the cost was of raising 30 bushels formerly, the price must be doubled to be remunerative, for the degree in which the price must rise to compensate the producer for the charges which he has to pay, does not depend on the quantity produced, nor on the quantity consumed, but on the cost of its production. The difference in the value of the quantity raised on the good land, and on the inferior land, will always constitute rent; so that the profits of the occupiers of the good and

bad land will be the same, but the rent of the best land will exceed the rent of the worst by the difference in the quantity of produce, which with the same expense, it can be made to yield. It is now universally admitted, that rent is the effect of the rise in the price of corn, and not the cause; it is also admitted, that the only permanent cause of rise in the value of corn, is an increased charge on its production, caused by the necessity of cultivating poorer lands; on which, by the expenditure of the same quantity of labour, the same quantity of produce cannot be obtained.

Is it not true that the rent on the better land is regulated by the lesser quantity of 15 bushels, with which we are now obliged to be contented on our poorer lands? The rent which is now a charge on cultivating the land which yields the 32 bushels, and which is equal to the value of 17 bushels, the difference between 15 and 32 bushels, could not have existed, if no land was cultivated but such as yielded 32 bushels. If, then, with the charge of rent, the cost of raising 15 bushels on the rich land—and without the payment of rent, the cost of raising the same quantity on the poor land, is now as great as the cost of raising 30 bushels was formerly on the rich land, when no rent was paid, the price must be doubled.

It appears then that, in the progress of society, when no importation takes place, we are obliged constantly to have recourse to worse soils to feed an augmenting population, and with every step of our progress the price of corn must rise, and with such rise, the rent of the better land which had been previously cultivated, will necessarily be increased. A higher price becomes necessary to compensate for the smaller quantity which is obtained; but this higher price must never be considered as a good,—it would not have existed if the same return had been obtained with less labour,—it would not have existed if, by the application of labour to manufactures, we had indirectly obtained the corn by the exportation of those manufactures in exchange for corn. A high price, if the effect of a high cost, is an evil, and not a good; the price is high, because a great deal of labour is bestowed in obtaining the corn. If only a little labour was bestowed upon it, more of the labour of the country, which constitutes its only real source of wealth, would have been at its disposal to procure other enjoyments which are desirable.

SECTION II.—*On the Influence of a Rise of Wages on the price of Corn.*

Much of what has been said in the foregoing section, would probably be allowed by some of those who are the advocates for a restricted trade in corn; they would however add, that though it could be shewn that no protecting duties on the importation of corn could be justifiable, merely on account of the increased expenditure of labour necessary to obtain a given quantity in this country, yet such duties were necessary to protect the farmer against the effects of high wages in this country, caused by the taxation which falls on the labouring classes, and which must be repaid to them by their employers, by means of high wages. This argument proceeds on the assumption, that high wages tend to raise the price of the commodities on which labour is bestowed. If the farmer, they say, could, before taxation, and the high wages which are the effect of it, compete with the foreign grower of corn, he can no longer do so now he is exposed to a burthen from which his competitor is free.

This whole argument is fallacious,—the farmer is placed under no comparative disadvantage, in consequence of a rise of wages. If, in

consequence of taxes paid by the labouring class, wages should rise, which they, in all probability, would do, they would equally affect all classes of producers. If it be deemed necessary, that corn should rise in order to remunerate the growers, it is also necessary that cloth, hats, shoes, and every other commodity should rise, in order to remunerate the producers of those articles. Either then corn ought not to rise, or all other commodities should rise along with it.

If neither corn, nor any other commodity, rise, they will of course be all of the same relative value as before; and if they do all rise, the same will be true. All must require protecting duties, or none. To impose protecting duties on all commodities would be absurd, because nothing would be gained by it; it would in no way alter the relative value of commodities; and it is only by altering the relative value of commodities that any particular trade is protected; not merely by an alteration of price. If England gave a yard of superfine cloth to Germany for a quarter of wheat, she would neither be more nor less disposed to carry on this trade, if both cloth and corn were raised 20 per cent. in price. All foreign trade finally resolves itself into an interchange of commodities; money is but the measure by which the

respective quantities are ascertained. No commodity can be imported unless another commodity is exported; and the exported commodity must be equally raised in price by the rise of wages. It is essential that a drawback should be allowed on the exported article, if the one imported be protected by a duty. But it comes to the same thing, if no drawback be allowed on the one, nor protection granted to the other, because, in either case, precisely the same quantity of the foreign commodity will be obtained for a given quantity of the home-made commodity.

If a quarter of corn be raised from 60s. to 75s., or 25 per cent. by a rise of wages, and a certain quantity of hats or cloth be raised in the same proportion by the same cause, the importer of corn into England would lose just as much by the commodity which he exports, as he would gain by the corn which he imports. If trade were left free, corn would not rise from 60 to 75, notwithstanding the rise of wages; nor would cloth, or hats, or shoes rise from this cause. But, if I should allow that they would rise, it would make no difference to my argument; we should then export money in exchange for corn, because no commodity could be so profitably employed in paying for it; for, by the suppo-

sition, every other commodity is raised in price. The exportation of money would gradually lessen the quantity, and raise its value in this country, while the importation of it into other countries would have a contrary effect in them; it would increase the quantity, and sink its value, and thus the price of corn, of cloth, of hats, and of all other things in England, would bear the same relation to the prices of the same commodities in other countries, as they bore before wages were raised. In all cases, the rise of wages, when general, diminishes profits, and does not raise the prices of commodities. If the prices of commodities rose, no producer would be benefited; for of what consequence could it be to him to sell his commodity at an advance of 25 per cent., if he, in his turn, were obliged to give 25 per cent. more for every commodity which he purchased? He would be precisely in the same condition, whether he sold his corn for 25 per cent. advance, and gave an additional 25 per cent. in the price of his hats, shoes, clothes, &c. &c., as if he sold his corn at the usual price, and bought all the commodities which he consumed at the prices which he had before given for them. No one class of producers, then, is entitled to protection on account of a rise of wages, because a rise of wages

equally affects all producers; it does not raise the prices of commodities because it diminishes profits; and, if it did raise the price of commodities, it would raise them all in the same proportion, and would not therefore alter their exchangeable value. It is only when commodities are altered in relative value, by the interference of Government, that any tax, which shall act as a protection against the importation of a foreign commodity, can be justifiable.

It is by many supposed, that a rise in the price of corn will raise the price of all other things; this opinion is founded on the erroneous view which they take of the effect of a general rise of wages. Corn rises because it is more difficult to produce, and its cost is raised; it would be no rise at all, if all other things rose with it. It is a real rise to the hatter and clothier, if they are obliged one to give more hats, the other more cloth for their corn; it would be no rise at all to them, and it would be impossible to shew who paid for the increased cost, if their commodities also rose, and exchanged for the same quantity of corn.

It may be laid down as a principle, that any cause which operates in a country to affect equally all commodities, does not alter their relative value, and can give no advantage to

foreign competitors, but that any cause which operates partially on one, does alter its value to others, if not countervailed by an adequate duty; it will give advantage to the foreign competitor, and tend to deprive us of a beneficial branch of trade.

SECT. III.—*On the Effects of Taxes imposed on a particular Commodity.*

For the same reasons that protecting duties are not justifiable on account of the rise of wages generally, from whatever cause it may proceed, it is evident that they are not to be defended when taxation is general, and equally affects all classes of producers. An income tax is of this description; it affects equally all who employ capital, and it has never yet been suggested by those most favourable to protecting duties that any would be necessary on account of an income tax. But a tax affecting equally all productions is precisely of the same description as an income tax, because it leaves them, after the tax, of the same relative value to each other as before it was imposed. The rise of wages, a tax on income, or a proportional tax on all commodities, all operate in the same way; they

do not alter the relative value of goods, and therefore they do not subject us to any disadvantage in our commerce with foreign countries. We suffer indeed the inconvenience of paying the tax, but from that burthen we have no means of freeing ourselves.

A tax, however, which falls exclusively on the producers of a particular commodity tends to raise the price of that commodity, and if it did not so raise it the producer would be under a disadvantage as compared with all other producers; he would no longer gain the general and ordinary profits by his trade. By rising in price, the value of this commodity is altered as compared with other commodities. If no protecting duty is imposed on the importation of a similar commodity from other countries, injustice is done to the producer at home, and not only to the producer but to the country to which he belongs. It is for the interest of the public that he should not be driven from a trade which, under a system of free competition, he would have chosen, and to which he would adhere if every other commodity were taxed equally with that which he produces. A tax affecting him exclusively is, in fact, a bounty to that amount on the importation of the same commodity from abroad; and to restore competition to its just

level, it would be necessary not only to subject the imported commodity to an equal tax, but to allow a drawback of equal amount, on the exportation of the home-made commodity.

The growers of corn are subject to some of these peculiar taxes, such as tithes, a portion of the poors' rate, and, perhaps, one or two other taxes, all of which tend to raise the price of corn, and other raw produce, equal to these peculiar burthens. In the degree then in which these taxes raise the price of corn, a duty should be imposed on its importation. If from this cause it be raised ten shillings per quarter, a duty of ten shillings should be imposed on the importation of foreign corn, and a drawback of the same amount should be allowed on the exportation of corn. By means of this duty and this drawback, the trade would be placed on the same footing as if it had never been taxed, and we should be quite sure that capital would neither be injuriously for the interests of the country, attracted towards, nor repelled from it.

The greatest benefit results to a country when its Government forbears to give encouragement, or oppose obstacles, to any disposition of capital which the proprietor may think most advantageous to him. By imposing tithes, &c. on the farmer exclusively, no obstacle would be

opposed to him, if there were no foreign competition, because he would be able to raise the price of his produce, and if he could not do so he would quit a trade which no longer afforded him the usual and ordinary profits of all other trades. But if importation was allowed, an undue encouragement would be given to the importation of foreign corn, unless the foreign commodity were subject to a duty, equal to tithes or any other exclusive tax imposed on the home-grower.

But the home-grower would still have to complain, if he was refused a drawback on exportation, because he might then say, "Before your duty, and before the price of my produce was raised in consequence of it, I could compete with the foreign grower in foreign markets; by making the remunerating price of my corn higher, you have deprived me of that advantage, therefore give me a drawback equal to the duty, and you, in every respect, restore me to the position, as it regards both my own countrymen, as producers of other commodities, and foreign growers of raw produce, in which I was before placed." On every principle of justice, and consistently with the best interests of the country his demand should be acceded to.

SECTION IV.—*On the effect of Abundant Crops on the Price of Corn.*

In a former section I have endeavoured to shew, that the price of corn, to be remunerative, must pay all the charges of its production, including in those charges the ordinary profits of the stock employed. It is, in fact, by these conditions being fulfilled, that the supply, on an average of years, is regulated. If the price obtained be less than remunerative, profits will be depressed, or will entirely disappear. If it be more than remunerative, profits will be high. In the first case, capital will be withdrawn from the land, and the supply will gradually conform to the demand. In the second case, capital will be attracted to the land, and the supply will be increased. But, notwithstanding this tendency of the supply of corn to conform itself to the demand, at prices which shall be remunerative, it is impossible to calculate accurately on the effects of the seasons. Sometimes, for a few years successively, crops will be abundant; at other times they will, for an equal period, be scanty and insufficient. When the quantity of corn at market, from a succession of good crops, is abundant, it falls in price, not in the same

proportion as the quantity exceeds the ordinary demand, but very considerably more. The demand for corn, with a given population, must necessarily be limited; and, although it may be, and undoubtedly is, true, that when it is abundant and cheap, the quantity consumed will be increased, yet it is equally certain, that its aggregate value will be diminished. Suppose 14 millions of quarters of wheat to be the ordinary demand of England, and that, from a very abundant season, 21 millions is produced. If the remunerative price were 3*l.* per quarter, and the value of the 14 millions of quarters 42,000,000*l.*, there cannot be the least doubt, that the 21 millions of quarters would be of very considerably less value than 42,000,000*l.* No principle can be better established, than that a small excess of quantity operates very powerfully on price. This is true of all commodities; but of none can it be so certainly asserted as of corn, which forms the principal article of the food of the people. The principle, I believe, has never been denied by those who have turned their attention to this subject. Some, indeed, have attempted to estimate the fall of price which would take place, under the supposition of the surplus bearing different proportions to the average quantity. Such calculations, however,

must be very deceptive, as no general rule can be laid down for the variations of price in proportion to quantity. It would be different in different countries; it must essentially depend on the wealth or poverty of the country, and on its means of holding over the superfluous quantity to a future season. It must depend, too, on the opinions formed of the probability of the future supply being adequate or otherwise to the future demand. This, however, is, I think, certain, that the aggregate value of an abundant crop will always be considerably less than the aggregate value of an average one; and that the aggregate value of a very limited crop will be considerably greater than that of an average crop. If 100,000 loaves were sold every day in London, and the supply should all at once be reduced to 50,000 per day, can any one doubt but that the price of each loaf would be considerably more than doubled? The rich would continue to consume precisely the same number of loaves, although the price was tripled or quadrupled. If, on the other hand, 200,000 loaves, instead of 100,000, were daily exposed for sale, could they be disposed of without a fall of price, far exceeding the proportion of the excess of quantity? Why is water without value, but because of its abundance?

If corn were equally plenty, it would have no greater value, whatever quantity of labour might have been bestowed on its production.

In proof of the correctness of this view, I may refer to the prices of wheat in this country in different seasons of plenty, when it will be seen that, notwithstanding we were in a degree relieved by exportation, yet, from the abundance of crops, corn has been known to fall 50 per cent. in three years. Now to what can this be imputed but to excess of quantity? The document which follows is copied from Mr. Tooke's evidence before the committee of 1821.

	s.	d.		Quarters.
In 1728 the price of wheat was	48	5½	with an excess of import of	70,757
1732	23	8½	with an excess of export of	202,058
1740	45	0½		46,822
1743	22	1		371,429
1750	28	10¾		947,323
1757	53	4	excess of import	130,017
1761	26	10¾	excess of export	441,956

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Because it has been said, that abundance may be prejudicial to the interests of the producers, it has been objected that the new doctrine on this subject is, that the bounty of Providence may become a curse to a country; but this is essentially changing the proposition. No one

has said that abundance is injurious to a country, but that it frequently is so to the producers of the abundant commodity. If what they raised was all destined for their own consumption, abundance never could be hurtful to them; but if, in consequence of the plenty of corn, the quantity with which they go to market to furnish themselves with other things is very much reduced in value, they are deprived of the means of obtaining their usual enjoyments; they have, in fact, an abundance of a commodity of little exchangeable value. If we lived in one of Mr. Owen's parallelograms, and enjoyed all our productions in common, then no one could suffer in consequence of abundance, but as long as society is constituted as it now is, abundance will often be injurious to producers, and scarcity beneficial to them.

SECTION V.—*On the effect produced on the Price of Corn by Mr. Peel's Bill for restoring the ancient standard.*

Much difference of opinion prevails on the effect produced on the price of corn by Mr. Peel's bill for restoring the ancient standard. On this subject there is a great want of candour in one of the disputing parties; and I believe it will be

found, that many of those who contended during the war, that our money was not depreciated at all, now endeavour to shew that the depreciation was then enormous, and that all the distresses which we are now suffering, have arisen from restoring our currency from a depreciated state to par.

It is also forgotten, that from 1797 to 1819 we had no standard whatever, by which to regulate the quantity or value of our money. Its quantity and its value depended entirely on the Bank of England, the directors of which establishment, however desirous they might have been to act with fairness and justice to the public, avowed that they were guided in their issues by principles which, it is no longer disputed, exposed the country to the greatest embarrassment. Accordingly we find that the currency varied in value considerably during the period of 22 years, when there was no other rule for regulating its quantity and value but the will of the Bank.

In 1813 and 1814, the depreciation of our currency was probably at its highest point, gold being then 5*l.* 10*s.* and 5*l.* 8*s.* per ounce; but in 1819, the value of paper was only 5 per cent. below its ancient standard, gold being then 4*l.* 2*s.* or 4*l.* 3*s.* per ounce. It was in 1819

that Mr. Peel's bill passed into a law. At the time of passing that bill, Parliament had to deal with the question as it then presented itself. It was thought expedient that an end should be put to a state of things which allowed a company of merchants to regulate the value of money as they might think proper; and the only point which could then come under consideration was, whether the standard should be fixed at 4*l.* 2*s.*, which was the price of gold not only at the time when Parliament was legislating, but its price for nearly the whole of the four preceding years; or the ancient standard of 3*l.* 17*s.* 10½*d.* should be restored. Between these two prices Parliament was constrained to determine, and I think, in choosing to go back to the ancient standard, it pursued a wise course. But when it is now said that money has been forcibly raised in value—25 per cent., according to some; 50, and even 60 per cent., according to others, they do not refer to 1819, the period at which that bill passed, but to the period of the greatest depression; and they charge the whole increase in the value of the currency to Mr. Peel's bill. Now, it is to the system which allowed of such variations in the value of money that Mr. Peel's bill put an end. If, indeed, in 1819, or immediately pre-

ceding 1819, gold had been at 5*l.* 10*s.* an ounce, no measure could have been more inexpedient than to make so violent a change in all subsisting engagements, as would have been made by restoring the ancient standard; but the price of gold, as I have already said, was then, and had been for four years, about 4*l.* 2*s.*, never above, and frequently rather under, that price; and no measure could have been so monstrous as that which some reproach the House of Commons for not having adopted, namely, of fixing the standard at 5*l.* 10*s.*; that is, in other words, after the currency had regained its value within 5 per cent. of gold, under the operation of the bad system, again to have degraded it to 30 per cent. below the value of gold.

It will be remembered, that a plan was by me submitted to the country, for the restoration of a fixed standard, which would have rendered the employment of any greater quantity of gold than the Bank then possessed wholly unnecessary.

That plan was to make the Bank liable to the payment of a certain large and fixed amount of their notes in gold bullion, at the Mint price of 3*l.* 17*s.* 10½*d.* an ounce, instead of payment in gold coin. If that plan had been adopted, not a particle of gold would have been used in

the circulation,—all our money must have consisted of paper, excepting the silver coin necessary for payments under the value of a pound. In that case it is demonstrable, that the value of money could only have been raised 5 per cent, by reverting to the fixed ancient standard, for that was the whole difference between the value of gold and paper. There was nothing in the plan which could cause a rise in the value of gold, for no additional quantity of gold would have been required, and therefore 5 per cent. would have been the full extent of the rise in the value of money*. Mr. Peel's bill adopted this plan for four years, after which payments in coin were to be established. If for the time specified by the bill, the Bank Directors had managed their affairs with the skill which the public interest required, they would have been satisfied with so regulating their issues, after Mr. Peel's bill passed, that the exchange should continue at par, and consequently no im-

* With 4*l.* 2*s.* in bank notes any one could purchase precisely the same quantity of commodities as with the gold in 3*l.* 17*s.* 10½*d.*; the object of the plan was to make 3*l.* 17*s.* 10½*d.* in bank notes, as valuable as 3*l.* 17*s.* 10½*d.* in gold. To effect this object, could it have been necessary, could it indeed have been possible, to lower the value of goods more than 5 per cent., if the value of gold had not been raised?

portation of gold could have taken place; but the Bank, who always expressed a decided aversion to the plan of bullion payments, immediately commenced preparations for specie payments. Their issues were so regulated, that the exchange became extremely favourable to this country, gold flowed into it in a continued stream, and all that came the Bank eagerly purchased at 3*l.* 17*s.* 10½*d.* per ounce. Such a demand for gold could not fail to elevate its value, compared with the value of all commodities. Not only, then, had we to elevate the value of our currency 5 per cent., the amount of the difference between the value of paper and of gold before these operations commenced, but we had still further to elevate it to the new value to which gold itself was raised, by the injudicious purchases which the Bank made of that metal. It cannot, I think, be doubted, that if bullion payments had been fairly tried for three out of the four years, between 1819 and 1823, and had been found fully to answer all the objects of a currency regulated by gold at a fixed value; the same system would have been continued, and we should have escaped the further pressure which the country has undoubtedly undergone, from the effects of the great demand for gold which specie payments have entailed upon us.

The Bank Directors urge in defence of the measures which they have pursued, the complaints which were made against them, on account of the frequent executions for forgery, which rendered it indispensable that they should withdraw the one-pound notes from circulation, for the purpose of replacing them with coin. If they could not substitute a note better calculated to prevent forgery, than the one which they have hitherto used, this plea is a valid one; for the sacrifice of a small pecuniary interest could not be thought too great, if it took away the temptation to the crime of forgery, for which so many unfortunate persons were annually executed; but this excuse comes with a bad grace from the Bank of England, who did not discover the importance of preventing forgery by the issue of coin till 1821, after they had made such large purchases of gold, that they were under the necessity of applying to Parliament for a bill, to enable them to issue coin in payment of their notes, which, by Mr. Peel's bill, they were prevented from doing till 1823. How comes it that they did not make this discovery in 1819, when the Committees of the Lords and Commons were sitting on Bank payments? Instead of being eager at that period to commence specie payments, they

remonstrated, in a manner which many thought unbecoming, against any plan of metallic payments, which did not leave the uncontrolled power of increasing or diminishing the amount of the currency in their hands. It surely is not forgotten, that on an application by the Lords' Committee to the Bank, dated the 24th March, 1819, asking if "the Bank had any, and what objections to urge against the passing a law to require it should pay its notes in bullion on demand, but in sums not less in amount than 100*l.*, 200*l.*, or 300*l.*, at 3*l.* 17*s.* 10½*d.*, and to buy gold bullion at 3*l.* 17*s.* 6*d.* by an issue of its notes; the said plan to commence after a period to be fixed for that purpose;" the Directors answered, "The Bank has taken into consideration the question sent by the Committee of the House of Lords, under date of the 24th March, and is not aware of any difficulty in exchanging, for a fixed amount of bank notes, gold bullion of a certain weight, provided it be melted, assayed, and stamped by his Majesty's mint.

"The attainment of bullion by the Bank at 3*l.* 17*s.* 6*d.* is in the estimation of the Court so uncertain, that the Directors, in duty to their proprietors, do not feel themselves competent to engage to issue bullion at the price of

3*l.* 17*s.* 10½*d.*; but the Court beg leave to suggest, as an alternative, the expediency of its furnishing bullion of a fixed weight to the extent stated at the market price as taken on the preceding foreign post day, in exchange for its notes; provided a reasonable time be allowed for the Bank to prepare itself to try the effect of such a measure."

If this proposal had been acceded to, the Bank would itself have determined the price at which it should have sold gold from time to time to the public, because by extending or curtailing their issues, they had the power to make the price of gold just what they pleased, 4*l.* or 10*l.* an ounce, and at that price to which they might choose to elevate it, they graciously proposed to sell it, "provided a reasonable time be allowed to prepare itself to try the effect of such a measure."

After this proposal, after the representation made to the Chancellor of the Exchequer by the Directors of the Bank of England on the 20th May, 1819*, it will not be said that the question of forgery appeared so urgent to the Directors that they were eager to substitute

* See Appendix, A.

coin for their small notes in 1819, however important the question became in their view in 1820.

It is a question exceedingly difficult to determine what the effect has been on the value of gold, and consequently on the value of money produced by the purchases of bullion made by the Bank. When two commodities vary, it is impossible to be certain whether one has risen, or the other fallen. There are no means of even approximating to the knowledge of this fact, but by a careful comparison of the value of the two commodities, during the period of their variation, with the value of many other commodities.

Even this comparison does not afford a certain test, because one half of the commodities to which they are compared, may have varied in one direction, while the other half may have varied in another: by which half shall the variation of gold be tried? If by one it appears to have risen, if by the other to have fallen. From observations, however, on the price of silver, and of various other commodities, making due allowance for the particular causes which may have specially operated on the value of each, Mr. Tooke, one of the most intelligent witnesses examined by the Agricul-

tural Committee, came to the conclusion that the eager demand for gold made by the Bank in order to substitute coin for their small notes, had raised the value of currency about five per cent. In this conclusion, I quite concur with Mr. Tooke. If it be well founded, the whole increased value of our currency since the passing of Mr. Peel's bill in 1819, may be estimated at about ten per cent. To that amount, taxation has been increased by the measure for restoring specie payment; to that amount the fall of grain, and with it of all other commodities has taken place as far as this cause alone has operated on them; but all above that amount, all the further depression which the price of corn has sustained, must be accounted for by the supply having exceeded the demand; a depression, which would have equally occurred, if no alteration whatever had been made in the value of the currency.

It is, indeed, alleged by many of the landed interest, that to one cause alone, all the distress in agriculture is to be ascribed. They go so far as to say, that there is now no surplus produce on the land, but what is paid to the Government for taxes; that there is nothing whatever left for rent or profit; that whatever

rent is paid, is derived from the capital of the farmer, and all these effects they charge on the alteration in the value of the currency.

It is evident that those who advance this most extravagant proposition, do not know how the alteration in the value of the currency affects the different interests of a country. If it injures the debtor, it in the same degree benefits the creditor; if its pressure is felt by the tenant, it must be advantageous to the landlord, and to the receivers of taxes. They, then, who maintain this doctrine, must be prepared to contend that all that fund, which formerly constituted the rent of the landlord, and the profits of the farmer, are, by the alteration in the value of money, transferred to the State, and are now paid to the receivers of taxes, and, among them, the stock-holders. That the situation of the stock-holder is improved, by his dividends being paid in a currency increased in value, there can be no doubt; but what evidence is there to shew that his situation is so much improved, that he has now at his disposal, in addition to his former means of enjoyment, all those which were before at the disposal of the whole of the tenantry, and of the landlords of the country? So wild an assertion cannot be for a moment entertained; we have not heard of splendid equi-

pages and superb mansions having been built by the stock-holders since, and in consequence of, the Bill of 1819. Besides, if this were true, how comes it that the profits of the merchant and manufacturer have escaped the fund-holder, this devouring monster, as he has been called? Are not their profits governed by the same principle, and by the same law, as the profits of the farmer? How have they contrived to exempt themselves from this desolating storm? The answer is plain, there is no truth in the allegation. Agriculture has been depressed by causes of which the currency forms only a little part. The peculiar hardships which the landed interest are suffering, are of a temporary character, and will continue only while the supply of produce exceeds the demand. A remunerative price is impossible while this cause of low value continues; but the situation of things which we now witness cannot have any permanence.

Is it not quite certain, that if the pressure on the farmers, from the alteration in the value of currency, and the increased taxation consequent upon it, has been so great as to take from them all the profits of their capital, it must also have taken away the profits of all other persons employing capital? for it is quite impossible that one set of capitalists should be

permanently without any profit at all, whilst others are making reasonable profits.

On the part of the landlords it may be said, that they are encumbered with fixed charges on their estates, such as dowers, provision for daughters, and younger children, mortgages, &c. It cannot be denied that an alteration in the value of currency must greatly affect such engagements, and must be very burdensome to landlords; but they should remember that they or their fathers benefited by the depreciation of the value of the currency. All their fixed engagements, their taxes included, were for many years paid in the depreciated medium. If they suffer injustice now, they profited by injustice at a former period; and if the account were fairly made up, it would, I believe, be found that, as far as alteration in the value of currency is concerned, they have little just cause for complaint.

But, on the score of money engagements, which are now affected by the increased value of currency, have the commercial interest no cause for complaint? Are they not debtors in as large an amount as the landed interest? How many persons have retired from business, whose capitals are, directly or indirectly, still employed by their successors? What vast sums are em-

ployed by bankers and others in discounting bills? For the whole of this value there must be debtors, and the increased value of money could not have failed very much to aggravate the pressure of their debts.

I mention these circumstances to shew that if the real efficient cause of the distress of the landed gentlemen was the increased value of money, it ought to have produced similar distress in other quarters;—it has not done so, and therefore I have a right to infer, that the cause of the distress has been mistaken.

The profits of the farmer must bear some uniform proportion to the profits of the other classes of capitalists; they are subject to temporary fluctuations, perhaps, in a greater degree than the profits of others; but the circumstances of which they complain, though severe and aggravated at the present time by other causes, yet are by no means new or uncommon.

Mr. Tooke, in his evidence before the Agricultural Committee, in pages 230 and 231, has furnished us with extracts from publications in the last century, in which the ruin of the landed interest was foretold in terms not very unlike those used in the present day. Those difficulties have passed, and the present ones will, with

a little good legislation, soon only be matter of history.

At a late Court of Proprietors of Bank Stock, the Directors said that, so far from having reduced the amount of the circulation since 1819, they had considerably increased it, and that it was this year actually more by 3,000,000*l.* than the amount of the circulation at the same period last year, or the year preceding. If the Directors were quite correct in this statement, it is no answer to the charge of their having kept the circulation too low, and thereby caused the great influx of gold. My question to them is, "Was your circulation so high as to keep the exchange at par?" To this they must answer in the negative; and therefore I say, that in consequence of the importation of gold, that metal is enhanced in value, and the pressure on the country is thereby increased, it is because the Bank did not issue a sufficient quantity of notes to keep the exchange at par. This charge is of the same force whether the amount of bank-notes has, in point of fact, been stationary, increasing, or diminishing.

But I dispute the fact of the circulation having been even half a million higher in amount in 1822, than in 1821 and 1820. The mode of

proving the proposition, adopted by the Bank, is not satisfactory; they say, in 1821 we had 23,800,000*l.* in circulation, and now the notes in circulation, with the sovereigns we have since issued, amount to 3,000,000*l.* more. But as sovereigns are circulated in Ireland, and in other districts of the United Kingdom, how can they affirm, that in the same channel in which 23,800,000*l.* bank-notes circulated in 1821, 26,800,000 bank-notes and sovereigns together, are now in circulation? I believe the contrary to be the fact, for I find that the amount of notes of five pounds and above, which have been in circulation for several years past, in the month of February is as follows:—

Years	<i>l.</i>
1815	— 16,394,359
1816	— 15,307,228
1817	— 17,538,656
1818	— 19,077,951
1819	— 16,148,098
1820	— 15,393,770
1821	— 15,766,270
1822	— 15,784,770

And as the notes of five pounds and upwards have not increased 400,000*l.* since 1820, I find it impossible to believe that the circulation of a smaller denomination can have increased in any much larger proportion.

Before I conclude this section I must observe that the complaints made against the Bank for refusing to lend money on discount at four per cent. are without any good foundation. The reason for such complaints is, that by lending at four per cent. they would lower the rate of interest generally, and the landed interest would be benefited by being able to raise money on mortgage on cheaper terms than they now pay for it. I believe, however, that no amount of loans which the Bank might make, and no degree of lowness of interest at which they might choose to lend, would alter the permanent rate of interest in the market. Interest is regulated chiefly by the profits that may be made by the use of capital, it cannot be controlled by any bank, nor by any assemblage of banks. During the last war the market rate of interest for money was, for years together, fluctuating between seven and ten per cent. ; yet the Bank never lent at a rate above five per cent. In Ireland the Bank by its charter is obliged to lend, at a rate of interest not exceeding five per cent., yet all other persons lend at six per cent.

A Bank has fulfilled all its useful functions when it has substituted paper in the circulation for gold ; when it has enabled us to carry on our commerce with a cheap currency, and to

employ the valuable one which it supplants productively : provided it fulfils this object it is of little importance at what rate of interest it lends its money.

One argument used by a very enlightened member of Parliament, during a late discussion on the rate of interest charged by the Bank, was rather a singular one; he said that the Bank of France, and other Banks on the Continent, lent at a low rate, and therefore, the Bank of England should do so. I can see no connexion between his premises and conclusion. The Bank of France ought to be governed by the market rate of interest and the rate of profits in France; the Bank of England by the market rate of interest and the rate of profit in England. One may be very different from the other. From the whole of his argument, I should infer that he considered a low rate of interest, in itself, beneficial to a country. The very contrary, I imagine, is the truth. A low rate of interest is a symptom of a great accumulation of capital; but it is also a symptom of a low rate of profits, and of an advancement to a stationary state; at which the wealth and resources of a country will not admit of increase. As all savings are made from profits, as a country is most happy when it

is in a rapidly progressive state, profits and interest cannot be too high. It would be a poor consolation indeed to a country for low profits and low interest, that landlords were enabled to raise money on mortgage with diminished sacrifices. Nothing contributes so much to the prosperity and happiness of a country as high profits.

This complaint against the Bank, which comes, I think, with an ill grace from a Member of Parliament, as representing the public interest, might be consistently urged by a Bank proprietor at a general meeting of their body, for it is difficult to account on what principle of advantage to the concern which they manage, the Directors can think it right to lend their proprietors money at three per cent. to Government* when they could obtain four per cent. from other borrowers; but with this the public have no concern, and they and their proprietors should be left to settle this matter as they please.

* The Bank are now in advance many millions to the Government on Exchequer Bills at three per cent., besides the fixed advance of their capital, also at three per cent.; which latter they are, by their charter, obliged to lend at that rate of interest.

SECTION VI.—*On the Effects of a Low Value of Corn on the Rate of Profits.*

When I use the term—a low value of corn, I wish to be clearly understood. I consider the value of corn to be low, when a large quantity is the result of a moderate quantity of labour. In proportion, as for a given quantity of labour a smaller quantity of corn is obtained, corn will rise in value. In the progress of society there are two opposite causes operating on the value of corn; one, the increase of population, and the necessity of cultivating, at an increased charge, land of an inferior quality, which always occasions a rise in the value of corn; the other, improvements in agriculture, or the discovery of new and abundant foreign markets, which always tend to lower the value. Sometimes one predominates, sometimes the other, and the value of corn rises or falls accordingly.

In speaking of the value of corn, I mean something rather different from its price;—when its value rises, its price generally rises, and would always do so, if money, in which price is uniformly estimated, were invariable in value. But corn may not vary as compared with all other things—it may not be the result of either

more or less labour, and yet it may rise or fall in price, because money may become more plentiful and cheap, or more scarce and dear. Nothing is of so little importance to the community collectively, as an alteration in the *price* of corn, caused by an alteration in the value of money merely; nothing of greater importance, as far as its profits and its wealth are concerned, than a rise or fall in the price of corn, when money continues of a fixed and invariable value. We will suppose money to continue at a fixed and invariable value, that we may ascertain the effects of a rise or fall in the value of corn; which on this supposition will be synonymous with a rise or fall in its price.

Corn being one of the chief articles on which the wages of labour are expended, its value, to a great degree, regulates wages. Labour itself is subject to a fluctuation of value, in the same manner as every thing which is the subject of demand and supply, but it is also particularly affected by the price of the necessaries of the labourer; and corn, as I have already observed, is amongst the principal of those necessaries. In a former section I have endeavoured to shew, that a general rise of wages will not raise the prices of commodities on which labour is expended. If wages rose in one trade, the com-

modity produced in that trade must rise, to place the producer of it on a par with all other trades; but when wages affect all producers alike, a rise in the value of all their commodities must, as I have on a former occasion remarked, be a matter of great indifference to them, as whether they were all at a high price or all at a low price, their relative values would be the same, and it is the alteration of their relative values only which gives to the holders of them a greater or less command of goods. Every man exchanges his goods, finally, for other goods, or for labour, and he cares little whether he sells his own goods at a high price if he is obliged to give a high price for the goods he purchases, or sells them at a low price, if, at the same time, he can also procure the goods he wants at a low price. In either case his enjoyments are the same.

With a permanently high price of corn, caused by increased labour on the land, wages would be high; and, as commodities would not rise on account of the rise of wages, profits would necessarily fall. If goods worth 1000% require at one time labour which cost 800%, and at another the price of the same quantity of labour is raised to 900%, profits will fall from 200% to 100%. Profits would not fall in one trade only, but

in all. High wages, when general, equally affect the profits of the farmer, the manufacturer, and the merchant. There is no other way of keeping profits up but by keeping wages down. In this view of the law of profits, it will at once be seen how important it is that so essential a necessary as corn, which so powerfully affects wages, should be at a low price; and how injurious it must be to the community generally, that, by prohibitions against importation, we should be driven to the cultivation of our poorer lands to feed our augmenting population.

Besides the impolicy of devoting a greater portion of our labour to the production of food than would otherwise be necessary, thereby diminishing the sum of our enjoyments and the power of saving, by lowering profits, we offer an irresistible temptation to capitalists to quit this country, that they may take their capitals to places where wages are low and profits high. If landlords could be sure of the prices of corn remaining steadily high, which happily they cannot be, they would have an interest opposed to every other class in the community; for a high price, proceeding from difficulty of production, is the main cause of the rise of rent: not that the rise of rent, the advantage gained by the landlord, is an equivalent for the disadvan-

tage imposed on the other classes of the community, in being prevented from importing cheap corn; we have not that consolation: for to give a moderate advantage to one class, a most oppressive burthen must be laid on all the other classes.

This advantage to the landlords themselves would be more apparent than real; for, to complete the advantage, they should be able to calculate on steady as well as high prices. Nothing is so injurious to tenants as constantly fluctuating prices, and under a system of protection to the landlord, and prohibition against the importation of foreign corn, tenants must be exposed to the most injurious fluctuations of profits, as I shall attempt to shew in the next Section. When the profits of a farmer are high, he is induced to live more profusely, and to make his arrangements as if his good fortune were always to continue; but a reverse is sure to come: he has then to suffer from his former improvidence, and he finds himself entangled in expenses, which render him utterly unable to fulfil his engagements with his landlord.

The landlord's rent is, indeed, nominally high, but he is frequently in the situation of not being able to realize it; and little doubt can exist, that a more moderate and steady price of corn, with regular profits to the tenant, would afford to the

landlord the best security for his happiness and comfort, if not for the receipt of the largest amount of rent.

It appears, then, that a high but steady price of corn is most advantageous to the landlord; but, as steadiness in a country situated as ours, is nearly incompatible with a price high in this country, as compared with other countries, a more moderate price is really for his interest. Nothing can be more clearly established, than that low prices of corn are for the interest of the farmer, and of every other class of society; high prices are incompatible with low wages, and high wages cannot exist with high profits.

I must here notice an error, which has been supported by one of those, whose talents give them great authority in the place where the opinion was delivered; it is, that though the manufacturer has it in his power to raise the price of his commodity when it is taxed, and even, on some occasions, to profit by its being taxed, yet the farmer cannot so indemnify himself, and that, consequently at the end of his lease, if not before, the whole weight of the tax must fall on his landlord. This is an error of long standing, for it is supported by no less an authority than Adam Smith. The subject of rent, and the laws by which its fall and rise

are regulated, have been explained since the time of Adam Smith; and all those men who are acquainted with this explanation, are incapable of falling into the error. I am not now going into the question of rent; that subject has been well elucidated by several able writers. But I would ask those who still adhere to Adam Smith's doctrine, on whom the tax on land could fall when it was equal to three shillings per acre, if the land cultivated were of the description mentioned by Mr. Harvey in his evidence, and to which I have already referred; land for which eighteen-pence only is paid as rent? The farmer must either get lower profits than other farmers who pay higher rents, or he must be able to transfer this charge to the consumer. But why should he remain in an occupation in which his profits are below the profits of all other capitalists in the community? He might require time to remove himself from an unprofitable employment; but he would not perseveringly continue in it, more than any other person similarly circumstanced in other occupations.

I have taken the instance mentioned by Mr. Harvey, because, as he is a practical man, weight will be given to his information; but I am myself fully persuaded that a large quantity of corn is raised in every country, for the pri-

vilege of raising which, no rent whatever is paid. Every farmer is at liberty to employ an additional portion of capital on his land after all that which is necessary for affording his rent, has already been employed. The corn raised with this capital, can only afford the usual profits if no rent is paid out of it. Impose a tax on producing it, without admitting a compensation by a rise of price, and that moment you offer an inducement to the withdrawing of that portion of capital from the land, thereby diminishing the supply. No point is more satisfactorily established in my opinion, than that every tax imposed on the production of raw produce falls ultimately on the consumer, in the same way as taxes on the production of manufactured commodities fall on the consumers of those articles.

SECTION VII.—Under a system of Protecting Duties established with a view to give the Monopoly of the Home Market to the Home Grower of Corn, Prices cannot be otherwise than fluctuating.

Protecting duties on the importation of corn must always be imposed on the supposition that corn is cheaper in foreign countries, by the amount of such duties; and that if they were

not imposed, foreign corn would be imported. If foreign corn were not cheaper, no protecting duty would be necessary, for, under a system of free trade, it would not be imported. To the amount, then, of the protecting duty, the ordinary and average price of corn must be supposed to be higher in the country imposing it than in others, and when abundant harvests occur, before any corn can be exported from a country so circumstanced, corn must fall from its usual and average price, not only by the amount of the duty, but also by the further amount of the expenses of exporting the corn. Under a system of free trade, the price of corn in two countries could not materially differ more than the expenses attending the exportation of it from one country to the other; and therefore, if an abundant harvest occurred in either, and was not common to both, after an inconsiderable fall of price, a vent for the superfluous produce would be immediately found in exportation. But under a system of protecting duties, or of prohibitory laws, the fall in the price of corn from an abundant crop, or from a succession of abundant crops, must be ruinous to the grower, before he can relieve himself by exportation. If we could listen to Mr. Webb Hall's recommendation of a fixed duty of 40s.,

on the importation of foreign corn; and if he be right in supposing that 40s. is the difference of the natural price of corn in England and in the corn countries, on every occasion of abundant harvests, corn must actually fall 40s., before it can be the interest of any party to export it to the Continent; a fall so great that, if the farmers were subjected to it, they would be totally unable to pay their rents in abundant seasons, without a great sacrifice of capital.

The same observation is applicable to the present corn law, which prohibits importation till the price rises to 80s. The effect of this law is to make the price of corn in this country habitually and considerably above the price in other countries; and therefore, on occasion of abundant crops, it must fall below the price of those other countries, before any relief can be afforded to the grower by exportation. Its effect, indeed, in this view, is precisely the same as that of the high-fixed duty which we have been already considering.

But the present law has another capital defect, from which the system of fixed duties is free. When the average price of wheat reaches 80s. per quarter, the ports are now open for three months, for an unlimited importation of foreign wheat, duty free. With prices some-

what about 40s. per quarter on the Continent, in average years, the temptation to import into this country, during the three months that the ports are open, must operate to the introduction of an enormous quantity.

During these three months, and for a very considerable time afterwards, for the effect cannot cease with the shutting of the ports, the home grower and the foreign grower are placed in a state of free competition, to the ruin of the former. By prohibitory duties he is encouraged to employ his capital on the poorer lands of this country, which require a great expense for a small produce; and when he has an unusually short crop, and most stands in need of a high price, he is all at once exposed to the free competition of the grower of corn on the Continent, to whom a price of 40s. would be amply sufficient to compensate him for the whole cost of production. A system of fixed duties protects the farmer against this particular danger, but it leaves him exposed, in the same degree as on the present system, to all the evils which arise from abundant crops, and which can never fail to accompany every plan of a corn law, which shall elevate the price of corn in the country in which they prevail, considerably above the level of the prices of other countries.

It must not be supposed, however, that to obviate this difficulty, the importation of corn should be at all times allowed without the payment of any duty whatever; that is not under our circumstances, the course which I should recommend. I have already shewn in Section 3, that with a view to the real interest of the consumer, in which the interests of the whole community are, and ever must be, included, whenever any peculiar tax falls on the produce of any one commodity, from the effects of which all other producers are exempted, a countervailing duty to that amount, but no more, should on every just principle be imposed on the importation of such commodity; and further, that a drawback should be allowed, to the same amount also on the exportation of the like commodity. If, before any taxation, the remunerating price of wheat was 60s. per quarter, both in England and on the Continent, and in consequence of the imposition of a tax, such as tithes, falling exclusively on the farmer, and not on any other producer, wheat was raised in England to 70s., a duty of 10s. should be also imposed on the importation of foreign corn. This tax on foreign corn, and on home corn also, should be drawn back on exportation. However

large the aggregate amount might be of the drawback given to the exporter it would only be returning to him a tax which he had before paid, and which he must have to place him in a fair state of competition in the foreign markets, not only with the foreign producer, but with his own countrymen who are producing other commodities. It is essentially different from a bounty on exportation, in the sense that the word bounty is usually understood; for by a bounty is generally meant a tax levied on the people for the purpose of rendering corn unnaturally cheap to the foreign consumer, whereas, what I propose, is to sell our corn at the price at which we can really afford to produce it, and not to add to its price a tax which shall induce the foreigner rather to purchase it from some other country, and deprive us of a trade, which, under a system of free competition, we might have selected.

The duty which I have here proposed, is the only legitimate countervailing duty, which neither offers inducements to capital to quit a trade, in which for us it is the most beneficially employed, nor holds out any temptations to employ an undue proportion of capital in a trade to which it would not otherwise have been destined. The course of trade would be

left precisely on the same footing as if we were wholly an untaxed country, and every person was at liberty to employ his capital and skill in the way he should think most beneficial to himself. We cannot now help living under a system of heavy taxation, but to make our industry as productive to us as possible, we should offer no temptations to capitalists, to employ their funds and their skill in any other way than they would have employed them, if we had had the good fortune to be untaxed, and had been permitted to give the greatest development to our talents and industry.

The Report of the Committee on Agricultural Distress in 1821, contains some excellent statements and reasonings on this subject.

To that important document I can with confidence refer, in support of the principles which I am endeavouring to lay down on the impolicy of protecting corn laws. The arguments in it in favour of freedom of trade, appear to me unanswerable; but it must be confessed, that in that same Report, recommendations are made utterly inconsistent with those principles.

After condemning restrictions on trade, it recommends measures of permanent restriction; after shewing the evils resulting from prematurely taking poor lands into cultivation,

it countenances a system, which, at all sacrifices, is to keep them in tillage. In principle, nothing so odious as monopoly and restriction; in practice, nothing so salutary and desirable.

The Committee on Agriculture this year avoid taking any notice of the sound doctrines entertained by the last Committee, but have founded their whole Report on the erroneous ones; and conclude their recommendations to the House in the following words:—"If the circumstances of this country should hereafter allow the trade in corn to be permanently settled upon a footing constantly open to all the world, *but subject to such a fixed and uniform duty as might compensate to the British grower the difference of expense at which his corn can be raised and brought to market, together with the fair rate of profit upon the capital employed, compared with the expense of production, and other charges attending corn grown and imported from abroad,* such a system would, in many respects, be preferable to any modification of regulations depending upon average prices, with an ascending and descending scale of duties; because it would prevent the effects of combination and speculation, in endeavouring to raise or depress those averages, and render immaterial those inaccuracies

which from management or negligence have occasionally produced, and may again produce such mischievous effects upon our market; but your Committee rather look forward to such a system as fit to be kept in view for the ultimate tendency of our law, than as practicable within any short or definite period."

The system which we are to keep in view for the ultimate tendency of our law, we are told, is one of a fixed duty; but on what principle is the fixed duty to be calculated? not on that which I have endeavoured to shew is the only sound one, namely, that the duty should accurately countervail the peculiar burthens to which the grower of corn is subject, but a fixed duty which should compensate to the British grower the difference of expense at which his corn can be raised and brought to market, compared with the expense of production, and other charges, attending corn grown and imported from abroad. Instead of holding out any hope to the consumer, that we shall at any future time legislate on a principle which shall enable him to purchase corn at as cheap a price as British industry shall be enabled to obtain it for him; instead of giving any security to the British capitalist, that wages shall not be unnaturally raised in this country, by obliging the labourer to pur-

chase corn at a dear, and not at a cheap rate, a security so essential to the keeping up the rate of profits; instead of bidding the farmer look forward to a time when he will be spared from the fluctuations in the price of the commodity which he raises, and which are so destructive to his interests; we are told that the present mode in which the price of corn is kept in this country habitually and considerably above its price in other countries, is not, perhaps, the best mode of effecting that object, as it may be more conveniently done, by means of a fixed duty, instead of a varying duty; but at any rate, corn is to be rendered habitually and considerably dearer in this country, than in others. A duty calculated upon the principle of the Committee cannot fail to perpetuate a difference of price between this and other countries, equal to the difference of expense of growing corn in this country beyond the expense of growing it in others. If we had not already pushed the endeavour of providing food for ourselves too far,—if we had not by our own acts made the expense of growing corn in this country greater than in others, such a law would be nugatory, because no difference of expense would exist. Is it not then in the highest degree absurd, first to pass a law under

the operation of which the necessity is created of cultivating poor lands, and then having so cultivated them at a great expense, make that additional expense the ground for refusing ever to purchase corn from those who can afford to produce it at a cheaper price? I can produce a quantity of cloth which affords me a remunerating price at sixty pounds, which I can sell to a foreign country, if I will lay out the proceeds in the purchase of thirty quarters of wheat at two pounds per quarter, but I am refused permission to do so, and am obliged, by the operation of a law, to employ the capital which yielded me sixty pounds in cloth, in raising fifteen quarters of wheat at four pounds per quarter.

The exchange of the cloth for wheat, the production of the cloth is wholly prevented by the countervailing duty of two pounds per quarter on the importation of wheat, which obliges me to raise the corn, and prevents me from employing my capital in the making of cloth for the purpose of exchanging it for wheat.

It is true, indeed, that in both cases I raise a commodity worth sixty pounds, and to those who look only at money, and not money's worth, either of these employments of my ca-

pital appears equally productive, but a moment's reflection will convince us that there is the greatest difference imaginable between obtaining (with the same quantity of labour, mind) thirty quarters of wheat, and fifteen quarters, although either should, under the circumstances supposed, be worth sixty pounds.

If the principle recommended by the Committee were consistently followed, there is no commodity whatever which we can raise at home, which we should ever import from abroad; we should cultivate beet-root and make our own sugar, and impose a duty on the importation of sugar equal to the difference of expense of growing sugar here, and growing it in the East or West Indies. We should erect hot-houses, and raise our own grapes for the purpose of making wine, and protect the maker of wine by the same course of policy. Either the doctrine is untenable in the case of corn, or it is to be justified in all other cases. Does the purchaser of a commodity ever inquire concerning the terms on which the producer can afford to raise or make it? His only consideration is the price at which he can purchase it. When he knows that, he knows the cheapest mode of obtaining it; if he can himself produce it cheaper than he can purchase it, he will devote

himself to its production rather than to the production of the commodity with which he, in fact, must otherwise purchase it.

But there are persons, and of the number of those too who are considered of authority on these matters, who say this reasoning would be correct if we were about to employ capital on the land with a view to obtain more corn; that then it would, undoubtedly, be wise to consider whether we could purchase it from abroad cheaper than we could grow it at home, and govern our proceedings accordingly, but that when capital has been expended on the land, it is quite another question; since much of that capital would be lost if we then resolved rather to import cheap corn from abroad than grow it at a dear price at home. That some capital would be lost cannot be disputed, but is the possession or preservation of capital the end, or the means? The means, undoubtedly. What we want is an abundance of commodities, and if it could be proved that by the sacrifice of a part of our capital we should augment the annual produce of those objects which contribute to our enjoyment and happiness, we ought not, I should think, to repine at the loss of a part of our capital.

Mr. Leslie has invented an ingenious appa-

ratus, by the use of which we might fill our ice-houses with ice. Suppose a capital of half a million were expended on these machines, would it not nevertheless be wise in us, to get our ice, without any expense, from the frozen ponds in our neighbourhoods, rather than employ the labour, and waste the acid or other ingredients in the manufacture of ice, although, by so doing, we should for ever sacrifice the 500,000*l.* which we had expended on air-pumps?

In this recommendation, which must have the effect of perpetuating the difference between the price of corn here and its price in other countries, we should naturally conclude that the Committee did not admit the evils which, from time to time, must thence inevitably arise in this country. Quite the contrary; they admit them to the fullest extent, and they refer to the statements made on that subject in a former report, for the purpose of expressing their approbation of the reasoning which is founded on them. They say, "the excessive inconvenience and impolicy of our present system have been so fully treated, and so satisfactorily exposed in the Report already alluded to (p. 10 and 12,) that it is unnecessary to do more than to refer to it; adding only, that every thing which has happened subsequent to the presen-

tation of that Report, as well as all our experience since 1815, has more and more tended to demonstrate how little reliance can be placed upon a regulation which contains an absolute prohibition up to a certain price, and an unlimited competition beyond that price; which, so far from affording steadiness to our market, *may at one time reduce prices, already too low, still lower than they might have been even under a free trade; and at another, unnecessarily enhance the prices already too high, which tends to aggravate the evils of scarcity, and render more severe the depression of profits from abundance.*"

Here the two evils of our corn law are very fairly stated; and against one of them, that of unlimited competition beyond the price of 80s., a remedy, though by no means the best which might have been temporarily established, is recommended; but, instead of suggesting any means of alleviating or remedying the other evil, proceeding from abundance, which is so fully acknowledged, measures are recommended for immediate and temporary adoption; and others are suggested as desirable to be at a future time permanently adopted, which cannot fail to perpetuate this evil, because they cannot fail to make the price of corn

constantly and considerably higher in this than in any other neighbouring country.

One of the grounds advanced for high duties on the importation of corn is, that the manufacturer is protected by high duties against the competition of the foreign manufacturer, and that the cultivator of the soil should have a similar protection against the foreign grower of corn. To this it is impossible to give an answer in language more satisfactory than has been done by Lord Grenville.

"If the measures which had formerly been adopted for the protection of trade and manufactures were right, let them be continued; if wrong, let them be abrogated; not suddenly, but with that caution with which all policy, however erroneous, so engrafted into our usage by time, should be changed; but let it be consecrated as a principle of legislation, that in no case should the grounds for advising the Legislature to afford any particular protection, rest on the protection which might have been afforded in any other quarter. In fact, he could not well conceive how the noble earl could argue, that measures which he admitted to have been wrong with respect to manufactures, would nevertheless be right with respect to Agriculture."

“ It would be an extraordinary mode of doing justice, thus to declare that, because a large, the largest, part of the community were already oppressed by favours shewn to one particular class, they should be still farther oppressed by favours shewn to another particular class.”—*Speech, March 15, 1815.*

If any thing more is required against this pretension of protection for the land, it is furnished in the following passage of the Report of the Agricultural Committee of last year:

“ They, (the Committee), observe, that one of the witnesses, in order to illustrate his ideas and the wishes of the petitioners, has furnished a table of the duties payable on foreign manufactured articles, of which several are subject to duties of excise in this country; and upon which the importation duty, as, for instance, upon the article of glass, is imposed in a great measure to countervail the duty upon that article manufactured in this kingdom.

“ But the main ground upon which your Committee are disposed to think that the House will look with some mistrust to the soundness of this principle, is—first, that it may be well doubted, whether (with the exception of silk) any of our considerable manufactures derive benefit from this assumed protection in the mar-

kets of this country: for how could the foreign manufactures of cotton, of woollens, of hardware, compete with our own in this country, when it is notorious that we can afford to undersell them in the products of those great branches of our manufacturing industry, even in their own markets, notwithstanding that cotton and wool are subject to a direct duty on importation, not drawn back upon their export in a manufactured state, as well as to all the indirect taxation, which affects capital in these branches, in common with that capital which is employed in raising the productions of the soil?”

This is followed by other passages which are excellent; and all tend to shew, that the protection which manufactures are said to possess, is not really afforded them; though, if it were, Lord Grenville's argument is conclusive against that being a ground for extending protection to agriculture.

It is to be hoped that we shall, even in the present Session of Parliament, get rid of many of these injurious laws; a better spirit of legislation appears likely to prevail in the present day; and that absurd jealousy which influenced our forefathers, will give way to the pleasing conviction, that we can never, by freedom of

commerce, promote the welfare of other countries without also promoting our own.

The passage from the Report is useful in another respect: it shews us that the writer of it understood well what a countervailing duty is, and should be; for he states that the duty on the importation of glass "is imposed in a great measure to countervail the duty upon that article manufactured in this kingdom." How is this passage to be reconciled with the recommendation in both Reports, that, in imposing a duty on the importation of corn, "it should be calculated fairly to countervail the difference of expense, including the ordinary rate of profit, at which corn, in the present state of this country, can be grown and brought to market within the United Kingdom, compared with the expense, including also the ordinary rate of profit, of producing it in any of those countries from whence our principal supplies of foreign corn have usually been drawn, joined to the ordinary charge of conveying it from thence to our markets?"

SECTION VIII.—On the Project of advancing Money on Loan, to Speculators in Corn, at a low Interest.

It is allowed by the Report, that "the universal rule of allowing all articles, as much as possible, to find their own natural level, by leaving the supply to adjust itself to the demand," discouraged the Committee from recommending that government should employ money, in making purchases of corn, with a view to sell it when the price rose; but the Committee do not appear to have seen that the same universal rule, of which they speak with approbation, ought to have discouraged them also from recommending that government should advance money, at a low rate of interest, to persons who should purchase wheat, to deposit it in the King's warehouses, while it was under 60s. per quarter.

Will not such an advance of money at a low rate of interest, and for twelve months certain, if the parties desire it, prevent the article from "finding its own level," and "will the supply be left to adjust itself to the demand?"

If the cause of the low price of corn be owing to an abundant quantity in the country, and not to an abundant quantity hurried prematurely

to market by the distress of the farmers, the proposed remedy will be really mischievous, as in that case we must go through the ordeal of low prices, and increased consumption, which is always in a degree consequent on low price, before the supply will adjust itself to the demand, and prices become again remunerative. By the encouragement thus given to storing corn for a twelvemonth, the period of glut may be retarded, but it must come at last. On the other supposition, that from alarm or distress more than a due portion of corn is prematurely sent to market, and that before the next harvest the whole supply will, in consequence, prove deficient, and the price will rise; I must observe, that sharp-sighted individuals, prompted by a regard to their interest, can discover this, if it be so, with more certainty than Government. Money is not wanted to purchase the wheat thus unduly brought to market; nothing is required but a conviction of the probability of a diminished supply, or an increased demand, and a probable rise of price, to awaken the spirit of speculation. If there were any well-founded opinion of such a rise, we should soon witness a more than usual activity among the corn-dealers. When there was a prospect of continued wet weather, just

before the harvest of last year, did we not see an immediate spring in the price of corn? On what was such rise founded, but on an anticipation of probable scarcity, and an increased price? If, then, there be any good foundation for a probable deficiency before the wheat of the next harvest comes into use, individuals will be found to speculate without any encouragement from Government; the difference between a rate of interest of 3 per cent. and of 5 per cent. must be of little importance in such a transaction, and as far as the public is concerned may be wholly neglected, when we are considering the advantages of such a measure.

It has been said that similar advances have been made to the commercial interest on more than one occasion, why then should the agricultural interest be excluded from a similar benefit? In the first place, I doubt whether the measure be justifiable in any case whatever; but it cannot be disputed that the commercial class made their application for this indulgence under very different circumstances from the agricultural class.

The commercial class are liable to stagnation of business; a market for which they have prepared their goods may, during war, (and it is only during war that such advances have been

made,) be shut against them. On the probability of selling their goods, they have given bills which are becoming due, and their character and fortune depend on fulfilling their engagements. All they want is time; by forbearing to produce more of the commodity for which there is a diminished demand, they are sure, though probably with great loss, to dispose of their articles. Is the situation of the farmer any thing like this? Has he any bills becoming due? Do all his future transactions depend on his momentarily sustaining his credit? Are markets ever wholly shut against him? Is it a mere supply of money to meet his bills that he requires? The cases are most widely different, and the analogy which is attempted to be set up between them fails in every particular.

SECTION IX.—*Can the present State of Agricultural Distress be attributed to Taxation.*

The present distress is caused by an insufficient price for the produce of the land, which it appears impossible, with any degree of fairness, to ascribe to taxation. Taxation is of two kinds, it either falls on the producer of a commodity in his character of producer, or it falls on him as a

consumer. When a farmer has to pay an agricultural horse-tax, tithes, land-tax, he is taxed as a producer, and he seeks to repay himself, as all other producers do, by imposing an additional price, equivalent to the tax, on the commodity which he produces. It is the consumer, then, that finally pays the tax, and not the producer, as nothing can prevent the latter from transferring the tax to the consumer, but the production of too great a quantity of the commodity for the demand. Whenever the price of a commodity does not repay to the producer all the charges of every description which he is obliged to incur, it fails to give him a remunerating price; it places him under a disadvantage, as compared with the producers of other commodities; he no longer gets the usual and ordinary profits of capital, and there are only two remedies by which he can be relieved: one, the diminution of the quantity of the commodity, which will not fail to raise its price, if the demand do not at the same time diminish; the other, the relieving him from the taxes which he pays as a producer. The first remedy is certain and efficacious; the second is of a more doubtful description, because, if the price of the commodity did once remunerate the producer, after the tax was imposed, it could only

fall afterwards from increased supply, or diminished demand.

The repeal of the tax will not diminish quantity; and if it does not further lower the price, it will not increase demand. If the price falls still lower, then the repeal of the tax will not afford relief to the producer. It is only in the case of the commodity falling no lower, although the producer is relieved from one of the charges of production, that he can be said to be benefited by the repeal of a tax on production; and a very reasonable doubt may be entertained, whether the competition of the sellers may not further diminish the price of the commodity in consequence of the repeal of the tax. That taxes on production may be the cause of an excess of the supply above the demand, is true, when the tax is a new one, and when the consumers are unwilling to re-pay, in the additional price, the additional charge imposed on the producer. But this is not the case in this country at the present moment; the taxes are not new ones; the prices of raw produce were sufficiently high, notwithstanding the taxes, to afford a remunerating price to the producer; and no doubt can exist, that if there had been no such taxes, raw produce would have been considerably lower than it now is. The same cause which made wheat fall from 80s. to

60s., or 25 per cent., would have made it fall from 60s. to 45s., if, in consequence of fewer taxes on the land, 60s. and not 80s. had been the ordinary average price. Some of the charges of production have actually been diminished, while there is every reason to conclude, that the quantity consumed by the people has been increasing.

The alteration in the value of money has been generally supposed to be favourable to the working classes, as their money wages are said not to have fallen in proportion to the increased value of money, and the fall in the price of necessaries. Their condition is then bettered, and their power of consuming increased; but prices can never stand against a great augmentation of quantity, and therefore there is no other rational solution of the cause of the fall of agricultural produce but abundance.

Taxes on consumers affect consumers generally, and will in no way account for the distress of a particular class, or for an insufficient price of the commodity which they grow or manufacture. The taxes on candles, soap, salt, &c. &c., are not only paid by farmers, but by all persons who consume those commodities. The repeal of those taxes would afford relief to all, and not to the agricultural class particularly.

Those who maintain, that on no reasonable grounds can it be shewn, that taxation is the cause of agricultural distress, and of the low price of corn, are sometimes represented as maintaining that a repeal of taxes will afford no relief; such a conclusion shews a want of candour, or of intelligence, for it is perfectly consistent to maintain, that taxation is not the cause of some particular distress, and at the same time insist that a repeal of taxes would afford relief. When Lord John Russell's horse falls because he trips over a stone, and is enabled to get up again when relieved from the burthen of his harness, it would surely be incorrect to say that the horse fell because he was burthened with harness; though it would be right to assert, that the tripping over the stone threw him down, while the relief from the confinement of the harness enabled him to get up again.

For my own part then, being of opinion that almost all taxes on production fall finally on the consumer, I think that no repeal of taxes could take place which would have any other effect than to relieve consumers generally of a part of the burthens which they now bear. Although I am at all times a friend to the most rigid economy in the public expenditure, yet I

am also convinced, that there are causes of distress, to the producers of a particular commodity, arising from abundant quantity, from which no practicable repeal of taxes could materially relieve, particularly if the commodity be agricultural produce, and if its ordinary price be kept above the level of the prices of other countries by restrictions on importation.

Against such distress no country, and more particularly no country having a bad system of corn laws, is exempted. If we were absolutely without any taxes whatever; if the public expenditure was the most economical possible, and was supported by a revenue drawn from lands appropriated for that purpose; if we had no national debt, no sinking fund, we yet should be exposed to a destructive fall of price from occasional abundance. It is impossible to read Mr. Tooke's able evidence before the Agricultural Committee of 1821, without being struck with the surprising effects which an excess of supply produces on price, and for which there is in fact, no effectual remedy but a reduction of quantity. If there be any other remedy, why do not those who complain of the distress, and who have been in situations so favourable to make themselves heard, state it? With the exception of a reduction of taxation,

new and additional protection against the competition of foreigners for every description of agricultural produce, direct purchases to be made by Government, or encouragements to others to make them, I have heard no remedies suggested; and as to the efficacy of these remedies, I must leave that to the reader's judgment; my own opinion of them having been already most decidedly expressed.

On the causes which have produced the degree of abundance to which I attribute all that part of the fall of raw produce since 1819, which cannot fairly be ascribed to the alteration in the value of the currency*, it will not be necessary for me to say much; we are, I think, justified in ascribing it to a succession of good crops, to an increasing importation from Ireland, and to the increase of tillage which the high prices and the obstacles opposed to importation during the war occasioned? Many of the gentlemen who gave evidence before the Committee concurred in describing the harvests of 1819 and 1820 as unusually abundant. Mr. Wakefield said on the 5th April, 1821, "I think there is a wonderful quantity of corn in the country; I

* To that cause it will have been seen I ascribe a fall of 10 per cent.

now think that there is as much corn left in the country, as generally, in common years, there is after harvest." "I think, that if you were to have for the next two or three years, fair average crops, it would leave you with a great stock in hand."

Mr. Iveson. "I think, the last crop was abundant; the crop of 1820 was considerably beyond an average." p. 338.

Mr. J. Brodie. "The crop in Scotland was very abundant last year."

"The crop of the year before was above an average crop too." p. 327.

Besides this abundant crop at home, the importations from Ireland were unusually great, as will be seen by the following account of the importation of oats, wheat, and wheat-flour, the production of Ireland imported into Great Britain, which was laid before the Agricultural Committee of 1821.

Years ending 5th Jan.	Oats. Qrs.	Wheat. Qrs.	Wheat flour. Cwt.
5th Jan. 1818	594,337	50,842	16,238
1819	1,001,247	95,677	33,258
1820	759,608	127,308	92,893
1821	892,605	351,871	180,375
For three months. From 5th Jan. 1821 to 5th April 1821	437,245	218,764	99,062

It will be seen by the above account, how greatly the importation from Ireland has increased, which, coming in addition to the abundant quantity yielded by the harvests of 1819 and 1820 will, I think, sufficiently account for the depression of price.

To trace this abundance to its source is not, however, necessary in this case; it is sufficient to shew that the low price cannot have arisen from any other cause but an increased supply, or a diminished demand, to be convinced that the evil admits of no other effectual remedy but a reduction of quantity or an increased demand.

That an abundant quantity has been exposed to sale, will be shewn by the account of the sales in Mark Lane*. It will be found, too, that an unusually large quantity has arrived in the port of London from ports in Great Britain and Ireland.

It must, indeed, not be forgotten, that the fall of price is attributed to the abundant quantity actually in the market, and the reasoning founded on the doctrine of abundance being the cause of low price, would in no degree be invalidated, if, before the next harvest, our supply should be found to be below the demand, and

* See Appendix B.

there should be a great increase of price. We can have no unequivocal proof of abundance but by its effects. I believe in the existence of an abundant quantity, but I should not think my argument in the least weakened if corn should, before next harvest, rise to eighty shillings per quarter.

CONCLUSION.

Having disposed of most of the subjects which are intimately connected with the question of the policy which it would be wise for this country to adopt, respecting the trade in corn, I shall briefly recapitulate the opinions which will be found more at large in various parts of this inquiry.

The cause of the present low price of agricultural produce is partly the alteration in the value of the currency, and mainly an excess of supply above the demand. To Mr. Peel's bill, even in conjunction with the operation of the Bank, no greater effect on the price of corn can, with any fairness, be attributed than 10 per cent., and to that amount the far greatest part of the taxation of the country has been

increased: but this increased taxation does not fall on the landed interest only; it falls equally on the funded interest, and every other interest in the country. Suppose the land to pay one half of the whole taxation of the country, after deducting that part of the expenditure which depends on the value of money, and which would therefore be augmented in proportion as money fell in value, the whole increase of taxation which, since 1819, has fallen upon the landed interest, taking tenants and landlords together, cannot have exceeded two millions; but suppose it four millions per annum*; is four millions per annum the amount of the whole loss sustained by landlords and tenants together, by the fall in the price of agricultural produce? Impossible, because, by the allegations of the landed interest, all rent is now paid from capital, leaving nothing for profit; and therefore, if the only cause of distress be the alteration in the value of the currency, four millions must have constituted all the net in-

* The whole amount of taxes paid to the public creditor and sinking fund, is 36 millions; suppose the other fixed charges to be four millions, then the whole taxation on which the altered value of money has operated, is 40 millions. I estimate the increase 10 per cent, or four millions, which falls on all classes, —landlords, merchants, manufacturers, labourers, and, though last not least,—stockholders.

come both of landlords and tenants before such alteration, a proposition which no man would venture to sustain. To what other cause then is the distress to be attributed? To what other cause are we to ascribe the extreme depression of all agricultural produce? The answer is, I think, plain, intelligible, and satisfactory; to the general prevalence of abundance arising from good crops, and large importations from Ireland.

This fall has been increased by the operation of the present corn laws, which have had the effect of driving capital to the cultivation of poor lands, and of making the price of corn in average years in this country greatly to exceed the price in other countries. The price, under such circumstances, must be high, but in proportion as it is raised, so is it liable to a greater fall; for, in abundant seasons, the whole increased quantity gluts our own market, and if it be above the quantity which we can consume, rapidly depresses the price, without our having any vent from exportation, till the fall of price is ruinous to the interests of farmers, who are never so secure as when the resource of exportation can be easily had recourse to.

To obviate, as far as is practicable, this enormous evil, all undue protection to agriculture should be gradually withdrawn. The policy

which we ought, at this moment of distress to adopt, is to give the monopoly of the home-market to the British grower till corn reaches seventy shillings per quarter. When it has reached seventy shillings, all fixed price and system of averages should be got rid of, and a duty of twenty shillings per quarter on the importation of wheat, and other grain in proportion, might be imposed.

This change would do but little in protecting us from the effects of abundant crops, but it would be greatly beneficial in preventing an unlimited importation of corn when the ports were opened. Under the payment of a fixed duty corn would be imported only in such quantities as it might be required, and as no one would fear the shutting of the ports, no one would hurry corn to this country till we really wanted it. Against the effects of glut, caused by an unlimited supply from abroad, we should be then amply protected.

This measure however, although a great improvement on the present corn law, would be very deficient if we proceeded no farther. To establish measures which should at once drive capital from the land would under the present circumstances of the country be rash and hazardous, and therefore I should propose that the

duty of twenty shillings should every year be reduced one shilling, until it reached ten shillings. We should also allow a drawback of seven shillings per quarter on the exportation of wheat; and these should be considered as permanent measures.

A duty of 10s. per quarter, on importation, to which I wish to approach, is, I am sure, rather too high as a countervailing duty for the peculiar taxes which are imposed on the corn grower, over and above those which are imposed on the other classes of producers in the country; but I would rather err on the side of a liberal allowance than of a scanty one; and it is for this reason that I do not propose to allow a drawback quite equal to the duty. As far as the producer of corn was concerned, when the duty had fallen to 10s. the trade would, to him, have all the advantages of a free trade, within the trifling amount of 3s. per quarter. Whenever his crops were abundant, he could be relieved by exportation, after a very moderate fall of price, unless, indeed, the abundance and fall were general in all countries; but, at any rate, the price of his corn would be nearer the general rate of prices of the rest of the world by 20s. or 25s., than it is under the ex-

isting regulations, and this alteration would be invaluable to him.

Before I conclude, it will be proper to notice an objection which is frequently made against freedom of trade in corn, *viz.*, the dependence in which it would place us for an essential article of subsistence on foreign countries. This objection is founded on the supposition that we should be importers of a considerable portion of the quantity which we annually consume.

In the first place, I differ with those who think that the quantity which we should import would be immense; and, in the second, if it were as large as the objection requires, I can see no danger as likely to arise from it.

From all the evidence given to the Agricultural Committee, it appears that no very great quantity could be obtained from abroad, without causing a considerable increase in the remunerating price of corn in foreign countries. In proportion as the quantity required came from the interior of Poland and Germany, the cost would be greatly increased by the expenses of land carriage. To raise a larger supply, too, those countries would be obliged to have recourse to an inferior quality of land, and as it is the cost of raising corn on the worst soils in cultivation requiring the

heaviest charges, which regulates the price of all the corn of a country, there could not be a great additional quantity produced, without a rise in the price necessary to remunerate the foreign grower. In proportion as the price rose abroad, it would become advantageous to cultivate poorer lands at home; and, therefore, here is every probability that, under the freest state of demand, we should not be importers of any very large quantity.

But suppose the case to be otherwise, what danger should we incur from our dependence, as it is called, on foreign countries for a considerable portion of our food? If our demand was constant and uniform, which, under such a system, it would undoubtedly be, a considerable quantity of corn must be grown abroad expressly for our market. It would be more the interest, if possible, of the countries so growing corn for our use, to oppose no obstacles to its reaching us, than it would be ours to receive it.

Let us look attentively at what is passing in this country before our eyes. Do we not see the effects of a small excess of quantity on the price of corn? What would be the glut, if England habitually raised a considerable additional quantity for foreign consumption? Should

we be willing to expose our farmers and landlords to the ruin which would overwhelm them if we voluntarily deprived them of the foreign market, even in case of war? I am sure we should not. Whatever allowance we may make for the feelings of enmity, and for the desire which we might have to inflict suffering on our foe, by depriving him of part of his usual supply of food, I am sure that at such a price as it must be inflicted, in the case which I am supposing, we should forbear to exercise such a power. If such would be our policy, so would it also be that of other countries in the same circumstances; and I am fully persuaded that we should never suffer from being deprived of the quantity of food for which we uniformly depended on importation.

All our reasoning on this subject leads to the same conclusion, that we should, with as little delay as possible, consistently with a due regard to temporary interests, establish what may be called a substantially free trade in corn. The interests of the farmer, consumer, and capitalist, would all be promoted by such a measure; and as far as steady prices and the regular receipt of rents is more advantageous to the landlord than fluctuating prices and irregular receipt of rents, I am sure his interest

well understood would lead to the same conclusion; although I am willing to admit, that the average money-rents, to which he would be entitled if his tenants could fulfil their contracts, would be higher under a system of restricted trade.

APPENDIX.

(A.)

*Representation, agreed upon the 20th day of May, 1819, by
The Directors of the Bank of England, and laid before The
Chancellor of the Exchequer.*

Ordered, by The House of Commons, to be Printed,
21 May 1819.

AT A COURT OF DIRECTORS AT THE BANK.
On Thursday 20th May 1819.

THE DIRECTORS of the Bank of *England*, having taken into their most serious consideration the Reports of the Secret Committees of the two Houses of Parliament, appointed to inquire into the State of the Bank of England, with reference to the expediency of the Resumption of Cash Payments at the period now fixed,—have thought it their duty to lay before HIS MAJESTY'S Ministers, as early as possible, their sentiments, with regard to the measures suggested by these Committees for the approbation of Parliament.

In the first place it appears, that, in the view of the Committees, the measure of the Bank recommencing Cash Payments on the 5th of July next, the time prescribed by the existing law, "is utterly impracticable, and would be entirely inefficient, if not "ruinous."

Secondly, it appears, that the two Committees have come to their conclusion at a period, when the outstanding Notes of the Bank of England do not much exceed 25,000,000*l.*; when the price of Gold is about 4*l.* 1*s.* per ounce; and when there is great distress, from the stagnation of Commerce, and the fall of prices of imported Articles.

It must be obvious to His Majesty's Ministers, that, as long as such a state of things shall last, or one in any degree similar, without either considerable improvement on one side, or growing worse on the other, the Bank, acting as it does at present, and keeping its Issues nearly at the present level, could not venture to return to Cash Payments, with any probability of benefit to the Public, or safety to the Establishment.

The two Committees of Parliament, apparently actuated by this consideration, have advised that the Bank shall not open payments in Coin for a period of four years, but shall be obliged, from the 1st of May, 1821, to discharge their notes in standard Gold Bullion, at mint price, when demanded in sums not amounting to less than thirty ounces. And, as it appears to the Committees expedient, that this return to payments at mint price should be made gradually, they propose that on the first day of February next, the Bank should pay their Notes in Bullion, if demanded in sums not less than sixty ounces, at the rate of 4*l.* 1*s.* an ounce, and from the 1st of October, 1820, to the 1st of May following, at 3*l.* 19*s.* 6*d.* an ounce.

If the Directors of the Bank have a true comprehension of the views of the Committees in submitting this scheme to Parliament, they are obliged to infer, that the object of the Committees is to secure, at every hazard, and under every possible variation of circumstances, the return of payments in Gold at mint price for Bank Notes, at the expiration of two years; and that this measure is so to be managed, that the mint price denominations shall ever afterwards be preserved, leaving the market or exchange price of

Gold to be controlled by the Bank, solely by the amount of their issues of Notes.

It further appears to the Directors, with regard to the final execution of this plan, and the payment of Bank Notes in Gold at mint price, that discretionary power is to be taken away from the Bank; and that it is merely to regulate its Issues, and make purchases of Gold, so as to be enabled to answer all possible demands, whenever its Treasury shall be again open for the payment of its Notes.

Under these impressions, the Directors of the Bank think it right to observe to His Majesty's Ministers, that being engaged to pay on demand their Notes in statutable Coin, at the mint price of 3*l.* 17*s.* 10½*d.* an ounce, they ought to be the last persons who should object to any measure calculated to effect that end; but as it is incumbent on them to consider the effect of any measure to be adopted, as operating upon the general issue of their Notes, by which all the private Banks are regulated, and of which the whole Currency, exclusive of the Notes of private Bankers, is composed, they feel themselves obliged, by the new situation in which they have been placed by the Restriction Act of 1797, to bear in mind, not less their duties to the Community at large, whose interest in a pecuniary and commercial relation, have in a great degree been confided to their discretion.

The Directors being thus obliged to extend their views, and embrace the interests of the whole Community, in their consideration of this measure, cannot but feel a repugnance, however involuntary, to pledge themselves in approbation of a system, which, in their opinion, in all its great tendencies and operations, concerns the Country in general more than the immediate interests of the Bank alone.

It is not certainly a part of the regular duty of the Bank, under its original institution, to enter into the general views of policy, by which this great empire is to be governed, in all its commer-

cial and pecuniary transactions, which exclusively belong to the Administration, to Parliament, and to the Community at large; nor is it the province of the Bank to expound the principles by which these views ought to be regulated. Its peculiar and appropriate duty is the management of the concerns of the Banking Establishment, as connected with the payment of the Interest of the National Debt, the lodgments consigned to its care, and the ordinary Advances it has been accustomed to make to Government.

But when the Directors are now to be called upon, in the new situation in which they are placed by the Restriction Act, to procure a Fund for supporting the whole National Currency, either in Bullion or in Coin, and when it is proposed that they should effect this measure within a given period, by regulating the market price of Gold by a limitation of the amount of the Issue of Bank Notes, with whatever distress such limitation may be attended to individuals, or the Community at large; they feel it their bounden and imperious duty to state their sentiments thus explicitly, in the first instance to His Majesty's Ministers, on this subject, that a tacit consent and concurrence at this juncture may not, at some future period, be construed into a previous implied sanction on their part, of a system, which they cannot but consider fraught with very great uncertainty and risk.

It is impossible for them to decide beforehand what shall be the course of events for the next two, much less for the next four, years; they have no right to hazard a flattering conjecture, for which they have not real grounds, in which they may be disappointed, and for which they may be considered responsible. They cannot venture to advise an unrelenting continuance of pecuniary pressures upon the Commercial world, of which it is impossible for them either to foresee or estimate the consequences.

The Directors have already submitted to the House of Lords, the expediency of the Bank paying its Notes in Bullion at the market

price of the day, with a view of seeing how far favourable Commercial balances may operate in restoring the former order of things, of which they might take advantage: And with a similar view they have proposed, that Government should repay the Bank a considerable part of the sums that have been advanced upon Exchequer Bills.

These two measures would allow time for a correct judgment to be formed upon the state of the Bullion market, and upon the real result of those changes, which the late war may have produced, in all its consequences, of increased public Debt, increased Taxes, increased Prices, and altered relations, as to Interest, Capital, and Commercial dealings with the Continent; and how far the alterations thus produced are temporary or permanent; and to what extent, and in what degree, they operate.

It was the design of the Directors, in pursuance of the before mentioned two measures, to take advantage of every circumstance which could enable the Bank to extend its purchases of Bullion, as far as a legitimate consideration of the ordinary wants of the Nation, for a sufficient Currency, could possibly warrant. Beyond this point, they do not consider themselves justified in going, upon any opinion, conjecture, or speculation, merely their own; and when a system is recommended, which seems to take away from the Bank any thing like a discretionary consideration of the necessities and distresses of the Commercial world; if the Directors withhold their previous consent, it is not from a want of deference to His Majesty's Government, or to the opinions of the Committees of the two Houses of Parliament, but solely from a serious feeling, that they have no right whatever to invest themselves, of their own accord, with the responsibility of countenancing a Measure, in which the whole Community is so deeply involved; and possibly to compromise the universal Interests of the Empire, in all the relations of Agriculture, Manufacture, Commerce, and Revenue, by a seeming

acquiescence, or declared approbation, on the part of the Directors of the Bank of England.

The consideration of these great questions, and of the degree in which all these leading and commanding interests may be affected by the measure proposed, rests with the Legislature; and it is for them, after solemn deliberation, and not for the Bank, to determine and decide upon the course to be adopted.

Whatever reflections may have from time to time been cast upon the Bank, whatever invidious representations of its conduct may have been made, the cautious conduct it adopted, in so measuring the amount of currency, as to make it adequate to the wants both of the Nation and of the Government; at the same time keeping it within reasonable bounds, when compared with what existed before the war, as is shown in the Lords' Reports, pages 10, 11, 12 and 13; the recent effort to return to a system of Cash Payments, which commenced with the fairest prospects (but which was afterwards frustrated by events that could not be foreseen nor controlled by the Bank;) are of themselves a sufficient refutation of all the obloquy, which has been so undeservedly heaped upon the Establishment.

The Directors of the Bank of England, in submitting these considerations to His Majesty's Ministers, request that they may be allowed to assure them, that it is always their anxious desire, as far as depends upon them, to aid, by every consistent means, the measures of the Legislature, for furthering the prosperity of the Empire.

ROBERT BEST, SEC.

APPENDIX B.

Corn arrived in the Port of London from Ports in Great Britain and Ireland

	1817	Average Price	1818	Average Price	1819	Average Price	1820	Average Price	1821
	No. of Quarters.		No. of Quarters.		No. of Quarters.		No. of Quarters.		No. of Quarters.
WHEAT.									
1st Quarter . . .	93,624	101s.	78,671	86s.	49,047	78s.	103,589	65s.	77,500
2d Ditto	69,842	104s.	45,541	88s.	44,201	72s.	103,938	71s.	78,500
3d Ditto	77,293	91s.	51,869	83s.	91,741	74s.	71,461	72s.	107,500
4th Ditto	96,505	80s.	60,086	81s.	100,552	66s.	87,680	60s.	165,500
	337,264		236,167		285,541		366,668		428,500
BARLEY.									
1st Quarter . . .	99,853	50s.	87,538	46s.	84,020	60s.	121,063	34s.	97,500
2d Ditto	64,054	51s.	39,901	51s.	15,454	45s.	55,632	35s.	46,500
3d Ditto	17,559	48s.	14,731	54s.	8,461	39s.	10,678	36s.	14,500
4th Ditto	93,941	43s.	120,373	61s.	87,196	37s.	59,420	29s.	71,500
	275,407		262,543		195,131		246,793		230,500
OATS.									
1st Quarter . . .	142,721	30s.	147,959	28s.	110,373	33s.	197,476	23s.	127,500
2d Ditto	80,872	34s.	102,204	31s.	94,669	28s.	188,723	26s.	138,500
3d Ditto	89,137	36s.	194,603	34s.	98,841	27s.	82,131	28s.	149,500
4th Ditto	155,564	27s.	88,977	35s.	136,352	25s.	91,100	22s.	152,500
	468,294		533,743		440,235		559,430		568,500

An Account of the Number of Quarters of Wheat, Barley, and Oats, sold in Mark Lane as appears from the Inspector's Returns, at the following Periods.

	WHEAT.	BARLEY.	OATS.
	Quarters.	Quarters.	Quarters.
From 1st November 1818 to 1st March 1819 - - -	65,804	107,764	137,272
From 1st November 1819 to 1st March 1820 - - -	100,582	117,144	164,017
From 1st November 1820 to 1st March 1821 - - -	106,465	96,703	134,586
From 1st November 1821 to 1st March 1822 - - -	170,621	96,127	216,870

APPENDIX B.

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Corn arrived in the Port of London from Ports in Great Britain and Ireland.

	1817	Average Price	1818	Average Price	1819	Average Price	1820	Average Price	1821	Average Price	1822	Average Price
	No. of Quarters.		No. of Quarters.		No. of Quarters.		No. of Quarters.		No. of Quarters.		No. of Quarters.	
WHEAT.												
1st Quarter . . .	93,624	101s.	78,671	86s.	49,047	78s.	103,589	65s.	77,227	54s.	133,913	48s.
2d Ditto	69,842	104s.	45,541	88s.	44,201	72s.	103,938	71s.	78,260	54s.		
3d Ditto	77,293	91s.	51,869	83s.	91,741	74s.	71,461	72s.	107,024	55s.		
4th Ditto	96,505	80s.	60,086	81s.	100,552	66s.	87,680	60s.	165,804	58s.		
	337,264		236,167		285,541		366,668		428,315			
BARLEY.												
1st Quarter . . .	99,853	50s.	87,538	46s.	84,020	60s.	121,063	34s.	97,707	25s.	99,062	19s. 6d.
2d Ditto	64,054	51s.	39,901	51s.	15,454	45s.	55,632	35s.	46,943	24s.		
3d Ditto	17,559	48s.	14,731	54s.	8,461	39s.	10,678	36s.	14,416	26s.		
4th Ditto	93,941	43s.	120,373	61s.	87,196	37s.	59,420	29s.	71,868	29s.		
	275,407		262,543		195,131		246,793		230,934			
OATS.												
1st Quarter . . .	142,721	30s.	147,959	28s.	110,373	33s.	197,476	23s.	127,351	19s.	199,057	
2d Ditto	80,872	34s.	102,204	31s.	94,669	28s.	188,723	26s.	138,781	18s.		
3d Ditto	89,137	36s.	194,603	34s.	98,841	27s.	82,131	28s.	149,106	20s.		
4th Ditto	155,564	27s.	88,977	35s.	136,352	25s.	91,100	22s.	152,934	21s.		
	468,294		533,743		440,235		559,430		568,170			

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ROBERT BEST, SEC.

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