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SOME BRIEF
OBSERVATIONS
RELATIVE TO
THE PRACTICAL EFFECT
OF THE
CORN LAWS;
BEING THE
SUBSTANCE OF TWO LETTERS
ADDRESSED TO A
MEMBER OF THE HOUSE OF COMMONS,
BY
SIR CLAUDE SCOTT, BART.
LONDON:
SOLD BY NORVILLE & FELL, NEW BOND STREET;
AND CARPENTER & SON, OLD BOND STREET.
1826.

MY DEAR SIR,

IN complying with your request to state in writing my opinion of the present Corn Laws, and to suggest any alteration therein that may occur to me as an improvement, I will confine the few observations I have to submit to your consideration, to the regulations which concern the importation of wheat. The laws enact, as you know, that whenever the average price of the six weeks previous to certain stated quarterly periods shall be at or above eighty shillings per quarter, the ports shall open to importation for the three following months*.

* The Act directs, in case the average price of the six weeks after the ports are open should be below eighty shillings, that the importation from certain specified foreign parts shall then cease.

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This regulation was made to encourage the growth of wheat in Great Britain. Indeed it would be extreme bad policy to make any law that would have a contrary tendency, considering that the consumption of this necessary article of food in Great Britain is estimated at twelve millions of quarters; and that the greatest quantity ever imported in any one year, aided by a bounty, did not, I believe, exceed one-sixth part of that quantity.

It is now generally admitted, that the price of eighty shillings is too high; for it may happen, that the price of the fifth and sixth week previous to a quarterly period, will be one hundred shillings or upwards, although the *average* of the *six* weeks may be under eighty; and if only a fraction below that price, no importation can take place till the next quarterly period, however high the price may run in the interim.

These are the two most important ob-

jections to the present laws, viz. the high limit of eighty shillings, and the probable consequences to be apprehended, if the importation should be prevented by a fraction below it. The last objection indeed will apply to *any* price that may be substituted for eighty. Both objections may, it is conceived, be obviated; the first, by reducing the importation to (*sixty-four shillings*) per quarter; which, considering the moderate prices of agricultural labour and the reduced taxes, it may be presumed, the spirit of cultivation would not thereby be checked, the rents being proportionably reduced; to which the land proprietors, under existing circumstances, could not reasonably object; indeed it is well known, that many have already made such reduction.

The second objection may also be obviated by enacting, that, if the average price of the four weeks subsequent to any quarterly period that does not open

Average

the ports should advance to (sixty-eight shillings) per quarter, a portion of the wheat under bond shall be released; and if the average price of the next four weeks should continue at or above sixty-eight shillings, a further quantity shall also be released, and the same regulation to extend to the third month; say four weeks. If the average of the six weeks previous to such quarterly period should be at or above (sixty-four), then the importation to be general for the three following months. The knowledge of this regulation would check undue speculation, and prevent any material sudden rise in the prices; for it will always happen, that some considerable quantity will be in the bonded warehouses, especially when the weekly prices in the British markets indicate a probability that the average will advance to the opening price. With the proposed reduction in the prices that govern

the importation (a proportionate reduction being of course made in the prices of rye, barley, oats, beans, and peas,) and with the regulations suggested, it does not occur to me, that the present law can be reasonably objected to. It says to the public, as Mr. Charles Smith has well observed in his tracts, "be not alarmed at the prospect of high prices, in case of a deficient harvest; for if they should rise to a certain rate, previous to the next quarterly period, the ports shall open to importation." And to the farmers it says, "be not discouraged by any temporary fall in prices, which the quantity imported may occasion; for the ports shall shut again at the end of three months, if those prices should then be at or below certain fixed rates." As, however, there are persons, whose opinions are entitled to the utmost respect, who think that a system of protecting duties will be preferable, I will presume to state,

in a subsequent letter, some objections that have occurred to me against such a system, in case you should think that what I have said in this respecting the existing corn laws is likely to meet with any attention.

(Signed) CLAUDE SCOTT.

August 14, 1826.

September 5th, 1826.

MY DEAR SIR,

Having communicated to you in a former letter my opinion of the existing corn laws, and suggested some alterations which may contribute to their improvement, I now venture, by your desire, to offer some observations upon the system of protecting duties. I understand it is proposed to admit at all times the importation of foreign corn, subject to a duty on wheat of *twelve, sixteen, or twenty shillings a quarter*, in expectation that such duty, with freight, insurance, and other charges, will prevent exportation from foreign countries to this, except at times when the prices here will compensate the cultivators there. Cal-

culations therefore have been made of the cost of growing wheat in Poland and other countries on the Continent, and information has been procured of the quantities remaining without demand at sundry ports of exportation and parts adjacent. The questions that suggest themselves to me, are

1. *Whether even the highest duty mentioned will prevent the importation of the stocks remaining on hand at the ports of exportation?*

2. *Whether, if the duty should not prevent their coming here, what is likely to be the effect of such additional supplies, in case the state of our own harvest should promise to satisfy the demand at moderate prices?*

3. *Whether, in case of a general deficient harvest in Great Britain, France, Spain, &c. the duty will not be a bar to any supply, unless the prices shall advance to cover it?*

As the prices continue extremely low at the ports of export, and as wheat is of a perishable nature, subject to increasing charges to keep it in condition for use, there can be no doubt that the proprietors will avail themselves of the opportunity of exporting it to any country where there is a chance for sale. The duty in contemplation being an addition to freight, &c. the proportion of the stocks that will be sent to England must depend on the demand, and the comparative prices in other countries, where they will vary according to the state of the harvest in each. Previous to the present, it is evident, by the very low prices and stagnated state of the trade in the Baltic, &c. there was no demand anywhere; and as, by the latest advices, there was no material alteration either in prices or demand, it is probable that the whole of the stocks on hand, as well as the produce of the present harvest,

will be sent here, notwithstanding the duty. The injurious effect of such large additional supplies upon the prices in our markets might continue for years, and would probably cause so much of the land to be thrown out of cultivation, that the future deficiency of produce could not be made up by foreign supply. This consideration alone must show the importance of encouraging and relying upon our own growth; for the time has been, when our harvests, and those of France, Spain, &c. were so deficient, and the contest so general to obtain supplies, that a bounty of twenty shillings per quarter on wheat (and in proportion on other articles) was granted by parliament to draw them here. If a similar case as to deficient crops of wheat should occur like the present as to every other article of grain and pulse, *the duty in contemplation must then be repealed, or the price in our market must rise to cover it.* I know

of opinions being entertained, that if all the wheat in the Baltic, &c. was to come here, it would be equal only to a few weeks' consumption, and that it would have but a proportionate effect on the prices. Those who entertain such opinions, are not aware of the practical effect of even small additional quantities and small deficiencies on the minds of the dealers. Suppose, for instance, that eighty thousand quarters of wheat should arrive in any one week at the port of London, being equal to ten times the quantity of the usual weekly average supply of our own growth, the additional quantity would so affect the minds of the dealers, sellers as well as buyers, as to occasion an immediate considerable fall on the prices, say eight shillings per quarter from, suppose, sixty shillings the previous market price. Thus the addition of one 150th part of the yearly consumption of the king-

dom, reckoning that at twelve millions of quarters, would reduce the price at the port of arrival one-seventh; and it is well known that the prices in all the markets throughout the country, are governed by those at London. The effect of panic has been further illustrated by Monsieur Necker in his Treatise on the Commerce of Corn in France. "Suppose," he says, "that one hundred loaves are put into a basket to supply one hundred soldiers at sixpence each; and suppose it happen that one day there are only ninety-nine put in; the last soldier who goes for his loaf will consequently be disappointed; this being generally known, all the soldiers would rush to the basket the next morning in a state of alarm; advantage being taken by the baker of this panic, he adds a penny to the price, which every soldier readily pays to secure his loaf. Thus the deficiency of one 100th part of the supply

"immediately causes an advance of one-sixth in the price."

If these statements should be deemed fallacious, and opinions should be still maintained that no such consequences would follow, that the quantity imported would soon be disposed throughout the kingdom, and that the future growth abroad will be regulated by the prices here, and the importation checked by the duty, I submit, that the first supposition is contradicted by the fact, that a considerable quantity of the bonded wheat released by Parliament still remains in the warehouses at London. And with respect to the growth of wheat in Poland, &c. being regulated by the prices here, I submit, that the great proprietors of land there, having no other source of income, will continue to cultivate it; and to sell the produce at whatever prices it may obtain, in like manner as the cherry orchards in Kent, and the apple orchards

in the cyder counties continue to be preserved, whether cherries sell at twopence or at sixpence per pound, and whether cyder sells at one pound or five pounds per hogshead. I do therefore conceive that no duty that can in reason be imposed would keep out supplies when they are not required, and might prevent their coming in times of scarcity when most wanted. Upon a comparison of the two systems—that of our present laws with improvements, and that of protecting duties—I am persuaded that the first is liable to the fewest objections.

(Signed) CLAUDE SCOTT.

THE END.