A

SHORT ENQUIRY

INTO THE NATURE OF

MONOPOLY and *FORESTALLING*.

A THIRD EDITION,

WITH CONSIDERABLE ADDITIONS.

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CONTENTS.

CHAP. I.

Introduction of the Subject.

It is nearly four years since the first edition of this pamphlet was sent to the press. The distress of the poor from the high price of provisions at that time, had occasioned many persons to enquire into the cause, and to suggest modes of relief. A very general opinion prevailed, that the scarcity was in a great measure, if not wholly, artificial; and the high price of bread was principally ascribed to the interference of the persons engaged in the different branches of the corn trade. It was imagined then, as it is now, that if the farmers were to sell their corn immediately to the consumer, without the intervention of any other persons, the market would be more plentifully and more cheaply supplied. Dr. Smith, in his Enquiry into the Causes of

the Wealth of Nations, had laid down certain principles on the ſubject, which afforded a very different concluſion; and this pamphlet was originally written with the deſign of giving thoſe principles to the public in a ſhape more adapted to general circulation. The preſent is unfortunately a criſis when it is of more importance than ever that the truth of his doctrine ſhould be extenſively diffuſed.

It is obvious, that in a ſeaſon of ſcarcity, unleſs the deficiency is ſupplied by importation, the country will have leſs corn for conſumption than uſual, and a reduction of the uſual conſumption muſt take place at ſome period before the next harveſt. The enquiry therefore ſhould be, *how this additional ſupply from importation may be moſt effectually ſecured, and how this inevitable reduction of the conſumption can be effected with the leaſt inconvenience to the people.* According to Dr. Smith, the intereſt of the corn dealers in the diſtribution of their ſtock, is the ſame as that of the public, and their ſpeculations, however modified, are never attended with profit to themſelves, without

without being of advantage to the community: if this opinion be well founded, whatever tends to diſturb the influence of their labours, operates to the prejudice of the public, and the meaſures which have been recently propoſed, with that view, by a number of corporate bodies in their petitions to the throne and to parliament, originate in a miſapprehenſion of the ſubject, which may be of moſt pernicious influence.

CHAP. II.

Policy of the Legiſlature in ancient Periods of our Hiſtory.

It muſt be admitted that the policy of our anceſtors has furniſhed a ſanction to the popular notions on the ſubject, as the different dealers in various modes of conducting their trade, were ſubjected by law to certain penalties. The engroſſer or wholeſale dealer, who "buys in groſs and ſells in

 groſs;"

groſs;" the foreſtaller, who "intercepts the commodity in the way to market," and the regrater, who "buys and ſells in the ſame market," are treated by Lord Coke and other celebrated writers as enemies of the public, *pauperum depreſſores et totius communitatis*. On moſt ſubjects the opinions of Lord Coke are calculated to impreſs conviction; but in queſtions relating to trade and manufacture, it muſt be allowed that his notions and thoſe of our anceſtors are ſometimes erroneous; the ſame inſtitute which is thus ſevere in its comment on the practices in queſtion, is no leſs ſo on others, which are now univerſally admitted to be the chief ſources of The proſperity of the country. The introduction of machinery in our manufactures, by which the ſame labour is made to multiply products, and increaſe the conveniencies of life, is the foundation of our national opulence; and yet Lord Coke furniſhes us an inſtance, and ſpeaks of it with approbation, where a patent was vacated on this

this account *. It is evident that the ſame train of reaſoning would have ſtifled all thoſe various improvements in the arts and manufactures of the country, about the utility of which, there is now no diverſity of opinion, though they were, on their firſt introduction, as much obnoxious to popular prejudice, as the modes of conducting trade, which are the ſubject of our preſent enquiry.

* "There was," he ſays, in his Readings on the Statute of Monopolies, "a new invention found out heretofore, that "bonnets and caps might be thickened in a fulling-mill, "by which means more might be thickened and fulled in "one day, than by the labour of fourſcore men who get "their livings by it.—It was ordained, that bonnets and "caps ſhould be thickened and fulled by the ſtrength of "men, and not in a fulling-mill, for it was holden in-"convenient to turn ſo many labouring men to idleneſs."

CHAP. III.

Policy of Modern Parliaments.

THE policy of theſe legiſlative reſtraints impoſed by our anceſtors has been diſputed by a number of celebrated writers, and modern Parliaments have adopted their reaſoning. An act was paſſed in the reign of Charles the Second, making it lawful to buy up the corn and to ſell it again, when the price was under 48 s. a quarter; but when above that price, the penalties of the ancient ſtatutes were ſtill continued, and there was an exception of the modes of purchaſe by foreſtalling or regrating. In the year 1772, the penalties inflicted by the old ſtatutes were repealed; but, by an accidental omiſſion, the proviſions of the common law were overlooked, and according to

to the ordinary technical rules of conſtruction, they are ſtill ſubſiſting. That this was an omiſſion purely accidental can hardly be doubted, when the object is ſo diſtinctly explained in the preamble, which recites as follows:

" That it has been found by experience, " that the reſtraints laid by ſeveral ſtatutes " upon the dealing in corn, meal, flour, " cattle, and ſundry other ſorts of victuals, " by preventing a free trade in the ſaid " commodities, have a tendency to diſcou- " rage the growth and to enhance the price " of the ſame; which ſtatutes, if put in ex- " ecution, would bring a great diſtreſs upon " the inhabitants of many parts of this " kingdom, and in particular upon thoſe of " the cities of London and Weſtminſter; " be it enacted by, &c. and thereupon it is " enacted, that the 3 & 4 Edw. 6. c. 21.; " &c. &c. and alſo all acts for the better " enforcement of the ſame, being detri- " mental

" mental to the ſupply of the labouring
" and manufacturing poor of this kingdom,
" ſhall be, and the ſame are hereby de-
" clared to be repealed."

This is not merely a repeal of the ſtatute, but it is a ſolemn declaration of the Legiſlature, that the practices alluded to are ſalutary to the public, and involves a condemnation of the principle which was the foundation of the common law prohibition. It is material to obſerve, that this repeal was not haſtily or ſuddenly reſolved upon; for the ſpace of five years a committee of the Houſe of Commons had been employed in conſidering the cauſes of the high price of proviſions, and the conduct of the corn trade. For the ſame period of time the attention of all ranks of people had been drawn to the ſubject; addreſſes had been preſented to the Throne and to Parliament, filled with denunciations of the dealers in the different articles of proviſion, and charg-

ing them with having occaſioned the high price.

Under the influence of theſe opinions, in 1766 a proclamation was iſſued to excite a rigid execution of theſe laws, and a number of perſons were proſecuted and convicted. In the two ſucceeding years the price of corn was higher than ever; and in the year 1772, Governor Pownall reported from the committee of the Houſe of Commons, that " the hoarding of corn muſt
" not be diſcouraged, or the middle-men,
" for if they were, great towns could never
" be regularly ſupplied, but muſt be in
" perpetual danger of famine."

The freedom of trade being thus eſtabliſhed, the prices in the ſucceeding years were much lower; though this lower price ariſes from a variety of cauſes, and is not to be attributed ſolely to theſe perſons; it is clear that an advance of the price is not the neceſſary conſequence of their interference.

In the year 1791, all the different ſtatutes were conſolidated, the proviſions of the act of Charles the Second were extended, and it was made lawful to buy up the corn to ſell again at any price. The language of the 15th of Charles the Second, and 31ſt of the preſent king, is different from that of the 12th: the one makes the buying corn to ſell again lawful, and the other only removes particular penalties againſt particular modes of purchaſe; If theſe modes of purchaſe therefore, were puniſhable in any other way than that ſpecified, according to the technical conſtruction in ordinary caſes, that mode of puniſhment ſtill ſubſiſts.

CHAP. IV.

By what Means, in a Year of Scarcity, the Conſumption of Corn may be reduced, with the leaſt Inconvenience to the People.

When the ſeaſon fails of its ordinary produce, and there cannot be an importation of a ſufficient extent to make up for the deficiency; it is obvious that the calamity will be felt with leſs ſeverity, when the preſſure of it is equally diſtributed throughout the different parts of the year. A reduction of the conſumption ought to take place in the months immediately ſucceeding the harveſt, which would obviate the neceſſity of a more rigorous reduction in the others. But as the people will always conſume the ſame quantity of corn, if they can procure it at the ſame rate; a reduction of conſumption muſt be enforced

 by

by an advance of price. If the price ſhould be too low, the conſumption will be ſo great, that our ſtock will be exhauſted before the end of the year; if the price ſhould be too high, the conſumption will be ſo reduced, that the ſtock will be made to laſt beyond the year. There is therefore a price which exactly ſecures the conſumption of the crop in the courſe of the ſeaſon; and if all the corn ſhould be ſold at this price, the public will be materially relieved, as the preſſure of the ſcarcity, by being more equally diffuſed, will receive all poſſible alleviation. This equable advance of the price does not merely enforce economy in the uſe of the corn, and prevent waſte, but it induces the ſubſtitution of other articles which are cheaper, and therefore more acceſſible.

If the farmers or poſſeſſors of corn were able to aſcertain the produce of the harveſt, by a proper diſtribution of their ſtock of grain, they might ſecure this regulation of the

the conſumption. By ſending the corn to market in greater abundance, they might lower the price when too high; and by withholding the corn, they might raiſe the price when it was too low. If this were judiciouſly managed, it would be advantageous to themſelves as well as ſerviceable to the public. Every one of them would endeavour to ſell his corn at the beſt price; but this purpoſe would be equally defeated by withholding it too long, or by ſelling it too ſoon. By withholding the corn too long, he raiſes the price higher than is required by the deficiency of the crop, and produces ſo great a retrenchment of the conſumption, that his ſtock will be left on his hands till the following ſeaſon, which, as the preſent is ſuppoſed a ſeaſon of ſcarcity, will be probably more productive, and of courſe the price lower. By ſelling the corn too ſoon, he encourages too great a conſumption, and loſes an advantage which he might have ſecured by a judicious delay; for the price at which he ſells is lower

lower than is neceſſary to make the crop hold out.

To illuſtrate the beneficial effects of an œconomy of this kind, we will put the caſe of a private family, who, in general, uſe thirty quartern loaves a month. They have laid in their whole ſtock of flour for that time. Inſtead of thirty, they can only procure a ſufficient quantity to make twenty-four. Unleſs they retrench, at the end of twenty-four days they are left without proviſion for the remaining ſix;—but an equal reduction of one-fifth of the uſual allowance would have carried them through the whole month. If the neceſſity for this œconomy, inſtead of being diſcovered thus early, ſhould eſcape notice till the expiration of twelve days, they could only afford themſelves two-thirds of the uſual quota during the remaining eighteen, and the grievance would have been proportionably oppreſſive.

When

When a voyage extends beyond its expected limit, the ſtock of proviſions in the ſhip is unequal to the ordinary conſumption; the captain calculates what muſt be the reduction to make it hold out; and a ſeaſonable frugality preſerves the lives of the crew. Diſcipline with him produces that controul over the wiſhes of the ſeamen, which, in the market, is effected by the advance of the price.

If the farmers, or original poſſeſſors of corn, were to commit errors in the periods at which they ſend their corn to market, ſuch errors might be corrected by other perſons, with profit to themſelves, and benefit to the public. Theſe perſons, having aſcertained the produce of the harveſt, would have an intereſt in preventing theſe irregularities in the conſumption. By taking grain from the market, they would raiſe the price when too low; and by ſending grain to market, they would lower the price when too high. By preventing either exceſs,

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they would effectually ſerve the nation as well as themſelves; and their intereſts are inſeparable. The timely advance of price which they might occaſion, is the foundation of the public œconomy, as well as their profit; *and the more juſt the ſpeculation*, the more certain their *gain* and our *relief*.

By way of example, we will ſuppoſe, that a year of ordinary produce, affords a weekly conſumption for London of 22,000 ſacks. Should the deficiency of the whole crop require a diminution of 2000 ſacks *per* week, unleſs ſome retrenchment is enforced, the whole ſtock of the country will be conſumed in leſs than eleven months, and the people will be left without means of ſubſiſtence till the next harveſt. The dealers, or certain perſons who employ their capitals in the conduct of this important buſineſs, if they could aſcertain with perfect accuracy the ſtate of the crop, and if they poſſeſſed adequate means, would take

take care that the weekly ſupply of the London market was kept at 20,000 ſacks. If 21,000 were ſent, they would take thence the 1000; if 19,000 were ſent, they would furniſh an additional 1000. The dealer will never take grain from the market, or reſerve his own, unleſs he foreſees an advance of price at a future period; and the price will not advance, unleſs the ſcarcity becomes more ſevere. At that time, therefore, the ſupply of his ſtock is *more ſeaſonable to the public, than when it was withdrawn.* The intereſt of any one dealer muſt be that of all. The direct tendency, therefore, of their labours would be, by an *equalization of the price*, to correct thoſe fluctuations of the ſupply which aggravate the preſſure of a ſcarcity.

CHAP. V.

The Intereſt of the Corn-Dealer in the Diſtribution of his Stock the ſame with that of the Public; and the Impoſſibility of any Combination to raiſe the Price.

It is evident that theſe irregularities, in the ſupply of the market, will be the *neceſſary* reſult of the poverty of the farmers, and their want of information. Even if their calculations are ſuppoſed accurate, few of them poſſeſs more capital than is neceſſary for the proper cultivation of their farms; and if ſome are wealthy enough to reſerve a proper portion of their crops till the ſeaſon is more advanced, their means of aſcertaining the produce of the harveſt in parts remote from their own ſituation, muſt be very imperfect, and the ſupply of the market would be ſubject to continual interruption and uncertainty from the avocations of agri-

agricultural purſuits. It is clear, that the buſineſs will be better conducted by perſons whoſe attention is excluſively directed to it, whoſe ſources of information are more enlarged, and whoſe calculations are of courſe more accurate. If theſe perſons were in ſufficient number, and poſſeſſed an adequate capital, by means of their interpoſition, the diſtreſs occaſioned by a ſeaſon of ſcarcity would receive all the mitigation which the nature of ſuch a calamity will admit.

I have indeed heard it ſuggeſted, that the ſpeculations of theſe perſons prove ſometimes erroneous; and we are made to ſuffer the preſſure of a ſcarcity, which only exiſts in apprehenſion *. It is clear from what has been ſaid, that a falſe eſtimate of this kind is of greater prejudice to theſe perſons than to the public. For, if the ſtock in the country

* A ſuſpicion of this kind has frequently been excited in ſeaſons of ſcarcity, but has been conſtantly refuted by all the Committees of the Houſe of Commons that have deliberated on the ſubject for the laſt thirty years.

 ſhould

ſhould exceed their calculation, they will be forced to ſell, what is thus unneceſſarily reſerved, at a leſs price than they might have ſecured by an earlier ſale. We muſt be ſatisfied therefore, that as they are more converſant in the buſineſs, their judgment is to be preferred to that of other perſons, and as they are ſo deeply intereſted to diſtribute their ſtock in the manner beſt adapted to the convenience of the public, we have in them the beſt ſecurity our ſituation will admit. An error of this kind may poſſibly happen, but unfortunately we have more to apprehend from one directly oppoſite. The dealers are more likely to fail of proper influence, by being too early in their ſupply, than by too long a delay. A premature ſale will ſtill yield ſome *profit*, but an injudicious reſerve may be attended with *loſs*.

This ſuppoſed loſs from the reſerve of corn has however been denied, and the dealers have been repreſented as combining together to raiſe the price of what they do ſell, ſo high, as to make the ſame profit by a ſale

ſale of a part of their ſtock at this artificial price, as by a ſale of the whole at the natural price.

The poſſeſſors of corn are ſo numerous, and ſo diſperſed all over the Kingdom, that the ſuppoſition of any *direct* combination, or *ſecret* agreement to ſell their corn at a particular price, muſt be chimerical. Any ſuppoſed extraordinary profit of the corn-dealers, from an *artificial* advance of price, would not only be liable to be defeated by *new competitors* and an *increaſed importation*, but the *particular intereſt* of every *individual dealer* would operate in *oppoſition* to it. As this artificial price would be higher than the natural price, or the price at which all the ſtock of the country could be ſold in the courſe of the year, each dealer would diſcover that all his own ſtock could not be ſold at this rate, he would be *jealous* therefore leſt other perſons, by taking advantage of the high price, ſhould ſell a larger portion of their ſtock, while his own would be kept on hand till the

the following year, when it muſt be ſold at a price much lower. Under the influence of this apprehenſion, *each would be anxious to take advantage of this high price*, and thus, from their *mutual jealouſy*, ſuch a portion would be ſent to market, as would keep the price at its *juſt level*. Can any ſuppoſition be made more improbable or leſs conſonant to our obſervation of the conduct of men in ſociety, than that a *combination* ſhould ſubſiſt among perſons *unknown to each other* and *diſperſed* over the Kingdom, while it is the *intereſt of each individual to defeat it*.

The ſuppoſed conduct of the ſpice trade is ſometimes alluded to, as an inſtance of the poſſibility of an influence of this kind. The Dutch were ſaid to ſell their ſpices for a greater price than was neceſſary to replace the capital engaged in the trade, with the ordinary profits. But we muſt obſerve, that all the branches of this trade are in the hands of a particular company in Holland, not to the excluſion of the reſt of Europe only,

only, but to the excluſion of all the reſt of the Dutch people. The abſurdity of any parallel between a trade thus confined, and the corn-trade, muſt be obvious to every one.

We have hitherto conſidered only the *time* at which the conſumption may be reduced in a ſeaſon of ſcarcity, with the leaſt inconvenience to the public, the *place* at which it ought to be reduced is of almoſt as great importance. The intereſt of the dealer and public, for the attainment of this object, will be found to coincide as perfectly as they did in the other.

If the crops have failed in ſome counties, while in others they have been more than ordinarily productive, it is moſt deſireable that the deficiency of the one ſhould be ſupplied from the abundance of the other; if the majority of crops have failed, but the relative failure of the counties is different, the inconvenience will be leſſened if the con-

consumption is equally reduced in all. But as the quantities are different in the different counties, the prices will vary, and there will be profit in bringing the corn from the county where it is cheapest to that where it is dearest; that is, from the market where the supply is greatest, to that where the supply is least.

It is the interest therefore of the dealer to take the corn to the market where it is most wanted, as well as, in the former instance, to reserve it for the period when it is most wanted. If therefore he raises the price by "forestalling," or intercepting the commodity in its way to *one* market, he is thereby enabled to lower the price at *another*; and that expectation of the price being higher at the market to which he takes it, than at that from which he takes it, has been his motive for purchasing, otherwise he could have no hope of profit. If the corn should pass through different hands in the same market, whether the intention

tention is to sell at the same market, or to transport it to another, the price at which it will be sold to the consumer cannot be raised to his prejudice. The dealer who purchased last, conceives the previous price to be too low, and that he shall have an opportunity of selling at a higher; but the price will not be too low, unless the market is overstocked either in proportion to the whole stock of the country, or in proportion to the supply of other markets. In either of these cases, the sale in the same market, at a higher price, will tend to make the stock hold out more beneficially, or the sale at another market will distribute the stock more equally. In either case, therefore, the high price occasioned by the "Regrators" or "Jobbers" will be more beneficial to the public, than if the commodity had been sold at the price put by the first seller. In fact, these different purchases are trials of skill between the dealers, and have a tendency to fix the price with more accuracy: the profit of the "Regrator" is the compensation paid by the public for the advantage which they derive from his superior sagacity.

CHAP. VI.

The Supply of the Public will not only be more judiciouſly regulated by Corn-Dealers, but at a leſs Expence.

HAVING traced the utility of that advance of price in the crop immediately ſucceeding a ſcanty harveſt, which, by enforcing an early reduction of the conſumption, will prevent a ſtill greater advance of price at a later period of the year, and obviate the neceſſity of a more rigorous reduction of the conſumption; and having ſeen that this advance of price, and neceſſary reduction of the conſumption, will be conducted with the moſt ſkill by perſons whoſe attention is directed to this object excluſively; I ſhall now endeavour to prove, that by means of ſuch intermediate perſons it will likewiſe be conducted at the *leaſt expence*.

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The high price of corn has been aſcribed by ſome perſons to the extraordinary profits of the perſons engaged in the corn-trade. On a little reflection we muſt however be ſatisfied, that this ſuppoſed exorbitant profit is merely imaginary; the profits of any one trade cannot long exceed thoſe of another, the proſpect of ſuperior advantage would attract an additional number of traders. The price at which corn ought to be ſold in ordinary years, is that which affords the farmer a reaſonable profit, after payment of his rent and the expence of tillage: by a reaſonable profit is meant, that which is on a par with what is derived from the employment of capital, and ſkill in any other channel. If the average price of corn ſhould be higher than this, there would be a greater profit from the growth of corn than of other commodities. The farmers have no monopoly, there is no prohibition againſt other perſons engaging in the employment. Are men to be ſuppoſed ſo ignorant or ſluggiſh as not to have availed themſelves of this opportunity of bettering their fortune?

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and how elſe can we account for the diſtribution of ſtock and exertion which actually has taken place? A certain portion of the capital of the country is directed to agriculture, a certain portion to manufactures, and another portion is directed to the circulation of the products of both; the quantity employed on each has been fixed by no arbitrary regulation, but has reſulted from a diſcovery of the proportionate demand by the community of thoſe different products of induſtry, and the calculations of the profit which each would afford. If there had been no foreign controul, the intereſt of the perſons more immediately concerned would have ſecured us a ſupply of what we moſt wanted, and a competition among themſelves would have fixed the proper limits to their profits. Unfortunately the odium and danger to which the perſons engaged in the corn-trade are ſubjected, may have diverted a number of capitals from that object; and the great difference in the price of corn, which appears to prevail at this moment in the

the different markets throughout the kingdom, ought to raiſe a very ſerious alarm, leſt the prevalence of the popular prejudice ſhould have driven from the trade a number of thoſe perſons who were poſſeſſed of the beſt ſources of information, and capitals ſufficiently large to render thoſe ſervices practically uſeful.

Having ſhewn that the high price of corn cannot originate in any extraordinary profits of the perſons engaged in the growth and diſtribution of it, it will now be proved, that *in conſequence of the different diviſions* which have taken place in the conduct of the trade, *the price is lowered.* It is material to obſerve, that the diſtinction between the farmer and dealer did not ariſe from any foreign influence, but is the act of the parties themſelves. When the farmer, inſtead of journeying to market with a few ſacks, ſells his crop immediately to a neighbouring dealer, he has no other inducement than a ſenſe of his own intereſt. If he had time

time and ſkill ſufficient for both occupations, he would hardly relinquiſh an obvious channel of profit. His corn would ſell for the ſame price in the market as that of the dealer, if he knew the proper period and place for the ſale of it; but he is ſenſible that the diſcovery of that period and place would occaſion a loſs of time and labour, more valuable to him than the difference of price at which he ſells to the dealer, and at which he could ſell to the conſumer. As he can only attend to the one at the expence of the other, he is naturally led to give his whole care and capital where he has the moſt ſkill, and of courſe the greateſt advantage over his neighbours. He is relieved from the *interruptions* of a buſineſs foreign to his main employment, by the intervention of the dealer. The dealer, on the other hand, ſees a ſimilar advantage in an excluſive appropriation of his care and capital. To give an inſtance which will illuſtrate the advantages of this diviſion, let us ſuppoſe, that the wealth and induſtry of London

London enables its inhabitants to purchaſe a quantity of corn, equal to a ſixth of the whole produce of the country. We ſee how large a diſtrict is neceſſary to afford the requiſite ſupply. It is evidently impoſſible for the farmers to bring their corn from ſo great a diſtance, without ſo material an obſtruction of the buſineſs of the farm, that the produce of the country would be diminiſhed in conſequence, and the price of the remainder enhanced. But by the interpoſition of the dealer, the moſt remote parts of the country may be made to contribute to the ſupply of the capital, without any interruption to agriculture; and that ſupply is drawn from thoſe places which can afford it at the loweſt price. In conſequence of this diviſion, there is an evident ſaving of time and labour in the cultivation of corn, and the diſtribution of it. The labourers being uninterrupted, and more ſkilful, fewer hands are wanted to do the ſame buſineſs; *a leſs ſum is paid in wages*, and of

of courſe the market is ſupplied *cheaper* as well as better.

In manufactures, from minute diviſions of the work, every one knows, that fewer perſons are employed on any given produce, and the conſumer is charged leſs. Skill in the growth of corn, or rearing of cattle, is no leſs diſtinct from that which is requiſite for a judicious and proper diſtribution than one branch of manufacture from another.

The ſame reaſoning muſt be applicable to all the perſons who intervene between the grower and conſumer: by affording greater facilities of ſale, they give riſe to a ſimilar œconomy, and occaſion a reduction of the price. The common error on this ſubject ſeems to originate in our looking at the ſale of a particular parcel of corn, inſtead of conſidering the ſale of the whole ſtock of the country, the number of labourers employed in the ſale of that parcel, is greater, but the number of labourers employed on the ſale of the whole is *leſs*.

To

To uſe a familiar inſtance in illuſtration—If we were to look at the manufacture of *one* pin only, we ſhould obſerve ten men employed in the making it, and ſhould conclude, that the wages of theſe men muſt add to the price; but if we ſhould conſider the manufacture of a *number* of pins, we ſhould find that the ſum paid in wages is *leſs*. One man could make only 20, while theſe ten men would make upwards of 4000. The number of labourers employed on the 4000 is leſs therefore in conſequence of this diviſion, than if one perſon only was employed to make the 4000, the ſum paid in wages is leſs, and the price reduced. In the ſame manner, if we look only at the ſale of a particular parcel of corn in conſequence of the different ſubdiviſions, *more perſons* are employed in the ſale of *this parcel*; but if we conſider the ſale of the *whole* ſtock of the country, *fewer*. *A leſs ſum therefore is paid in wages upon the whole ſtock of the country, in conſequence of theſe ſubdiviſions, and the public is on the whole ſupplied at a cheaper rate.*

CHAP. VII.

Frequency of Famines in the early Periods of our History for want of Corn-Dealers.

UNFORTUNATELY, ſuch are the numerous difficulties which the perſons engaged in the corn-trade have to ſtruggle with, from the magnitude of the object, general prejudices, and the want of proper information as to the ſtate of the crop, that they have never yet been able to produce that perfect equalization of price which is ſo deſirable.

The average produce of wheat in the country may be ſtated, on a moderate calculation, at ſix millions of quarters, which at forty ſhillings a quarter, would amount to twelve millions of money. It is obvious, that

that an immenſe capital is neceſſary to produce any conſiderable alteration of price in ſo large a maſs.

The harveſt of the year 1794 fell conſiderably ſhort of its general produce; the early conſumption was not reduced in proportion to it. The ſupply of corn was at firſt too liberal, and our *forced abſtinence* afterwards was the greater. The poſſeſſors of corn this year ſeem to be better informed. The preſent high price of corn is a melancholy index of the failure or inſufficiency of the crops. We ſuffer at preſent; but the actual inconvenience, the retrenchment of the conſumption at this moment, protects us from a ſtill greater at another, and is our only preſervation againſt abſolute famine.

It is obſerved by Dr. Adam Smith, that as corn grows in great varieties of ſoil and ſituation, a failure of the ſeaſons will never occaſion ſo great a dearth with us, as in

in rice countries, for inſtance, where a dearth would be equally fatal to all the crops. If full protection is given to the dealers and the free circulation of grain throughout the kingdom, a very ſcanty harveſt will ſtill afford a produce ſufficient for the ſupport of the people, with the aid of a ſupply which may be expected from importation, and the relief from the uſe of ſubſtitutes. Since the intervention of theſe perſons, we have no doubt occaſionally felt conſiderable inconvenience during a ſeaſon of ſcarcity; but no ſtronger proof can be given of their utility, than by a reference to the early periods of our hiſtory, and the compariſon of our ſufferings with thoſe of our anceſtors under the preſſure of a ſimilar calamity. The famines which were then ſo frequent are to be attributed to the unequal diſtribution, from the poverty of the farmers, and the penalties againſt the interference of other perſons, rather than a total failure of the crops. The neceſſity of a quick return of a ſmall capital, to pay rent, and

and to replace and repair ſtock, prevented a due reſerve of corn for a future ſupply. The market was furniſhed, and of courſe the price and conſumption continued the ſame during the firſt months of theſe years of ſcarcity, as in thoſe of ordinary produce. When the deficiency was perceived, the whole ſtock in the country had been reduced ſo low, that the price roſe to an extreme height, and the people ſunk under the preſſure of abſolute want. We find, during the reign of Edward the Confeſſor, that the quarter of wheat was raiſed to 7*l.* 10*s.* of our money, nearly five times the ordinary price; and whatever allowance is made for the failure of crops and the effect of inteſtine commotion, we muſt be ſenſible, that if an advance of price had taken place earlier, the ſcarcity would have been rendered more ſupportable.

Some portion of the little capital of the country was directed to this object, in the courſe of its progreſs and improvement. But

 in

in 1315, the uninformed Legiſlature of that age interfered to reſiſt any ſuch influence; and the aſſize to regulate the price of proviſions was followed by a famine. This ordinance was ſoon repealed; but the ſame prejudice and policy ſtill ſubſiſted. The number of perſons who embarked in ſo hazardous a ſpeculation were of courſe few, and their means very contracted. In thoſe reigns, where the variations of price in the courſe of the ſame year have been preſerved, we meet with the moſt deplorable inequalities, and may thence judge of the hardſhips of the people. In 1557, we find wheat at 4*s.* the quarter, in the months immediately after harveſt, and gradually riſing to 2*l.* 17*s.* 4*d.*; a diſproportion of ſixteen to one: ſo that the people could only procure, in June and July, one ſixteenth of the quantity they conſumed in September and October. Thoſe who had then acceſs to a pound, were now limited to an ounce.

From

From theſe inſtances, as well as the foregoing reaſoning, it muſt be evident, that the interference of the dealers promotes the ſafety and convenience of the whole community. But it ought to be further obſerved, that they are more particularly beneficial to the *poorer* claſſes. The poor are the chief conſumers of corn; they are the great *ſufferers* under the preſſure of theſe *inequalities* of price. If the quartern loaf was ſold at one ſeaſon of the year for threepence, and at another ſeaſon for three ſhillings, no ſenſible inconvenience would be endured by perſons of very moderate fortune; by the poor, ſo ſudden and conſiderable an advance of price muſt be felt with great ſeverity, and the moſt rigid œconomy could furniſh very little palliation.

The actual prejudice againſt what is called Monopoly, may perhaps be accounted for. Monopolies were a privilege granted by former Sovereigns to certain individuals, for the excluſive ſale of particular commodities.

modities. No tax could have been more pernicious in its effect; for, as they poſſeſſed an *abſolute control* over the market, they were enabled to limit the ſupply, in order to advance the price; and as this was more profitable, the intereſt of the ſeller was put in direct oppoſition to that of the public. The monopoly of ſalt, in the reign of Elizabeth, raiſed the price at once from 16*d.* a buſhel, to 14*s.* and 15*s.* The practice has been long ſince aboliſhed; but the term is unluckily retained, and faſtened on perſons of a very different deſcription.

It is likewiſe not improbable that the penalties of our ancient laws on the ſubject of foreſtalling, regrating, &c. originated from the exerciſe of the prerogatives of purveyance and pre-emption. The houſehold of our Kings was then very numerous *. The tables of the enormous train which accompanied them in their progreſs

* That of Richard the Second is ſtated to have conſiſted of 10,000 perſons.

through-

throughout the kingdom were ſupplied at the King's expence. The interior communication between the different parts of the country was ſo imperfect, that when he came to places where he did not uſually reſide, and no regular channel of ſupply had been eſtabliſhed, if the owners had been ſtrictly protected by law, it was apprehended that they might have exacted an unuſually high price for the different articles of proviſions. This apprehenſion occaſioned the claim and exerciſe of theſe prerogatives; but as the King was thereby entitled to a preference at a very inferior rate, no commodities would be brought to the markets contiguous to his reſidence, if the owners were allowed to withhold them with impunity.

In a number of inſtances quoted by Mr. Hume from the journals of the Houſe of Commons, ſo late as 1626, the diſproportion between the price paid by the purveyor and the ordinary conſumer was more

 than

than twelve to one; the purveyor was entitled to the commodity for one twelfth of the common market price. It is well known that these prerogatives were not exercised merely agreeable to the design of their first establishment, but they were converted into funds for defraying the charges of national armaments. In the reign of Queen Elizabeth the army and navy were victualled by these means. Under these circumstances it can be no matter of surprize that compulsory measures were found absolutely necessary to compel the bringing the different articles of provision to market. In fact, without some such means, the grant of these prerogatives would have been nugatory. If this conjecture has any foundation, the regulations which were framed by the legislatures of those days may be accounted for on their maxims of policy, but are not at all applicable to the present state of the country.

CHAP. VIII.

Influence of the Corn-Dealers in promoting Importation in a Year of Scarcity, and in preventing Exportation.

In tracing the sources of the profit of the dealers, we have hitherto only considered them as enforcing a timely œconomy. But happily their influence is still more beneficial; it extends beyond a judicious management of the actual stock in the country, and is the *occasion of an additional supply*. The early price points out to the merchant the state of the crop, and the advantage of importation. And as a market must be sought, and the whole voyage performed, before any aid can be derived from this channel, unless our wants are discovered by the *early* speculation of the dealers, the re-

lief from foreign ſupplies will be too late *. An apprehenſion of this kind was one of the motives for the interference of government four years ſince, when large purchaſes were made in the foreign markets on their account †. But it was acknowledged in the Houſe of Commons, that notwithſtanding all the exertions of government, the ſkill and care of private individuals would have been probably more ſucceſsful. And it muſt be recollected that the one is neceſſarily ſuperſeded by the other. An interference of this nature and extent diſturbs the whole ſyſtem which we have been conſidering. The ſucceſs of the dealer no

* Upwards of 700,000 quarters of wheat only were imported between the months of January and September 1800. If the proſpect of advantage from this importation had not been pointed out to the merchants by this early advance of price, ſo large a ſupply could not have been obtained, perhaps none at all, and we ſhould have had a famine in Auguſt laſt.

† If the real ſtate of the deficiency had been known very early in the ſeaſon, our merchants might probably have ſecured a ſupply, before the French, from the ſtate of the country at that time, had become ſenſible of the extent of their wants, and engaged in the competition,

longer

longer depends on the ſkill of his calculation, but on the ſupply of government, which is precarious and arbitrary, as it is not regulated by any deſire of profit. The individual merchant retires from a rivalſhip of this deſcription; government, having taken the buſineſs out of his hands, would be forced to continue it; and we have ſeen in France, where this has been the caſe, the loſs on the ſale of grain, one of the moſt important articles of the public expenditure; and the diſtribution of it a continual ſubject of complaint and diſſatisfaction *.

But beſides the relief of the preſent year derived from importation, the timely intervention of the dealer will materially contribute to our ſecurity in future. If the ſcarcity does not proceed from any caſual failure of the crops, but from our not cultivating a ſufficient quantity of wheat, the farmer ſees an advantage in remedying the

* The reſtoration of the corn trade to its natural channel was recommended by the Corn Committee in their firſt Report to the Houſe of Commons in 1796; and the propriety of that recommendation appears from the quantity imported this year.

defect,

defect, and is furnished with the knowledge *early* enough to make it profitable to himself and the public, by an additional growth. In confirmation of this assertion, we shall find by a reference to the list of the prices in different years, that two or three years of scarcity have been uniformly succeeded by a more plentiful supply than before.

The merchant who purchases for exportation, would indeed produce an effect different to that which has been described in the course of our reasoning. His purchases are made for another market, if in any other country, the price were so much higher, that the difference would defray the expence of carriage with a profit. But exportation is prohibited, when the price is above 46*s.* a quarter, and though there may be a difference of opinion as to the policy of the restraint *, there can be none

* Till the 5th of Eliz. the exportation of corn had not been allowed at all, and it is an observation of Camden, quoted by Mr. Hume, that agriculture from that moment received new life and vigour.

as

as to the difficulty of evading it. The bulk of the commodity, and the universal jealousy on the subject, are insurmountable obstacles to any attempt of this kind.

Under the present circumstances therefore, the accumulation of the persons engaged in the corn trade can only influence the supply of particular periods, but will not lessen the whole supply of the year. If the season has proved unfavourable, we have seen that it is the interest of both the dealer and the public, that all his stock should be sold in the course of the same year. But if a year has been more than ordinarily productive, a reserve of corn till the next to a certain extent, might be serviceable to the nation, as well as himself, as the plenty of one year would be made to relieve the scarcity of another. In the natural order of things a speculation of this kind would be rarely undertaken, and never to a prejudicial extent, as the perishable nature of the commodity, and

the

the uncertainty of the future crop, would render it extremely hazardous. But any ſuch accumulation, which might be beneficial in many inſtances, is effectually counteracted by the artificial inducement of the *Bounty* on exportation.

The miſchievous policy of this regulalation has rendered the intervention of the dealer eſſential to the public in years of ordinary produce, as well as in years of ſcarcity. Unleſs the real ſtate of the crop were aſcertained by his calculation, and its *early* influence on the price, a premium would be frequently given on the *exportation* of corn to other countries, which was wanted for conſumption *at home*.

CHAP. IX.

Recapitulation.

THERE is no doubt that the direct and immediate influence of taking corn or any other commodity out of the market may be to advance the price of the remainder at that particular time, or that particular place, but we are not to confine our obſervations to the direct and immediate influence; we are likewiſe to conſider that which is no leſs certain but more remote. To reſerve corn at one time in order to diſtribute it at another, to take corn from any one market in order to convey it to another, occaſions no national evil; the corn is equally conſumed, though the mouths which conſume it are not the ſame: ſo far from having any prejudicial effect, if the ſcarcity in the market to which

 it

it is conveyed be greater than in that from which it was taken, the public is materially relieved. Our object ought to be, not that corn or any other article of provision ſhould be plentiful at any particular time or any particular place, but that it ſhould be found plentifully, if poſſible, but at all events in equal diſtribution throughout the different periods of the year, and over every part of the kingdom.

A number of the plans recently propoſed have a tendency to diſturb this due and ſeaſonable diſtribution. The recommendation of landlords to their tenants to threſh out their corn for immediate ſale, and the ſale of corn to the poor at a reduced price, are both of this nature. The relief which is afforded by this ſupply at one period, is ſlight in compariſon with the rigorous abſtinence which is the inevitable conſequence at another; as theſe meaſures cannot increaſe the quantity of corn in the country. By lowering the price at one period they only advance it in a much greater proportion at another;

another; The corn is on the whole dearer inſtead of cheaper, and theſe perſons, though well-intentioned, are aggravating the diſtreſs which they mean to alleviate. If the reaſoning of the preceding pages be correct, the influence of the perſons engaged in the corn trade is our only channel of relief. The effect of their interference, is to procure *an increaſed ſupply from the ſtock of other countries, and to induce a judicious management of our own*; the "Foreſtaller," and the "Regrater" are not diſtinguiſhable from dealers of any other denomination. In their expectation of profit all perſons who intervene between the grower and conſumer muſt be governed by the ſame principle; and according to this principle, *their intereſt in the regulation of the price coincides with that of the public*: Theſe ſeveral modes of ſale are contrivances of particular dealers, with the hope of gaining an advantage over their competitors; their tendency is to fix the due price with greater

 accuracy;

accuracy; to raiſe the price when it is more ſalutary to the public that it ſhould be higher, and to reduce the price when it is conſiſtent with the ſafety and convenience of the public that it ſhould be lower.

It is evident that the ſame reaſoning which has been hitherto confined to corn, is equally applicable to every other article of commerce. The diviſions which have taken place in the employments of the different perſons concerned, muſt have ariſen from their being the foundation of ſuperior ſkill. The neceſſary conſequence to the public muſt have been a *better* and *cheaper* ſupply. Theſe modes of conducting trade have an influence the direct reverſe of that which they were ſuppoſed to have by the framers of the prohibitions.

A recurrence to the early periods of our hiſtory will uniformly ſhew the fallacy of a different line of policy, and the miſchief of impoſing

impoſing any reſtraints on the enterpriſe of individuals *. The pernicious operation of a recent inſtance is familiar to every one. The law of the *maximum* in France, which limited the price of proviſions, was enforced by the terrors of a revolutionary ſyſtem, and cannot be ſaid to have failed from any defect in the execution of it. Unhappily for that country, it was executed too well. The diſtreſs of the people was aggravated by this ignorant and violent attempt of the Government to diſturb the natural courſe of commerce, which would have fixed the price beſt ſuited to meet the exigence: and when the whole ſtock of the country was

* As an illuſtration of the frequent influence of ſtatutes of this nature, I ſhall inſert the opinion of the Committee appointed to reviſe the laws of aſſize, juſt before the receſs. —" *In conſequence* of the proviſions of the act of the 31ſt of George the Second, (intituled, 'An act for the due making of bread, and to regulate the price and aſſize thereof, and to puniſh perſons who ſhall adulterate meal, flour, or bread,') great confuſions have ariſen, and do exiſt; and, amongſt others, the market has been prevented from being ſupplied, *in times of ſcarcity*, with a bread made of ſuch flour as the law permitted to be imported for the purpoſe."

 nearly

nearly exhauſted, they were driven to the neceſſity of an abolition of the meaſure, as the only refuge from abſolute famine.

THE END.

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