

**Observations on the Effects of the Corn Laws,
and of a Rise or Fall in the Price of Corn on the
Agriculture and General Wealth of the Country**

Roberts Malthus (February, 1766 - December 23, 1834) was an English demographer and political economist. The young Malthus was educated at home until his admission to Jesus College, Cambridge in 1784. There he studied many subjects and took prizes in English declamation, Latin and Greek. His principal subject was mathematics. He earned a masters degree in 1791 and was elected a fellow of Jesus College two years later. In 1797, he was ordained and became an Anglican country parson. In 1805 he became Britain's (and possibly the world's) first professor in political economy at the East India Company College at Haileybury in Hertfordshire. In His most famous work *An Essay on the Principle of Population*, published in 1798, Malthus predicted population would outrun food supply, leading to a decrease in food per person. This prediction was based on the idea that population if unchecked increases at a geometric rate whereas the food supply grows at an arithmetic rate.

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The following essay has been extracted from *Observations on the Effects of the Corn Laws, and of a Rise or Fall in the Price of Corn on the Agriculture and General Wealth of the Country*. In 1814, in fact, Malthus launched himself into the Corn Laws debate then raging in parliament. After a first pamphlet, *Observations*, outlining the pros and cons of the proposed protectionist laws, Malthus tentatively supported the free traders, arguing that as cultivation of British corn was increasingly expensive to raise, it was best for Britain to rely at least in part on cheaper foreign sources for its food supply. He changed his mind the next year, in his 1815 *Grounds of an Opinion* pamphlet, siding now with the protectionists.

The argument selected here is in line with the classics published in the foregoing issues of this journal *Crossroads*, *Of the Jealousy of Trade* by David Hume (1758), *Customs Duties as a Chief Means of Establishing and Protecting the Internal Manufacturing Power* by Friedrich List (1885), and *An Inquiry into the Nature and Causes of the Wealth of nations* by Adam Smith (1786). Such contributions are intended to shed light also on the modern debate over the role of international trade, international trade policies, and international economic relations within the broader range of international affairs.

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[...] The general principles of political economy teach us to buy all our commodities where we can have them the cheapest; and perhaps there is no general rule in the whole compass of the science to which fewer justifiable exceptions can be found in practice. In the simple view of present wealth, population, and power, three of the most natural and just objects of national ambition, I can hardly imagine an exception; as it is only by a strict adherence to this rule that the capital of a country can ever be made to yield its greatest amount of produce.

It is justly stated by Dr Smith that by means of trade and manufactures a country may enjoy a much greater quantity of subsistence, and consequently may have a much greater population, than what its own lands could afford. If Holland, Venice, and Hamburg had declined a dependence upon foreign countries for their support, they would always have remained perfectly inconsiderable states, and never could have risen to that pitch of wealth, power, and population, which distinguished the meridian of their career.

Although the price of corn affects but slowly the price of labour, and never regulates it wholly, yet it has unquestionably a powerful influence upon it. A most perfect freedom of intercourse between different nations in the article of corn, greatly contributes to an equalization of prices and a level in the

value of the precious metals. And it must be allowed that a country which possesses any peculiar facilities for successful exertion in manufacturing industry, can never make a full and complete use of its advantages; unless the price of its labour and other commodities be reduced to that level compared with other countries, which results from the most perfect freedom of the corn trade.

It has been sometimes urged as an argument in favour of the corn laws, that the great sums which the country has had to pay for foreign corn during the last twenty years must have been injurious to her resources, and might have been saved by the improvement of our agriculture at home. It might with just as much propriety be urged that we lose every year by our forty millions worth of imports, and that we should gain by diminishing these extravagant purchases. Such a doctrine cannot be maintained without giving up the first and most fundamental principles of all commercial intercourse. No purchase is ever made, either at home or abroad, unless that which is received is, in the estimate of the purchaser, of more value than that which is given; and we may rest quite assured, that we shall never buy corn or any other commodities abroad, if we cannot by so doing supply our wants in a more advantageous manner, and by a smaller quantity of capital, than if we had attempted to raise these commodities at home.

It may indeed occasionally happen that in an unfavourable season, our exchanges with foreign countries may be affected by the necessity of making unusually large purchases of corn; but this is in itself an evil of the slightest consequence, which is soon rectified, and in ordinary times is not more likely

to happen, if our average imports were two millions of quarters, than if, on an average, we grew our own consumption.

The unusual demand is in this case the sole cause of the evil, and not the average amount imported. The habit on the part of foreigners of supplying this amount, would on the contrary rather facilitate than impede further supplies; and as all trade is ultimately a trade of barter, and the power of purchasing cannot be permanently extended without an extension of the power of selling, the foreign countries which supplied us with corn would evidently have their power of purchasing our commodities increased, and would thus contribute more effectually to our commercial and manufacturing prosperity.

It has further been intimated by the friends of the corn laws, that by growing our own consumption we shall keep the price of corn within moderate bounds and to a certain degree steady. But this also is an argument which is obviously not tenable; as in our actual situation, it is only by keeping the price of corn up, very considerably above the average of the rest of Europe, that we can possibly be made to grow our own consumption.

A bounty upon exportation in one country, may be considered, in some degree, as a bounty upon production in Europe; and if the growing price of corn in the country where the bounty is granted be not higher than in others, such a premium might obviously after a time have some tendency to create a temporary abundance of corn and a consequent fall in its price. But restrictions upon importation cannot have the slightest tendency of this kind. Their whole effect is to stint the supply of the general market, and to raise, not to lower, the price of corn.

Nor is it in their nature permanently to secure what is of more consequence, steadiness of prices. During the period indeed, in which the country is obliged regularly to import some foreign grain, a high duty upon it is effectual in steadily keeping up the price of home corn, and giving a very decided stimulus to agriculture. But as soon as the average supply becomes equal to the average consumption, this steadiness ceases. A plentiful year will occasion a sudden fall; and from the average price of the home produce being so much higher than in the other markets of Europe, such a fall can be but little relieved by exportation. It must be allowed, that a free trade in corn would in all ordinary cases not only secure a cheaper, but a more steady, supply of grain.

To counterbalance these striking advantages of a free trade in corn, what are the evils which are apprehended from it?

It is alleged, first, that security is of still more importance than wealth, and that a great country likely to excite the jealousy of others, if its it become dependent for the support of any considerable portion of people upon foreign corn, exposes itself to the risk of having its most essential supplies suddenly fail at the time of its greatest need. That such a risk is not very great will be readily allowed. It would be as much against the interest of those nations which raised the superabundant supply as against the one which wanted it, that the intercourse should at any time be interrupted; and a rich country, which could afford to pay high for its corn, would not be likely to starve, while there was any to be purchased in the market of the commercial world.

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

most striking instances in all quarters, of governments acting from passion rather than interest. And though the recurrence of such a state of things is hardly to be expected, yet it must be allowed that if anything resembling it should take place in future, when, instead of very nearly growing our own consumption, we were indebted to foreign countries for the support of two millions of our people, the distresses which our manufacturers suffered in 1812 would be nothing compared with the wide-wasting calamity which would be then experienced.

According to the returns made to Parliament in the course of the last session, the quantity of grain and flour exported in 1811 rather exceeded, than fell short of, what was imported; and in 1812, although the average price of wheat was one hundred and twenty five shillings the quarter, the balance of the importations of grain and flour was only about one hundred thousand quarters. From 1805, partly from the operation of the corn laws passed in 1804, but much more from the difficulty and expense of importing corn in the actual state of Europe and America, the price of grain had risen so high and had given such a stimulus to our agriculture, that with the powerful assistance of Ireland, we had been rapidly approaching to the growth of an independent supply. Though the danger therefore may not be great of depending for a considerable portion of our subsistence upon foreign countries, yet it must be acknowledged that nothing like an experiment has yet been made of the distresses that might be produced, during a widely extended war, by the united operation, of a great difficulty in finding a market for our manufactures, accompanied by the absolute necessity of supplying ourselves

with a very large quantity of corn.

Secondly, it may be said, that an excessive proportion of manufacturing population does not seem favourable to national quiet and happiness. Independently of any difficulties respecting the import of corn, variations in the channels of manufacturing industry and in the facilities of obtaining a vent for its produce are perpetually recurring. Not only during the last four or five years, but during the whole course of the war, have the wages of manufacturing labour been subject to great fluctuations. Sometimes they have been excessively high, and at other times proportionably low; and even during a peace they must always remain subject to the fluctuations which arise from the caprices of taste and fashion, and the competition of other countries. These fluctuations naturally tend to generate discontent and tumult and the evils which accompany them; and if to this we add, that the situation and employment of a manufacturer and his family are even in their best state unfavourable to health and virtue, it cannot appear desirable that a very large proportion of the whole society should consist of manufacturing labourers. Wealth, population and power are, after all, only valuable, as they tend to improve, increase, and secure the mass of human virtue and happiness.

Yet though the condition of the individual employed in common manufacturing labour is not by any means desirable, most of the effects of manufactures and commerce on the general state of society are in the highest degree beneficial. They infuse fresh life and activity into all classes of the state, afford opportunities for the inferior orders to rise by personal merit and exertion, and stimulate the higher orders to depend for distinction upon other

grounds than mere rank and riches. They excite invention, encourage science and the useful arts, spread intelligence and spirit, inspire a taste for conveniences and comforts among the labouring classes; and, above all, give a new and happier structure to society, by increasing the proportion of the middle classes, that body on which the liberty, public spirit, and good government of every country must mainly depend.

If we compare such a state of society with a state merely agricultural, the general superiority of the former is incontestable; but it does not follow that the manufacturing system may not be carried to excess, and that beyond a certain point the evils which accompany it may not increase further than its advantages. The question, as applicable to this country, is not whether a manufacturing state is to be preferred to one merely agricultural but whether a country the most manufacturing of any ever recorded in history, with an agriculture however as yet nearly keeping pace with it, would be improved in its happiness, by a great relative increase to its manufacturing population and relative check to its agricultural population.

Many of the questions both in morals and politics seem to be of the nature of the problems de maximis and minimis in fluxions; in which there is always a point where a certain effect is the greatest, while on either side of this point it gradually diminishes.

With a view to the permanent happiness and security from great reverses of the lower classes of people in this country, I should have little hesitation in thinking it desirable that its agriculture should keep pace with its manufactures, even at the expense of retarding in some degree the growth of

manufactures; but it is a different question, whether it is wise to break through a general rule, and interrupt the natural course of things, in order to produce and maintain such an equalization.

Thirdly, it may be urged, that though a comparatively low value of the precious metals, or a high nominal price of corn and labour, tends rather to check commerce and manufactures, yet its effects are permanently beneficial to those who live by the wages of labour.

If the labourers in two countries were to earn the same quantity of corn, yet in one of them the nominal price of this corn were twenty five per cent higher than in the other, the condition of the labourers where the price of corn was the highest, would be decidedly the best. In the purchase of all commodities purely foreign; in the purchase of those commodities, the raw materials of which are wholly or in part foreign, and therefore influenced in a great degree by foreign prices, and in the purchase of all home commodities which are taxed, and not taxed ad valorem, they would have an unquestionable advantage: and these articles altogether are not inconsiderable even in the expenditure of a cottager.

As one of the evils therefore attending the throwing open our ports, it may be stated, that if the stimulus to population, from the cheapness of grain, should in the course of twenty or twenty five years reduce the earnings of the labourer to the same quantity of corn as at present, at the same price as in the rest of Europe, the condition of the lower classes of people in this country would be deteriorated. And if they should not be so reduced, it is quite clear that the encouragement to the growth of corn will not be fully restored, even

after the lapse of so long a period.

Fourthly, it may be observed, that though it might by no means be advisable to commence an artificial system of regulations in the trade of corn; yet if, by such a system already established and other concurring causes, the prices of corn and of many commodities had been raised above the level of the rest of Europe, it becomes a different question, whether it would be advisable to risk the effects of so great and sudden a fall in the price of corn, as would be the consequence of at once throwing open our ports. One of the cases in which, according to Dr Smith, 'it may be a matter of deliberation how far it is proper to restore the free importation of foreign goods after it has been for some time interrupted, is, when particular manufactures, by means of high duties and prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands.'^(2*)

That the production of corn is not exempted from the operation of this rule has already been shown; and there can be no doubt that the interests of a large body of landholders and farmers, the former to a certain extent permanently, and the latter temporarily, would be deeply affected by such a change of policy. These persons too may further urge, with much appearance of justice, that in being made to suffer this injury, they would not be treated fairly and impartially. By protecting duties of various kinds, an unnatural quantity of capital is directed towards manufactures and commerce and taken from the land; and while, on account of these duties, they are obliged to purchase both home-made and foreign goods at a kind of monopoly price, they would be obliged to sell their own at the price of the most enlarged

competition. It may fairly indeed be said, that to restore the freedom of the corn trade, while protecting duties on various other commodities are allowed to remain, is not really to restore things to their natural level, but to depress the cultivation of the land below other kinds of industry. And though, even in this case, it might still be a national advantage to purchase corn where it could be had the cheapest; yet it must be allowed that the owners of property in land would not be treated with impartial justice.

If under all the circumstances of the case, it should appear impolitic to check our agriculture; and so desirable to secure an independent supply of corn, as to justify the continued interference of the legislature for this purpose, the next question for our consideration is;

Fifthly, how far and by what sacrifices, restrictions upon the importation of foreign corn are calculated to attain the end in view.

With regard to the mere practicability of effecting an independent supply, it must certainly be allowed that foreign corn may be so prohibited as completely to secure this object. A country with a large territory, which determines never to import corn, except when the price indicates a scarcity, will unquestionably in average years supply its own wants. But a law passed with this view might be so framed as to effect its object rather by a diminution of the people than an increase of the corn: and even if constructed in the most judicious manner, it can never be made entirely free from objections of this kind.

The evils which must always belong to restrictions upon the importation of foreign corn, are the following:

1. A certain waste of the national resources, by the employment of a greater quantity of capital than is necessary for procuring the quantity of corn required.

2. A relative disadvantage in all foreign commercial transactions, occasioned by the high comparative prices of corn and labour, and the low value of silver, as far as they affect exportable commodities.

3. Some check to population, occasioned by a check to that abundance of corn, and demand for manufacturing labours, which would be the result of a perfect freedom of importation.

4. The necessity of constant revision and interference, which belongs to almost every artificial system.

It is true, that during the last twenty years we have witnessed a very great increase of population and of our exported commodities, under a high price of corn and labour; but this must have happened in spite of these high prices, not in consequence of them; and is to be attributed chiefly to the unusual success of our inventions for saving labour and the unusual monopoly of the commerce of Europe which has been thrown into our hands by the war. When these inventions spread and Europe recovers in some degree her industry and capital, we may not find it so easy to support the competition. The more strongly the natural state of the country directs it to the purchase of foreign corn, the higher must be the protecting duty or the price of importation, in order to secure an independent supply; and the greater consequently will be the relative disadvantage which we shall suffer in our commerce with other countries. This drawback may, it is certain, ultimately be

so great as to counterbalance the effects of our extraordinary skill, capital and machinery.

The whole, therefore, is evidently a question of contending advantages and disadvantages; and, as interests of the highest importance are concerned, the most mature deliberation is required in its decision.

In whichever way it is settled, some sacrifices must be submitted to. Those who contend for the unrestrained admission of foreign corn, must not imagine that the cheapness it will occasion will be an unmixed good; and that it will give an additional stimulus to the commerce and population of the country, while it leaves the present state of agriculture and its future increase undisturbed. They must be prepared to see a sudden stop put to the progress of our cultivation, and even some diminution of its actual state; and they must be ready to encounter the as yet untried risk, of making a considerable proportion of our population dependent upon foreign supplies of grain, and of exposing them to those vicissitudes and changes in the channels of commerce to which manufacturing states are of necessity subject.

On the other hand, those who contend for a continuance and increase of restrictions upon importation, must not imagine that the present state of agriculture and its present rate of eminence can be maintained without injuring other branches of the national industry. It is certain that they will not only be injured, but that they will be injured rather more than agriculture is benefited; and that a determination at all events to keep up the prices of our corn might involve us in a system of regulations, which, in the new state of Europe which is expected, might not only retard in some degree, as hitherto,

the progress of our foreign commerce, but ultimately begin to diminish it; in which case our agriculture itself would soon suffer, in spite of all our efforts to prevent it.