

THOMAS MALTHUS

THE GROUNDS OF AN
OPINION ON THE
POLICY OF RESTRICTING
THE IMPORTATION OF
FOREIGN CORN

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Importation of Foreign Corn**

«Public Domain»

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T. R. Malthus
The Grounds of an Opinion on the
Policy of Restricting the Importation of
Foreign Corn / Intended as an appendix
to «Observations on the corn laws»

Grounds, &c

The professed object of the Observations on the Corn Laws, which I published in the spring of 1814, was to state with the strictest impartiality the advantages and disadvantages which, in the actual circumstances of our present situation, were likely to attend the measures under consideration, respecting the trade in corn.

A fair review of both sides of the question, without any attempt to conceal the peculiar evils, whether temporary or permanent, which might belong to each, appeared to me of use, not only to assist in forming an enlightened decision on the subject, but particularly to prepare the public for the specific consequences which were to be expected from that decision, on whatever side it might be made. Such a preparation, from some quarter or other, seemed to be necessary, to prevent those just discontents which would naturally have arisen, if the measure adopted had been attended with results very different from those which had been promised by its advocates, or contemplated by the legislature.

With this object in view, it was neither necessary, nor desirable, that I should myself express a decided opinion on the subject. It would hardly, indeed, have been consistent with that character of impartiality, which I wished to give to my statements, and in which I have reason to believe I in some degree succeeded.¹

These previous statements, however, having been given, and having, I hope, shewn that the decision, whenever it is made, must be a compromise of contending advantages and disadvantages, I have no objection now to state (without the least reserve), and I can truly say, wit the most complete freedom from all interested motives, the grounds of a deliberate, yet decided, opinion in favour of some restrictions on the importation of foreign corn.

This opinion has been formed, as I wished the readers of the Observations to form their opinions, by looking fairly at the difficulties on both sides of the question; and without vainly expecting to attain unmixed results, determining on which side there is the greatest balance of good with the least alloy of evil. The grounds on which the opinion so formed rests, are partly those which were stated in the Observations, and partly, and indeed mainly, some facts which have occurred during the last year, and which have given, as I think, a decisive weight to the side of restrictions.

These additional facts are—

1st, The evidence, which has been laid before Parliament, relating to the effects of the present prices of corn, together with the experience of the present year.

2dly, The improved state of our exchanges, and the fall in the price of bullion. And

3dly, and mainly, the actual laws respecting the exportation of corn lately passed in France.

¹ Some of my friends were of different opinions as to the side, towards which my arguments most inclined. This I consider as a tolerably fair proof of impartiality.

In the Observations on the corn laws, I endeavoured to shew that, according to the general principles of supply and demand, a considerable fall in the price of corn could not take place, without throwing much poor land out of cultivation, and effectually preventing, for a considerable time, all further improvements in agriculture, which have for their object an increase of produce.

The general principles, on which I calculated upon these consequences, have been fully confirmed by the evidence brought before the two houses of Parliament; and the effects of a considerable fall in the price of corn, and of the expected continuance of low prices, have shewn themselves in a very severe shock to the cultivation of the country and a great loss of agricultural capital.

Whatever may be said of the peculiar interests and natural partialities of those who were called upon to give evidence upon this occasion, it is impossible not to be convinced, by the whole body of it taken together, that, during the last twenty years, and particularly during the last seven, there has been a great increase of capital laid out upon the land, and a great consequent extension of cultivation and improvement; that the system of spirited improvement and high farming, as it is technically called, has been principally encouraged by the progressive rise of prices owing in a considerable degree, to the difficulties thrown in the way of importation of foreign corn by the war; that the rapid accumulation of capital on the land, which it had occasioned, had so increased our home growth of corn, that, notwithstanding a great increase of population, we had become much less dependent upon foreign supplies for our support; and that the land was still deficient in capital, and would admit of the employment of such an addition to its present amount, as would be competent to the full supply of a greatly increased population: but that the fall of prices, which had lately taken place, and the alarm of a still further fall, from continued importation, had not only checked all progress of improvement, but had already occasioned a considerable loss of agricultural advances; and that a continuation of low prices would, in spite of a diminution of rents, unquestionably destroy a great mass of farming capital all over the country, and essentially diminish its cultivation and produce.

It has been sometimes said, that the losses at present sustained by farmers are merely the natural and necessary consequences of overtrading, and that they must bear them as all other merchants do, who have entered into unsuccessful speculations. But surely the question is not, or at least ought not to be, about the losses and profits of farmers, and the present condition of landholders compared with the past. It may be necessary, perhaps, to make inquiries of this kind, with a view to ulterior objects; but the real question respects the great loss of national wealth, attributed to a change in the spirit of our legislative enactments relating to the admission of foreign corn.

We have certainly no right to accuse our farmers of rash speculation for employing so large a capital in agriculture. The peace, it must be allowed, was most unexpected; and if the war had continued, the actual quantity of capital applied to the land, might have been as necessary to save the country from extreme want in future, as it obviously was in 1812, when, with the price of corn at above six guineas a quarter, we could only import a little more than 100,000 quarters. If, from the very great extension of cultivation, during the four or five preceding years, we had not obtained a very great increase of average produce, the distresses of that year would have assumed a most serious aspect.

There is certainly no one cause which can affect mercantile concerns, at all comparable in the extent of its effects, to the cause now operating upon agricultural capital. Individual losses must have the same distressing consequences in both cases, and they are often more complete, and the fall is greater, in the shocks of commerce. But I doubt, whether in the most extensive mercantile distress that ever took in this country, there was ever one fourth of the property, or one tenth of the number of individuals concerned, when compared with the effects of the present rapid fall of raw produce, combined with the very scanty crop of last year.²

² Mercantile losses are always comparatively partial; but the present losses, occasioned by the unusual combination of low prices, and scanty produce, must inflict a severe blow upon the whole mass of cultivators. There never, perhaps, was known a year more

Individual losses of course become national, according as they affect a greater mass of the national capital, and a greater number of individuals; and I think it must be allowed further, that no loss, in proportion to its amount, affects the interest of the nation so deeply, and vitally, and is so difficult to recover, as the loss of agricultural capital and produce.

If it be the intention of the legislature fairly to look at the evils, as well as the good, which belongs to both sides of the question, it must be allowed, that the evidence laid before the two houses of Parliament, and still more particularly the experience of the last year, shew, that the immediate evils which are capable of being remedied by a system of restrictions, are of no inconsiderable magnitude.

2. In the Observations on the corn laws, I gave, as a reason for some delay in coming to a final regulation respecting the price at which foreign corn might be imported, the very uncertain state of the currency. I observed, that three different importation prices would be necessary, according as our currency should either rise to the then price of bullion, should continue at the same nominal value, or should take an intermediate position, founded on a fall in the value of bullion, owing to the discontinuance of an extraordinary demand for it, and a rise in the value of paper, owing to the prospect of a return to payments in specie. In the course of this last year, the state of our exchanges, and the fall in the price of bullion, shew pretty clearly, that the intermediate alteration which, I then contemplated, greater than in the case first mentioned, and less than in the second, is the one which might be adopted with a fair prospect of permanence; and that we should not now proceed under the same uncertainty respecting the currency, which we should have done, if we had adopted a final regulation in the early part of last year.³ This intermediate alteration, however, supposes a rise in the value of paper on a return to cash payments, and some general fall of prices quite unconnected with any regulations respecting the corn trade.⁴

But, if some fall of prices must take place from this cause, and if such a fall can never take place without a considerable check to industry, and discouragement to the accumulation of capital, it certainly does not seem a well-chosen time for the legislature to occasion another fall still greater, by departing at once from a system of restrictions which it had pursued with steadiness during the greatest part of the last century and, after having given up for a short period, had adopted again as its final policy in its two last enactments respecting the trade in corn. Even if it be intended. Finally, to throw open our ports, it might be wise to pass some temporary regulations, in order to prevent the very great shock which must take place, if the two causes here noticed, of the depreciation of commodities, be allowed to produce their full effect by contemporaneous action.

3. I stated, in the Observations on the corn laws, that the cheapness and steadiness in the price of corn, which were promised by the advocates of restrictions, were not attainable by the measures they proposed; that it was really impossible for us to grow at home a sufficiency for our own consumption, without keeping up the price of corn considerably above the average of the rest of Europe; and that, while this was the case, as we could never export to any advantage, we should always be liable to the variations of price, occasioned by the glut of a superabundant harvest; in short, that 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.

injurious to the interests of agriculture.

³ At the same time, I certainly now very much wish that some regulation had been adopted last year. It would have saved the nation a great loss of agricultural capital, which it will take some time to recover. But it was impossible to foresee such a year as the present—such a combination, as a very bad harvest, and very low prices.

⁴ I have very little doubt that the value of paper in this country has already risen, notwithstanding the increased issues of the Bank. These increased issues I attribute chiefly to the great failures which have taken place among country banks, and the very great purchases which have been made for the continental markets, and, under these circumstances, increased issues might take place, accompanied even by a rise of value. But the currency has not yet recovered itself. The real exchange, during the last year, must have been greatly in our favour, although the nominal exchange is considerably against us. This shews, incontrovertibly, that our currency is still depreciated, in reference to the bullion currencies of the continent. A part, however, of this depreciation may still be owing to the value of bullion in Europe not having yet fallen to its former level.

In expressing this distinct opinion on the effects of a free trade in corn, I certainly meant to refer to a trade really free—that is, a trade by which a nation would be entitled to its share of the produce of the commercial world, according to its means of purchasing, whether that produce were plentiful or scanty. In this sense I adhere strictly to the opinion I then gave; but, since that period, an event has occurred which has shewn, in the clearest manner, that it is entirely out of our power, even in time of peace, to obtain a free trade in corn, or an approximation towards it, whatever may be our wishes on the subject.

It has, perhaps, not been sufficiently attended to in general, when the advantages of a free trade in corn have been discussed, that the jealousies and fears of nations, respecting their means of subsistence, will very rarely allow of a free egress of corn, when it is in any degree scarce. Our own statutes, till the very last year, prove these fears with regard to ourselves; and regulations of the same tendency occasionally come in aid of popular clamour in almost all countries of Europe. But the laws respecting the exportation of corn, which have been passed in France during the last year, have brought this subject home to us in the most striking and impressive manner. Our nearest neighbour, possessed of the largest and finest corn country in Europe, and who, owing to a more favourable climate and soil, a more stationary and comparatively less crowded population, and a lighter weight of taxation, can grow corn at less than half our prices, has enacted, that the exportation of corn shall be free till the price rises to about forty nine shillings a quarter,⁵ and that then it shall be entirely cease.⁶

From the vicinity of France, and the cheapness of its corn in all years of common abundance, it is scarcely possible that our main imports should not come from that quarter as long as our ports are open to receive them. In this first year of open trade, our imports have been such, as to shew, that though the corn of the Baltic cannot seriously depress our prices in an unfavourable season at home, the corn of France may make it fall below a growing price, under the pressure of one of the worst crops that has been known for a long series of years.

I have at present before me an extract from a Rouen paper, containing the prices of corn in fourteen different markets for the first week in October, the average of which appears to be about thirty eight shillings a quarter;⁷ and this was after disturbances had taken place both at Havre and Dieppe, on account of the quantity exported, and the rise of prices which it had occasioned.

It may be said, perhaps, that the last harvest of France has been a very favourable one, and affords no just criterion of its general prices. But, from all that I hear, prices have often been as low during the last ten years. And, an average not exceeding forty shillings a quarter may, I think, be conclusively inferred from the price at which exportation is by law to cease.

At a time when, according to Adam Smith, the growing price in this country was only twenty eight shillings a quarter, and the average price, including years of scarcity, only thirty three shillings, exportation was not prohibited till the price rose to forty eight shillings. It was the intention of the English government, at that time, to encourage agriculture by giving vent to its produce. We may presume that the same motive influenced the government of France in the late act respecting exportation. And it is fair therefore to conclude, that the price of wheat, in common years, is considerably less than the price at which exportation is to cease.

⁵ Calculated at twenty-four livres the pound sterling.

⁶ It has been supposed by some, that this law cannot, and will not be executed: but I own I see no grounds for such an opinion. It is difficult to execute prohibitions against the exportation of corn, when it is in great plenty, but not when it is scarce. For ten years before 1757, we had in this country, regularly exported on an average, above 400,000 quarters of wheat, and in that year there was at once an excess of importation. With regard to the alleged impotence of governments in this respect, it appears to me that facts shew their power rather than their weakness. To be convinced of this, it is only necessary to look at the diminished importations from America during the war, and particularly from the Baltic after Bonaparte's decrees. The imports from France and the Baltic in 1810, were by special licences, granted for purposes of revenue. Such licences shewed strength rather than weakness; and might have been refused, if a greater object than revenue had at that time presented itself.

⁷ The average is 16 francs, 21 centimes, the Hectolitre. The Hectolitre is about 1-20th less than 3 Winchester bushels, which makes the English quarter come to about 38 shillings.

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