

WHAT PROTECTION DOES FOR THE FARMER AND LABOURER.

A Chapter of Agricultural History.

BY

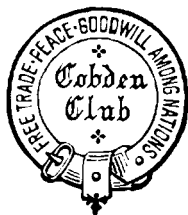
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BARRISTER-AT-LAW; LATE FELLOW OF BRASENOSE COLLEGE, OXFORD,

Author of "Farmers' Grievances"; "Agriculture and the Land Laws," &c.

FIFTH EDITION.

Revised.



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DEDICATION OF THE FIRST EDITION.

To

JAMES HOWARD, Esq., M.P.

FOR THE COUNTY OF BEDFORD,

CHAIRMAN OF THE FARMERS' ALLIANCE,

A FAR-SEEING AND STRENUOUS ADVOCATE OF THE
FARMERS' TRUE INTERESTS,

These Pages are Inscribed.

November 9th, 1881.

PREFACE TO THE THIRD EDITION.

(REVISED.)



THE continued and accelerated fall of prices, the consequent but more gradual decline in rents and the incipient reductions of wages since the year 1881, when this pamphlet was first published, have naturally increased the unrest and dissatisfaction of the commercial and industrial world. From these feelings the Fair Traders have reaped what harvest they can lay claim to. As though the events of history had never happened or had never been recorded, they appeal to the hopes of those whose profits they promise to raise, or to the discontent of those who have fallen behind in the race of competition. To the manufacturer and farmer they offer the bait of increased returns to capital, to the labourer a rise in wages, unmindful of the fact that to their fathers and grandfathers the same hopes were held out and the same promises falsified. It is intelligible that to men unversed in abstract speculation *a priori* reasoning is not always convincing, and it has been observed with truth that all the dialectics of Cobden might have been fruitless but for the stern lesson impressed by the Irish famine. I rest the case against Protection to agriculture, therefore, in the main upon experience, though I endeavour to reinforce experience by showing the necessities out of which it issued, and by deducing the moral which it points. "Experience," said Benjamin Franklin, "keeps a dear school, but fools will learn in none other, and scarce in that." My hope is that the penal discipline of their

forefathers may be a sufficient lesson for the existing generation.

The two former editions of this pamphlet have received some not unfriendly criticisms from Protectionist Farmers. "It is impossible," says one critic in a letter which was communicated to me, "to follow him in his argument that, because prices were augmented by Protection, Farmers sustained a loss instead of a gain, as he begs the question all the way through. In the first place, Rents were not fixed on the assumption that wheat would make the maximum price, but by supply and demand." It is a curious commentary on this statement that another Protectionist Farmer, writing about the same time, says, "Sir Robert Peel made a *promise* that wheat should never be under 56s. a quarter"—a striking indication of the interpretation assigned by Farmers to the anticipated effects of a Protective tariff. But, indeed, so far have I been from begging the question, that to any one who will take the trouble to read the evidence of the Farmers themselves it is clear to demonstration that Rents were fixed in expectation of a steady maximum. See in the evidence before the Committee of 1821 that of Mr. Custance (p. 3); before the Committee of 1833, of Mr. Oliver (p. 51); of Mr. Hope of Fenton Barns and of Mr. Howden (pp. 61-3) before the Committee of 1836. I heard not long ago from a landed proprietor a confirmatory tradition on the side of the Landowners. He told me that he remembered his father saying that as soon as the Corn Law of 1815 was passed the steward was sent round the estate to raise the Rents. Unless human nature is greatly changed both in Farmers and Landlords, which will scarcely be contended, the phenomenon which regularly recurred under the Corn Laws would to a certainty reappear under a new one. And how little human nature has changed on the Farmer's side is shown by the illusory imaginings in which one of

my critics still indulges : "I must say it would be well to legislate now so as to keep corn up to 56s. a quarter and meat up to 8d. a pound, and thereby enable the Farmers to live and pay fair rents."

Others, again, of the Protectionist Farmers with whom I have come in contact have adopted a *rôle* of self-sacrificing patriotism. Starting with the assumption that it would really be advantageous for the country to double its wheat area, they have criticised my conclusions as to changes in the distribution of wealth which would assuredly ensue. "It is invidious," they have argued, "to insist upon the moral certainty that the Landlords will appropriate the entire gain. A beneficial result will have been attained which in the long run extends to the whole community. Men of real public spirit will, therefore, abstain from inquiries which have only the effect of 'setting class against class.'" They forget, however, that their initial assumption is more than questionable. It certainly cannot be shown from the point of view of practical economics that an artificial extension of the wheat area is desirable. If such an extension were economically profitable, it would take place without legislative forcing. The military argument is disposed of by our experience of the time when Napoleon was master of the wheat-exporting granaries of the Continent. But even were their assumption justified, the analysis of the changes in distribution arising out of Protection is not out of place. The main argument addressed to Farmers and Labourers is based on nothing else than prophecies that the consequence of Protection would be to put more into their pockets, to distribute to them a larger share than before of the national wealth. This is the challenge thrown down by the Protectionists themselves, and this challenge I take up. It is too late, then, for them to retreat from their chosen position in a cloud of evasive heroics.

There is another class of argument of which I have said nothing in the text, as not being strictly germane to my topic. It is asserted by Fair Traders, and the doctrine is embraced by Lord Randolph Churchill in his Fair Trade as distinguished from his Free Trade speeches, that the imposition of import duties would give a healthy stimulus to the revenue. But investigation of the effects of a tariff upon revenue shows its imposition to be followed in general, if not by an absolute decline, at least by a decline in the rate of increase. Some who have pretensions to rank in political life, like Mr. Chaplin, seriously suggest, in the face of the everyday experience of commercial men, to say nothing of common sense, that the duties are paid by the foreign exporters. The simple commercial transactions which I have selected for illustration on p. 90 is sufficient refutation of this obvious fallacy. Others who think that the country will be relieved by a tariff seem to suppose that duties are paid by miracle. "He omits," says one of my critics, "one important item, viz., the relief of taxation by the import duty. If a duty of 5s. a quarter on wheat and 4s. a quarter on barley and maize, and 3s. a quarter on oats were imposed on importations at the present time, something like £8,000,000 per annum would be received and might be applied to national purposes." Be received—yes, but from whom? My friend, like Lord Randolph Churchill, who is the first Chancellor of the Exchequer since Addington untinged by Political Economy, would do well to read that simple chapter of Bastiat on "That which is seen and that which is not seen." The transfer of them from one pocket to another may be a relief, as this pamphlet shows, to one class of the community, but it cannot be a lightening of the national burdens.

August 31, 1887.

PREFACE TO THE FOURTH EDITION.

DURING the months that have elapsed since the publication of the third edition, the cry of the Fair Traders has become louder. In November last a meeting at Oxford of more than a thousand Conservative associations from all parts of the country carried by an overwhelming majority resolutions in favour of commercial reaction. The most remarkable incident of this declaration is that, since Lord R. Churchill of late abjured Protectionism, it receives no overt encouragement from any of the Party leaders. Indeed, the politicians who are responsible for it can scarcely be said to take place even in the second rank. Nevertheless, an agitation so popular with the local Party wire-pullers cannot fail to be the cause of considerable embarrassment to the Government, as well as to individual Conservatives who hesitate between Party ties and reluctance to commit themselves to a doctrine, the realisation of which must, as they know, result in acute distress among the mass of the population.

One notable and constant characteristic of Protection has already developed itself. A few years ago the Fair Traders professed themselves desirous, as a rule, of nothing more than a five-shilling duty on wheat, and this rather by way of retaliation on the United States than as in itself of advantage to the community. On pp. 64-66, and generally throughout the pamphlet, I have argued on the assumption that this was their

demand. Nor have I departed from that assumption in this edition. But I observe that expectation is whetting the edge of Protectionist rapacity. We have not to wait for the appetite which partial fruition invariably brings. Our Protectionists, like the ancient Sibyl, are already raising their terms. On the 8th of December (1887) the "National Association for the Preservation of Agriculture and our other Industries" held a demonstration in St. James's Hall. Their chairman, after picturing the supposed ruinous consequences of Free Trade, remarked amid cheers that "a 10s. 6d. duty would have saved us from all these disasters, and would not have raised the price of wheat above 50s. a quarter." A month earlier, at a meeting of the "National Fair Trade League," one of its leaders, Lord Stanley of Alderley, declared in favour of 10s. When once this factitious hunger is excited, 50s. a quarter is as little likely to satisfy as 80s. in 1815-28. Protectionists, by whatever name they call themselves, are in the very nature of things like the daughters of the horseleech, "crying, Give! give!"

The Farmers, except where neighbourhood to great towns induces reflection upon political possibilities, are largely worked upon by Protectionist promises. Not that they can altogether shut their eyes to the mass of evidence proving the injurious effects of Protection to themselves as a class. The secret spring of their inclinations is to be found in the liberal dealings with their tenants of the majority of English Landlords, and the conviction which each man cherishes that, however those upon the properties of other owners may suffer, he will himself escape. At a discussion introduced by me at a meeting of a local Chamber of Agriculture, this argument was advanced with reference to a well-known Protectionist Landlord, who was not, it was urged, likely to take advantage as against his tenants of the opportunities which, as was admitted, a Corn Law would

put into his hands. As though a contingency so precarious and isolated as the forbearance of exceptional individuals could furnish an adequate basis for a revolution in national economy, or justify the cultivators of the soil in exposing their fortunes as a class to assured and final ruin!

There are other Farmers, especially among the shrewd and independent Scots, who interpret with a more discerning eye the causes and consequences of the present distress. "Do you not think," writes a well-known farmer of Midlothian, who ascribes his losses to the competition of high rents rather than to the competition of low prices, "Do you not think that some means should be used to bring before the nation the real cause of British agriculture now requiring Protection, *i.e.*, that in the past the conditions under which it has been carried on have been so unreasonable?—I may say, so ridiculously unreasonable?" "Farmers in my district," he adds, "have been ruined and expatriated after they had shown that they could carry on British agriculture profitably without Protection." In the judgment of these, among the best Farmers in the kingdom, the mischief for which this illusory remedy is sought is of home-growth. The practice of renting tenants on their improvements, and of refusing them security of tenure, has weakened their capacity to withstand severe pressure. To these evils my correspondent desires that the Cobden Club should direct public attention. For my own part, I can plead that I have long been sensible of them. I have never been content to meet Protection with a simple *non possumus*, but whether through the Farmers' Alliance, or as a candidate for Parliament, I have invariably urged upon farmers that "No Protection" was not the last word of Free Traders. The Farmers' interest lies not merely in desisting from the vain pursuit of a chimera, but in concentrating effort upon the substantial

improvements of their condition which are really within their grasp.

By a strange inconsistency, those who figure as adherents of Protection generally declare themselves opposed to Socialism. Yet between Protection and Socialism, whether the Socialism come from above or from below, from Ministers of State or a revolutionary party, there is an absolute identity of principle. The only difference lies in the application. Both Socialists and Protectionists alike fancy that the stroke of a pen can create national prosperity. Both believe that Ministers can beneficially direct the common course of commercial transactions. Both look to a redistribution of wealth through the agency of the State. It is no wonder that in countries where Protectionism is the accepted creed Socialism flourishes. There is only one point of difference between the two. Socialism invites the intervention of the State to mulct the rich for the benefit of the poor, the few for the many. Protection invokes it to tax the poor in favour of the rich, the many for the few.*

I. S. L.

January 1, 1888.

* Since writing the above, there has come into my hands an instructive pamphlet on "The French Corn Laws," by M. Yves Guyot, deputy for the department of the Seine. It is translated by Mr. J. W. Probyn, and published by the Cobden Club. M. Guyot remarks upon the French Elections of 1887, which turned chiefly on the question of further Protection to agriculture: "The Protectionists in reality made only one speech, in which they reiterated in every kind of form that the State should guarantee to the proprietor the certainty of his rent. These same Protectionists are very indignant when certain Socialists demand that the State should guarantee a certain minimum salary for their work. It is, however, exactly the same theory."

PREFACE TO THE FIFTH EDITION.

THE exceptionally scanty harvest of 1892, and the fall of prices which rendered the deficiency of yield more severely felt by the farmer, have given fresh life to the Protectionist movement. This found its opportunity in the National Agricultural Conference held in London at the beginning of December, 1892. Recent political changes had concurred to favour the Protectionist party, who had for six years been unwilling to embarrass a Conservative Ministry. But an active agitation for Protection has long been the policy of the Conservative party in opposition. Differences did, indeed, disclose themselves among the delegates to the Conference. While some, especially such as live among the great centres of population in the north of England, turn for a remedy to reforms of land tenure and greater freedom of cultivation, the majority, especially those from the country districts of the south, remain strongly favourable to Protection. Upon these the lessons of history, if indeed they have ever been their study, have been lost. Yet the enthusiasm of the landlords, and the frank avowal of one of them that "he spoke as a ruined landowner," might reasonably have awakened suspicion that the farmers' pockets were not the first thought in the minds of all. Clearly, unless the "ruined landlords" are permitted by raising their rents to appropriate the whole of the

proposed duty, since not even the most sanguine anticipate that the duty will be heavy, their fortunes are not likely to be re-established. In that event what becomes of the farmer?

The difficulties incident to a division of the spoil were prudently postponed by the Conference. But the Protectionist leaders are sensible that they have to face the difficulty of converting the agricultural labourer to a crusade for a rise in the price of food. In an interview accorded to a representative of the *Evening News*, and published in that paper on December 12th, 1892, Mr. J. Lowther expounds the plan of the Protectionist campaign—"Raise prices of produce to a point that pays for production* and the result would be that the diminished wage would be augmented . . . Improved prices, as the result of Protection, would increase the wages of the labourer." Unfortunately for this dictum, "improved prices, as the result of Protection," were, as the following pages show, accompanied by the lowest possible level of wages to the labourer. And while the level of wages was low, the taxation upon those wages imposed through the agency of general Protective duties was considerable. The wages, in short, were less and went less far. Upon this important feature of the Protective system the leaders of Protection to Agriculture are judiciously reticent. They use language which conveys that while the labourer will enjoy some advantage from the enhanced price of the commodities sold by his employer, he will, in his capacity of consumer, enjoy the benefit of the cheapness of Free Trade. But Agricultural Protection, as the Sheffield Conference of Conservatives showed, is only one branch of a system designed to raise the price of commodities all round, including those of which farmers and labourers are purchasers. What guarantee then has the labourer that,

* As to this point see the inquiry of 1814, page 5 *infra*.

assuming his wages to be raised as an indirect consequence of duties upon food, the rise will not be more than counterbalanced by the increase in the price of the other articles of his consumption?

Discerning that mere empty promises, such as those of Mr. J. Lowther, are not likely to attract the labourer to a policy involving immediate and evident sacrifices, another Protectionist leader, Sir E. Sullivan, endeavours to prove Mr. J. Lowther's dictum by reasoning.

In a letter to the *Morning Post* of December 12th, 1892, Sir E. Sullivan bases his argument upon the maxim that "in every industry wages for labour are regulated by the value of what the labourer produces." From this he infers that when wheat is cheap wages are low, and when wheat is high wages are high also. But the maxim is only true with limitations. Where the labouring class is highly organised, it is able to secure a share of the produce, limited by the current returns for risk and profits of the employer. On the other hand, where the supply of labour is great and practically unrestricted by organisation, the employer can dictate the terms, and the "iron law" of Ricardo asserts its tendency. In the case of the agricultural labourer, his poverty, his isolation, and his dependence render effective union extremely difficult, if not impossible. His wages, therefore, do not vary as the value of produce. Were an Agricultural Labourers' Union able to dictate terms, as Sir E. Sullivan suggests, the farmers' profits would be encroached upon from below, and the farmer, in his turn, would be less able to pay the increased rent which follows upon a Protective duty. Latent as the antagonism of interests may be so long as Government abstains from intervention, it is instantly stirred up to life by a Corn Law. No sliding scale of wages would satisfy an efficient Agricultural Labourers' Union, for the labourers would argue, and with perfect justice, that

their right to intercept the whole of the value added by a duty was as good as the right which the landlord claims to base upon it a rise of rent. The farmer, exposed to attack on both sides, would retaliate on the labourer as the weaker party, and seek to save his profits by paring down wages. In this he would be encouraged by the landlord, whose object in promoting Protection would be entirely frustrated were a rise in wages to consume the fund out of which he contemplates a rise in rents. And that these inferences are not idle imaginings is shown by every page of the experiences here recorded. Low wages, low profits, and high rents are the inevitable issue of Protection to agriculture.*

An argument has recently been invented by the Protectionists calculated to allay the apprehensions of a rise in price, whether felt by the agricultural labourer or by the general consumer. With an heroic defiance, not merely of economic probabilities, but of every-day experience, they maintain that a rise in the price of a raw material does not involve a rise in the price of the manufactured product. They allege the case of France, where the free importation of bread does much to nullify the action of the Corn Law. Yet even in France, as M. Guyot has shown,† their assertions are untrue. According to them the great offender is the middleman, especially the baker, who maintains a normal price for bread irrespective of the cost of wheat or flour. All that Protective duties would do then would be to reduce the profits of the baker, while leaving the consumer untouched.

The question may well be asked why, if the bakers of this country can effectively control such a giant monopoly, they should not, in the event of a Corn Law, so raise their prices as to retain their customary rate of

* For the conditions under which dearness of corn may be accompanied by higher wages see below, page 74, note. They are not such as to commend themselves to the labouring classes.

† *Infra*, p. 30, note.

profit? The public would in that event be not less but more at their mercy, since the unrestricted importations of the raw material which, according to economists, tend to promote competition in manufacture, would be cut off. The basis of monopoly is limited supply. And if there be any foundation for the opinion of the French mayors,* that the bakers for their own profit combine to establish an artificial price, the logical consequence is the action they have taken to declare an Assize of Bread. It is obviously the duty of a Government to combat evils which its intervention has brought into being. If then Protection should be adopted in this country, the Assize of Bread must again, as inseparable from the Protectionists' position, find a place upon the statute book. From this step to that of municipal bakehouses is, as mediæval economic history and the experience of modern Marseilles alike show,† a natural and necessary transition. We shall then find ourselves immeshed in the elaborate system of fixing prices and wages which, whatever its justification in the Middle Ages, has been gradually discarded as incompatible with the conditions of modern industrial development. For the only alternative to a paternal despotism will be a social anarchy to which the darkest days of the old Corn Laws will present but an insignificant parallel.

As a matter of fact the statements of the Protectionists as to the price of bread in this country are for the most part pure fictions. Mr. James Lowther is represented as saying, in the interview already cited, that "bread is no cheaper to-day, when wheat stands

* See p. 79, note.

† In February, 1893, the municipal authorities of Marseilles, unable to agree with the bakers as to the official price of bread, occupied the bakeries with the police and military, and with the assistance of supplies from the Government depôts, themselves undertook to provision the city with bread. The issue of the struggle is that the bakers have capitulated, probably with the intention of recouping themselves in the manner indicated by M. Guyot.

at 28s. a quarter, than when it stood at 40s." Similar language is used by Lord Winchilsea, who is endeavouring to enlist the agricultural labourers in a Union of which the but partially avowed object is the restoration of the laws under which, seventy years ago, they were rendered desperate by starvation.* But the agricultural labourers are probably better informed than the gentlemen who would persuade them at the same time that their bread is too cheap and not cheap enough. Letters have appeared in the papers from some of the great bakers of London effectually disposing of Mr. Lowther's delusion. "In April, 1891," writes one of them,† "the price in London of the best household bread, made of the best London-made flour, was 8d. per 4lb. loaf, the price of the flour was 40s. per sack; to-day the price of the best household bread is 6½d. per 4lb. loaf, the flour costing 30s. per sack. In these cases both the bread and the flour are the very best, no better flour being made in England. A fall of one halfpenny per 4lb. loaf is equal to a fall of 4s. per sack in flour. It is evident that bread having fallen 1½d. per 4lb. loaf in the last two years, and flour only 10s. per sack, the baker is getting, instead of a greater profit, a smaller by 2s. per sack than in 1891." The Royal Arsenal Co-operative Society, Woolwich, was selling bread in January, 1893, at 5d., and in the autumn of 1892 at 6d. a quartern, the difference being represented by a fall in the price of flour. ‡

Another of the Protectionist leaders—Mr. Howard Vincent, M.P.—subsequently endeavoured to improve upon Mr. Lowther's judicious generalities by specific

* The basis on which this Union was founded was to carry out the objects of the Conference of December, 1892, of which the principal was the reinstatement of Protection. After some attempts to conceal this, Lord Winchilsea, its founder, has definitely declared for differential, *i.e.*, Protective, duties (*Times*, January 20th, 1893).

† Mr. W. Neave Hill in the *St. James's Gazette*, January 10th, 1893.

‡ Statement by the Manager, see *St. James's Gazette*, January 14th, 1893.

statements as to the comparative prices of bread in England under Free Trade and in France under mitigated Protection. According to Mr. Vincent, the price of bread in Paris is equivalent to about $7\frac{1}{4}$ d. the 2 kilo. loaf, whereas in London the price is $7\frac{1}{2}$ d. the 4lb. loaf, which is two-fifths of a pound lighter than the French loaf. To this Mr. Mundella, M.P., President of the Board of Trade, replied as follows:—

“ Board of Trade, Whitehall Gardens, S.W.

“ *February 18th, 1893.*

“ DEAR MR. HOWARD VINCENT,

“ I regret that the pressure of business has prevented me from replying earlier to your letter of the 11th inst., which was delivered to me by your secretary on the afternoon of Sunday, the 12th. I understand your contention to be that working men pay $7\frac{1}{2}$ d. for a 4lb. loaf in England, whereas bread, equally good, weighing 2 kilos., is sold in France for from 75 to 80 centimes, and you call in question my statement made in the Debate on the Unemployed. Permit me to say that you are entirely mistaken, both as to the statement made by me and as to the price paid by the English workman for the 4lb. loaf.

“ The facts are very simple, and may be briefly stated as follow: On the 11th and 12th of August last I presided over Group C of the Royal Commission on Labour, and examined a number of masters and workmen engaged in the baking trade in various parts of the United Kingdom. The evidence showed that in the north of Ireland the price of bread at that date was 5d. for the 4lb. loaf, and that that was the rate generally paid by workmen throughout the north of England also; that the finest bread was sold as high as 6d., but that both first and second quality were in some cases sold at $4\frac{1}{2}$ d. and $5\frac{1}{2}$ d. respectively; that in Staffordshire, where it is

weighed over the counter, it was sold at a 1d. per pound, or $3\frac{1}{2}$ d. for the $3\frac{1}{2}$ lb. loaf, and 4d. for one of 4lbs. The London witnesses gave evidence that bread by makers of good reputation—such as Chibnall, Jasper, and others—was retailed at $5\frac{1}{2}$ d. the 4lb. loaf in London. A few days later I went to France and found that the price generally charged for bread of second quality was 80 centimes for a loaf of 2 kilos. I made inquiries at the bakers' shops, of the workmen, and of the peasants whom I saw carrying home their weekly supplies, and found that the invariable price quoted was, as I have said, 80 centimes for 2 kilos.

“I do not wish it to be understood that this bread was less wholesome or less nutritive than our English bread at the lower prices which I have quoted, but owing to its colour and texture it would be objected to by English workmen, and even by the residents in our union workhouses. I know from long experience that there is nothing that the working classes, even the very poorest, so much object to in bread as the discolourisation and close texture which was characteristic of the bread which I examined in France. You are altogether in error in the statement that the price paid by working men in London for the 4lb. loaf is $7\frac{1}{2}$ d. It is not improbable that such is the price charged for fancy bread in the neighbourhood of Grosvenor Square to the inhabitants of that aristocratic locality, but working men are not accustomed to reside in such fashionable quarters, or to buy bread of such a description.

“I have taken some pains to ascertain what were the prices generally ruling last Monday morning. I find that the price of the 4lb. loaf of excellent quality delivered at the door in Kensington was $5\frac{1}{2}$ d. The price in Woolwich and Chatham was $4\frac{1}{2}$ d. and 5d., and Neville's bread of the very finest quality was delivered for my own table at $6\frac{1}{2}$ d. From inquiries made in

Sheffield, I find that the Sheffield Union, like the Yorkshire people generally, bake their own bread, that it is made with flour of excellent quality, and costs 1d. per lb., and that this is the general cost throughout Yorkshire and elsewhere, where it is customary for the people to bake their bread at home. In Sheffield, where the bread is purchased from the baker, the price to-day is 5d. I believe in the foregoing I have given you the very outside prices that are being paid. I have heard of much lower quotations. At Spalding the Union has recently contracted for bread, which I am assured is of very good quality, at $2\frac{3}{4}$ d. the 4lb. loaf; and that $4\frac{1}{2}$ d. is a very common price in working-class neighbourhoods in the large towns. A recent Foreign Office report from Italy gives the price in the third week in December, 1892, as ranging from 7d. per 4lb. loaf at Milan to $9\frac{1}{2}$ d. at Rome. You will thus perceive that in Protectionist countries the price of bread is from 25 to 50 per cent. dearer than it is in this country. I propose to send this correspondence to the press on Monday.

“I remain, etc.,

“A. J. MUNDELLA.

“C. E. Howard Vincent, Esq., C.B., M.P.”

Mr. Mundella's statements were corroborated by letters from experts in the *Times*, of which two examples will suffice—

“PRICE OF BREAD.

“TO THE EDITOR OF THE *TIMES*.

“SIR,—Referring to the letters of Mr. Howard Vincent, M.P., and the Right Hon. A. J. Mundella, the President of the Board of Trade, on the price of bread to the working classes, I have investigated the subject at various times during the last thirty-four years, and the following carefully prepared statement may be interesting to many of your readers. It is, excepting the first item,

extracted from the last paper read by me on the subject at the meeting of the British Association at Manchester in September, 1887. I have not yet completed the returns for 1893, but, as far as I have gone, the prices quoted by Mr. Mundella appear to be correct.

“The average price of bread of good quality, delivered over the counter for cash, in 1887 was $4\frac{3}{4}$ d. per 4lb. loaf; in 1859 it was $5\frac{1}{2}$ d., in 1849 it was 6d., and in 1839 it was $8\frac{1}{2}$ d. per 4lb. loaf.

“An average workman’s family has been taken at five persons, consisting of himself, his wife, and three children, and their expenditure in bread has been as follows:—

		d.	s.	d.
1893	Average workman's family in bread, 8 4lb. loaves @	$5\frac{1}{2}$	=	3 8
1887	”	$4\frac{3}{4}$	=	3 2
1859	”	$5\frac{1}{2}$	=	3 8
1849	”	6	=	4 0
1839	”	$8\frac{1}{2}$	=	5 8

“I am yours obediently,

“DAVID CHADWICK.

“36, Coleman Street, London, E.C., Feb. 21.

“P.S.—The price to-day of the best household bread at the counter in one hundred of the best bread shops in London is $5\frac{1}{2}$ d. per 4lb.”

“TO THE EDITOR OF THE *TIMES*.

“SIR,—With reference to the published correspondence concerning the price of bread between the President of the Board of Trade and Colonel Howard Vincent, M.P., may I be permitted to point out that the last-named gentleman is quite mistaken in stating that the fall in the average price of wheat during the past twelve months has had no appreciable effect upon the price of bread?

“As chairman of one of the leading bread companies, I am able to state, from the experience of a close con-

with the trade, that the price of best bread at this time last year was $6\frac{1}{2}$ d. per 4lb. loaf, against $5\frac{1}{2}$ d. at the present time. This reduction of 1d. is equal to 7s. 9d. per sack of flour, whereas the average price of the latter is only 7s. 3d. less than it was at the same time last year. This will clearly prove that the reduction in the price of bread is even greater than the reduction in the price of flour; and this is the case with all the principal producers of bread in the metropolis.

“I am, Sir, your obedient servant,

“FREDERICK BEDDOW.

“2, Gresham Buildings, Basinghall Street, London, E.C.

“Feb. 22.”

Another of the clients whose cause is pleaded by the Protectionists is the taxpayer. Production, they tell us, is crippled by taxes. If just so much duty is levied on foreign wheat and flour as represents the total of internal taxation, imperial and local, the home producer will be placed upon a level with his competitor from abroad. Further, the general burden of taxation will be relieved by the amount of these duties.

This proposal lands its advocates in a dilemma. If the imposition of duties involves, as the Protectionists assure the farmers, a corresponding rise of price, it is the consumer and not the foreigner who will pay the whole. The reasons for this will be found on pages 79-80 of the text. It is the English taxpayer who will have fresh burdens added to those he has to bear. Should any Protectionist doubt this conclusion, he has only to look at the history of the M'Kinley tariff.

Contemporaneously with these proposals in the supposed interest of the farmer, the Protectionist whispers words of comfort to the general public. No rise in price, he assures—as we have seen—the consumer, would follow the imposition of a duty. But if this proposition be true

the proposal ceases to have any attraction for the British farmer; indeed, he would be the worse off, as the enactment in his interest of an illusory remedy would surely estrange from him public sympathy.

It was observed by Sir W. Harcourt in the debate on the Address (Feb. 7, 1893) that "there is nothing more remarkable in the history of these committees on agricultural distress than the fact that it has always appeared to the party who has suffered from that distress that the first and best remedy for it was what is called in America "soft money." It is outside the scope of this work to enter into the question of Bimetallism. But since the plea for Bimetallism as a cure for agricultural distress is now urged upon historical grounds in the House of Commons, the soundness of this foundation is pertinent to the present inquiry. In the earlier part of the same debate (Feb. 6, 1893), Mr. Everett, M.P., alleged that "it was the abundance of inconvertible notes between 1797 and 1815 which led to the high prices and the great prosperity."* There is room for much astonishment at the resurrection in the House of Commons in 1893 of the ancient superstition that the printing-press can create prosperity! The specific contention of Mr. Everett was long ago demolished by Tooke in his "History of Prices," and the years selected by him, when the circumstances are scrutinised, lead to entirely opposite conclusions. To take the first period Mr. Everett adduces. In 1798, 1799, and 1800 there were deficient harvests. There was coincidentally an increase in the Bank circulation. But at this period Bank of England notes were actually at a gold premium, so that the fertilising properties of inconvertible paper were altogether inoperative. The rise in prices can well be accounted for by the de-

* The substance of the following argument on Agricultural Depression and Currency appeared in two letters contributed by the author to the *Economist* newspaper of February 18th and March 4th, 1893.

ficient yield, especially if Gregory King's law* be borne in mind. But the events of the years immediately following enable us, by the application of the Method of Difference, completely to refute Mr. Everett's inference. From 1801 to 1803 the harvests were moderately productive. Wheat fell from an average of 119s. 6d. in 1801 to 69s. 10d., 58s. 10d. and 62s. 3d. in 1802-4.† Now had bank notes been the original cause of the high prices, the further issues of bank notes which took place during those years would have raised the previous prices higher still. The inference follows that the price was dependent upon yield. A deficient harvest in 1804 was followed again by a rise in price. In short, the prices of wheat are in the nature of a barometrical record, for in 1804 Bank of England paper was again at par, and remained until 1808 at the insignificant discount of $2\frac{1}{2}$ per cent. The highest price reached was the average of 126s. 6d. a quarter for 1812, the last of a series of four deficient harvests. Here, if anywhere, might be seen the beneficent influence of "soft money." But while in 1810 the *increased* issues of the Bank of England amounted to some £2,500,000 in notes of £5 and upwards, and £2,000,000 in notes under £5, the price of wheat in 1810-11 fell from 106s. 5d., the average for 1810, to 95s. 3d., and this notwithstanding an increase in the depreciation of Bank paper from 8 to 20 per cent.‡ The Bank issues in August, 1810, had reached the "enormous and unprecedented amount of £23,775,000."§ Between that time and 1812, when wheat prices were at their highest, the circulation of country banks had fallen from £21,000,000

* *Infrà*, p. 76, note †.

† These prices are taken from the "Statement of the annual average price of each kind of grain in England and Wales from 1771 to 1841." Parliamentary Papers, Feb. 11, 1842.

‡ Porter's "Progress of the Nation," page 429, ed. 1847.

§ Tooke, i. 365.

to £19,000,000,* and a like reduction had taken place in the issues of the Bank of England from £17,000,000 to £15,000,000. While from 1812 to 1815 the issues were increasing, the price of wheat was falling. In the face of these facts, what becomes of the proposition that "it was the abundance of inconvertible notes between 1797 and 1815 which led to the high prices and the great prosperity of agriculture during that period"? As to the assumption of the prosperity of agriculture not much need be said. That the high prices increased rents there can be no dispute, but as early as 1804 the fall of wheat gave rise to complaints of agricultural distress, which led to the enactment of the first Corn Law of the century. In 1814 a state of things which Mr. Everett summarises as "great prosperity" was thus described by the Committee of the House of Commons, upon whose report the Corn Law of the following year was passed—"Destitution seems to impend over the property of all those whose capital is engaged in the cultivation of the soil."

We now pass to the next period selected by Mr. Everett. "The year 1816," he says, "was a time of dreadful distress. There was a very wet harvest, but it was not this which produced the distress. At this time the inconvertible notes were to be called in, and it was the apprehension of this which led to the great fall in prices and the consequent distress."

Mr. Everett is right to mention the harvest. The operation of the cause he selects as productive of agricultural distress can be easily tested. "The inconvertible notes were to be called in." In point of fact, however, the Bank of England notes, the basis of the currency, were increased, not diminished, in the years prior to 1816, though calling in implies restriction of circulation. In August, 1814, they amounted to

* Lords' Committee on Cash Payments, 1819, page 12.

£28,360,000, an increase of £5,000,000 over February, 1813, and this increase was only reduced by £500,000 in 1815. Mr. Everett is, therefore, mistaken in his suggestion that an initial calling in was taking place. As for the country bank paper, as Mr. Horner observed in the House of Commons (May 1, 1816), "the reduction of the currency had originated in the previous fall of agricultural prices." This fall was due to the superabundant harvest of 1813. In August of that year wheat was at 112s.; in the December following at 73s. 6d. a quarter. To ascribe the fall to a reduction of the paper money is to put the cart before the horse. In the following year the ports were opened, and 800,000 quarters of wheat entered the country.

"In 1822," says Mr. Everett, "agriculture was plunged in wholesale bankruptcy." This is attributed by him to the return to cash payments. It is a curious coincidence that the harvests immediately preceding had been exuberant. So great was the yield in 1820 that Mr. Wakefield, an eminent land-surveyor, declared before the Committee on the State of Agriculture in April, 1821, that there was then "as much corn left in the country as generally in common years after harvest." The crop of 1820 was rivalled by the crop of 1821. Mr. J. Sanders, giving evidence before the Lords' Committee on Agriculture in 1836, was asked, "To what do you attribute the fall of corn in 1822?" His answer was, "To the very extraordinary crop in the year 1821; 1821 was a crop on the largest scale." Again there is a coincidence adverse to Mr. Everett in the state of the circulation. In the first place, Bank paper had risen to par in 1817, and the discount between that time and May, 1821, when it became convertible, was exceedingly insignificant. In the next place, though the lowest amount of Bank of England notes under £5 in circulation in 1822 was £1,200,000 less than in 1821, yet there was an issue of

sovereigns in 1821 of nearly £7,500,000, and people can trade with sovereigns at least as well as with paper. The total circulation of 1822, the year in which restricted circulation is said to have ruined agriculture, actually exceeded that of 1821 by nearly £3,000,000. As for the country bankers, their issues were, as they must be, responsive to the demands of country business. Mr. Hudson Gurney was asked by the Bullion Committee of 1819, "What determines, in your opinion, the fluctuations in the amount of country bank paper?" and replied, "The price at which the staple commodity of each district is selling; for example, I consider that our circulation would increase with a high price of corn, and would decrease with a low price of corn; corn being the staple of Norfolk." What has been said of the prospects of prices at this time sufficiently accounts for the contraction of the country note issues *as a consequence*.

In 1823, Mr. Everett tells us, the Government gave the small notes ten years more of life, "and immediately matters levelled up again." This is a mistake, of vital importance, as to date. The repeal of the clause of the Act directing the suppression of the £1 country note took place not in 1823 but in June, 1822. Country bankers were then free, with ten years of life before them, to multiply their issues. "The subsequent fall in the price of corn, which is so commonly ascribed to the supposed influence of the prolongation, did not take place till a twelvemonth after the notice of that prolongation had been given."*

"In 1829," says Mr. Everett, "Parliament anticipated the ten years which they had given in 1823 . . . We had the same trouble again: there was another fall in prices." But the announcement was made in 1826, and according to Mr. Everett's previous reasoning the apprehension of the calling in of the notes would have

* Tooke ii. 115.

caused the price of corn to fall. On the contrary, it rose from 58s. 8d. in 1826 to 66s. 3d. in 1829. The reason, of course, was a deficiency in the harvest. The fall of prices in 1830 was only 2s., and in 1831 wheat was again at 66s. 4d., which looks as though the disappearance of £1 notes had not been very ruinous to agriculture. In the Lords' Committee on Agriculture, 1836, the point was succinctly put to the currency-mongers. "Whenever there happens to be a rise, you look out for some justification in the state of the harvest; and whenever there is a fall, you look out for some justification in the state of the currency, abandoning any argument to be drawn from wet harvests, or the operation of the weather?"*

"In 1833 there was another inquiry into the agricultural distress, and that distress was shown to have had its origin in the lower scale of prices arising from the contraction of the money in circulation." Such a cause would have immediately affected commerce and industry. But the evidence of Mr. Samuel Gurney and Mr. Lewis Lloyd, the bankers, was to the contrary effect. "Money is so abundant," said Mr. Lloyd to the Committee of Inquiry, "that the only difficulty is finding employment for it." On the other hand, the evidence taken before the same Committee goes to show that, at any rate in the southern counties, there never was a better crop of wheat than in 1832.† "It was an extraordinary crop."‡ There were similar reasons for the fall in 1834-35, as amply appears from the evidence given before the Committee of 1836.§

* Evidence of E. S. Cayley, Esq., M.P., page 279.

† Hughes' evidence, 1833.

‡ Cornely's evidence, 1833.

§ "There have been three or four very abundant harvests in succession" (Bell, 11,891). "Five good harvests" (Jacob, 84-90). "But for the great crop of 1834 the country would now be in a situation to require importation" (Hodgson, 6,404-6,408). "The crop of 1820 was the most abundant this country ever produced, with the exception of the crop of 1834" (Sanders, 6,147).

At this stage of the controversy, a leading article in the *Manchester Guardian* of February 20th, 1893, proposed to shift the issue to another ground. "The influence," it said, "of a contraction of the currency, relative or absolute, in causing agricultural and industrial distress, is not disputed by any historian or economist of repute; but it is admitted that its effects cannot be rightly gauged except by the comparison of more or less protracted periods." The periods it selected for comparison were 1792 to 1797, 1797 to 1819, 1820 to 1831, and 1832 to 1850. Mr. Everett, in a letter published in the *Economist* of February 25th, adopted the same line of argument, abandoning the original position of changes in agricultural prices synchronously with enlargements and contractions of the paper issues.

Exception might fairly be taken to the proposal to shift the ground of discussion from years to cycles of years. Emissions of paper money in excess of legitimate demand are undoubtedly accompanied by an immediate rise of prices. I say "in excess of legitimate demand"—a term I will illustrate presently—because no other sense can be attached to Mr. Everett's doctrine of "abundance" of inconvertible notes, and of the prosperity consequent upon it. Now, as to the immediateness of the effect, take the history of assignats. On April 1st, 1795, 24 livres in coin were worth 238 in assignats; by July they were worth 808; by October, 1,205; by January, 1796, 4,658. There was no intermediate "cycle of years" before the consequences of "the abundance of inconvertible notes" made themselves felt. I grant that this is an extreme case, because the declining prospects of ultimate redemption contributed as much to the depreciation as the mere excess of issues. These had reached 22,000,000,000 francs, or £880,000,000, in October, 1795. But the same phenomenon recurred in the United States in 1862, the first year of the forced circulation of

greenbacks. The premium on gold in February stood at $2\frac{1}{8}$, and in December at 34. The history of the paper money issued in America during the Revolution is in exact correspondence with these two cases. Changes produced by this cause are immediate, not protracted over a cycle.

I go back to Mr. Everett's main contention, that "the abundance of inconvertible notes between 1797 and 1815 led to the high prices and the great prosperity of agriculture during that period." And let me first dispose of the word "prosperity." In the debate on the Address, Mr. Everett used the word without qualification. He subsequently* admitted that it was not genuine prosperity, for that "prosperity so created does not last." He had omitted to reflect that violent fluctuations are highly injurious to any industry, and that a system which involves these cannot confer prosperity. But he afterwards repented him of his partial concession, and asked, "What made rents rise? What else was it but prosperity?" I reply: What made the shares of the South Sea Company rise, or in John Law's Company of the Indies? Not prosperity, but the hope of prosperity. I recall the report of the Committee of the House of Commons in 1814, which excepted no class connected with agriculture from the verdict of misfortune. If Mr. Everett would know why, despite the nominally high rents, even the landlords were sufferers, he will find the reasons set forth in Lord Fitzwilliam's "Address to the Landowners of England" in 1834.

Next as to "the abundance of inconvertible notes." This "abundance" is imaginary, in the sense that it was a spontaneous emission irrespective of legitimate demand, or exceeding combined paper and metallic issues had there been no restriction. The Bank directors who gave evidence before the Bullion Committee of 1810, declared that their advances were only upon good mercantile bills,

* *Economist*, Feb. 25th, 1893.

at the rate of five per cent. This is what I mean when I speak of issues in conformity with legitimate demand. "The Bank," said the governor, "never forces a note into circulation" (p. 91). "The amount of the bank notes in circulation (is) controlled by the public for internal purposes" (p. 157). "From the manner in which the issue of bank notes is controlled, the public will never call for more than is absolutely necessary for their wants" (*ibid.*). Now, had no notes been in existence at all, the Bank would have made its advances on precisely the same principles. Would the "abundance" of sovereigns then have caused the high prices of agricultural produce? If the Bank directors' account of their system is true, as we must suppose, where was the "abundance" of paper producing these results?

It is the case that the circulation increased during the years in question. This in itself is no evidence of "abundance"—in other words, inflation. The *Manchester Guardian* justly reminded me that there was "an increase of population and expansion of trade and industry," and this is as true of the period of the war as after the peace. Nor need we rely upon the evidence of the Bank directors to prove that no such "abundance" existed. Thornton, in his work on Paper Credit (p. 236), supplies a gauge by which to judge paper issues. "An excessive issue of paper has not been the leading cause of a fall in the exchange if it afterwards turns out that the exchange is able to recover itself without any material reduction of the quantity of paper." In this country, as Tooke pointed out, "the exchanges, upon every pause from the pressure of extraordinary foreign payments, tended towards a recovery." And this took place even coincidentally with increased issues. Finally, no contraction of the circulation was required, when the pressure of foreign payments had ceased, to restore the exchanges and the price of gold to par. Then there

could have been no "abundance," in the sense of an excessive issue, raising internal prices. Would all this have been even remotely true of assignats or greenbacks, or the continental currency? If these are the facts as to the Bank of England issues, it follows that not they, but the war, the seasons, and the Corn Laws were in turn and together the causes, and the exclusive causes, of the high prices of 1797-1819.

The next cycle is that of the resumption of cash payments. The average price of the quarter of wheat from 1820 to 1831 was 60s., as contrasted with 90s. during the war period from 1797. It is assumed that the contraction of the circulating medium operated as a cause to lower prices. Upon this assumption, Max Wirth, the German historian of commercial crises, observes that though the contraction would have produced, had the war continued, a great revolution in prices, it is otherwise when peace is restored, because in war the balance of accounts has almost always to be made in gold, while in peace a large part of the circulating medium is replaced by exchange. As to the earlier part of this cycle—viz., from 1823 to 1825—Tooke comes to the conclusion, after a careful inquiry, that "the prices of corn did not vary coincidentally in point of time, nor proportionately in degree, with the variations in the prices of commodities" (II. 190). Why not, if the contraction was the factor governing the situation? With respect to the second part of the cycle (1828 to 1832), Tooke has shown that the price of the Winchester quarter of wheat on the average of five years ending in 1832 would, adding the 44s. a quarter of the old Corn Law of 1808 to 1813, have equalled the average of the last five years of the war. The fall was, therefore, due to the repeal of the law, wholly independent of currency.

The cycle 1832 to 1850 includes the introduction of Free Trade in corn, as well as that cheapening system of

production known as "High Farming," which followed the General Enclosure Act of 1845. The effect on prices of the importation of gold from Australia is, of course, notorious. I never questioned it.

This review of the years and cycles selected by the Agricultural Bimetallists shows both their facts and their conclusions to be at fault. If the successive periods of agricultural distress which recurred under the Corn Laws were due not to the operation of those laws in stimulating the cultivation of wheat upon unfavourable soils, and the consequent rise of rents and fall of profits and wages, but to blundering manipulations of the currency, a case would be made for a reconsideration of Protection to Agriculture. As for Bimetallism, which is the immediate object of Mr. Everett's advocacy, it must look for its arguments elsewhere than in a fallacious retrospect of the relations of currency to agricultural prices.

Various other suggestions have been made for meeting agricultural depression, among them the adoption of a sliding scale for rents based upon the prices of produce. From the evidence before the House of Commons Committee on the State of Agriculture in 1836 it appears that this had been tried in Scotland in combination with long leases. It is generally believed to have been satisfactory, though the witnesses at that inquiry passed no distinct judgment upon its effect. Its incorporation into Mr. Gladstone's Irish Land Act would undoubtedly have averted the confusion which has attended the working of that measure. An objection has been raised that it involved an uncertainty to the tenant as to the amount of his prospective outgoings, and this must certainly have been so in the days when, through the operation of the Corn Laws, violent fluctuations of prices constantly occurred, and no efficient system of statistics existed. Again, the quantity and quality of a harvest are coefficients of its value to an

individual farmer. After all, however, the relations between rent and profits could scarcely be more unsatisfactory than they are under the normal arrangement of to-day. A Royal Commission in Holland which has recently (February, 1893) reported upon the tenure of land in that country, recommends—though with hesitation—that the judge of the district should, upon the evidence of experts, and at the instance of one of the parties, where a sliding scale of rent is agreed to be paid, fix an average price for produce. It is probable that in this country owners will be reluctant to adopt a system which is in this way likely to lead to the establishment of Land Courts.

Among the farmers opposed to Protection and who, as has been said, belong for the most part to the North of England, where rents in the neighbourhood of the great towns are exceedingly high, there is a strong disposition in favour of the “three F’s” of Irish tenancy. A Federation of Tenant Farmers’ Clubs has been established to push forward reforms in this direction. On the other hand, the anti-Protectionists among the landlords direct attention to the profits made at the expense both of farmers and consumers by the middlemen who purchase agricultural produce wholesale. Associations for the co-operative distribution of produce by the farmers themselves already exist in Suffolk (Market Gardeners’ and Farmers’ Association) and in Yorkshire. It was stated at the Agricultural Conference of December, 1892, that ninety members of the Yorkshire Association, farming principally arable land to the extent of 20,000 acres, had a turn-over in 1891 of over £12,000, paid 5 per cent. on their capital and declared a bonus; and certainly if the number of small holdings is to be extended the need for such co-operation is pressing. A resolution was moved at the Conference by a delegate from Suffolk, for the establishment of an “Agricultural

Produce Association," with a central depôt in London and branches throughout the country, and was carried unanimously. The Cobden Club does not as a body commit itself to specific methods of reform; but it is convinced that most of the difficulties with which British agriculture has to grapple come from within rather than from without. At a meeting of the Committee of the Club on February 11th, 1893, a resolution was carried which, while condemning the Protectionist proposals of the Agricultural Conference, indicated the general lines upon which agricultural reform should be based. The resolution runs as follows:—

- “That the Committee of the Cobden Club condemn the resolution in favour of a return to Protection passed by the London Agricultural Conference in December last, upon the ground that experience has shown that agricultural Protection in any form, while entailing injurious sacrifices upon the nation at large, is especially prejudicial to the farmer and labourer. It renders the occupation of the farmer additionally precarious, while the anticipations excited by legislation have always raised rents, at the expense of profits and wages, to a level higher than could be justified by the increased prices.
- “The Committee further record their opinion that the real remedies for agricultural depression are to be sought in reform of the laws affecting the ownership and occupation of land, in the removal of restrictive covenants from agricultural leases and the cultivation of more varied crops, in the extension of agricultural education and the improvement of agricultural practice, and in co-operation among producers themselves in the distribution of agricultural produce.”

I. S. L.

May, 1893.