

## CHAPTER V

### OF BOUNTIES

BOUNTIES UPON EXPORTATION are, in Great Britain, frequently petitioned for, and sometimes granted, to the produce of particular branches of domestic industry. By means of them, our merchants and manufacturers, it is pretended, will be enabled to sell their goods as cheap or cheaper than their rivals in the foreign market. A greater quantity, it is said, will thus be exported, and the balance of trade consequently turned more in favour of our own country. We cannot give our workmen a monopoly in the foreign, as we have done in the home market. We cannot force foreigners to buy their goods, as we have done our own countrymen. The next best expedient, it has been thought, therefore, is to pay them for buying. It is in this manner that the mercantile system proposes to enrich the whole country, and to put money into all our pockets, by means of the balance of trade.

Bounties, it is allowed, ought to be given to those branches of trade only which cannot be carried on without them. But every branch of trade in which the merchant can sell his goods for a price which replaces to him, with the ordinary profits of stock, the whole capital employed in preparing and sending them to mar-

ket, can be carried on without a bounty. Every such branch is evidently upon a level with all the other branches of trade which are carried on without bounties, and cannot, therefore, require one more than they. Those trades only require bounties, in which the merchant is obliged to sell his goods for a price which does not replace to him his capital, together with the ordinary profit, or in which he is obliged to sell them for less than it really cost him to send them to market. The bounty is given in order to make up this loss, and to encourage him to continue, or, perhaps, to begin a trade, of which the expense is supposed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of such a nature, that if all other trades resembled it, there would soon be no capital left in the country.

The trades, it is to be observed, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any considerable time together, in such a manner as that one of them shall always and regularly lose, or sell its goods for less than it really cost to send them to market. But if the bounty did not repay to the merchant what he would otherwise lose upon the price of his goods, his own interest would soon oblige him to employ his stock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in sending them to market. The effect

of bounties, like that of all the other expedients of the mercantile system, can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord.

The ingenious and well-informed author of the Tracts upon the Corn Trade has shown very clearly, that since the bounty upon the exportation of corn was first established, the price of the corn exported, valued moderately enough, has exceeded that of the corn imported, valued very high, by a much greater sum than the amount of the whole bounties which have been paid during that period. This, he imagines, upon the true principles of the mercantile system, is a clear proof that this forced corn trade is beneficial to the nation, the value of the exportation exceeding that of the importation by a much greater sum than the whole extraordinary expense which the public has been at in order to get it exported. He does not consider that this extraordinary expense, or the bounty, is the smallest part of the expense which the exportation of corn really costs the society. The capital which the farmer employed in raising it must likewise be taken into the account. Unless the price of the corn, when sold in the foreign markets, replaces not only the bounty, but this capital, together with the ordinary profits of stock, the society is a loser by the difference, or the national stock is so much diminished. But the very reason for which it has been

thought necessary to grant a bounty, is the supposed insufficiency of the price to do this.

The average price of corn, it has been said, has fallen considerably since the establishment of the bounty. That the average price of corn began to fall somewhat towards the end of the last century, and has continued to do so during the course of the sixty-four first years of the present, I have already endeavoured to show. But this event, supposing it to be real, as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in consequence of it. It has happened in France, as well as in England, though in France there was not only no bounty, but, till 1764, the exportation of corn was subjected to a general prohibition. This gradual fall in the average price of grain, it is probable, therefore, is ultimately owing neither to the one regulation nor to the other, but to that gradual and insensible rise in the real value of silver, which, in the first book of this discourse, I have endeavoured to show, has taken place in the general market of Europe during the course of the present century. It seems to be altogether impossible that the bounty could ever contribute to lower the price of grain.

In years of plenty, it has already been observed, the bounty, by occasioning an extraordinary exportation, necessarily keeps up the price of corn in the home market above what it would naturally

fall to. To do so was the avowed purpose of the institution. In years of scarcity, though the bounty is frequently suspended, yet the great exportation which it occasions in years of plenty, must frequently hinder, more or less, the plenty of one year from relieving the scarcity of another. Both in years of plenty and in years of scarcity, therefore, the bounty necessarily tends to raise the money price of corn somewhat higher than it otherwise would be in the home market.

That in the actual state of tillage the bounty must necessarily have this tendency, will not, I apprehend, be disputed by any reasonable person. But it has been thought by many people, that it tends to encourage tillage, and that in two different ways; first, by opening a more extensive foreign market to the corn of the farmer, it tends, they imagine, to increase the demand for, and consequently the production of, that commodity; and, secondly by securing to him a better price than he could otherwise expect in the actual state of tillage, it tends, they suppose, to encourage tillage. This double encouragement must they imagine, in a long period of years, occasion such an increase in the production of corn, as may lower its price in the home market, much more than the bounty can raise it in the actual state which tillage may, at the end of that period, happen to be in.

I answer, that whatever extension of the foreign market can be

occasioned by the bounty must, in every particular year, be altogether at the expense of the home market; as every bushel of corn, which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity. The corn bounty, it is to be observed, as well as every other bounty upon exportation, imposes two different taxes upon the people; first, the tax which they are obliged to contribute, in order to pay the bounty; and, secondly, the tax which arises from the advanced price of the commodity in the home market, and which, as the whole body of the people are purchasers of corn, must, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this second tax is by much the heaviest of the two. Let us suppose that, taking one year with another, the bounty of 5s. upon the exportation of the quarter of wheat raises the price of that commodity in the home market only 6d. the bushel, or 4s. the quarter higher than it otherwise would have been in the actual state of the crop. Even upon this very moderate supposition, the great body of the people, over and above contributing the tax which pays the bounty of 5s. upon every quarter of wheat exported, must pay another of 4s. upon every quarter which they themselves consume. But according to the very well informed author of the Tracts

upon the Corn Trade, the average proportion of the corn exported to that consumed at home, is not more than that of one to thirty-one. For every 5s. therefore, which they contribute to the payment of the first tax, they must contribute £6:4s. to the payment of the second. So very heavy a tax upon the first necessary of life—must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their subsistence. So far as it operates in the one way, it must reduce the ability of the labouring poor to educate and bring up their children, and must, so far, tend to restrain the population of the country. So far as it operates in the other, it must reduce the ability of the employers of the poor, to employ so great a number as they otherwise might do, and must so far tend to restrain the industry of the country. The extraordinary exportation of corn, therefore occasioned by the bounty, not only in every particular year diminishes the home, just as much as it extends the foreign market and consumption, but, by restraining the population and industry of the country, its final tendency is to stint and restrain the gradual extension of the home market; and thereby, in the long-run, rather to diminish than to augment the whole market and consumption of corn.

This enhancement of the money price of corn, however, it has been thought, by rendering that commodity more profitable to

the farmer, must necessarily encourage its production.

I answer, that this might be the case, if the effect of the bounty was to raise the real price of corn, or to enable the farmer, with an equal quantity of it, to maintain a greater number of labourers in the same manner, whether liberal, moderate, or scanty, than other labourers are commonly maintained in his neighbourhood. But neither the bounty, it is evident, nor any other human institution, can have any such effect. It is not the real, but the nominal price of corn, which can in any considerable degree be affected by the bounty. And though the tax, which that institution imposes upon the whole body of the people, may be very burdensome to those who pay it, it is of very little advantage to those who receive it.

The real effect of the bounty is not so much to raise the real value of corn, as to degrade the real value of silver; or to make an equal quantity of it exchange for a smaller quantity, not only of corn, but of all other home made commodities; for the money price of corn regulates that of all other home made commodities.

It regulates the money price of labour, which must always be such as to enable the labourer to purchase a quantity of corn sufficient to maintain him and his family, either in the liberal, moderate, or scanty manner, in which the advancing, stationary, or declining, circumstances of the society, oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every period of improvement, must bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of grass and hay, of butcher's meat, of horses, and the maintenance of horses, of land carriage consequently, or of the greater part of the inland commerce of the country.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almost all manufactures; by regulating the money price of labour, it regulates that of manufacturing art and industry; and by regulating both, it regulates that of the complete manufacture. The money price of labour, and of every thing that is the produce, either of land or labour, must necessarily either rise or fall in proportion to the money price of corn.

Though in consequence of the bounty, therefore, the farmer should be enabled to sell his corn for 4s. the bushel, instead of 3s:6d. and to pay his landlord a money rent proportionable to this rise in the money price of his produce; yet if, in consequence of this rise in the price of corn, 4s. will purchase no more home made goods of any other kind than 3s. 6d. would have done before, neither the circumstances of the farmer, nor those of the landlord, will be much mended by this change. The farmer will

not be able to cultivate much better; the landlord will not be able to live much better. In the purchase of foreign commodities, this enhancement in the price of corn may give them some little advantage. In that of home made commodities, it can give them none at all. And almost the whole expense of the farmer, and the far greater part even of that of the landlord, is in home made commodities.

That degradation in the value of silver, which is the effect of the fertility of the mines, and which operates equally, or very nearly equally, through the greater part of the commercial world, is a matter of very little consequence to any particular country. The consequent rise of all money prices, though it does not make those who receive them really richer, does not make them really poorer. A service of plate becomes really cheaper, and every thing else remains precisely of the same real value as before.

But that degradation in the value of silver, which, being the effect either of the peculiar situation or of the political institutions of a particular country, takes place only in that country, is a matter of very great consequence, which, far from tending to make anybody really richer, tends to make every body really poorer. The rise in the money price of all commodities, which is in this case peculiar to that country, tends to discourage more or less every sort of industry which is carried on within it, and to enable foreign nations, by fur-

nishing almost all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign, but even in the home market.

It is the peculiar situation of Spain and Portugal, as proprietors of the mines, to be the distributors of gold and silver to all the other countries of Europe. Those metals ought naturally, therefore, to be somewhat cheaper in Spain and Portugal than in any other part of Europe. The difference, however, should be no more than the amount of the freight and insurance; and, on account of the great value and small bulk of those metals, their freight is no great matter, and their insurance is the same as that of any other goods of equal value. Spain and Portugal, therefore, could suffer very little from their peculiar situation, if they did not aggravate its disadvantages by their political institutions.

Spain by taxing, and Portugal by prohibiting, the exportation of gold and silver, load that exportation with the expense of smuggling, and raise the value of those metals in other countries so much more above what it is in their own, by the whole amount of this expense. When you dam up a stream of water, as soon as the dam is full, as much water must run over the dam-head as if there was no dam at all. The prohibition of exportation cannot detain a greater quantity of gold and silver in Spain and Portugal, than what they can afford to employ, than what the annual produce of

their land and labour will allow them to employ, in coin, plate, gilding, and other ornaments of gold and silver. When they have got this quantity, the dam is full, and the whole stream which flows in afterwards must run over. The annual exportation of gold and silver from Spain and Portugal, accordingly, is, by all accounts, notwithstanding these restraints, very near equal to the whole annual importation. As the water, however, must always be deeper behind the dam-head than before it, so the quantity of gold and silver which these restraints detain in Spain and Portugal, must, in proportion to the annual produce of their land and labour, be greater than what is to be found in other countries. The higher and stronger the dam-head, the greater must be the difference in the depth of water behind and before it. The higher the tax, the higher the penalties with which the prohibition is guarded, the more vigilant and severe the police which looks after the execution of the law, the greater must be the difference in the proportion of gold and silver to the annual produce of the land and labour of Spain and Portugal, and to that of other countries. It is said, accordingly, to be very considerable, and that you frequently find there a profusion of plate in houses, where there is nothing else which would in other countries be thought suitable or correspondent to this sort of magnificence. The cheapness of gold and silver, or, what is the same thing, the dearness of all commodities,

which is the necessary effect of this redundancy of the precious metals, discourages both the agriculture and manufactures of Spain and Portugal, and enables foreign nations to supply them with many sorts of rude, and with almost all sorts of manufactured produce, for a smaller quantity of gold and silver than what they themselves can either raise or make them for at home. The tax and prohibition operate in two different ways. They not only lower very much the value of the precious metals in Spain and Portugal, but by detaining there a certain quantity of those metals which would otherwise flow over other countries, they keep up their value in those other countries somewhat above what it otherwise would be, and thereby give those countries a double advantage in their commerce with Spain and Portugal. Open the flood-gates, and there will presently be less water above, and more below the dam-head, and it will soon come to a level in both places. Remove the tax and the prohibition, and as the quantity of gold and silver will diminish considerably in Spain and Portugal, so it will increase somewhat in other countries; and the value of those metals, their proportion to the annual produce of land and labour, will soon come to a level, or very near to a level, in all. The loss which Spain and Portugal could sustain by this exportation of their gold and silver, would be altogether nominal and imaginary. The nominal value of their goods, and of the annual produce of their land and

labour, would fall, and would be expressed or represented by a smaller quantity of silver than before; but their real value would be the same as before, and would be sufficient to maintain, command, and employ the same quantity of labour. As the nominal value of their goods would fall, the real value of what remained of their gold and silver would rise, and a smaller quantity of those metals would answer all the same purposes of commerce and circulation which had employed a greater quantity before. The gold and silver which would go abroad would not go abroad for nothing, but would bring back an equal value of goods of some kind or other. Those goods, too, would not be all matters of mere luxury and expense, to be consumed by idle people, who produce nothing in return for their consumption. As the real wealth and revenue of idle people would not be augmented by this extraordinary exportation of gold and silver, so neither would their consumption be much augmented by it. Those goods would probably, the greater part of them, and certainly some part of them, consist in materials, tools, and provisions, for the employment and maintenance of industrious people, who would reproduce, with a profit, the full value of their consumption. A part of the dead stock of the society would thus be turned into active stock, and would put into motion a greater quantity of industry than had been employed before. The annual produce of their land and labour would immediately be augmented

a little, and in a few years would probably be augmented a great deal; their industry being thus relieved from one of the most oppressive burdens which it at present labours under.

The bounty upon the exportation of corn necessarily operates exactly in the same way as this absurd policy of Spain and Portugal. Whatever be the actual state of tillage, it renders our corn somewhat dearer in the home market than it otherwise would be in that state, and somewhat cheaper in the foreign; and as the average money price of corn regulates, more or less, that of all other commodities, it lowers the value of silver considerably in the one, and tends to raise it a little in the other. It enables foreigners, the Dutch in particular, not only to eat our corn cheaper than they otherwise could do, but sometimes to eat it cheaper than even our own people can do upon the same occasions; as we are assured by an excellent authority, that of Sir Matthew Decker. It hinders our own workmen from furnishing their goods for so small a quantity of silver as they otherwise might do, and enables the Dutch to furnish theirs for a smaller. It tends to render our manufactures somewhat dearer in every market, and theirs somewhat cheaper, than they otherwise would be, and consequently to give their industry a double advantage over our own.

The bounty, as it raises in the home market, not so much the real, as the nominal price of our corn; as it augments, not the

quantity of labour which a certain quantity of corn can maintain and employ, but only the quantity of silver which it will exchange for; it discourages our manufactures, without rendering any considerable service, either to our farmers or country gentlemen. It puts, indeed, a little more money into the pockets of both, and it will perhaps be somewhat difficult to persuade the greater part of them that this is not rendering them a very considerable service. But if this money sinks in its value, in the quantity of labour, provisions, and home-made commodities of all different kinds which it is capable of purchasing, as much as it rises in its quantity, the service will be little more than nominal and imaginary.

There is, perhaps, but one set of men in the whole commonwealth to whom the bounty either was or could be essentially serviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty, the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of the one year from relieving the scarcity of another, it occasioned in years of scarcity a greater importation than would otherwise have been necessary. It increased the business of the corn merchant in both; and in the years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price, and consequently with a greater profit, than he could otherwise have made, if the plenty of one year had



not been more or less hindered from relieving the scarcity of another. It is in this set of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty.

Our country gentlemen, when they imposed the high duties upon the exportation of foreign corn, which in times of moderate plenty amount to a prohibition, and when they established the bounty, seem to have imitated the conduct of our manufacturers. By the one institution, they secured to themselves the monopoly of the home market, and by the other they endeavoured to prevent that market from ever being overstocked with their commodity. By both they endeavoured to raise its real value, in the same manner as our manufacturers had, by the like institutions, raised the real value of many different sorts of manufactured goods. They did not, perhaps, attend to the great and essential difference which nature has established between corn and almost every other sort of goods. When, either by the monopoly of the home market, or by a bounty upon exportation, you enable our woollen or linen manufacturers to sell their goods for somewhat a better price than they otherwise could get for them, you raise, not only the nominal, but the real price of those goods; you render them equivalent to a greater quantity of labour and subsistence; you increase not only the nominal, but the real profit, the real wealth and revenue of those manufacturers; and you enable them, either to live better

themselves, or to employ a greater quantity of labour in those particular manufactures. You really encourage those manufactures, and direct towards them a greater quantity of the industry of the country than what would properly go to them of its own accord. But when, by the like institutions, you raise the nominal or money price of corn, you do not raise its real value; you do not increase the real wealth, the real revenue, either of our farmers or country gentlemen; you do not encourage the growth of corn, because you do not enable them to maintain and employ more labourers in raising it. The nature of things has stamped upon corn a real value, which cannot be altered by merely altering its money price. No bounty upon exportation, no monopoly of the home market, can raise that value. The freest competition cannot lower it, Through the world in general, that value is equal to the quantity of labour which it can maintain, and in every particular place it is equal to the quantity of labour which it can maintain in the way, whether liberal, moderate, or scanty, in which labour is commonly maintained in that place. Woollen or linen cloth are not the regulating commodities by which the real value of all other commodities must be finally measured and determined; corn is. The real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn. The real value of corn does not vary with

those variations in its average money price, which sometimes occur from one century to another; it is the real value of silver which varies with them.

Bounties upon the exportation of any homemade commodity are liable, first, to that general objection which may be made to all the different expedients of the mercantile system; the objection of forcing some part of the industry of the country into a channel less advantageous than that in which it would run of its own accord; and, secondly, to the particular objection of forcing it not only into a channel that is less advantageous, but into one that is actually disadvantageous; the trade which cannot be carried on but by means of a bounty being necessarily a losing trade. The bounty upon the exportation of corn is liable to this further objection, that it can in no respect promote the raising of that particular commodity of which it was meant to encourage the production. When our country gentlemen, therefore, demanded the establishment of the bounty, though they acted in imitation of our merchants and manufacturers, they did not act with that complete comprehension of their own interest, which commonly directs the conduct of those two other orders of people. They loaded the public revenue with a very considerable expense: they imposed a very heavy tax upon the whole body of the people; but they did not, in any sensible degree, increase the real value of their own

commodity; and by lowering somewhat the real value of silver, they discouraged, in some degree, the general industry of the country, and, instead of advancing, retarded more or less the improvement of their own lands, which necessarily depend upon the general industry of the country.

To encourage the production of any commodity, a bounty upon production, one should imagine, would have a more direct operation than one upon exportation. It would, besides, impose only one tax upon the people, that which they must contribute in order to pay the bounty. Instead of raising, it would tend to lower the price of the commodity in the home market; and thereby, instead of imposing a second tax upon the people, it might, at least in part, repay them for what they had contributed to the first. Bounties upon production, however, have been very rarely granted. The prejudices established by the commercial system have taught us to believe, that national wealth arises more immediately from exportation than from production. It has been more favoured, accordingly, as the more immediate means of bringing money into the country. Bounties upon production, it has been said too, have been found by experience more liable to frauds than those upon exportation. How far this is true, I know not. That bounties upon exportation have been abused, to many fraudulent purposes, is very well known. But it is not the interest of merchants and manu-

facturers, the great inventors of all these expedients, that the home market should be overstocked with their goods; an event which a bounty upon production might sometimes occasion. A bounty upon exportation, by enabling them to send abroad their surplus part, and to keep up the price of what remains in the home market, effectually prevents this. Of all the expedients of the mercantile system, accordingly, it is the one of which they are the fondest. I have known the different undertakers of some particular works agree privately among themselves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient succeeded so well, that it more than doubled the price of their goods in the home market, notwithstanding a very considerable increase in the produce. The operation of the bounty upon corn must have been wonderfully different, if it has lowered the money price of that commodity.

Something like a bounty upon production, however, has been granted upon some particular occasions. The tonnage bounties given to the white herring and whale fisheries may, perhaps, be considered as somewhat of this nature. They tend directly, it may be supposed, to render the goods cheaper in the home market than they otherwise would be. In other respects, their effects, it must be acknowledged, are the same as those of bounties upon exportation. By means of them, a part of the capital of the coun-

try is employed in bringing goods to market, of which the price does not repay the cost, together with the ordinary profits of stock.

But though the tonnage bounties to those fisheries do not contribute to the opulence of the nation, it may, perhaps, be thought that they contribute to its defence, by augmenting the number of its sailors and shipping. This, it may be alleged, may sometimes be done by means of such bounties, at a much smaller expense than by keeping up a great standing navy, if I may use such an expression, in the same way as a standing army.

Notwithstanding these favourable allegations, however, the following considerations dispose me to believe, that in granting at least one of these bounties, the legislature has been very grossly imposed upon:

First,

The herring-buss bounty seems too large.

From the commencement of the winter fishing 1771, to the end of the winter fishing 1781, the tonnage bounty upon the herring-buss fishery has been at thirty shillings the ton. During these eleven years, the whole number of barrels caught by the herring-buss fishery of Scotland amounted to 378,347. The herrings caught and cured at sea are called sea-sticks. In order to render them what are called merchantable herrings, it is necessary to repack them with an additional quantity of salt; and in this case, it is reckoned,

that three barrels of sea-sticks are usually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during these eleven years, will amount only, according to this account, to 252,231¼. During these eleven years, the tonnage bounties paid amounted to £155,463:11s. or 8s:2¼d. upon every barrel of sea-sticks, and to 12s:3¾d. upon every barrel of merchantable herrings.

The salt with which these herrings are cured is sometimes Scotch, and sometimes foreign salt; both which are delivered, free of all excise duty, to the fish-curers. The excise duty upon Scotch salt is at present 1s:6d., that upon foreign salt 10s. the bushel. A barrel of herrings is supposed to require about one bushel and one-fourth of a bushel foreign salt. Two bushels are the supposed average of Scotch salt. If the herrings are entered for exportation, no part of this duty is paid up; if entered for home consumption, whether the herrings were cured with foreign or with Scotch salt, only one shilling the barrel is paid up. It was the old Scotch duty upon a bushel of salt, the quantity which, at a low estimation, had been supposed necessary for curing a barrel of herrings. In Scotland, foreign salt is very little used for any other purpose but the curing of fish. But from the 5th April 1771 to the 5th April 1782, the quantity of foreign salt imported amounted to 936,974 bushels, at eighty-four pounds the bushel; the quantity of Scotch salt de-

livered from the works to the fish-curers, to no more than 168,226, at fifty-six pounds the bushel only. It would appear, therefore, that it is principally foreign salt that is used in the fisheries. Upon every barrel of herrings exported, there is, besides, a bounty of 2s:8d. and more than two-thirds of the buss-caught herrings are exported. Put all these things together, and you will find that, during these eleven years, every barrel of buss-caught herrings, cured with Scotch salt, when exported, has cost government 17s:11¾d.; and, when entered for home consumption, 14s:3¾d.; and that every barrel cured with foreign salt, when exported, has cost government £1:7:5¾d.; and, when entered for home consumption, £1:3:9¾d. The price of a barrel of good merchantable herrings runs from seventeen and eighteen to four and five-and-twenty shillings; about a guinea at an average. {See the accounts at the end of this Book.}

Secondly,

The bounty to the white-herring fishery is a tonnage bounty, and is proportioned to the burden of the ship, not to her diligence or success in the fishery; and it has, I am afraid, been too common for the vessels to fit out for the sole purpose of catching, not the fish but the bounty. In the year 1759, when the bounty was at fifty shillings the ton, the whole buss fishery of Scotland brought in only four barrels of sea-sticks. In that year, each barrel of sea-

sticks cost government, in bounties alone, £113:15s.; each barrel of merchantable herrings £159:7:6.

Thirdly,

The mode of fishing, for which this tonnage bounty in the white herring fishery has been given (by busses or decked vessels from twenty to eighty tons burden), seems not so well adapted to the situation of Scotland, as to that of Holland, from the practice of which country it appears to have been borrowed. Holland lies at a great distance from the seas to which herrings are known principally to resort, and can, therefore, carry on that fishery only in decked vessels, which can carry water and provisions sufficient for a voyage to a distant sea; but the Hebrides, or Western Islands, the islands of Shetland, and the northern and north-western coasts of Scotland, the countries in whose neighbourhood the herring fishery is principally carried on, are everywhere intersected by arms of the sea, which run up a considerable way into the land, and which, in the language of the country, are called sea-lochs. It is to these sea-lochs that the herrings principally resort during the seasons in which they visit these seas; for the visits of this, and, I am assured, of many other sorts of fish, are not quite regular and constant. A boat-fishery, therefore, seems to be the mode of fishing best adapted to the peculiar situation of Scotland, the fishers carrying the herrings on shore as fast as they are taken, to be either cured or con-

sumed fresh. But the great encouragement which a bounty of 30s. the ton gives to the buss-fishery, is necessarily a discouragement to the boat-fishery, which, having no such bounty, cannot bring its cured fish to market upon the same terms as the buss-fishery. The boat-fishery; accordingly, which, before the establishment of the buss-bounty, was very considerable, and is said to have employed a number of seamen, not inferior to what the buss-fishery employs at present, is now gone almost entirely to decay. Of the former extent, however, of this now ruined and abandoned fishery, I must acknowledge that I cannot pretend to speak with much precision. As no bounty was-paid upon the outfit of the boat-fishery, no account was taken of it by the officers of the customs or salt duties.

Fourthly,

In many parts of Scotland, during certain seasons of the year, herrings make no inconsiderable part of the food of the common people. A bounty which tended to lower their price in the home market, might contribute a good deal to the relief of a great number of our fellow-subjects, whose circumstances are by no means affluent. But the herring-bus bounty contributes to no such good purpose. It has ruined the boat fishery, which is by far the best adapted for the supply of the home market; and the additional bounty of 2s:8d. the barrel upon exportation, carries the greater part, more than two-thirds, of the produce of the buss-fishery

abroad. Between thirty and forty years ago, before the establishment of the buss-bounty, 16s. the barrel, I have been assured, was the common price of white herrings. Between ten and fifteen years ago, before the boat-fishery was entirely ruined, the price was said to have run from seventeen to twenty shillings the barrel. For these last five years, it has, at an average, been at twenty-five shillings the barrel. This high price, however, may have been owing to the real scarcity of the herrings upon the coast of Scotland. I must observe, too, that the cask or barrel, which is usually sold with the herrings, and of which the price is included in all the foregoing prices, has, since the commencement of the American war, risen to about double its former price, or from about 3s. to about 6s. I must likewise observe, that the accounts I have received of the prices of former times, have been by no means quite uniform and consistent, and an old man of great accuracy and experience has assured me, that, more than fifty years ago, a guinea was the usual price of a barrel of good merchantable herrings; and this, I imagine, may still be looked upon as the average price. All accounts, however, I think, agree that the price has not been lowered in the home market in consequence of the buss-bounty.

When the undertakers of fisheries, after such liberal bounties have been bestowed upon them, continue to sell their commodity at the same, or even at a higher price than they were accustomed

to do before, it might be expected that their profits should be very great; and it is not improbable that those of some individuals may have been so. In general, however, I have every reason to believe they have been quite otherwise. The usual effect of such bounties is, to encourage rash undertakers to adventure in a business which they do not understand; and what they lose by their own negligence and ignorance, more than compensates all that they can gain by the utmost liberality of government. In 1750, by the same act which first gave the bounty of 30s. the ton for the encouragement of the white herring fishery (the 23d Geo. II. chap. 24), a joint stock company was erected, with a capital of £500,000, to which the subscribers (over and above all other encouragements, the tonnage bounty just now mentioned, the exportation bounty of 2s:8d. the barrel, the delivery of both British and foreign salt duty free) were, during the space of fourteen years, for every hundred pounds which they subscribed and paid into the stock of the society, entitled to three pounds a-year, to be paid by the receiver-general of the customs in equal half-yearly payments. Besides this great company, the residence of whose governor and directors was to be in London, it was declared lawful to erect different fishing chambers in all the different out-ports of the kingdom, provided a sum not less than £10,000 was subscribed into the capital of each, to be managed at its own risk, and for its own profit and loss. The

same annuity, and the same encouragements of all kinds, were given to the trade of those inferior chambers as to that of the great company. The subscription of the great company was soon filled up, and several different fishing chambers were erected in the different out-ports of the kingdom. In spite of all these encouragements, almost all those different companies, both great and small, lost either the whole or the greater part of their capitals; scarce a vestige now remains of any of them, and the white-herring fishery is now entirely, or almost entirely, carried on by private adventurers.

If any particular manufacture was necessary, indeed, for the defence of the society, it might not always be prudent to depend upon our neighbours for the supply; and if such manufacture could not otherwise be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it. The bounties upon the exportation of British made sail-cloth, and British made gunpowder, may, perhaps, both be vindicated upon this principle.

But though it can very seldom be reasonable to tax the industry of the great body of the people, in order to support that of some particular class of manufacturers; yet, in the wantonness of great prosperity, when the public enjoys a greater revenue than it knows well what to do with, to give such bounties to favourite manufactures, may, perhaps, be as natural as to incur any other idle expense.

In public, as well as in private expenses, great wealth, may, perhaps, frequently be admitted as an apology for great folly. But there must surely be something more than ordinary absurdity in continuing such profusion in times of general difficulty and distress.

What is called a bounty, is sometimes no more than a drawback, and, consequently, is not liable to the same objections as what is properly a bounty. The bounty, for example, upon refined sugar exported, may be considered as a drawback of the duties upon the brown and Muscovado sugars, from which it is made; the bounty upon wrought silk exported, a drawback of the duties upon raw and thrown silk imported; the bounty upon gunpowder exported, a drawback of the duties upon brimstone and saltpetre imported. In the language of the customs, those allowances only are called drawbacks which are given upon goods exported in the same form in which they are imported. When that form has been so altered by manufacture of any kind as to come under a new denomination, they are called bounties.

Premiums given by the public to artists and manufacturers, who excel in their particular occupations, are not liable to the same objections as bounties. By encouraging extraordinary dexterity and ingenuity, they serve to keep up the emulation of the workmen actually employed in those respective occupations, and are not considerable enough to turn towards any one of them a greater

share of the capital of the country than what would go to it of its own accord. Their tendency is not to overturn the natural balance of employments, but to render the work which is done in each as perfect and complete as possible. The expense of premiums, besides, is very trifling, that of bounties very great. The bounty upon corn alone has sometimes cost the public, in one year, more than £300,000.

Bounties are sometimes called premiums, as drawbacks are sometimes called bounties. But we must, in all cases, attend to the nature of the thing, without paying any regard to the word.

### **Digression concerning the Corn Trade and Corn Laws.**

I cannot conclude this chapter concerning bounties, without observing, that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn, and upon that system of regulations which is connected with it, are altogether unmerited. A particular examination of the nature of the corn trade, and of the principal British laws which relate to it, will sufficiently demonstrate the truth of this assertion. The great importance of this subject must justify the length of the digression.

The trade of the corn merchant is composed of four different branches, which, though they may sometimes be all carried on by

the same person, are, in their own nature, four separate and distinct trades. These are, first, the trade of the inland dealer; secondly, that of the merchant-importer for home consumption; thirdly, that of the merchant-exporter of home produce for foreign consumption; and, fourthly, that of the merchant-carrier, or of the importer of corn, in order to export it again.

I. The interest of the inland dealer, and that of the great body of the people, how opposite soever they may at first appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real scarcity of the season requires, and it can never be his interest to raise it higher. By raising the price, he discourages the consumption, and puts every body more or less, but particularly the inferior ranks of people, upon thrift and good management. If, by raising it too high, he discourages the consumption so much that the supply of the season is likely to go beyond the consumption of the season, and to last for some time after the next crop begins to come in, he runs the hazard, not only of losing a considerable part of his corn by natural causes, but of being obliged to sell what remains of it for much less than what he might have had for it several months before. If, by not raising the price high enough, he discourages the consumption so little, that the supply of the season is likely to fall short of the consumption of the season, he not only loses a part of



the profit which he might otherwise have made, but he exposes the people to suffer before the end of the season, instead of the hardships of a dearth, the dreadful horrors of a famine. It is the interest of the people that their daily, weekly, and monthly consumption should be proportioned as exactly as possible to the supply of the season. The interest of the inland corn dealer is the same. By supplying them, as nearly as he can judge, in this proportion, he is likely to sell all his corn for the highest price, and with the greatest profit; and his knowledge of the state of the crop, and of his daily, weekly, and monthly sales, enables him to judge, with more or less accuracy, how far they really are supplied in this manner. Without intending the interest of the people, he is necessarily led, by a regard to his own interest, to treat them, even in years of scarcity, pretty much in the same manner as the prudent master of a vessel is sometimes obliged to treat his crew. When he foresees that provisions are likely to run short, he puts them upon short allowance. Though from excess of caution he should sometimes do this without any real necessity, yet all the inconveniences which his crew can thereby suffer are inconsiderable, in comparison of the danger, misery, and ruin, to which they might sometimes be exposed by a less provident conduct. Though, from excess of avarice, in the same manner, the inland corn merchant should sometimes raise the price of his corn somewhat higher than

the scarcity of the season requires, yet all the inconveniences which the people can suffer from this conduct, which effectually secures them from a famine in the end of the season, are inconsiderable, in comparison of what they might have been exposed to by a more liberal way of dealing in the beginning of it the corn merchant himself is likely to suffer the most by this excess of avarice; not only from the indignation which it generally excites against him, but, though he should escape the effects of this indignation, from the quantity of corn which it necessarily leaves upon his hands in the end of the season, and which, if the next season happens to prove favourable, he must always sell for a much lower price than he might otherwise have had.

Were it possible, indeed, for one great company of merchants to possess themselves of the whole crop of an extensive country, it might perhaps be their interest to deal with it, as the Dutch are said to do with the spiceries of the Moluccas, to destroy or throw away a considerable part of it, in order to keep up the price of the rest. But it is scarce possible, even by the violence of law, to establish such an extensive monopoly with regard to corn; and wherever the law leaves the trade free, it is of all commodities the least liable to be engrossed or monopolized by the forced a few large capitals, which buy up the greater part of it. Not only its value far exceeds what the capitals of a few private men are capable of pur-

chasing; but, supposing they were capable of purchasing it, the manner in which it is produced renders this purchase altogether impracticable. As, in every civilized country, it is the commodity of which the annual consumption is the greatest; so a greater quantity of industry is annually employed in producing corn than in producing any other commodity. When it first comes from the ground, too, it is necessarily divided among a greater number of owners than any other commodity; and these owners can never be collected into one place, like a number of independent manufacturers, but are necessarily scattered through all the different corners of the country. These first owners either immediately supply the consumers in their own neighbourhood, or they supply other inland dealers, who supply those consumers. The inland dealers in corn, therefore, including both the farmer and the baker, are necessarily more numerous than the dealers in any other commodity; and their dispersed situation renders it altogether impossible for them to enter into any general combination. If, in a year of scarcity, therefore, any of them should find that he had a good deal more corn upon hand than, at the current price, he could hope to dispose of before the end of the season, he would never think of keeping up this price to his own loss, and to the sole benefit of his rivals and competitors, but would immediately lower it, in order to get rid of his corn before the new crop began to

come in. The same motives, the same interests, which would thus regulate the conduct of any one dealer, would regulate that of every other, and oblige them all in general to sell their corn at the price which, according to the best of their judgment, was most suitable to the scarcity or plenty of the season.

Whoever examines, with attention, the history of the dearths and famines which have afflicted any part of Europe during either the course of the present or that of the two preceding centuries, of several of which we have pretty exact accounts, will find, I believe, that a dearth never has arisen from any combination among the inland dealers in corn, nor from any other cause but a real scarcity, occasioned sometimes, perhaps, and in some particular places, by the waste of war, but in by far the greatest number of cases by the fault of the seasons; and that a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniencies of a dearth.

In an extensive corn country, between all the different parts of which there is a free commerce and communication, the scarcity occasioned by the most unfavourable seasons can never be so great as to produce a famine; and the scantiest crop, if managed with frugality and economy, will maintain, through the year, the same number of people that are commonly fed in a more affluent manner by one of moderate plenty. The seasons most unfavourable to

the crop are those of excessive drought or excessive rain. But as corn grows equally upon high and low lands, upon grounds that are disposed to be too wet, and upon those that are disposed to be too dry, either the drought or the rain, which is hurtful to one part of the country, is favourable to another; and though, both in the wet and in the dry season, the crop is a good deal less than in one more properly tempered; yet, in both, what is lost in one part of the country is in some measure compensated by what is gained in the other. In rice countries, where the crop not only requires a very moist soil, but where, in a certain period of its growing, it must be laid under water, the effects of a drought are much more dismal. Even in such countries, however, the drought is, perhaps, scarce ever so universal as necessarily to occasion a famine, if the government would allow a free trade. The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, some injudicious restraints, imposed by the servants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine.

When the government, in order to remedy the inconveniencies of a dearth, orders all the dealers to sell their corn at what it supposes a reasonable price, it either hinders them from bringing it to market, which may sometimes produce a famine even in the beginning of the season; or, if they bring it thither, it enables the

people, and thereby encourages them to consume it so fast as must necessarily produce a famine before the end of the season. The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventive of the miseries of a famine, so it is the best palliative of the inconveniencies of a dearth; for the inconveniencies of a real scarcity cannot be remedied; they can only be palliated. No trade deserves more the full protection of the law, and no trade requires it so much; because no trade is so much exposed to popular odium.

In years of scarcity, the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, however, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him, for a certain number of years, with a certain quantity of corn, at a certain price. This contract price is settled according to what is supposed to be the moderate and reasonable, that is, the ordinary or average price, which, before the late years of scarcity, was commonly about 28s. for the quarter of wheat, and for that of other grain in proportion. In years of scarcity, therefore, the corn

merchant buys a great part of his corn for the ordinary price, and sells it for a much higher. That this extraordinary profit, however, is no more than sufficient to put his trade upon a fair level with other trades, and to compensate the many losses which he sustains upon other occasions, both from the perishable nature of the commodity itself, and from the frequent and unforeseen fluctuations of its price, seems evident enough, from this single circumstance, that great fortunes are as seldom made in this as in any other trade. The popular odium, however, which attends it in years of scarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior set of dealers; and millers, bakers, meal-men, and meal-factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the consumer.

The ancient policy of Europe, instead of discountenancing this popular odium against a trade so beneficial to the public, seems, on the contrary, to have authorised and encouraged it.

By the 5th and 6th of Edward VI cap. 14, it was enacted, that whoever should buy any corn or grain, with intent to sell it again, should be reputed an unlawful engrosser, and should, for the first fault, suffer two months imprisonment, and forfeit the value of the corn; for the second, suffer six months imprisonment, and

forfeit double the value; and, for the third, be set in the pillory, suffer imprisonment during the king's pleasure, and forfeit all his goods and chattels. The ancient policy of most other parts of Europe was no better than that of England.

Our ancestors seem to have imagined, that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himself. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder, as much as possible, any middle man of any kind from coming in between the grower and the consumer; and this was the meaning of the many restraints which they imposed upon the trade of those whom they called kidders, or carriers of corn; a trade which nobody was allowed to exercise without a licence, ascertaining his qualifications as a man of probity and fair dealing. The authority of three justices of the peace was, by the statute of Edward VI. necessary in order to grant this licence. But even this restraint was afterwards thought insufficient, and, by a statute of Elizabeth, the privilege of granting it was confined to the quarter-sessions.

The ancient policy of Europe endeavoured, in this manner, to regulate agriculture, the great trade of the country, by maxims quite different from those which it established with regard to manu-

factures, the great trade of the towns. By leaving a farmer no other customers but either the consumers or their immediate factors, the kidders and carriers of corn, it endeavoured to force him to exercise the trade, not only of a farmer, but of a corn merchant, or corn retailer. On the contrary, it, in many cases, prohibited the manufacturer from exercising the trade of a shopkeeper, or from selling his own goods by retail. It meant, by the one law, to promote the general interest of the country, or to render corn cheap, without, perhaps, its being well understood how this was to be done. By the other, it meant to promote that of a particular order of men, the shopkeepers, who would be so much undersold by the manufacturer, it was supposed, that their trade would be ruined, if he was allowed to retail at all.

The manufacturer, however, though he had been allowed to keep a shop, and to sell his own goods by retail, could not have undersold the common shopkeeper. Whatever part of his capital he might have placed in his shop, he must have withdrawn it from his manufacture. In order to carry on his business on a level with that of other people, as he must have had the profit of a manufacturer on the one part, so he must have had that of a shopkeeper upon the other. Let us suppose, for example, that in the particular town where he lived, ten per cent. was the ordinary profit both of manufacturing and shopkeeping stock; he must in this case have charged

upon every piece of his own goods, which he sold in his shop, a profit of twenty per cent. When he carried them from his workhouse to his shop, he must have valued them at the price for which he could have sold them to a dealer or shopkeeper, who would have bought them by wholesale. If he valued them lower, he lost a part of the profit of his manufacturing capital. When, again, he sold them from his shop, unless he got the same price at which a shopkeeper would have sold them, he lost a part of the profit of his shop-keeping capital. Though he might appear, therefore, to make a double profit upon the same piece of goods, yet, as these goods made successively a part of two distinct capitals, he made but a single profit upon the whole capital employed about them; and if he made less than his profit, he was a loser, and did not employ his whole capital with the same advantage as the greater part of his neighbours.

What the manufacturer was prohibited to do, the farmer was in some measure enjoined to do; to divide his capital between two different employments; to keep one part of it in his granaries and stack-yard, for supplying the occasional demands of the market, and to employ the other in the cultivation of his land. But as he could not afford to employ the latter for less than the ordinary profits of farming stock, so he could as little afford to employ the former for less than the ordinary profits of mercantile stock.

Whether the stock which really carried on the business of a corn merchant belonged to the person who was called a farmer, or to the person who was called a corn merchant, an equal profit was in both cases requisite, in order to indemnify its owner for employing it in this manner, in order to put his business on a level with other trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free competition.

The dealer who can employ his whole stock in one single branch of business, has an advantage of the same kind with the workman who can employ his whole labour in one single operation. As the latter acquires a dexterity which enables him, with the same two hands, to perform a much greater quantity of work, so the former acquires so easy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, so the other can commonly afford his goods somewhat cheaper, than if his stock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper, whose

sole business it was to buy them by wholesale and to retail them again. The greater part of farmers could still less afford to retail their own corn, to supply the inhabitants of a town, at perhaps four or five miles distance from the greater part of them, so cheap as a vigilant and active corn merchant, whose sole business it was to purchase corn by wholesale, to collect it into a great magazine, and to retail it again.

The law which prohibited the manufacturer from exercising the trade of a shopkeeper, endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done. The law which obliged the farmer to exercise the trade of a corn merchant, endeavoured to hinder it from going on so fast. Both laws were evident violations of natural liberty, and therefore unjust; and they were both, too, as impolitic as they were unjust. It is the interest of every society, that things of this kind should never either be forced or obstructed. The man who employs either his labour or his stock in a greater variety of ways than his situation renders necessary, can never hurt his neighbour by underselling him. He may hurt himself, and he generally does so. Jack-of-all-trades will never be rich, says the proverb. But the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislature can do. The law, however, which obliged the

farmer to exercise the trade of a corn merchant was by far the most pernicious of the two.

It obstructed not only that division in the employment of stock which is so advantageous to every society, but it obstructed likewise the improvement and cultivation of the land. By obliging the farmer to carry on two trades instead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at liberty to sell his whole crop to a corn merchant as fast as he could thresh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more servants, in order to improve and cultivate it better. But by being obliged to sell his corn by retail, he was obliged to keep a great part of his capital in his granaries and stack-yard through the year, and could not therefore cultivate so well as with the same capital he might otherwise have done. This law, therefore, necessarily obstructed the improvement of the land, and, instead of tending to render corn cheaper, must have tended to render it scarcer, and therefore dearer, than it would otherwise have been.

After the business of the farmer, that of the corn merchant is in reality the trade which, if properly protected and encouraged, would contribute the most to the raising of corn. It would support the trade of the farmer, in the same manner as the trade of

the wholesale dealer supports that of the manufacturer.

The wholesale dealer, by affording a ready market to the manufacturer, by taking his goods off his hand as fast as he can make them, and by sometimes even advancing their price to him before he has made them, enables him to keep his whole capital, and sometimes even more than his whole capital, constantly employed in manufacturing, and consequently to manufacture a much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers, or even to the retailers. As the capital of the wholesale merchant, too, is generally sufficient to replace that of many manufacturers, this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones, and to assist them in those losses and misfortunes which might otherwise prove ruinous to them.

An intercourse of the same kind universally established between the farmers and the corn merchants, would be attended with effects equally beneficial to the farmers. They would be enabled to keep their whole capitals, and even more than their whole capitals constantly employed in cultivation. In case of any of those accidents to which no trade is more liable than theirs, they would find in their ordinary customer, the wealthy corn merchant, a person who had both an interest to support them, and the ability to do it; and they would not, as at present, be entirely dependent upon the

forbearance of their landlord, or the mercy of his steward. Were it possible, as perhaps it is not, to establish this intercourse universally, and all at once; were it possible to turn all at once the whole farming stock of the kingdom to its proper business, the cultivation of land, withdrawing it from every other employment into which any part of it may be at present diverted; and were it possible, in order to support and assist, upon occasion, the operations of this great stock, to provide all at once another stock almost equally great; it is not, perhaps, very easy to imagine how great, how extensive, and how sudden, would be the improvement which this change of circumstances would alone produce upon the whole face of the country.

The statute of Edward VI. therefore, by prohibiting as much as possible any middle man from coming in between the grower and the consumer, endeavoured to annihilate a trade, of which the free exercise is not only the best palliative of the inconveniencies of a dearth, but the best preventive of that calamity; after the trade of the farmer, no trade contributing so much to the growing of corn as that of the corn merchant.

The rigour of this law was afterwards softened by several subsequent statutes, which successively permitted the engrossing of corn when the price of wheat should not exceed 20s. and 24s. 32s. and 40s. the quarter. At last, by the 15th of Charles II. c.7, the en-

grossing or buying of corn, in order to sell it again, as long as the price of wheat did not exceed 48s. the quarter, and that of other grain in proportion, was declared lawful to all persons not being forestallers, that is, not selling again in the same market within three months. All the freedom which the trade of the inland corn dealer has ever yet enjoyed was bestowed upon it by this statute. The statute of the twelfth of the present king, which repeals almost all the other ancient laws against engrossers and forestallers, does not repeal the restrictions of this particular statute, which therefore still continue in force.

This statute, however, authorises in some measure two very absurd popular prejudices.

First,

It supposes, that when the price of wheat has risen so high as 48s. the quarter, and that of other grain in proportion, corn is likely to be so engrossed as to hurt the people. But, from what has been already said, it seems evident enough, that corn can at no price be so engrossed by the inland dealers as to hurt the people; and 48s. the quarter, besides, though it may be considered as a very high price, yet, in years of scarcity, it is a price which frequently takes place immediately after harvest, when scarce any part of the new crop can be sold off, and when it is impossible even for ignorance to suppose that any part of it can be so en-



grossed as to hurt the people.

Secondly,

It supposes that there is a certain price at which corn is likely to be forestalled, that is, bought up in order to be sold again soon after in the same market, so as to hurt the people. But if a merchant ever buys up corn, either going to a particular market, or in a particular market, in order to sell it again soon after in the same market, it must be because he judges that the market cannot be so liberally supplied through the whole season as upon that particular occasion, and that the price, therefore, must soon rise. If he judges wrong in this, and if the price does not rise, he not only loses the whole profit of the stock which he employs in this manner, but a part of the stock itself, by the expense and loss which necessarily attend the storing and keeping of corn. He hurts himself, therefore, much more essentially than he can hurt even the particular people whom he may hinder from supplying themselves upon that particular market day, because they may afterwards supply themselves just as cheap upon any other market day. If he judges right, instead of hurting the great body of the people, he renders them a most important service. By making them feel the inconveniencies of a dearth somewhat earlier than they otherwise might do, he prevents their feeling them afterwards so severely as they certainly would do, if the cheapness of price encouraged them

to consume faster than suited the real scarcity of the season. When the scarcity is real, the best thing that can be done for the people is, to divide the inconvenience of it as equally as possible, through all the different months and weeks and days of the year. The interest of the corn merchant makes him study to do this as exactly as he can; and as no other person can have either the same interest, or the same knowledge, or the same abilities, to do it so exactly as he, this most important operation of commerce ought to be trusted entirely to him; or, in other words, the corn trade, so far at least as concerns the supply of the home market, ought to be left perfectly free.

The popular fear of engrossing and forestalling may be compared to the popular terrors and suspicions of witchcraft. The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them, than those who have been accused of the former. The law which put an end to all prosecutions against witchcraft, which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime, seems effectually to have put an end to those fears and suspicions, by taking away the great cause which encouraged and supported them. The law which would restore entire freedom to the inland trade of corn, would probably prove as effectual to put an end to the popular fears of engrossing and forestalling.

The 15th of Charles II. c. 7, however, with all its imperfections, has, perhaps, contributed more, both to the plentiful supply of the home market, and to the increase of tillage, than any other law in the statute book. It is from this law that the inland corn trade has derived all the liberty and protection which it has ever yet enjoyed; and both the supply of the home market and the interest of tillage are much more effectually promoted by the inland, than either by the importation or exportation trade.

The proportion of the average quantity of all sorts of grain imported into Great Britain to that of all sorts of grain consumed, it has been computed by the author of the Tracts upon the Corn Trade, does not exceed that of one to five hundred and seventy. For supplying the home market, therefore, the importance of the inland trade must be to that of the importation trade as five hundred and seventy to one.

The average quantity of all sorts of grain exported from Great Britain does not, according to the same author, exceed the one-and-thirtieth part of the annual produce. For the encouragement of tillage, therefore, by providing a market for the home produce, the importance of the inland trade must be to that of the exportation trade as thirty to one.

I have no great faith in political arithmetic, and I mean not to warrant the exactness of either of these computations. I mention

them only in order to show of how much less consequence, in the opinion of the most judicious and experienced persons, the foreign trade of corn is than the home trade. The great cheapness of corn in the years immediately preceding the establishment of the bounty may, perhaps with reason, be ascribed in some measure to the operation of this statute of Charles II. which had been enacted about five-and-twenty years before, and which had, therefore, full time to produce its effect.

A very few words will sufficiently explain all that I have to say concerning the other three branches of the corn trade.

II. The trade of the merchant-importer of foreign corn for home consumption, evidently contributes to the immediate supply of the home market, and must so far be immediately beneficial to the great body of the people. It tends, indeed, to lower somewhat the average money price of corn, but not to diminish its real value, or the quantity of labour which it is capable of maintaining. If importation was at all times free, our farmers and country gentlemen would probably, one year with another, get less money for their corn than they do at present, when importation is at most times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the same as at present, though it might be

expressed by a smaller quantity of silver, and they would neither be disabled nor discouraged from cultivating corn as much as they do at present. On the contrary, as the rise in the real value of silver, in consequence of lowering the money price of corn, lowers somewhat the money price of all other commodities, it gives the industry of the country where it takes place some advantage in all foreign markets and thereby tends to encourage and increase that industry. But the extent of the home market for corn must be in proportion to the general industry of the country where it grows, or to the number of those who produce something else, and therefore, have something else, or, what comes to the same thing, the price of something else, to give in exchange for corn. But in every country, the home market, as it is the nearest and most convenient, so is it likewise the greatest and most important market for corn. That rise in the real value of silver, therefore, which is the effect of lowering the average money price of corn, tends to enlarge the greatest and most important market for corn, and thereby to encourage, instead of discouraging its growth.

By the 22d of Charles II. c. 13, the importation of wheat, whenever the price in the home market did not exceed 53s:4d. the quarter, was subjected to a duty of 16s. the quarter; and to a duty of 8s. whenever the price did not exceed £4. The former of these two prices has, for more than a century past, taken place only in times

of very great scarcity; and the latter has, so far as I know, not taken place at all. Yet, till wheat has risen above this latter price, it was, by this statute, subjected to a very high duty; and, till it had risen above the former, to a duty which amounted to a prohibition. The importation of other sorts of grain was restrained at rates and by duties, in proportion to the value of the grain, almost equally high. Before the 13th of the present king, the following were the duties payable upon the importation of the different sorts of grain:

Grain.	Duties.	Duties	Duties.
Beans to 28s. per qr.	19s:10d. after till 40s.	16s:8d.	then 12d.
Barley to 28s.	- 19s:10d.	- 32s. 16s.	- 12d.
Malt is prohibited by the annual malt-tax bill.			
Oats to 16s.	- 5s:10d. after	-	9½d.
Pease to 40s.	- 16s: 0d. after	-	9¾d.
Rye to 36s.	- 19s:10d. till 40s.	16s:8d	- 12d.
Wheat to 44s.	- 21s: 9d. till 53s:4d.	17s.	- 8s.
	till £4, and after that about		1s:4d.
Buck-wheat to 32s. per qr.	to pay 16s.		

These different duties were imposed, partly by the 22d of Charles II. in place of the old subsidy, partly by the new subsidy, by the one-third and two-thirds subsidy, and by the subsidy 1747. Sub-

sequent laws still further increased those duties.

The distress which, in years of scarcity, the strict execution of those laws might have brought upon the people, would probably have been very great; but, upon such occasions, its execution was generally suspended by temporary statutes, which permitted, for a limited time, the importation of foreign corn. The necessity of these temporary statutes sufficiently demonstrates the impropriety of this general one.

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation. How hurtful soever in themselves, these, or some other restraints upon importation, became necessary in consequence of that regulation. If, when wheat was either below 48s. the quarter, or not much above it, foreign corn could have been imported, either duty free, or upon paying only a small duty, it might have been exported again, with the benefit of the bounty, to the great loss of the public revenue, and to the entire perversion of the institution, of which the object was to extend the market for the home growth, not that for the growth of foreign countries.

III. The trade of the merchant-exporter of corn for foreign consumption, certainly does not contribute directly to the plentiful supply of the home market. It does so, however, indirectly. From

whatever source this supply maybe usually drawn, whether from home growth, or from foreign importation, unless more corn is either usually grown, or usually imported into the country, than what is usually consumed in it, the supply of the home market can never be very plentiful. But unless the surplus can, in all ordinary cases, be exported, the growers will be careful never to grow more, and the importers never to import more, than what the bare consumption of the home market requires. That market will very seldom be overstocked; but it will generally be understocked; the people, whose business it is to supply it, being generally afraid lest their goods should be left upon their hands. The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its own inhabitants require. The freedom of exportation enables it to extend cultivation for the supply of foreign nations.

By the 12th of Charles II. c.4, the exportation of corn was permitted whenever the price of wheat did not exceed 40s. the quarter, and that of other grain in proportion. By the 15th of the same prince, this liberty was extended till the price of wheat exceeded 48s. the quarter; and by the 22d, to all higher prices. A poundage, indeed, was to be paid to the king upon such exportation; but all grain was rated so low in the book of rates, that this poundage amounted only, upon wheat to 1s., upon oats to 4d., and upon all

other grain to 6d. the quarter. By the 1st of William and Mary, the act which established this bounty, this small duty was virtually taken off whenever the price of wheat did not exceed 48s. the quarter; and by the 11th and 12th of William III. c. 20, it was expressly taken off at all higher prices.

The trade of the merchant-exporter was, in this manner, not only encouraged by a bounty, but rendered much more free than that of the inland dealer. By the last of these statutes, corn could be engrossed at any price for exportation; but it could not be engrossed for inland sale, except when the price did not exceed 48s. the quarter. The interest of the inland dealer, however, it has already been shown, can never be opposite to that of the great body of the people. That of the merchant-exporter may, and in fact sometimes is. If, while his own country labours under a dearth, a neighbouring country should be afflicted with a famine, it might be his interest to carry corn to the latter country, in such quantities as might very much aggravate the calamities of the dearth. The plentiful supply of the home market was not the direct object of those statutes; but, under the pretence of encouraging agriculture, to raise the money price of corn as high as possible, and thereby to occasion, as much as possible, a constant dearth in the home market. By the discouragement of importation, the supply of that market; even in times of great scarcity, was confined to the

home growth; and by the encouragement of exportation, when the price was so high as 48s. the quarter, that market was not, even in times of considerable scarcity, allowed to enjoy the whole of that growth. The temporary laws, prohibiting, for a limited time, the exportation of corn, and taking off, for a limited time, the duties upon its importation, expedients to which Great Britain has been obliged so frequently to have recourse, sufficiently demonstrate the impropriety of her general system. Had that system been good, she would not so frequently have been reduced to the necessity of departing from it.

Were all nations to follow the liberal system of free exportation and free importation, the different states into which a great continent was divided, would so far resemble the different provinces of a great empire. As among the different provinces of a great empire, the freedom of the inland trade appears, both from reason and experience, not only the best palliative of a dearth, but the most effectual preventive of a famine; so would the freedom of the exportation and importation trade be among the different states into which a great continent was divided. The larger the continent, the easier the communication through all the different parts of it, both by land and by water, the less would any one particular part of it ever be exposed to either of these calamities, the scarcity of any one country being more likely to be relieved by the plenty

of some other. But very few countries have entirely adopted this liberal system. The freedom of the corn trade is almost everywhere more or less restrained, and in many countries is confined by such absurd regulations, as frequently aggravate the unavoidable misfortune of a dearth into the dreadful calamity of a famine. The demand of such countries for corn may frequently become so great and so urgent, that a small state in their neighbourhood, which happened at the same time to be labouring under some degree of dearth, could not venture to supply them without exposing itself to the like dreadful calamity. The very bad policy of one country may thus render it, in some measure, dangerous and imprudent to establish what would otherwise be the best policy in another. The unlimited freedom of exportation, however, would be much less dangerous in great states, in which the growth being much greater, the supply could seldom be much affected by any quantity of corn that was likely to be exported. In a Swiss canton, or in some of the little states in Italy, it may, perhaps, sometimes be necessary to restrain the exportation of corn. In such great countries as France or England, it scarce ever can. To hinder, besides, the farmer from sending his goods at all times to the best market, is evidently to sacrifice the ordinary laws of justice to an idea of public utility, to a sort of reasons of state; an act or legislative authority which ought to be exercised only, which can be par-

doned only, in cases of the most urgent necessity. The price at which exportation of corn is prohibited, if it is ever to be prohibited, ought always to be a very high price.

The laws concerning corn may everywhere be compared to the laws concerning religion. The people feel themselves so much interested in what relates either to their subsistence in this life, or to their happiness in a life to come, that government must yield to their prejudices, and, in order to preserve the public tranquillity, establish that system which they approve of. It is upon this account, perhaps, that we so seldom find a reasonable system established with regard to either of those two capital objects.

IV. The trade of the merchant-carrier, or of the importer of foreign corn, in order to export it again, contributes to the plentiful supply of the home market. It is not, indeed, the direct purpose of his trade to sell his corn there; but he will generally be willing to do so, and even for a good deal less money than he might expect in a foreign market; because he saves in this manner the expense of loading and unloading, of freight and insurance. The inhabitants of the country which, by means of the carrying trade, becomes the magazine and storehouse for the supply of other countries, can very seldom be in want themselves. Though the carrying trade must thus contribute to reduce the average money price of corn in the home market, it would not thereby lower its real value;

it would only raise somewhat the real value of silver.

The carrying trade was in effect prohibited in Great Britain, upon all ordinary occasions, by the high duties upon the importation of foreign corn, of the greater part of which there was no drawback; and upon extraordinary occasions, when a scarcity made it necessary to suspend those duties by temporary statutes, exportation was always prohibited. By this system of laws, therefore, the carrying trade was in effect prohibited.

That system of laws, therefore, which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been so often ascribed to those laws, may very easily be accounted for by other causes. That security which the laws in Great Britain give to every man, that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other absurd regulations of commerce; and this security was perfected by the Revolution, much about the same time that the bounty was established. The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent ob-

structions, with which the folly of human laws too often encumbers its operations: though the effect of those obstructions is always, more or less, either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though it is far from being perfectly free, it is as free or freer than in any other part of Europe.

Though the period of the greatest prosperity and improvement of Great Britain has been posterior to that system of laws which is connected with the bounty, we must not upon that account, impute it to those laws. It has been posterior likewise to the national debt; but the national debt has most assuredly not been the cause of it.

Though the system of laws which is connected with the bounty, has exactly the same tendency with the practice of Spain and Portugal, to lower somewhat the value of the precious metals in the country where it takes place; yet Great Britain is certainly one of the richest countries in Europe, while Spain and Portugal are perhaps amongst the most beggarly. This difference of situation, however, may easily be accounted for from two different causes. First, the tax in Spain, the prohibition in Portugal of exporting gold and silver, and the vigilant police which watches over the execution of those laws, must, in two very poor countries, which between them import annually upwards of six millions sterling, operate not only more directly, but much more forcibly, in reducing the value of

those metals there, than the corn laws can do in Great Britain. And, secondly, this bad policy is not in those countries counter-balanced by the general liberty and security of the people. Industry is there neither free nor secure; and the civil and ecclesiastical governments of both Spain and Portugal are such as would alone be sufficient to perpetuate their present state of poverty, even though their regulations of commerce were as wise as the greatest part of them are absurd and foolish.

The 13th of the present king, c. 43, seems to have established a new system with regard to the corn laws, in many respects better than the ancient one, but in one or two respects perhaps not quite so good.

By this statute, the high duties upon importation for home consumption are taken off, so soon as the price of middling wheat rises to 48s. the quarter; that of middling rye, pease, or beans, to 32s.; that of barley to 24s.; and that of oats to 16s.; and instead of them, a small duty is imposed of only 6d upon the quarter of wheat, and upon that or other grain in proportion. With regard to all those different sorts of grain, but particularly with regard to wheat, the home market is thus opened to foreign supplies, at prices considerably lower than before.

By the same statute, the old bounty of 5s. upon the exportation of wheat, ceases so soon as the price rises to 44s. the quarter, in-

stead of 48s. the price at which it ceased before; that of 2s:6d. upon the exportation of barley, ceases so soon as the price rises to 22s. instead of 24s. the price at which it ceased before; that of 2s:6d. upon the exportation of oatmeal, ceases so soon as the price rises to 14s. instead of 15s. the price at which it ceased before. The bounty upon rye is reduced from 3s:6d. to 3s. and it ceases so soon as the price rises to 28s. instead of 32s. the price at which it ceased before. If bounties are as improper as I have endeavoured to prove them to be, the sooner they cease, and the lower they are, so much the better.

The same statute permits, at the lowest prices, the importation of corn in order to be exported again, duty free, provided it is in the mean time lodged in a warehouse under the joint locks of the king and the importer. This liberty, indeed, extends to no more than twenty-five of the different ports of Great Britain. They are, however, the principal ones; and there may not, perhaps, be warehouses proper for this purpose in the greater part of the others.

So far this law seems evidently an improvement upon the ancient system.

But by the same law, a bounty of 2s. the quarter is given for the exportation of oats, whenever the price does not exceed fourteen shillings. No bounty had ever been given before for the exportation of this grain, no more than for that of pease or beans.



By the same law, too, the exportation of wheat is prohibited so soon as the price rises to forty-four shillings the quarter; that of rye so soon as it rises to twenty-eight shillings; that of barley so soon as it rises to twenty-two shillings; and that of oats so soon as they rise to fourteen shillings. Those several prices seem all of them a good deal too low; and there seems to be an impropriety, besides, in prohibiting exportation altogether at those precise prices at which that bounty, which was given in order to force it, is withdrawn. The bounty ought certainly either to have been withdrawn at a much lower price, or exportation ought to have been allowed at a much higher.

So far, therefore, this law seems to be inferior to the ancient system. With all its imperfections, however, we may perhaps say of it what was said of the laws of Solon, that though not the best in itself, it is the best which the interest, prejudices, and temper of the times, would admit of. It may perhaps in due time prepare the way for a better.

## CHAPTER VI OF TREATIES OF COMMERCE

WHEN A NATION BINDS ITSELF by treaty, either to permit the entry of certain goods from one foreign country which it prohibits from all others, or to exempt the goods of one country from duties to which it subjects those of all others, the country, or at least the merchants and manufacturers of the country, whose commerce is so favoured, must necessarily derive great advantage from the treaty. Those merchants and manufacturers enjoy a sort of monopoly in the country which is so indulgent to them. That country becomes a market, both more extensive and more advantageous for their goods: more extensive, because the goods of other nations being either excluded or subjected to heavier duties, it takes off a greater quantity of theirs; more advantageous, because the merchants of the favoured country, enjoying a sort of monopoly there, will often sell their goods for a better price than if exposed to the free competition of all other nations.

Such treaties, however, though they may be advantageous to the merchants and manufacturers of the favoured, are necessarily disadvantageous to those of the favouring country. A monopoly is thus granted against them to a foreign nation; and they must fre-