

description of traders, and express themselves accordingly. Both feeling and seeing the great difference which a change in the profits of trade produces, they are apt to imagine that the nation is going to ruin when they are small, and that it is prosperous when they are high; because, in the one case they, their friends, and neighbours are making money; and in the other, a general depression exists, and they and their neighbours are losing it, or making less than before.

CHAPTER XI.

Corn creates its own Demand.

IN well-populated countries, the earth is made to produce to its utmost ability, by the best management, which, according to their skill in agriculture, its inhabitants can apply to the cultivation of the soil: yet, if we, at each returning harvest, examine the barns, granaries, and stack-yards throughout the country, we shall generally find that the produce of the past year has been consumed. After a year of more than usual abundance, we may, no doubt, occasionally see here and there wealthy farmers holding their crops over to another season; but, by taking an average of two or three years, we shall find that the annual produce is, upon the average, annually disposed of.

When the harvest is an average one, this is more particularly the case. Provisions are then at an average price. There is no temptation to hold, unless there is a prospect of the ensuing harvest being particularly bad; and as this is happily not very frequent, the farmer generally disposes of one crop before the other is fit for the market.

In those seasons the prices of provisions are at that level to which the means of expenditure are accommodated. There is sufficient for all who enjoy their accustomed means of paying for it, according to the existing supply and wages of labour; and while there is nothing deficient, there is nothing to spare.

Those countries which regularly export or import corn may be said to afford an objection to this rule. They, however, always import or export a corresponding quantity of commodities representing labour, by which, as we shall hereafter more particularly show, the rule, as it affects the internal production and consumption of a country, is not infringed. But if we take inland countries, where exportation or importation is physically impossible, we shall find this proportion of the consumption to the supply, with respect to the principal articles of food, uniformly preserved.

The provision of nature, by which this parallel is maintained, might, at first sight, appear wonderful. There are thousands and millions of people in every country, many of whom are not restrained by any pecuniary consideration from consuming what they think proper. They eat and drink three or four times a day, without practically, at least, taking any thought whether the crop will last to the end of the year or not; and yet, when an average one, it

does last to the end of the year, without any material surplus, at least, and without any deficiency having been experienced.

There are very few families that could previously undertake to determine their consumption for the ensuing year with any such exactness; yet if nature, in any country, were to make a mistake in its calculation of but one day's provision in twelve, that is, of one month in the year, and the country were to run short, the inconvenience that would result may be conceived, when it is considered that the greatest supply of provisions which was ever imported into this country in years of the severest scarcity, never exceeded a month's ordinary consumption of its inhabitants.

With all commodities, however, the supply and demand must, upon the average, be equal. As we have already stated, production is a proof of demand, and would not take place without it. But between food and other commodities there is this difference, that with the former the supply is produced without reference to the demand, and yet the demand is exactly equal to it, while with the latter the supply is regulated by the demand.

With all commodities, except food, great fluctuations in the quantities cultivated or manufactured constantly take place. The supply produced is sometimes much larger, and

sometimes much less than is required, and it is from the alteration in prices produced by this fluctuation that they are ultimately accommodated to each other.

Of every article of general consumption there are naturally a great many growers or manufacturers, who have no connexion with each other, and no knowledge of the quantities which each intends to produce. Neither in general have they much knowledge of the consumption; their only mode of knowing the state of either, with any degree of practical certainty, being from the state of the market. When the market is too full, sales cannot be made, and when it is short in quantity, they can. By this criterion the producers regulate themselves. When there is a brisk demand, prices get up, and more land or more labour is turned to the production of the commodity, until the demand is satisfied and the market over-stocked. While this glut continues, that which is grown or made cannot be sold, the prices fall, and the quantity produced is again diminished until it is reduced below the regular demand. The over stock is consequently again taken out of the market, and a brisk demand succeeds as before.

From these fluctuations, it will be obvious that it is the supply which accommodates itself to the demand. But this cannot be the case

with corn, or similar effects would be observable. Sometimes without a particularly favourable season, the supply would be too great, and sometimes without a bad season, the supply would be too small. Whereas we find the agriculturist applies his utmost art and labour to the cultivation of the soil, which he renders as productive as he possibly can, and he always finds a demand equal to the supply which he is enabled to produce. It is, therefore, the supply which creates the demand, and not the demand as with other commodities, which creates the supply.

The skill with which the soil may be cultivated in different countries, may not be the same, and one country, without greater natural advantages, may be made to produce infinitely more than another: but this equality of demand with the supply, is the same, whatever the fruitfulness of the soil may arise from.

Any considerable variation from an average crop, is also accompanied by a corresponding alteration in the demand. When the crop is great, the demand is greater; when it is small, the demand is less. This is produced by an alteration in prices, which the alteration in the supply creates. When it is abundant, the prices fall; when deficient, they rise; and in every fully populated country, a corresponding variation in consumption takes place, with the

variations of price. High prices compel its population to reduce their consumption, and low prices enable them to increase it. Unless, therefore, it is the pleasure of the growers or speculators to hold their stocks over to another season, it can always be consumed within the year. This the experience of every farmer and corn dealer will enable him to substantiate. Whatever theories he may entertain upon the subject, or however he may account for it, he will be enabled to state, that there never was a year in which he could not have sold at the market price; or that he could, from his own observation, perceive any want of consumption, however he may have lamented the lowness of price.

That the consumption is always equal to the supply, even when the demand for labour appears to be considerably reduced, is evident from last year's experience. The necessities of the farmers, and the little prospect of advantage by holding, together with the prospect of an early and abundant harvest, could not but have the effect of inducing them to bring their corn to market; and this it appears they have done. Messrs Cropper, Benson, and Co. of Liverpool, who possess the only information that can be relied upon respecting the crops, and who may be considered perfect authority upon the subject, in a most important circular

which they have lately issued on the state of the cotton trade, have stated with respect to corn, as follows:—

“ Last year's crop of corn is generally estimated not to have supplied the country more than eleven months; and though the present crop is less than the preceding, and the consumption going on at a greater rate than ever known, still the price is lower than ever remembered. If the present unmercantile feeling of holding no stocks is to continue to prevail, we may be quite run out of all these important articles before people are generally aware.”

The reason, no doubt, for the consumption going on so rapidly, is, that the farmers cannot hold, and are forcing their corn into the market, and the consumption, on the principles stated, keeps pace with the supply. I do not mean from this to infer, that the present general low state of prices arises from abundance of supply: the above extract shews that not to be the case, but merely that there is always a demand equal to the supply at the existing prices, even though some may for want of employment be starving; and if the prices are sufficiently reduced, the supply will be taken of.

Thus while in average seasons the demand and supply are equal, the fluctuations in demand which abundance or scarcity produces,

by which to accommodate it to the supply, support the general principle that it is the supply which creates the demand.

This reasoning only applies of course to well populated countries. In new countries, such as the back settlements of America, where the population is thin, the production of corn is checked by the want of demand. But even then the demand steadily increases. There is no fluctuation similar to what is observed in other commodities, and when the supply becomes stationary, the average demand will become so too.

The agricultural committee of 1821, have laid down a principle in their report to which the above is in direct opposition, and proceeding from such authority, some notice of it becomes necessary. The report says,—

“ In the article of corn, however, there is
“ one consideration to be constantly borne in
“ mind, most material to enable the house and
“ the country to arrive at a sound and safe
“ conclusion on this important subject, namely,
“ ly, that the price of corn fluctuates more
“ than that of any other commodity of extensive
“ consumption, in proportion to any excess or
“ deficiency in the supply.

“ The cause which produces this greater
“ susceptibility in the corn market, cannot be
“ better explained by your committee, than in

“ the following extract from the answers of
“ Mr Tooke, one of the witnesses who was
“ particularly examined on this point. Why
“ should a different principle apply to corn
“ than to any other general production? Because
“ a fall in the price of any other commodity
“ not of general necessity, brings the article
“ within the reach of a greater number of
“ individuals; whereas in the case of corn the
“ average quantity is sufficient for the supply
“ of every individual; all beyond that is an
“ absolute depression of the market, for a great
“ length of time, and a succession of either
“ two or three abundant seasons, must evidently
“ produce an enormously inconvenient accumulation.
“ Is there not a greater consumption of corn
“ when it is dear than when it is cheap, as to
“ quantity? There may be, and possibly must
“ be a greater consumption; but it is very evident,
“ that if the population was adequately fed, the
“ increased consumption from abundance, can amount
“ to little more than waste; and this would be
“ in a very small proportion to the whole excess
“ of a good harvest or two. The whole population
“ of this country and others do not subsist upon
“ wheat, therefore when wheat becomes cheap,
“ those who were formerly fed upon other corn,
“ may take to feeding upon wheat: my remark was
“ general as applying to corn.

“ There is no doubt that if there is one description of corn applicable to human food, which is abundant, and another that is deficient, then the principle does not apply; my principle applies to corn generally as applicable to human food. It may be observed, that abundant seasons generally extend to the leading articles of consumption, and that it seldom happens in what are commonly called good years, there is a complete failure in any one great article.”

“ In the substance of this reasoning your committee entirely concur; and it appears to them, that it cannot be called in question without denying either that corn is an article of general necessity and universal consumption amongst the population of this country, or that the demand is materially varied by the amount of the supply. This latter proposition, except within very narrow limits, altogether disproportioned to the fluctuations in production, is not warranted by experience. The general truth of the observation remains, therefore, unaltered by any small degree of waste on the one side, or of economy on the other; neither of which are sufficient to counteract the effect which opinion and speculation must have upon price, when it is felt how little demand

“ is increased by redundancy, or checked by scantiness of supply.”

The first principle thus laid down is quite erroneous. Precisely the reverse is the truth. “ Why should a different principle apply to corn,” says the report, “ than to any other general production? Because a fall in the price of any other commodity, not of general necessity, brings the article within the reach of a greater number of individuals.”

Now the fact is, that there is no such difference in the supply of other commodities, or the fluctuations would be greater. Our merely acquired habits of consumption do not so quickly change. The demand for commodities generated by habit is pretty uniform, and the cost of their production is known. When, therefore, the prices fall below it, it is common sense that those will hold who can, it being certain that a diminished supply must follow, since the prices will not pay for the production. If an increased quantity of some articles, which must be sold, as is the case with corn, were thrown into the market, they would sell for hardly any thing.

“ Whereas in the case of corn,” it is further stated “ the average quantity is sufficient for the supply of every individual.”

Now this means nothing, if it does not mean

that in average seasons every labourer has employment, and wages sufficient to purchase food that will fully supply the wants of himself and every individual of his family. As this, however, as much depends upon the supply of labour as of corn, it cannot go thus far, and therefore must go for nothing.

"All beyond that," the report goes on to state, "is an absolute depression of the market for a great length of time, and a succession of even two or three abundant seasons must evidently produce an enormously inconvenient accumulation."

On this principle, therefore, whether the existing low prices arose from excessive supply might have been at once determined, by ascertaining the fact of whether or not there was an enormously inconvenient accumulation. This, however, the committee neglected to do, or, it is probable, they would have discovered the error into which they and Mr Tooke had fallen.

It next says, "Is there not a greater consumption of corn when it is cheap, than when it is dear, as to quantity? There may be, and possibly must be a greater consumption of corn when it is cheap, than when it is dear, but it is very evident that if the population was before adequately fed, the increased consumption from abundance, can a-

"mount to little more than waste; and this would be in a very small proportion to the whole excess of a good harvest or two."

This last clause widens the principle of inconvenient accumulation, by laying it down as impossible, that the excess of a good harvest or two, could be consumed. If Mr Tooke, and the committee, would pardon an attempt to smile at their expence, we have fairly a right to assume, that they never rise from table, until they are so satisfied that they can seldom take another mouthful themselves, and being, as they conceive, adequately fed, innocently imagine that the rest of the population have as little room left in their stomachs for more, as they have.

Whether it might be waste or not, we shall not pretend to say. But this I think we may venture to state, that whatever may be the case with the committee, the labouring classes, including their families, can consume half as much more, if not twice as much, as they have the means of doing in average seasons, with the present redundancy of our population. And that in populous countries, there never was a harvest so abundant, that it was not very easily consumed, without producing either surfeit or apoplexy.

In the substance of Mr Tooke's reasoning, the committee, it will be seen, entirely concur-

red, denying that the proposition, that the demand is materially varied by the amount of the supply, except within narrow limits, altogether disproportioned to the fluctuations in supply, is warranted by experience.

What experience is here referred to, I am unable to discover. It is from our every-day experience, that we are compelled to draw the opposite conclusion.

My object in making these observations is to eradicate an erroneous opinion which has the weight of authority with it; not any wish generally to find fault with the report, which altogether is evidently far the most sensible and able document which has appeared upon the subject.

From the foregoing, it will at least appear, that it is not the demand for food which creates and regulates the supply as with other commodities, but that it is the supply which creates and regulates the demand. In every country the supply has created an average demand equal to itself, and when any temporary variation takes place in consequence of superabundant or deficient crops, consumption is increased or diminished in equal proportion, by a rise or fall in prices.

CHAPTER XII.

Labour.

Corn can only create its own Demand by furnishing Mouths to consume it.

MR Malthus, in his admirable essay on the principles of population, has shewn, that it always keeps pace with the means of subsistence. When labour is scarce, wages high, and families easily maintained, population increases; and when population is too great, and labour too plentiful, wages fall below what is necessary to support a family, and population decreases.

These principles are perfectly natural; but the genius of Mr Malthus has rendered them obvious. Without this, indeed, the right application of principles can seldom be either seen or safely adopted. Men are animals, and propagate their species in the same manner as other animals. Were all to marry at the age of puberty, each couple would, on the average, it has been calculated, produce not less than eight or ten children. If food and cloathing