

**PRICE OF CORN AND WAGES OF LABOUR,
WITH OBSERVATIONS UPON DR. SMITH'S, MR.
RICARDO'S, AND MR. MALTHUS'S DOCTRINES
UPON THOSE SUBJECTS; AND AN ATTEMPT AT
AN EXPOSITION OF THE CAUSES OF THE
FLUCTUATION OF THE PRICE OF CORN
DURING THE LAST THIRTY YEARS**

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Price of Corn and Wages of Labour, with Observations upon Dr. Smith's, Mr. Ricardo's, and Mr. Malthus's Doctrines upon Those Subjects; And at Attempt at an Exposition of the Causes of the Fluctuation of the Price of Corn during the Last Thirty Years by Sir Edward West

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SIR EDWARD WEST

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INTRODUCTION.

IN the year 1815 the author of the following pages published a tract entitled, "an Essay on the application of capital to land," in which he attempted to develop some of the laws which regulate the price of corn and other agricultural produce, rent, wages, and profits. Most of the propositions enunciated in that essay were adopted by Mr. Ricardo in his Principles of Political Economy.

Mr. Ricardo in his preface to that work mentioned, that "Mr. Malthus and the author of the 'Essay on the application of capital to land,' presented to the world, nearly at the same moment, the true doctrine of rent;" but other principles of very considerable importance were first enunciated in that essay. Thus in pages 19 and 20 of that Essay the author states, that the diminution of the net reproduction or the profits of stock, which is observed

to take place in the progress of wealth and improvement, must necessarily be caused by a diminution of the productive powers of labour in agriculture." Mr. Ricardo, in page 133 of the *Principles of Political Economy*, says, "The natural tendency of profits is to fall, for in the progress of society and wealth, the additional quantity of food required, is obtained by the sacrifice of more and more labour;" which is precisely the same proposition in different terms; "a diminution of the productive powers of labour in agriculture," being precisely the same thing as "the additional quantity of food requiring more and more labour."

The author of the *Essay* too, first enunciated the proposition, which is, however, qualified in the present tract, that in the same state of the productive powers of labour in providing the necessaries for the maintenance of labour, the real wages of labour and profits of stock are a given quantity; and that, if either of them be increased, that increase of the one must be at the expense of the other. Thus in page 19 of the *Essay*, the author states, that "the profits of stock, which are the net reproduction of stock,

can be diminished in two ways only; either by a diminution of the powers of production, or by an increase of the expense of maintaining those powers, that is, by an increase of the real wages of labour." And a great part of the reasoning of that Essay is conducted upon this principle. The whole of the author's reasoning too, in that Essay, was conducted upon the principle of the labour which any commodity requires, or costs to produce it, being the measure of its exchangeable value.

The author thinks it not unfair to assert his claim to the discovery of these and other important principles; his essay is before the public, and the public will decide how far this claim is well founded.

In the year 1822, Mr. Ricardo published his pamphlet "on Protection to Agriculture;" in which, among other subjects, he attempted to account for the then depression of the price of corn, and other agricultural produce, by the fact, as he stated, of a superabundance of supply. This hypothesis was generally adopted; and all the changes we have witnessed in the price of corn, during these last thirty years, have been

attempted to be accounted for by the variation of the seasons and crops.

These doctrines appear to the author of this tract so opposed to sound reasoning, and to fact, that he immediately applied himself to expose what appeared to him to be their fallacy, and to attempt to point out the true cause of that depression of price.

In the course of that investigation he was under the necessity of analysing the laws which regulate price and wages, and of questioning some of Dr. Smith's, Mr. Ricardo's and Mr. Malthus's doctrines upon those subjects. Circumstances, however, prevented his publishing his observations at that time; but the question of the corn laws appearing again to excite considerable interest, he has availed himself of a few days leisure to prepare those observations with some alterations for the press.

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PRICE OF CORN,

&c.

CHAPTER I.

EXAMINATION OF THE HYPOTHESIS OF MR. RICARDO
AND OTHERS THAT THE LOW PRICE OF CORN, &c.
IN 1822, WAS OCCASIONED BY A SUPERABUNDANT
SUPPLY.

“ ON the causes,” says Mr. Ricardo,* “ which have produced the degree of abundance, to which I attribute all that part of the fall of raw produce since 1819, which cannot fairly be ascribed to the alteration in the value of the currency, it will not be necessary for me to say much, we are, I think, justified in ascribing it to a succession of good crops, to an increasing importation from Ireland, and to the increase of tillage, which the high prices, and the obstacles

* On Protection to Agriculture, p. 16.

opposed to importation during the war, occasioned.”

The Report of the Agricultural Committee, and many most enlightened members of both Houses of Parliament, have assigned the same cause for the depression of the price of agricultural produce at that period.

By the terms, “abundance,” or “superabundant supply,” or “redundant production,” as it is called in the Report* of the Agricultural Committee, must of course be meant a production or supply above the ordinary supply.

In several passages of Mr. Ricardo’s pamphlet,† it is stated, that the low price was caused by the excess of the supply above the demand. This however cannot be what he means to express by the terms “superabundant supply,” for to say that price is low, that is, less than a remunerative price, and that the supply exceeds the demand, is the same proposition in different words. The definition of the term, “demand,” in the sense in which it is generally used, is the want or desire of the bidder or purchaser measured or expressed in money: when the supply and demand are so adjusted to each other, that the article sells for its natural or remunerating price, the supply

* P. 8.

† P. 31, 33.

and demand are *said* to be equal to each other: when the demand and supply are such, that the price is above the natural price, the demand is *said* to exceed the supply: and when the demand and supply are such, that the price is below the natural price, the supply is *said* to exceed the demand. These are the very definitions of the terms "equality of supply and demand," "excess of demand above supply," and "excess of supply above demand." To say therefore that the price is low, and that the supply exceeds the demand, is to express the same proposition in different words.

It must then be presumed that by the term "superabundance," is meant a supply above the ordinary supply.

Let us then consider, first, the evidence of the fact of this abundance, and afterwards, the three different supposed sources of it: namely, a succession of good crops, an increasing importation from Ireland, and the increase of tillage, which the high prices and obstacles opposed to importation during the war, occasioned.

As to the fact of abundance, it is acknowledged that it is inferred from the low price. Mr. Ricardo admits "that we can have no unequivocal proof of abundance but by its