

An Investigation of the Cause of the Present High Price of Provisions

By the Author of the Essay on the Principle of Population.
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High Price of Provisions: An Investigation of the Cause

Among the many causes that have been assigned of the present high price of provisions, I am much inclined to suspect, that the principal one has hitherto escaped detection; at least, in the discussions on the subject, either in print or conversation, which have fallen within my knowledge, the cause, which I conceive to have operated most strongly towards increasing the price of the necessaries of life, has not yet been suggested. There are some disorders, which, though they scarcely admit of a cure, or even of any considerable mitigation, are still capable of being made greatly worse. In such misfortunes it is of great importance to know the desperate nature of the disease. The next step to the alleviation of pain, is the bearing it with composure, and not aggravating it by impatience and irritation.

It cannot admit of a doubt with persons of sense and information, that, during the last year, there was a scarcity, to a certain extent, of all sorts of grain; but it must be at the same time acknowledged, that the price was higher than the degree of that scarcity would at first sight appear to warrant.

In the summer of 1799, in the course of a northern tour, I passed through Sweden. There was at that time a general dearth of corn throughout the country, owing to a long drought the preceding year. In the province of Värmland, adjoining to Norway, it approached almost to a famine, and the lower classes of people suffered most severe distress. At the time we were passing through that part of the country, which was in July, they were reduced to two most miserable substitutes for bread; one, made of the inner bark of the fir, and the other, of the common sorrel dried, and powdered. These substances, though made into the usual shape of their rye bread, had no affinity to it whatever in taste, and but very little, I believe, in nourishment, as the effects of this miserable food were but too visible in their

pallid and unhealthy countenances.

There could be little doubt, that the degree of scarcity then prevailing in that part of Sweden, was considerably greater than any we have hitherto experienced here; and yet, as far as we could learn, the price of rye, which is the grain principally used for bread, had not risen above double its usual average; whereas in this country last year, in a scarcity, that must be acknowledged to be very greatly inferior in degree, wheat rose to above three times its former price.

The continuation of extraordinary high prices, after a harvest that was at one time looked forward to as abundant, has contributed still more to astonish and perplex the public mind. Many men of sense have joined in the universal cry of the common people, that there must be roguery somewhere; and the general indignation has fallen upon monopolizers, forestallers, and regraters - words, that are vented from every mouth with fearful execrations, and are applied indiscriminately to all middle men whatever, to every kind of trader that goes between the grower of the commodity and the consumer.

This popular clamour, headed by the Lord Chief Justice, and enforced throughout the country by the instructions of the grand juries, must make every reflecting mind tremble for the future supply of our markets. I cannot but think therefore, that I should do an acceptable service, if I could succeed in accounting for the present high price of the necessaries of life, without criminating a class of men, who, I believe, have been accused unjustly, and who, every political economist must know, are absolutely necessary in the complicated machinery that distributes the provisions and other commodities of a large nation.

I ought first to premise, however, that I am not interested in this question, further than as a lover of truth, and a well-wisher to my country. I have no sort of connection whatever with any of these middle men or great farmers, who are now the objects of public indignation: and, as an individual with a small fixed income, I am certainly. among that class of persons on whom the high price of provisions must fall the heaviest.

To proceed to the point: I am most strongly inclined to suspect, that the attempt in most parts of the kingdom to increase the parish allowances in proportion to the price of corn, combined with the riches of the country, which have enabled it to proceed as far as it has done in this attempt, is, comparatively speaking, the sole cause, which has occasioned the

price of provisions in this country to rise so much higher than the degree of scarcity would seem to warrant, so much higher than it would do in any other country where this cause did not operate.

It may appear, perhaps, at first, to the reader, that this cause is inadequate to the effect we experience; but, if he will kindly allow me a few minutes of patient and candid attention, I hope I shall be able to convince him, that it is not only adequate to produce the present high price of provisions of which we complain; but, admitting a real scarcity, that the attempt to carry it actually into execution, might raise the quartern loaf before the expiration of a year, to as many shillings as it is now pence.

Adam Smith has most justly stated, that the actual price at which a commodity is sold, is compounded of its natural price, the price at which it can be brought to market, allowing the usual profit in times of moderate plenty, and the proportion of the supply to the demand. When any commodity is scarce, its natural price is necessarily forgotten, and its actual price is regulated by the excess of the demand above the supply.

Let us suppose a commodity in great request by fifty people, but of which, from some failure in its production, there is only sufficient to supply forty. If the fortieth man from the top have two shillings which he can spend in this commodity, and the thirty nine above him, more, in various proportions, and the ten below, all less, the actual price of the article, according to the genuine principles of trade, will be two shillings. If more be asked, the whole will not be sold, because there are only forty who have as much as two shillings to spend in the article; and there is no reason for asking less, because the whole may be disposed of at that sum.

Let us suppose, now, that somebody gives the ten poor men, who were excluded, a shilling apiece. The whole fifty can now offer two shillings, the price which was before asked. According to every genuine principle of fair trading, the commodity must immediately rise. If it do not, I would ask, upon what principle are ten, out of the fifty who are all able to offer two shillings, to be rejected? For still, according to the supposition. there is only enough for forty. The two shillings of a poor man are just as good as the two shillings of a rich one; and, if we interfere to prevent the commodity from rising out of the reach of the poorest ten, whoever they may be, we must toss up, draw lots, raffle, or fight, to determine who are to be

excluded. It would be beyond my present purpose, to enter into the question whether any of these modes would be more eligible, for the distribution of the commodities of a country, than the sordid distinction of money; but certainly, according to the customs of all civilized and enlightened nations, and according to every acknowledged principle of commercial dealing, the price must be allowed to rise to that point which will put it beyond the power of ten out of the fifty to purchase. This point will, perhaps, be half a crown or more, which will now become the price of the commodity. Let another shilling apiece be given to the excluded ten: all will now be able to offer half a crown. The price must in consequence immediately rise to three shillings or more, and so on toties quoties.

In the progress of this operation the ten excluded would not be always entirely the same. The richest of the ten first excluded, would probably be raised above the poorest of the first forty. Small changes of this kind must take place. The additional allowances to the poorest, and the weight of the high prices on those above them, would tend to level the two orders; but, till a complete level had taken place, ten must be always excluded, and the price would always be fixed, as nearly as possible, at that sum which the fortieth man at the top could afford to give. This, if the donatives were continued, would raise the commodity to an extraordinary price, without the supposition of any combination and conspiracy among the vendors, or any kind of unfair dealing whatever.

The rise in the price of corn, and of other provisions, in this country, has been effected exactly in the same manner, though the operation may be a little more complicated; and I am firmly convinced, that it never could have reached its present height, but from the system of poor laws and parish allowances, which have operated precisely in the same mode as the donatives of a shilling in the instance I have just adduced.

The harvest of 1799 was bad, both in quality and quantity. few people could deny that there appeared to be a very considerable deficiency of produce: and the price of the load of wheat rose in consequence almost immediately to £20. I returned from the north in the beginning of November, and found the alarm so great and general, and the price of corn so high, that I remember thinking that it was probably fully adequate to the degree of the deficiency, and, taking into consideration the prospect of importation from the very early alarm, that it would not rise much higher during the year. In this conjecture, it

appears that I was much mistaken; but I have very little doubt that in any other country equally rich, yet without the system of poor laws and parish allowances, the price would never have exceeded £25 the load of wheat; and that this sum would have been sufficiently high to have excluded such a number of people from their usual consumption, as to make the deficient crop, with the quantity imported, last throughout the year.

The system of poor laws, and parish allowances, in this country, and I will add, to their honour, the humanity and generosity of the higher and middle classes of society, naturally and necessarily altered this state of things. The poor complained to the justices that their wages would not enable them to supply their families in the single article of bread. The justices very humanely, and I am far from saying improperly, listened to their complaints, inquired what was the smallest sum on which they could support their families, at the then price of wheat, and gave an order of relief on the parish accordingly. The poor were now enabled, for a short time, to purchase nearly their usual quantity of flour; but the stock in the country was not sufficient, even with the prospect of importation, to allow of the usual distribution to all its members. The crop was consuming too fast. Every market day the demand exceeded the supply; and those whose business it was to judge on these subjects, felt convinced, that in a month or two the scarcity would be greater than it was at that time. Those who were able, therefore, kept back their corn. In so doing, they undoubtedly consulted their own interest; but they, as undoubtedly, whether with the intention or not is of no consequence, consulted the true interest of the state: for, if they had not kept it back, too much would have been consumed, and there would have been a famine instead of a scarcity at the end of the year.

The corn, therefore, naturally rose. The poor were again distressed. fresh complaints were made to the justices, and a further relief granted; but, like the water from the mouth of Tantalus, the corn still slipped from the grasp of the poor; and rose again so as to disable them from purchasing a sufficiency to keep their families in health. The alarm now became still greater, and more general.(1*) The justices in their individual capacities were not thought competent to determine on the proper modes of relief in the present crisis, a general meeting of the magistrates was called, aided by the united wisdom of other gentlemen of the county; but the result was merely the continuation and extension of the former system of relief; and,

to say the truth, I hardly see what else could have been done. In some parishes this relief was given in the shape of flour; in others, which was certainly better, in money, accompanied with a recommendation not to spend the whole of it in wheaten bread, but to adopt some other kind of food. All, however, went upon the principle of inquiring what was the usual consumption of flour in the different families, and of enabling them to purchase nearly the same quantity that they did before the scarcity. With this additional command of money in the lower classes, and the consequent increased consumption, the number of purchasers at the then price would naturally exceed the supply. The corn would in consequence continue rising. The poor's rates in many parishes increased from 4 shillings in the pound to 14; the price of wheat necessarily kept pace with them; and before the end of the year was at near £40 a load; when probably without the operation of this cause it would not have exceeded £20 or £25.

Some of the poor would naturally make use of their additional command of money to purchase butter, cheese, bacon, pickled pork, rice, potatoes, etc. These commodities are all more limited in quantity than corn; and would, therefore, more suddenly feel the increased demand. If butter, cheese, bacon, pickled pork, and the coarser parts of meat, had continued at their usual price, they would have been purchased by so many, to come in aid of an inferior kind of bread, or to give a relish and additional nourishment to their potatoes and rice, that the supply would not have been half adequate to the quantity of these articles that was wanted. These commodities, therefore, rose as naturally and as necessarily as the corn; and, according to the genuine principles of fair trade, their price was fixed at that sum which only such a number could afford to give, as would enable the supply to answer the demand.

To fix upon this sum is the great object of every dealer and speculator in every commodity whatever, and about which he must, of course, exercise his private judgement. A reflecting mind, far from being astonished that there are now and then errors in speculation, must feel much greater astonishment that there are so few; and that the supplies of a large nation, whether plentiful or scanty, should be distributed so equally throughout the year. Most happily for society, individual interest is, in these cases, so closely and intimately interwoven with the public interest, that one cannot gain or lose without a gain or loss to the other. The man who refuses to send his corn to market when it is at £20 a load, because he thinks that in two months time it

will be at £30, if he be right in his judgement, and succeed in his speculation, is a positive and decided benefactor to the state; because he keeps his supply to that period when the state is much more in want of it; and if he and some others did not keep it back in that manner, instead of its being £30 in two months, it would be £40 or £50.

If he be wrong in his speculation, he loses perhaps very considerably himself, and the state suffers a little; because, had he brought his corn to market at £20, the price would have fallen sooner, and the event showed that there was corn enough in the country to allow of it: but the slight evil that the state suffers in this case is almost wholly compensated by the glut in the market, when the corn is brought out, which makes the price fall below what it would have been otherwise.

I am far from saying that there can be no such thing as monopoly, and the other hard words that have been so much talked of. In a commodity of a confined nature, within the purchase of two or three large capitals, or of a company of merchants, we all know that it has often existed; and, in a very few instances, the article may have been in part destroyed, to enhance the price, as the Dutch Company destroyed the nutmeg trees in their spice islands: but in an article which is in so many hands as corn is, in this country, monopoly, to any pernicious extent, may safely be pronounced impossible. Where are the capitals, or where is the company of merchants, rich enough to buy such a quantity of corn, as would make it answer to them to destroy, or, which is the same thing, not to sell a great part of it? As they could not, by the greatest of exertions, purchase one fourth of all the corn in the country, it is evident that, if any considerable part of their stock remained unsold, they would have enriched all the other dealers in corn at their own expense; and would not have gained half so much in proportion to their capital as the rest of the farmers and cornfactors. If on the contrary all their stock sold, it would be a proof that the speculation had been just, and that the country had really benefited by it.

It seems now to be universally agreed, that the stock of old corn remaining on hand at the beginning of the harvest this year was unusually small, notwithstanding that the harvest came on nearly a month sooner than could have been expected in the beginning of June. This is a clear, decided, and unanswerable proof that there had been no speculations in corn that were prejudicial to the country. All that the large farmers and cornfactors had done, was to raise the corn to that price which

excluded a sufficient number from their usual consumption, to enable the supply to last throughout the year. This price, however, has been most essentially and powerfully affected by the ability that has been given to the labouring poor, by means of parish allowances, of continuing to purchase wheat notwithstanding its extraordinary rise: and this ability must necessarily prevent the price of corn from falling very materially, till there is an actual glut in the market; for, while the whole stock will go off at £30 a load, it cannot, on any regular principle of trade, sink lower. I was in very great hopes, just before the harvest, that such a glut was about to take place; but it is now to be feared, from the nature of the present crop, that no such happy event can be hoped for during the year.

I do not know whether I have convinced my reader that the cause which I have assigned of the present extraordinary price of provisions is adequate to the effect; but I certainly feel most strongly convinced of it myself; and I cannot but believe that, if he differ from me, it can only be in degree, and from thinking that the principle of parish allowances has not yet been carried far enough to produce any material effect. With regard to the principle itself, if it were really carried into execution, it appears to me capable almost of mathematical demonstration, that, granting a real scarcity of one fourth, which could not be remedied by importation, it is adequate to the effecting any height of price that the proportion of the circulating medium to the quantity of corn daily consumed would admit.

It has often been proposed, and more than once I believe, in the House of Commons, to proportion the price of labour exactly to the price of provisions. This, though it would be always a bad plan, might pass tolerably in years of moderate plenty, or in a country that was in the habit of a considerable exportation of grain. But let us see what would be its operation in a real scarcity. We suppose, for the sake of the argument, that by law every kind of labour is to be paid accurately in proportion to the price of corn, and that the rich are to be assessed to the utmost to support those in the same manner who are thrown out of employment, and fall upon the parish. We allow the scarcity to be an irremediable deficiency of one fourth of all the provisions of the country. It is evident that, notwithstanding this deficiency, there would be no reason for economy in the labouring classes. The rise of their wages, or the parish allowances that they would receive, would enable them to purchase exactly the same quantity

of corn, Or other provisions, that they did before, whatever their price might be. The same quantity would of course be consumed; and, according to the regular principles of trade, as the stock continued diminishing, the price of all the necessaries of life would continue rising, in the most rapid and unexampled manner. The middle classes of society would very soon be blended with the poor; and the largest fortunes could not stand against the accumulated pressure of the extraordinary price of provisions, on the one hand, and the still more extraordinary assessments for allowances to those who had no other means of support, On the other. The cornfactors and farmers would undoubtedly be the last that suffered, but, at the expiration of the three quarters of a year, what they received with one hand, they must give away with the other; and a most complete levelling of all property would take place. All would have the same quantity of money. All the provisions of the country would be consumed: and all the people would starve together.

There is no kind of fear, that any such tragical event should ever happen in any country; but I allowed myself to make the supposition; because, it appears to me, that, in the complicated machinery of human society, the effect of any particular principle frequently escapes from the view, even of an attentive observer, if it be not magnified by pushing it to extremity.

I do not, however, by any means, intend to infer, from what I have said, that the parish allowances have been prejudicial to the state; or that, as far as the system has been hitherto pursued, or is likely to be pursued, in this country, that it is not one of the best modes of relief that the circumstances of the case will admit. The system of the poor laws, in general, I certainly do most heartily condemn, as I have expressed in another place, but I am inclined to think that their operation in the present scarcity has been advantageous to the country. The principal benefit which they have produced, is exactly that which is most bitterly complained of - the high price of all the necessaries of life. The poor cry out loudly at this price; but, in so doing, they are very little aware of what they are about; for it has undoubtedly been owing to this price that a much greater number of them has not been starved.

It was calculated that there were only two thirds of an average crop last year. Probably, even with the aid of all that we imported, the deficiency still remained a fifth or sixth. Supposing ten millions of people in the island; the whole of this deficiency, had things been left to their natural course, would

have fallen almost exclusively on two, or perhaps three millions of the poorest inhabitants, a very considerable number of whom must in consequence have starved. The operation of the parish allowances, by raising the price of provisions so high, caused the distress to be divided among five or six millions, perhaps, instead of two or three, and to be by no means unfelt even by the remainder of the population.

The high price, therefore, which is so much complained of by the poor, has essentially mitigated their distress by bringing down to their level two or three millions more, and making them almost equal sharers in the pressure of the scarcity.

The further effects of the high price have been to enforce a strict economy in all ranks of life; to encourage an extraordinary importation, and to animate the farmer by the powerful motive of self interest to make every exertion to obtain as great a crop as possible the next year.

If economy, importation, and every possible encouragement to future production, have not the fairest chance of putting an end to the scarcity, I confess myself at a loss to say what better means can be substituted. I may undoubtedly on this subject be much mistaken; but to me, I own, they appear more calculated to answer the purpose intended, than the hanging any number of farmers and cornfactors that could be named.

No inference, therefore, is meant to be drawn against what has been done for the relief of the poor in the present scarcity, though it has without doubt greatly raised the price of provisions. All that I contend for is, that we should be aware of the effect of what we ourselves have done, and not lay the blame on the wrong persons.

If the cause, which I have detailed, be sufficient to account for the present high price of provisions, without the supposition of any unfair dealing among the farmers and cornfactors, we ought surely to bear the present pressure like men labouring under a disorder that must have its course, and not throw obstacles in the way of returning plenty, and endanger the future supplies of our markets, by encouraging the popular clamour, and keeping the farmers and corn dealers in perpetual fear for their lives and property.

To suppose that a year of scarcity can pass without distressing severely a large part of the inhabitants of a country, is to suppose a contradiction in the nature of things. I know of no other definition of a scarcity than the failure of the usual quantity of provisions; and if a great part of the people

Had but just enough before, they must undoubtedly have less than enough at such a period. With regard to the scarcity being artificial, it appears to me so impossible, that, till it has been proved that some man Or set of men, with a capital of twenty or thirty millions sterling, has bought up half the corn in the country, I own I must still disbelieve it. On this subject, however, I know that I differ from some very respectable friends of mine, among the common people, who say that it is quite impossible that there can be a real scarcity, because you may get what quantity of corn you please, if you have but money enough; and to say the truth, many persons, who ought to be better informed, argue exactly in the same way. I have often talked with labouring men on this subject, and endeavoured to show them, that if they, or I, had a great deal of money, and other people had but little, we could undoubtedly buy what quantity of corn we liked, by taking away the shares of those who were less rich; but that if all the people had the same sum, and that there was not enough corn in the country to supply all, we could not get what we wanted for money, though we possessed millions. I never found, however, that my rhetoric produced much impression.

The cry at present is in favour of small farms, and against middle men. No two clamours can well be more inconsistent with each other, as the destruction of the middle men would, I conceive, necessarily involve with it the destruction of small farmers. The small farmer requires a quick return of his scanty capital to enable him to pay his rent and his workmen; and must therefore send his corn to market almost immediately after harvest. If he were required to perform the office of corn dealer, as well as farmer, and wait to regulate his supplies to the demands of the markets, a double capital would be absolutely necessary to him, and not having that, he would be ruined.

Many men of sense and information have attributed the dearness of provisions to the quantity of paper in circulation. There was undoubtedly great reason for apprehension, that when, by the stoppage of the Bank to pay in specie, the emission of paper ceased to have its natural check, the circulation would be overloaded with this currency; but this certainly could not have taken place to any considerable extent without a sensible depreciation of bank notes in comparison with specie. As this depreciation did not happen, the progress of the evil must have been slow and gradual, and never could have produced the sudden and extraordinary rise in the price of provisions which was so sensibly felt last year, after a season of moderate cheapness,

subsequent to the stoppage of the Bank.

There is one circumstance, however, that ought to be attended to. To circulate the same, or nearly the same, (2*) quantity of commodities through a country, when they bear a much higher price, must require a greater quantity of the medium, whatever that may be. The circulation naturally takes up more. It is probable, therefore, that the Bank has found it necessary to issue a greater number of its notes on this account. Or, if it has not, this deficiency has been supplied by the country bankers, who have found that their notes now stay out longer, and in greater quantity, than they did before the scarcity, which may tempt many to overtrade their capitals. If the quantity of paper, therefore, in circulation has greatly increased during the last year, I should be inclined to consider it rather as the effect than the cause of the high price of provisions. This fullness of circulating medium, however, will be one of the obstacles in the way to returning cheapness.

The public attention is now fixed with anxiety towards the meeting of Parliament, which is to relieve us from our present difficulties; but the more considerate do not feel very sanguine on this subject, knowing how little is to be done in this species of distress by legislative interference. We interfere to fix the assize of bread. Perhaps one of the best interferences of the legislature, in the present instance, would be to abolish that assize. I have certainly no tendency to believe in combinations and conspiracies; but the great interval that elapses between the fall of wheat and the fall of flour, compared with the quick succession of the rise of flour to the rise of wheat, would almost tempt one to suppose, that there might be some little management in the return of the meal weighers to the Lord Mayor. If the public suffer in this instance, it is evidently owing to the assize, without which, the opportunity of any such management would not exist. And what occasion can there be for an assize in a city like London, in which there are so many bakers? if such a regulation were ever necessary, it would appear to be most so in a country village or small town, where perhaps there is but one person in the trade, and who might, therefore, for a time, have an opportunity of imposing on his customers; but this could not take place where there was such room for competition as in London. If there were no assize, more attention would be constantly paid to the weight and quality of the bread bought; and the bakers who sold the best in these two respects would have the most custom. The removal of this regulation would remove, in

a great measure, the difficulty about brown bread, and a much greater quantity of it would probably be consumed.

The soup shops, and every attempt to make a nourishing and palatable food of what was before not in use among the common people, must evidently be of great service in the present distress.

It is a fact now generally acknowledged, and it has lately received an official sanction in a letter of the Duke of Portland to the Lord Lieutenant of the county of Oxford, that of late years, even in the best seasons, we have not grown corn sufficient for our own consumption; whereas, twenty years ago, we were in the constant habit of exporting grain to a very considerable amount. Though we may suppose that the agriculture of the country has not been increasing, as it ought to have done, during this period; yet we cannot well imagine that it has gone backwards. To what then can we attribute the present inability in the country to support its inhabitants, but to the increase of population? I own that I cannot but consider the late severe pressures of distress on every deficiency in our crops, as a very strong exemplification of a principle which I endeavoured to explain in an essay published about two years ago, entitled, An essay on the principle of population, as it affects the future improvement of society. It was considered by many who read it, merely as a specious argument, inapplicable to the present state of society; because it contradicted some preconceived opinions on these subjects. Two years' reflection have, however, served strongly to convince me of the truth of the principle there advanced, and of its being the real cause of the continued depression and poverty of the lower classes of society, of the total inadequacy of all the present establishments in their favour to relieve them, and of the periodical returns of such seasons of distress as we have of late experienced.

The essay has now been out of print above a year; but I have deferred giving another edition of it in the hope of being able to make it more worthy of the public attention, by applying the principle directly and exclusively to the existing state of society, and endeavouring to illustrate the power and universality of its operation from the best authenticated accounts that we have of the state of other countries. Particular engagements in the former part of the time, and some most unforeseen and unfortunate interruptions latterly, have hitherto prevented me from turning my attention, with any effect, towards this subject. I still, however, have it in view. In the meantime

I hope that this hasty attempt to add my mite to the public stock of information, in the present emergency, will be received with candour.

NOTES:

1. I am describing what took place in the neighbourhood where I then lived, and I have reason to believe that something nearly similar took place in most counties of the kingdom.
2. In a scarcity the quantity of commodities in circulation is probably not so great as in years of plenty.