

What Crushed the Corn Laws?

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Enacted in the Importation Act of 1815, the Corn Laws were tariffs on various types of grain that shielded British agriculture, a sector dominated by powerful landowners, from foreign competition and forced consumers to pay higher prices. The duties created a classic case of the phenomenon of concentrated benefits and dispersed costs.

In other words, while consumers and the economy as a whole may have suffered significantly because of the legislation, each *individual* consumer only faced slightly higher prices, making it difficult to rouse political action. Each *individual* landowner on the other hand, owed much of his livelihood to the protective tariffs and could call on his class's substantial political and economic power to guard their vested interests.

Nonetheless, Richard Cobden's Anti-Corn Law League achieved victory when conservative Prime Minister Robert Peel seemingly committed political suicide by splitting with the Tory party and switched his formerly protectionist views in favor of the repeal of the import duties, which was secured in the Importation Act of 1846. The novelty of this outcome has led to the emergence of a large historiography that has attempted to analyze how the complex interplay of interests and ideology contributed to the free traders' victory in 1846.

On one extreme of the interpretive spectrum, Nobel laureate economist George Stigler contended that,

Economists exert a minor and scarcely detectable influence on the societies in which they live ...if Cobden had spoken only Yiddish, and with a stammer, and Peel had been a narrow, stupid man, England would have moved toward free trade in grain as its agricultural classes declined and its manufacturing and commercial classes grew.[1]

Gary Anderson and Robert Tollison, Scott James and David Lake, J.A. Thomas, and Cheryl Schonhardt-Bailey have all advanced arguments that to varying degrees support this thesis. Unfortunately these scholars have taken an overly deterministic outlook and have, as Ralph Raico has noted, neglected the role of ideology by conducting their research like the drunk who looks for his keys under the lamppost, only because that's where the light is.

Just because you can't find statistics to catalogue ideas does not mean they do not matter. As Mises wrote in *Theory and History*, "Although intangible and immaterial, [ideas] are factors in bringing about changes in the realm of tangible and material things."**[2]** Interests are important and they always play a role in economics and politics, but the repeal of the Corn Laws is a shining example of how ideas can change history.

Richard Cobden overcame his impoverished farming background and substandard education to become a relatively successful Manchester businessman, self-educated economist and classical-liberal agitator. His greatest intellectual influence was Adam Smith and he hoped there would be a day when all the great cities of England would "possess their Smithian Societies, devoted to the purpose of promulgating the beneficent truths of the *Wealth of Nations*."**[3]**

After meeting with success in some local government reform issues in Manchester during the mid-1830s, he was instrumental in the formation of the Anti-Corn Law League in 1839. The league's sole purpose was the repeal of the Corn Laws, which was instrumental to the establishment of a free trade regime. According to prominent league spokesman Edward Baines,

"Free Trade" means perfect freedom for every kind of industry; and it includes liberty every man to employ his money or his labour in the way that he himself thinks the most advantageous, and to buy and sell wherever he can do so with the greatest profit.

Not only was this freedom each man's natural right,

This rule of Freedom of Industry — which contains in it, when practically applied, an admirable self-regulating and self-adjusting principle — determines how many men shall engage in each particular employment, so as to keep the wants of the community duly supplied.[4]

Restriction of the freedom of trade was, for members of the league, intimately connected with "landlordism" and the aristocracy. And since freedom was both just and sound economic policy, the aristocracy was harming Britain economically, internationally, and socially.

Cobden in particular hated the aristocracy. He viewed them as a parasitic class living off an otherwise productive society.[5] According to his biographer Nicholas Edsall, "It was Cobden's hope that ultimately Britain would be led to realize the futility of all imperial bounties and monopolies, the effects of which were merely to subsidize uneconomic enterprise." [6]

It was with this message that the Anti-Corn Law League, which soon became the best-financed and most highly organized pressure group in Britain, appealed to middle-class manufacturers, industrial workers, agricultural laborers, and tenant farmers. It hosted lectures, debates, conferences, meetings, and petition drives. It published thousands of pamphlets, books, and newsletters. And it endorsed candidates for election to Parliament.[7] Among those elected was Richard Cobden.

But what effect did the league have? And were its actions motivated by ideals or interests? Anderson and Tollison contend that the league acted solely as a lobby for textile interests.[8] According to them, the demands that the league and other pressure groups exerted on Parliament were the end result of a society moving away from agriculture and towards manufacturing. Eventually their influence forced the government to give in to their demands. The evidence, however, does not suggest that the league's success arose from its status as a pressure group. As Michael Luszti points out, there is not sufficient proof to accurately suggest that the league and other groups generated enough popular enthusiasm to force the government to repeal the Corn Laws. League-sponsored candidates did not do particularly well in parliamentary by-elections, and, Luszti continues,

While industrial elites certainly represented the financial foundations of the League, there is little to suggest overwhelming business support. Petitions to the Board of Trade in the mid 1840s, for example, suggest that businesses were more likely to seek tariff reductions on specific commodities than on imports in general.[9]

In light of these facts, it seems unlikely that the political pressure exerted by the Anti-Corn Law League could have been the deciding factor in the political battle over the Corn Laws. This does not mean the league was unimportant, but it does suggest that it was not an all-powerful lobby that had the economic and political power to force the state to adopt its ways. But what does this say about the motivations of league members? It is true that Cobden once said "...most of us [in the league] entered upon this struggle with the belief that we had some distinct class interest in the question..."[10] but that does not mean that this was the sole motivating factor. If it had been, indeed, why would Cobden go to the trouble of organizing a movement committed to the radical goal of complete repeal, which, at the time of the formation of the league, was a political long shot?

He could have spent far less time and effort and had a greater chance of success if he had sought reductions only on the items that directly affected his business. But the fact is Cobden lost interest in his business in the mid-1830s. He left more and more of the daily operations of the firm in the hands of his brother Fred while he traveled the world and educated himself on the pressing issues of the day. Edsell writes, "[Cobden's] fame as an agitator is in a way misleading; Cobden's politics were above all the politics of ideas..." Before he ran for office or took part in political campaigns, he was a pamphleteer; *England, Ireland and America* published in 1835 and *Russia* published in 1836 advocated free trade and non-interventionism.[11] As William Grampp noted, the leaders of the movement against the Corn Laws were radical reformers and "each of them in his purposes was far from the self-interested businessman." [12]

On the other side of the aisle, Tory Prime Minister Robert Peel led the opposition to reform. While generally agreeing with the precepts of free trade, he thought an exception needed to be made for agriculture for three chief reasons. First, he thought that free trade economists were not sufficiently taking into account the social effects of their planned reforms. "We should tell ...the harsh, cold blooded economist," Peel rebuked one parliamentary adversary, "that there [are] higher considerations involved than mercantile profit." [13] He conceded that the free traders might be correct in theory, but, he worried, by removing agricultural protection, the "distress, which might therefrom arise, would greatly counterveil and outweigh any advantage which could be anticipated from [establishing free trade]." [14] Second, he believed the free traders were exaggerating the Corn Laws' negative effects on the economy and manufacturing in particular. "Our manufacturing superiority" is "not undermined through the operation of the Corn Laws," he contended; for entrepreneurs continued to build and expand factories in short order. And third, he believed that the sector needed compensation for special burdens and to prevent foreign dependence. [15]

Not long after Cobden was elected to Parliament, he and Peel engaged in heated exchanges over repeal. By 1845, Cobden shifted his focus in debate. Previously, he echoed the other thinkers in the league, and thus focused heavily on protectionism's effect on manufacturing. But now he turned to meet Peel's arguments more directly. On March 13, he contended that the Corn Laws actually hurt farmers. By shielding landlords from competition, there was no need for the landowners to revise old and outdated contracts that regulated their tenant farmers' use of the soil. These contracts ensured that the better and more efficiently the land was tilled, the more disproportionate rent became. "Tenants," Cobden argued, "are prevented by their landlords from carrying on cultivation properly. They are made servile and dependent, disinclined to improvement, afraid to let the landlord see that they could improve their farms, lest he should pounce on them for an increase in rent." [16] This system would continue under the Corn Laws; he quoted William Hayer's published letter:

Corn-laws have been one of the principal causes of the present system of bad farming and consequent pauperism. Nothing short of their entire removal will ever induce the average farmer to rely upon anything else than the Legislature for the payment of his rent, his belief being that all rent is paid by corn, and nothing else than corn; and that the Legislature can, by enacting Corn-laws, create a price which will make his rent easy. The day of their entire abolition ought to be a day of jubilee and rejoicing to every man interested in land.[17]

Cobden proceeded to deride the contradictory and counterproductive elements of the laws. Protective duties on hops in Kent, Suffolk, and Surrey shielded farmers there from competition, but they in turn paid duties on other articles they did not produce. Similarly, Chester, Gloucester, Wilts, Derbyshire, and Leicester produced protected cheese, but then paid heavy duties themselves on oats and beans.

Besides the obvious absurdity of these arcane rules, Cobden argued, high prices on these essential foodstuffs depressed real wages for all British laborers. On this premise, he attacked Peel's argument about "disturbing great interests." "I have no desire," he declared, "to undervalue the agricultural interest.... I am arguing for a principle which I solemnly believe will raise the wages of the people." [18]

One of the main reasons for Peel's misgivings about free trade that belied his more specific criticisms was his belief in an "iron law" of wages. Following in the errors of the British Classical School, he reasoned that in the long run wages would gravitate toward subsistence levels because the price for labor, like the price for anything else, would be its cost of production (wages will equal subsistence). Therefore, the lower the price of food, the lower would be the cost of keeping a worker alive and thus the lower the wage would be.

Cobden rejected this notion. Moving beyond his mentor Adam Smith, Cobden believed in a market theory of wages. [19] He maintained that eliminating the tariffs would lead to more imports, which would induce foreigners, in exchange, to buy more manufactured goods, which then would lead to an increase in the demand for labor. Of this situation Cobden asked, "How can we call into requisition an increased demand for labour without also increasing the rate of wages?" [20]

Concluding, Cobden turned to the Tories, decried them for legislating only for themselves, demanded that they give up their "feudal privileges," get out of their "mercantile age," and asserted that "If you had the abundance of capital employed on your farms, and cultivated the soil with the same skill that the manufacturers conduct their business, you would not have population enough to cultivate the land." [21] The speech reduced Peel to silence. He crumpled up his notes, turned to his political ally Sidney Herbert and sighed, "You must answer this for I cannot." [22]

Peel decided in late 1845 to repeal the Corn Laws. His change in position prompted a split in the Cabinet and subsequently, his resignation. Yet, when the opposing Whigs failed to form a government he quickly resumed office under the impression that only he could lead the country. In early 1846, he announced a three-year phase out of the Corn Laws along with other tariff reductions, justifying the timing of his decision by insisting that the plan was meant to relieve the famine in Ireland. Modern historians, however, seem to unequivocally reject this explanation. Because, if this was truly the motivation, why was there a three year phase out? And why weren't the laws simply suspended for the duration of the crisis? [23]

So what did motivate Peel? Surprisingly, many modern interpretations make little mention of Peel at all. James and Lake, for example, argue that the repeal of the Corn Laws was an internationally strategic move. They see the move as a bid to secure free trade and thus Britain's manufacturing prowess. By securing reciprocity in free trade, Britain hoped to exploit its comparative advantage by flooding the world market with cheap goods, thus depressing the rest of the world's manufacturing development.[24] Yet, as Lusztig notes, there was no discussion of this strategy, neither in the Cabinet nor in Peel's correspondence.[25] In addition, if this was truly the motivation, why did the British wait until 1846 to repeal? By this time, they had been industrializing for approximately half a century.

Then there's the argument originally advanced by Stigler, that the repeal was the natural result of the political eclipse of the aristocracy and the emergence of the manufacturing classes. However, history does not support this thesis. The Reform Act of 1832 did not sufficiently expand suffrage to seriously threaten the aristocracy's hold on power. Indeed, Schonhardt-Bailey points out that that the vast majority of members in the 1841–1846 parliament were from the landed classes.[26] She suggests that the real factor was a movement by the landed classes to increase their holdings in nonagricultural stock and thereby decrease their vested interests in the Corn Laws. But even if the landed class's vested interest was decreasing, it was still there. Her thesis does not explain the abrupt change in position of the Peel government and it makes no consideration for ideology.

But not all interpretations fail to give account of Peel. Lusztig contends that Peel's move was, in effect, a "pressure valve" in that the Prime Minister hoped to ease rising social unrest he saw not only in the Anti–Corn Law agitation, but also in Ireland and the general atmosphere in Europe (1848 was only two years away).[27]

Peel biographer Norman Gash backed up this view, arguing that Peel's political strategizing, which flawlessly maneuvered the "middle ground," brought about an age of stability.[28] Douglas Irwin takes a similar position, contending that Peel was only ever able to go through with repeal by securing government subsidized loans for farmers and a gradual phase out of the tariffs.

Yet these views are all predicated on the popular notion that Peel was the supreme pragmatist, a view that is convincingly called into question by Boyd Hilton. Contrary to what other scholars have written, Peel believed in the power of a priori reasoning. Hilton cites Peel's attraction and fervid support of the pro-gold standard "bullionist" position early in his career.[29] The quantity theory and the specie flow mechanism were beautifully logical to Peel, and if empirical evidence did not back them up, there was something wrong with the so-called facts. Hilton cites a letter Peel wrote to a political ally in which he dismissed all contrary empirical evidence and asserted that "there is some error in the fact, and ...not in the proof." [30]

Peel later wrote in his memoirs, "My confidence in the validity of the reasons on which I had myself heretofore relied for the maintenance of restrictions on the import of corn had been materially weakened ...by many concurring proofs." [31] He explained that ideas and ideology had much to do with this. According to him,

I will not withhold the homage which is due to the progress of reason and to truth, by denying that my opinions on the subject of protection have undergone a change ...I will assert the privilege of yielding to the force of argument and conviction, and acting upon the results of enlarged experience. [32]

Interestingly, he openly attributed at least part of his conversion to Cobden:

It was Cobden who before all others, whether he discovered them or not, made palpable the truths, first that there was no necessary or natural connection between freedom of trade and diminution of wages, secondly that the condition of the British labourer in many parts of the country so far from being a model was a scandal.[33]

Hilton eloquently finishes the analysis:

Free trade theory promised to be as beautifully coherent and mutually beneficial as bullionism, except for the doubts posed by a subsistence theory of wages. Cobden had only to posit a market theory of wages and everything would fall into place.[34]

But it is possible to push Hilton's analysis further. T.J. McKeown conducted a statistical analysis of parliamentary votes on the Corn Laws in the 1840s. There was indeed a strong correlation between the self-interest of the MP, the economic interests of their constituents, and their votes on the issue.

However, after Peel changed positions and introduced legislation securing the repeal of the Corn Laws, large numbers of former protectionists loyal to Peel voted for repeal. These members had not "undergone any drastic change in economic circumstances in the few short years since the beginning of Peel's ministry." [35] This information shows that repeal depended upon people whose direct economic interests (and that of their constituents) were shielded by protection.

The repeal of the Corn Laws depended on shifting ideologies. Prime Minister Peel was persuaded to change his position on the issue through the power of argument alone, and he brought with him a large number from his party who were loyal to him. The landed classes had no direct economic interest in opening the country to free trade and they still possessed a stranglehold on political power. Cobden himself seriously doubted whether repeal would have carried in the face of continued opposition from Peel.[36]

Deterministic readings that ignore the events, people, and debates end up providing theory that is either myopic, insufficiently supported, or even contradictory to the facts. Lord Robbins is correct in his assessment: "Any account ...of the coming of free trade in the United Kingdom which omitted the influence of economic thought and of economists would be defective and, indeed, absurd." [37]

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Notes

- [1] George J. Stigler, *The Economist as Preacher and other Essays* (Chicago: University of Chicago Press, 1982) 63–64
- [2] Ludwig von Mises, *Theory and History*, (Indianapolis: Liberty Fund, Inc. 2005) 64
- [3] Nicholas C. Edsall, *Richard Cobden: Independent Radical* (Cambridge: Harvard University Press, 1986) 1–15
- [4] Edward Baines, "To the Right Honourable The Earl of Harewood, President of the Yorkshire Society," *The League*, March 16 1844.

- [5] Richard F. Spall, "Landlordism and Liberty: Aristocratic Misrule and the Anti-Corn-Law League," *The Journal of Libertarian Studies*, Vol. VIII, No. 2 (Summer 1987) 213–236
- [6] Edsall, *Cobden*, 22
- [7] Spall, "Landlordism and Liberty," 213
- [8] Gary M. Anderson and Robert D. Tollison, "Ideology, Interest Groups, and the Repeal of the Corn Laws," *Journal of Institutional and Theoretical Economics* 141 (1985): 197–212.
- [9] Lutzsig, "Peel," 396
- [10] Douglas A. Irwin, "Political Economy and Peel's Repeal of the Corn Laws," *Economics and Politics* Vol. 1 (Spring 1989) 42
- [11] Edsall, *Cobden*, 20–22
- [12] William D. Grampp, "How Britain Turned to Free Trade" *Business History Review*, (1987) 61
- [13] Qtd. in Irwin, "Peel," 43
- [14] Qtd. in Irwin, "Peel," 46
- [15] Irwin, "Peel," 43–46
- [16] Richard Cobden, "Free Trade. Speech XV. Agricultural Distress. House of Commons. March 13, 1845," *Speeches on Questions of Public Policy by Richard Cobden, M.P.* (London: T. Fisher Unwin, 1908) I.15.11
- [17] Cobden, "Free Trade," I.15.16
- [18] Cobden, "Free Trade," I.15.28
- [19] For a through discussion of the errors of the British economists and Adam Smith in particular, see Murray Rothbard's *Austrian Perspective on the History of Economic Thought*, Ch. 16 Vol. I, (Edward Elgar Press, 1995; Mises Institute, 2006)
- [20] Richard Cobden, "Her Majesty's Speech. — Amendment on the Address. House of Commons. August 25, 1841," *Speeches on Questions of Public Policy by Richard Cobden, M.P.* (London: T. Fisher Unwin, 1908) I.1.5
- [21] Cobden, "Free Trade," I.15.27
- [22] Boyd Hilton, "Peel: A Reappraisal," *Historical Journal* Vol. 22 (1979) 600
- [23] Irwin, "Peel," 51
- [24] David A. Lake and Scott C. James, "The Second Face of Hegemony: Britain's Repeal of the Corn Laws and the American Walker Tariff of 1846," *International Organization* 43 (Winter 1989) 1–29
- [25] Luszsig, "Peel," 395
- [26] Cheryl Schonhardt-Bailey, "Specific Factors, Capital Markets, Portfolio Diversification, and Free Trade: Domestic Determinants of the Repeal of the Corn Laws," *World Politics* 43 (July 1991): 545–569.
- [27] Irwin, "Peel," 47
- [28] Norman Gash, *Sir Robert Peel: The Life of Robert Peel after 1830* (London: Longman, 1972) 712
- [29] See <http://cepa.newschool.edu/het/schools/bullion.htm> for an overview.
- [30] Hilton, "Peel," 599
- [31] Qtd. in Hilton, "Peel," 599
- [32] Qtd. in Irwin, "Peel," 53
- [33] Qtd. in Hilton, "Peel," 600
- [34] Qtd. in Hilton, "Peel," 600
- [35] T.J. McKeown, "The Politics of Corn Law Repeal and Theories of Commercial Policy," *British Journal of Political Science* 19 (July 1989) 353–380
- [36] Luszsig, "Peel," 396
- [37] Lord Robbins, *Politics and Economics* (London: Macmillian, 1963)

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