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Schonhardt-Bailey's FROM THE CORN LAWS TO FREE TRADE COMPLEMENTARY FORCES BEHIND THE REPEAL OF BRITAIN'S CORN LAWS

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A review essay on Cheryl Schonhardt-Bailey's *From the Corn Laws to Free Trade: Interests, Ideas, and Institutions in Historical Perspective*. Cambridge, MA: The MIT Press, 2006. xiii+426 pp. ISBN 0262195437.

One of the most momentous events in Britain's nineteenth-century economic history was the repeal of the Corn Laws and its move toward free trade in 1846. The reasons for this event have fascinated students both of the history of economic thought and of international economics for many generations. Introductory textbooks in both these fields of economics discuss the Corn Laws in connection with David Ricardo's principle of comparative advantage and his plea for free trade, particularly in the commodities consumed by the working class such as "corn" (a commodity that in classical times denoted all types of grain such as wheat, barley, and rye). The puzzling feature of this repeal, that intrigued scholars such as Schonhardt-Bailey and impelled them to search for plausible explanations, is that it appeared to run counter to the economic interests of the class of landowners that controlled Parliament and passed this legislation. Numerous explanations for this apparently paradoxical behavior have been advanced by

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historians, economists, and political scientists, and this book is the latest in this long and diverse series of accounts.

Cheryl Schonhardt-Bailey, a political scientist, has contributed extensively to the literature on Corn Law repeal ever since her doctoral dissertation on "A model of trade policy liberalization: Looking inside the British 'hegemon' of the nineteenth century" (Schonhardt-Bailey, 1991). In addition to writing numerous articles on this and related issues, Schonhardt-Bailey celebrated the 150th anniversary of the repeal of 1846 by editing four volumes titled *The Rise of Free Trade* (Schonhardt-Bailey, 1997). They contain documents relating to Britain's move toward free trade in the nineteenth century, and recent articles on the political, economic, and sociological forces that led to repeal. Her views have evolved over time, and she does not hesitate to point out the reasons for her change of opinion or emphases.

Schonhardt-Bailey's central thesis (repeated several times in the book) is that the repeal of the Corn Laws cannot be understood as originating from a single cause. Single causes previously advanced as explanations include the force of self-interest, the cogency of ideas or concepts such as the gains from free trade, and the institutional changes that allowed repeal to finally take place. The subtitle of her book stresses that three *i*-words – interests, ideas, and institutions – are required to fully explain why repeal finally succeeded in the face of powerful opposing forces. Although I was previously unfamiliar with the methodology used by the author to try to measure the relative importance of the force of ideas, interests, and institutions, I believe it is likely to catch the attention of social scientists, even those not normally drawn to quantitative explanations for social events, and suggest that a similar methodology may be applied to other historically interesting events. Schonhardt-Bailey's central thesis appears to me to be both persuasive and well documented. Further research into the subject of Corn Law repeal may well run into diminishing returns after her book, although I am sure that the last word on repeal has not yet been said.

In her 1991 dissertation, Schonhardt-Bailey had singled out "interests" as a force sufficient by itself to account for repeal. Interests, of course, continue to be an important part of the story in this book, where they are featured in Chapters 3–6 of Part I under the rubric "the demand side." The forces of ideas and institutions, previously neglected or downplayed by her, are analyzed in Chapters 7 through 10 of Part II under the rubric "the supply side." As an economist, I am puzzled by this terminology. Perhaps it is current among political scientists and readily understood by them. Economists, however, are likely to be baffled by it, particularly those who

mechanically remind their students that in equilibrium demand always equals supply, or enjoy spelling out the inadequacies (or virtues) of the "supply-side economics" of the Reagan years. In this book, the demand side refers to the self-interest of Members of Parliament (MPs) as shaped by their personal fortunes, the pressures from their constituents, the strength of lobbying groups such as the Anti-Corn Law League, and their conversion to free trade, thanks to what Schonhardt-Bailey calls "nationalizing the interest" in free trade. The latter means advocating free trade as an economic policy that benefits the nation as a whole and is consistent with Christian or ethical ideals, and not simply one that advances personal or local economic interests.

In Part I, detailing the ramifications of the demand side pressures for repeal, Schonhardt-Bailey broadens the exclusive position it had held in her dissertation and spells out the methodology to be used. While economists have used political economy models to explain protection in particular industries, the author argues that such models can equally well illuminate the pressures that led to eventual free trade in corn. In addition to the standard static gains from free trade, she includes economies of scale as an important additional stimulus that led Britain's manufacturing export sectors to lobby hard for Corn Law repeal. After confirming statistically that contributions to the Anti-Corn Law League from towns in Lancashire were significantly higher than those from other towns, she argues that the industrial and geographic concentration of cotton producers in Lancashire added to their lobbying clout. At the same time, she shows that the British export sector became more diversified between 1830 and 1846 in terms of standard concentration indices, and that economic interests as measured by city directories became geographically more dispersed – with the sole exception of the landed aristocracy, which became more concentrated. These trends show that the political influence of the export sector expanded to an increasing number of towns.

This important demand-side stimulus for repeal was itself facilitated by significant institutional changes. The Reform Act of 1832 allowed parliamentary representation to extend to the middle class, giving business interests the chance to dilute the influence of the landowners over legislation. These business interests coalesced into one of the most powerful lobby groups ever formed, the Anti-Corn Law League, an institution founded in 1838 that magnified their voice many times over. Its superior organizational skills influenced the public at large and led to additional pressure on MPs to vote for repeal. The League, in turn, promoted and was inspired by ideas such as free trade that were being advocated by

economists, statesmen, and other publicists. As documented in Chapter 4, it was very effective in “nationalizing the interest” in free trade in order to turn public opinion in its favor. I agree with Schonhardt-Bailey that this important additional demand-side force should be added to those directly deriving from League members and their financial interests. Unfortunately, she tries to formalize her thinking with a series of charts plotting along Cartesian axes some inherently non-measurable concepts (labeled “dimensions”) such as “interests” and “ideas or ideology.” She represents “preferences” by means of “indifference curves” that are linear, circular, or elliptical in nature. It is as well that this illegitimate (to an economist) graphical apparatus was not utilized in the rest of the book. This chapter instead moves on to helpful tables such as Table 4.2 indicating the strategy that the League used when its interests either coincided and conflicted with those of the individuals it was trying to influence, on the alternative assumptions that those individuals know their interests, do not know them, or are mistaken about them.

The League fulfilled the conditions required for “nationalizing the interest” by advocating the positive externalities or spillovers that would benefit the public at large, and having a devoted leadership able to create an effective organization to advance its aims. On the institutional side, it utilized the 1832 Reform Act in order to expand the franchise, and exploited the vacuum produced by ideologically weak parties in Parliament with no clear agenda. Among the arguments used by the League were the nefarious consequences of the increase in landlord rents associated with an increase in the price of corn, that were also being formalized by political economists such as David Ricardo and Robert Torrens. While the latter maintained that repeal would raise workers’ wages, T. R. Malthus supported the Corn Laws, arguing that repeal would instead lower wages. Besides invoking economic arguments related to national prosperity in order to sway opponents such as landowners, the League also attempted to “nationalize the interest” on ideological grounds by contending that free trade would promote morality, Christianity, and even international peace. To convince industrialists, professionals, and workers, the League appealed instead to the injustice of the economic and political monopolies of the aristocracy. My conclusion from this chapter is that interests, ideas, and institutions – insofar as they can be quantified – are not analogous to the “independent variables” in regression models. Instead, interests evolve over time and are drastically affected by the contemporaneous evolution of both institutions and ideas in a complex feedback process that Schonhardt-Bailey traces effectively in her book.

Starting with the classical school of economic thought, economists divided economic agents into landowner, worker, and capitalist classes. Twentieth-century trade models based on them such as the specific-factors model have clear-cut distributional implications: a rise in the price of an agricultural commodity leads to a rise in the income of the landowner class, a fall in that of the capitalists, and has an ambiguous effect on the income of workers. Schonhardt-Bailey rejects the propositions of trade economists Richard Caves and Ronald Jones (1985), in their well-known textbook *World trade and payments*, that the repeal of the Corn Laws was due to (1) landowners and capital owners having diametrically opposite economic interests, as implied by the specific-factors model, and (2) industrialists after 1832 acquiring a majority in the House of Commons. Both assertions are wrong. Landlords in fact remained firmly in control of Parliament between 1841 and 1847. To explain why some of them began to favor repeal, Chapter 5 argues that by 1846 many had in fact diversified their portfolios away from land and toward capital, thanks to the emerging stock market and a boom in railroads. By means of logistic regressions, Schonhardt-Bailey links portfolio diversification to MP voting patterns, and shows that a vote on repeal in 1846 was more likely in constituencies with a higher proportion of stocks and shares held in portfolios and a smaller share of agricultural holdings. Schonhardt-Bailey defines an “index of diversification” that rises with the participation of stocks and shares, reaching a maximum value of 1 when the portfolio consists entirely of stocks and shares. Since the portfolio is then highly undiversified, this label is misleading. The author confirms that Non-Peelite Conservatives represented districts with “hard-core” protectionist interests and less diversification into nonagricultural ventures, whereas Peelite Conservatives represented districts whose constituents were more oriented toward free trade and held more diversified portfolios.

To round out the demand-side influences, in Chapter 6, Schonhardt-Bailey attributes parliamentary votes on repeal to a combination of “interests,” when MPs vote as “delegates” of their constituents, and “ideology,” when they vote as “trustees.” She concludes that an “abrupt change” in their behavior occurred in 1846, when some MPs switched from voting as trustees of a conservative party ideology or a liberal free-trade ideology, to voting as delegates acting on behalf of the economic interests of their constituents. She rejects the finding of some scholars that Peelites voted as the ultimate trustees in order to prove their “independence” from the rest of their party. In fact, she argues, “ideology came to matter *less* in a crucial policy shift” (p. 132), and “the Conservative party was an ideological coalition that cut across two distinct interest-based alliances and so was

inherently unstable" (p. 139). Peelite MPs were torn between a desire for party unity with the Non-Peelites, and a desire to represent more closely their constituents' interests. When in 1846 Peel himself came out in support of repeal, this coalition broke up and Peelites felt free to vote as delegates rather than trustees. Schonhardt-Bailey uses a NOMINATE model to identify how different parties' votes, and those of Peelite and Non-Peelite MPs, depended on constituents' interests, party affiliation, and a residual attributed to the MP's personal ideology. Logistic regressions reveal a major difference between the repeal vote of 15 May 1846 and previous motions for repeal from 1842 to 1845: in 1846, the MPs's personal ideologies had no influence on their vote, in contrast to their highly significant effect on previous votes. This explains her contention that in 1846 there was an "abrupt change" in voting patterns.

Schonhardt-Bailey explores the reasons for the abruptness of this change on the part of Peelite MPs in Part II of the book under a "supply side" rubric, arguing that the demand side alone cannot account for it. Her interpretation is that the Peelites justified their volte-face by claiming they were voting as "trustees" of the national interest while in fact voting for repeal as delegates. More starkly put, "a reinterpretation of repeal allowed Peelites to vote as delegates but to justify their betrayal of a protectionist Conservative ideology in the language of disinterested and moral trustees whose only motive was to promote the nation's well-being" (p. 154). To clinch the point, only in 1846 did the Peelites invoke the "territorial constitution" in order to justify their votes. This led to the split of the Conservative party between Peelites and Non-Peelites, their loss of the election of 1847, and hence their consignment to the political wilderness for a whole generation.

Chapters 7, 8, and 9 explore the "supply side" by analyzing the content of parliamentary speeches by MPs and peers on Corn Law repeal by means of computer-assisted content analysis such as Alceste, a method based on "cooccurrence analysis, which is the statistical analysis of frequent word pairs in a text corpus" (p. 160). In Chapter 7, Schonhardt-Bailey classifies the content of the 1846 debates on repeal according to a "tree graph" consisting of six lexical classes, of which three are economic and three political. The largest classes by frequency of occurrence in speeches are "parliamentary rhetoric and timing of repeal," "wages and prices; and high farming" (where "high farming" implies a push to improved agricultural efficiency), and "international trade." In the class labeled "MPs as trustees," the term "territorial constitution" was often used to invoke the continuing political prerogatives of a landed aristocracy that Peelites maintained would

be secured by a vote for repeal. From these debates, Peel himself appears to have followed the lead of Peelite MPs in defending repeal as the way to preserve (rather than endanger) the political power of the aristocracy, and did not anticipate them as others have claimed. Schonhardt-Bailey illustrates a shift in the MPs' concerns between the first reading, where political factors predominated, and the second and third readings, where economic factors became more important in their speeches once a majority vote for repeal seemed likely.

In order to investigate if the shift to a trustee mode of representation was indeed unique to the 1846 debates, Chapter 8 carries out a similar content analysis of the speeches of 1814–1815, leading to the passage of the 1815 Corn Law; those of 1826–1828, leading to the 1828 sliding scale duty on corn; and of 1842–1844, leading to a new sliding scale and the defeat of a motion for repeal sponsored by the Anti-Corn Law League. The years 1826–1828 highlighted "political economy" as an important topic of speeches where MPs increasingly embraced the notion of voting as delegates for their constituents: "MPs were increasingly aware of the practical relevance of the theories of the economists for British trade policy" (p. 203). They argued that Britain should develop its comparative advantage in manufactures and exchange them for the corn produced by other countries. In 1842–1844, some MPs also maintained that "agricultural protection lowered the income of foreign producers ... and consequently lowered their demand for manufactured exports from Britain" (p. 209). Trade economists can recognize this as an early (though unconscious) anticipation of the Lerner symmetry theorem, according to which protection reduces a country's exports as well as its imports. On the basis of the content analysis of House of Commons speeches since 1815, Chapter 8 concludes that the justification of repeal as a means to preserve the "territorial constitution" that was advanced in 1846 was indeed unique to that year, and hence qualifies as a "supply-side shift."

Chapter 9 is notable for providing the first detailed empirical examination of the role of the House of Lords in repeal, again using a content analysis of their speeches. Previous research on repeal neglected or made only a cursory study of the House of Lords, whose approval however was needed for the legislation to become effective. The puzzle their vote poses is to explain why a highly conservative body of protectionist landowners was induced on 25 June 1846 to vote for legislation that appeared to run counter to their own economic interests. Schonhardt-Bailey shrewdly ascribes this to political self-interest: "The Lords were alarmed by the agitation of the Anti-Corn Law League, and they feared

that by rejecting repeal, the middle-class industrialists would ally with the working-class Chartists in favor of more sweeping reforms, such as universal suffrage and reform of the House of Lords" (p. 228). Mindful of the reforms unleashed by the 1832 Reform Act, peers believed that repeal would stave off the even more radical reforms that would follow a negative vote, and hence preserve the territorial constitution and their own political power. Schonhardt-Bailey's analysis contradicts some of the historiography surrounding the House of Lords' vote on repeal, such as the paramount influence of political personalities such as the Duke of Wellington who were favorable to repeal, and validates (as it did for the earlier positive vote in the Commons) the usefulness of content analysis in deciding among alternative rationales for this vote. Her underlying thesis, that peers traded the economic loss of reduced protection for the political benefit of averting the more radical reform (and accompanying constitutional crisis) that would follow a negative vote, can appeal to social scientists who adopt a decision criterion of maximizing expected benefits minus costs.

While this book can be enjoyed by political and other social scientists, trade economists can readily recognize the use of models and concepts they are familiar with, such as political economy models of the endogenous protection literature, specific-factor models, Ricardian and other classical economic models. Economists of imperialist tendencies will be pleased to note the extent to which their models, methodology, and terminology have seeped into other social sciences. However, for the sake of social scientists (including some economists) who are not acquainted with this literature, it would have been helpful if Schonhardt-Bailey had included a description of these models, or at least a glossary of some of the key technical terms used throughout her book, rather than assuming knowledge of them.

Successive chapters of Schonhardt-Bailey's book explain how interests, ideas, and institutions played out in Britain in the first half of the nineteenth century and eventually led to the repeal of the Corn Laws. The concluding chapter effectively argues that the one-dimensional, single-cause explanations used in the past by some historians and political scientists cannot adequately account for repeal. While her 1991 dissertation enshrined "interests" as the paramount all-encompassing explanations for repeal, "[t]he present book, in contrast, represents the work of a reformed (but not repentant) rational choicer" (p. 387). While "interests" still dominate the other two *i*-words, they would not have prevailed without the force of ideas

and the accompanying institutional changes whose manifestations Schonhardt-Bailey painstakingly documents.

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