

**By Invitation**

# Corn Laws repeal at 175 Donald Boudreaux and Douglas Irwin on free-trade tips from 1846

Ending tariffs on grain lowered food prices and unleashed economic growth—and offers lessons for today



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IN THE novel “The Mayor of Casterbridge” published in 1886, Thomas Hardy reminds readers of “the uncertain harvests which immediately preceded the repeal of the Corn Laws,” which “can hardly be realised by those accustomed to the sixpenny loaf.” Rural households in England spent about half of their income on food in the 1830s and 1840s, in part because of tariffs on imported grain (in Britain called corn). The trade barrier

fuelled what came to be known as “the Hungry Forties”—and inspired a Scottish businessman, James Wilson, to establish *The Economist* in 1843, to make the case for free trade.

Today is the 175th anniversary of the repeal of the Corn Laws, after years of controversy and suffering under its effects. The story is especially relevant now, when international trade is under threat. There is much to be learned from how the punishing tariffs were removed and the economy pried open.

The Corn Laws came into effect in 1815, inspired by the landed aristocracy. It was in their interest to keep cheap grain from overseas out of the British market and thereby maintain high domestic prices. A complex sliding scale of duties boosted prices on imported grain. This padded the incomes of the wealthy few who owned grain-producing land—paid for by the public, many of whom were impoverished and desperate to stretch their meagre shilling and pound earnings.

The policy intensified social conflict. It also held back Britain’s industrialisation by keeping land, labour and capital devoted to agricultural pursuits rather than seeing them allocated to more productive uses in the manufacturing and services sectors. Instead of benefiting from trade and importing cheap food through exports of expensive textiles, the Corn Laws restricted trade and undermined economic efficiency.

The political explanation for the regressive economic policy is straightforward: Parliament was dominated by the landed gentry, who simply equated the national interest with their personal fortunes. In the wake of the Napoleonic wars, they also justified the Corn Laws on the grounds of national security, as necessary to ensure a stable domestic supply of food. Meanwhile, the poor and aspiring middle classes were excluded from politics, unable to hold office or even vote.

By the late 1830s pressure to repeal the law mounted. The tariff on grain reached more than 80% in 1835. Four years later the Anti-Corn Law League was formed, which publicised the cause through rallies, pamphlets and savvy political organisation. Repeal, the League’s supporters argued, was not just economically justified but morally right.

Momentum for repeal gained significant traction when the Irish potato famine in 1845 jeopardised British food production. Potato crops in both countries had been hit. Imports became necessary to prevent the starvation that devastated Ireland from happening in Britain as well. The pressure was on the Conservative prime minister, Sir Robert Peel, to act. On June 25th 1846 the House of Lords voted to repeal them. It was so controversial that it split the Conservative Party and weakened it for decades.

The lower tariffs opened the way for American and European grain, notably from France and Prussia, to enter the market, reducing prices and alleviating food shortages. Yet on purely static economic grounds, the short-run effects were modest. Landowners lost roughly 4-5% of their income while labour and capital-owners saw their incomes rise about 1%, according to a [forthcoming paper](#) in the *Economic Journal*. The benefits of the efficiency gains from removing the import tax were counterbalanced by lower export prices and higher import prices that diminished the gains from trade.

Yet the consequences in terms of income distribution were real. According to the paper's economy-wide simulation of the effects of repeal, it reduced the welfare of the top 10% of income earners by about 1-2%, while it increased the welfare of the bottom 90% by about 0.5%. (Welfare includes the impact on incomes of those groups and the prices of the goods they consume.) Although this sounds small, the cumulative gains and losses over time were substantial. Free trade today is sometimes regarded as helping corporations at the expense of workers, but 175 years ago it was considered a progressive, pro-poor policy that was politically popular. As Benjamin Disraeli, who led the country in the 1870s, put it, protectionism is "not only dead but damned."

Overseas, Britain's decision to unilaterally open its market led other countries to move toward freer trade. The events were carefully watched in America. Aware that Britain was opening its market to American and other foreign grain led Congress to dramatically lower tariffs on British manufactured goods in 1846. After Britain signed the Cobden-Chevalier treaty in 1860, which reduced duties on bilateral trade, other European countries sought similar pacts, starting a wave of tariff-reducing agreements that liberalised trade.

The repeal of the Corn Laws contributed to an unleashing of entrepreneurial dynamism that fuelled economic growth, benefiting the poorest in society. Not only did the rate of growth in worker productivity rise; real wages kept better pace with this growth. Thus began a period of mid-Victorian prosperity with free-trade feted among the British public.

The end of the Corn Laws 175 years ago sheds light on the challenges facing policymakers today. Taking away special privileges from powerful groups is an eternal struggle. Just as landlords obstructed freer trade long ago, now farmers stand in the way of reform. The European Union's Common Agricultural Policy still directs billions in subsidies, through trade barriers and cash transfers, to French, German and other European farmers. These costs reach as high as \$95bn, or 0.5% of Europe's GDP in 2020. State support to EU producers as a share of gross farm receipts has stabilised at around 19% since 2010, but that means almost 20 cents of every dollar given to farmers come from the public till.

America has its own problems. Under President Donald Trump, farm subsidies soared to more than \$20bn in 2020 from around \$4bn in 2017, mostly as compensation for the damage caused by his failed trade war. These subsidies go to the largest and wealthiest farmers, not the family farms politicians love to talk about. In 2019 the richest 1% of farmers received almost one-fourth of the total subsidy payments, and the top decile almost two-thirds. America's ethanol policy—ie, subsidising corn farmers—is a travesty that remains in place because presidential candidates must go through Iowa before gaining their party's nomination.

The story of the Corn Laws' repeal is especially relevant today. Political leaders should take a page from the playbook of 1846 and recognise that although powerful producers loudly oppose liberalisation, free trade best promotes the interests of ordinary workers over time. The World Trade Organisation should open a new round of multilateral negotiations to reduce trade barriers, including those on agricultural goods.

Indeed the Cairns Group, a coalition of agricultural exporting countries in the Americas, Africa and the Asia-Pacific region, just this week [called](#) for freer trade to respond to global food insecurity and climate change. If policymakers and the public stood up to landed interests today, it would be the perfect historical echo of Peel, the League and the importance of understanding free trade as the way by which the whole of society prospers.

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