

THE RECIPROCITY DEBATE IN PARLIAMENT, 1842–1846

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The English classical economists were known not just for their success in developing a lasting body of economic theory, but also for their keen interest in economic policy. This interest in policy was not confined solely to exchanges in the leading journals of the day, but spilled over into Parliament as well, where many economists served as members during the first half of the nineteenth century. Although their influence on legislation can be questioned, that their way of thinking about economic issues permeated many parliamentary debates cannot.¹

Above all, the classical economists were noted for their advocacy of free international trade. The cogent criticism of mercantilism by Adam Smith, reinforced by the theoretical developments of David Ricardo and others, established free trade as their common creed. During the parliamentary debates over protection that were drawn out over much of the early nineteenth century, those who struggled to shift Britain's commercial policy toward free trade looked to political economy for support for their position. Even new theoretical developments about trade were discussed, if only to support one position or another.²

Yet, curiously, one respected economist who contributed much to the intellectual case for free trade, and who briefly served as a Member of Parliament, developed a theory which purported to show how free trade could actually harm a country that undertook such a policy unilaterally. The economist, Robert Torrens, argued in favor of reciprocity, that any changes to Britain's tariff be contingent upon similar reductions in foreign tariffs. Torrens publicized his arguments in a series of pamphlets addressed to prominent politicians in the early 1840s – precisely the time when Parliament was considering the enactment of tariff reductions. The result was a spirited debate between leading economists and, as the controversy gained attention in Parliament, among leading politicians.

This chapter traces how Torrens's heretical contentions filtered into the House of Commons debate over tariff reductions from 1842 to 1846,

focusing on how his theory was utilized by opponents of tariff reductions and countered in turn by advocates of liberalization. Because of his reputation as a serious political economist, Torrens put free traders on the defensive by providing an economic basis for reciprocity.³ Torrens's call for reciprocity ultimately failed, however, because disagreements about the policy were based on differing judgments – which Torrens's theory could not assist in resolving – as to the response of foreign countries to changes in British commercial policy. Furthermore, the negative consequences that Torrens envisioned seemed remote in comparison with what appeared to be the more palpable benefits of free trade. At the end of the debate, those advocating reciprocity failed to undermine the view that reciprocity was problematic and that unilateral free trade would be beneficial to Britain.

Torrens's position on free trade

Torrens's most original work in economics concerned international trade theory. For example, he deserves at least joint credit with Ricardo for developing the theory of comparative costs, which confirmed to many the unqualified virtues of free trade.⁴ However, Torrens was also more eclectic than other contemporary economic thinkers of the day in his view of free trade as an economic policy. Initially a conventional proponent of free trade, Torrens became over the course of his career an unorthodox economist who gave comfort to those resisting a liberalization of Britain's commercial policy.⁵ One of the first explicit statements that revealed his heterodoxy on free trade came in Parliament. Torrens rose in Parliament on July 3, 1832 to express reservations about free trade. 'Whatever might be the advantages of free trade,' he said, 'these advantages were in some degree counterbalanced by an enhancement in the value of money, and a general fall in the prices not merely of the goods imported, but also of British goods.'⁶

A unilateral tariff reduction would set in motion the specie-flow mechanism described in David Hume's classic exposition on the balance of trade in the mid-eighteenth century. Such a reduction would create an incipient trade deficit, leading to an outflow of gold and thus a fall in the price of British goods. This decline in price would, in turn, stimulate foreign demand for British exports and naturally eliminate the trade deficit and bring an end to the gold outflow.

Torrens disagreed with the standard free-trade view that it mattered not whether foreigners imported Britain's goods or money. He also departed from standard Ricardian doctrine in viewing foreign demand as a factor determining the exchangeable value of Britain's traded commodities. These issues had been 'wholly overlooked by the advocates of free-trade principles, though it was obvious they had . . . only to be stated to be at once recognised.'⁷ As a result of these considerations, Torrens was prepared to advocate

that tariffs be reduced only on goods coming from countries with which Britain had a favorable specie balance.⁸

Torrens reinforced his reputation for controversy again in 1841 when, in a series of pamphlets directed at Britain's political leadership, he expressed more clearly and enunciated more forcefully his objections to unilateral tariff reductions.⁹ Torrens again began his analysis with the specie-flow mechanism as described by David Hume, David Ricardo, and Nassau Senior, and again introduced the concept of international demand as determining the prices of traded goods. According to Torrens, a unilateral tariff reduction by Britain would increase the quantity of imports demanded without initially altering foreign demand for British exports. A flow of precious metals from Britain to finance the trade imbalance would generate deflationary pressures, exacerbating economic distress and dislocation in Britain by inflating the real burden of debt and taxation.

In addition, the price of British exports would fall and the price of British imports would increase, meaning that a greater quantity of British labor would be required to purchase a given quantity of imports. This adverse terms-of-trade effect, although somewhat set in the background by Torrens's stress on the monetary costs of unilateral tariff reductions, was quickly recognized by economists as a novel claim.¹⁰ As the terms of the international exchange of goods were closely related to the distribution of the gains from trade, Torrens had successfully noted a possible tension between cosmopolitan and national justifications for free trade, with unilateral free trade possibly being at odds with national welfare. Torrens remained a free trader in that he never lost sight of the fact that free trade would be best for the world as a whole. But national welfare, he argued, should be the priority for British policy makers and this made him a qualified free trader. His conclusion for Britain was clear: 'the sound principle of commercial policy is, to oppose foreign tariffs by retaliatory duties, and to lower our import duties in favour of those countries who may consent to trade with us on terms of reciprocity.'¹¹

Partly because Britain was on the verge of adopting free trade, Torrens incurred sharp criticism from many prominent economists for questioning the benefits of that policy.¹² He firmly rejected such criticism, stating that he was working within the logical framework of Ricardian analysis. What perhaps galled free-trade economists most was Torrens's decision to direct his views to prominent politicians and not to more theoretically minded economists through more obscure outlets in some form of peer review. By so promoting his views, Torrens clearly intended his theories to be immediately applicable to British economic policy. Other economists feared that politicians might indeed find his analysis plausible and act on its advice by slowing the move to free trade.

Reception of Torrens's ideas in Parliament

Although Torrens framed his ideas to influence the ongoing political debate over trade policy, there is little doubt that his opinions played a relatively minor role in the drama surrounding the repeal of the Corn Laws and other tariffs. As Fetter (1980, p. 79) noted, 'the few protectionist-oriented economists thought more in terms of maintaining the unity of the empire, or the social and political leadership of the landed gentry, than in developing the subtleties of Torrens's analysis.' Yet a significant theme of the debate concerned whether Britain's tariff reductions should or would be reciprocated by other countries. Torrens's writings were important to this discussion, and how his ideas arose and in what context are questions worth pursuing.

A brief description of Britain's commercial policy during this period helps set the context for the tariff debates of the 1840s. At the end of the Napoleonic Wars in 1815, Britain increased the protection given to agriculture by enacting a more restrictive version of the Corn Laws. Parliament later enacted some tariff reforms in the 1820s based on the principle of reciprocity, meaning that bilateral treaties were negotiated with foreign governments amenable to reducing duties on trade. During the 1830s, however, trade liberalization languished as foreign countries spurred Britain's efforts to negotiate reciprocity treaties. By the early 1840s, when sentiment in Britain for tariff reductions (and even Corn Law abolition) was growing, many free traders came to believe that reciprocity was only delaying the arrival of free trade for Britain and that it should ignore the trade barriers of other countries and adopt free trade unilaterally.

To this end, John Lewis Ricardo (David Ricardo's nephew) introduced a resolution in Parliament in April 1843 that 'it is not expedient that any contemplated remission of Import duties be postponed, with a view of making such remission a basis of commercial negotiations with foreign countries.'¹³ In submitting the proposal, Ricardo argued not only that the move would benefit Britain through an extension of commerce (greater imports would be paid for by greater exports), but also that Britain should not pretend that advantage could arise from retaliation against foreign tariffs in an effort to reduce those duties.

Benjamin Disraeli spoke against the proposal and revealed traces of Torrens's influence with his opening remarks.¹⁴ He denied J.L. Ricardo's assertion that it was generally acknowledged that the initial loss of precious metals as a result of a unilateral tariff reduction caused no injury. Disraeli expressed his belief that 'anything that could cause a sudden abstraction of the precious metals from this country must necessarily affect the commercial transactions of this country at the same time.' When such outflows had occurred in the past, they produced the 'most serious consequences,' including currency disruptions and downward pressure on wages and prices.

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Furthermore, 'until [the governments of Europe] accepted our high notions of political economy' and also wished to liberalize their trade,

was it not the natural course to adopt the happy medium which was always followed by practical men – that system of reciprocity by means of which, through negotiations, they might obtain those benefits which they all acknowledged increased commerce, and avoid those dangers that might possibly attend a less cautious and prudent course?¹⁵

Viscount Sandon also stood to deplore the 'fallacy constantly put forward . . . that all imports were paid for in manufactures. . . . On the contrary, vast quantities were occasionally paid for in gold, to the great derangement of our circulating medium, and the injury of the many interests in this country.'¹⁶ Prime Minister Robert Peel also opposed the resolution and advised 'the House to reserve to itself the power of applying sound principles to particular cases, as they arise.' Peel also directly injected Torrens into the debate:

since I came into the House I have read a postscript of a letter, addressed to me by a gentleman, a zealous free-trader, whose authority cannot well be disputed on the other side of the House. I see hon. Gentleman opposite turn away from Colonel Torrens now as a gentleman of no authority at all – but I refer to his opinion for the purpose of showing that upon this subject even strenuous advocates of free-trade are not united.

After quoting a representative paragraph from Torrens, Peel said that Torrens 'calls, too, in aid of his opinions other high authorities' such as Nassau Senior, James Pennington, and David Ricardo, 'in whose chapter on trade the doctrine is involved.' 'Whatever may be the connection of the hon. Member opposite with [David Ricardo],' Peel added, 'he cannot feel greater respect than I do.' Peel argued:

If, then, these differences of opinion exist – if these speculative doctrines upon which even free traders are not agreed – I hope the House of Commons will not make itself party to an abstract resolution embodying these views without much more mature consideration.¹⁷

J.L. Ricardo responded that 'as far as he recollected the opinions of Mr. Ricardo, he did not think it possible that he would have advocated the principle of reciprocity.' (J.L. Ricardo did not understand Torrens's claim, which was not that David Ricardo and others were advocates of reciprocity like himself, but that his conclusions were derived from a theoretical framework created by Ricardo and others.) With regard to Torrens, whose

'pamphlet had attracted considerable attention,' J. L. Ricardo said that Peel had merely 'stated what Colonel Torrens intended to prove, and not what he had proven, so that this mathematical demonstration was *in nubibus* . . . at present.' Ricardo attempted to recall a mathematical demonstration by Benjamin Franklin, which he claimed was in support of the proposition that reciprocity and retaliation were harmful. If country X has three manufactures (cloth, silk, and iron) and trades with countries A, B, and C, then should X protect (say) silk, others will retaliate, forcing X to counter-retaliate by putting on duties on clothing and iron imports, and so on. In the end, Ricardo said that Franklin questioned 'what benefit these four countries would gain by these prohibitions, while all four would have curtailed the sources of their comforts and the conveniences of life?' Ricardo insisted this was a true demonstration of the consequences of reciprocity, whereas Torrens had only threatened to give a demonstration.¹⁸ In fact, Ricardo's confused exposition was nothing of the sort but merely an assertion that trade restrictions beget trade restrictions.

The defeat of this resolution did not dissuade J.L. Ricardo from repeating his efforts. In March 1844, he submitted a proposal requiring Britain 'not to enter into any negotiations with foreign powers, which would make any contemplated alterations of the tariff of the United Kingdom contingent on the alterations of the tariffs of other countries.' Britain's commercial interests, he thought,

will be best promoted by regulating our own Customs' duties as may be most suitable to the financial and commercial interests of this country, without reference to the amount of duties which foreign powers may think it expedient, for their own interests, to levy on British goods.¹⁹

One MP (Sir J. Hanmer) objected on grounds that Torrens had developed and revealed a clear understanding of a tariff's impact on the terms of trade. If Britain lowered duties on Bordeaux wines while its cloth was forced to pay duties in France,

We should have to pay increased quantities of the cloth in order to buy the wine. . . . The noble Lord talked of imports and not exports being the measure of national prosperity, but surely the rate at which we were to buy the imports was of some consequence in this argument.

The fact that the enjoyment of the wine-drinker was enhanced while the cloth manufacturer was taxed

was the answer (well put in a number of the *Foreign and Colonial Quarterly Review* last autumn), to those who said . . . that broad

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considerations of public and general advantage dictated a disregard of foreign tariffs, and the adoption of some such vague and sweeping propositions as was then before the House, by which all means of even moderating those [foreign] Tariffs would be thrown away.²⁰

In reply, Joseph Hume conceded that 'it had never been said that we were not placed at a disadvantage by the conduct of those foreign nations who levied high duties on our exports, nor that a treaty of complete reciprocity would not be beneficial.' But Hume insisted that another method must be tried to extend British commerce: as many foreign countries would not consent to reduce their duties, Britain must therefore act independently on its own economic interests.²¹

It is important to note that nearly all economists both in and out of Parliament sought free trade as the ultimate outcome for British policy. Agreement as to the end of policy, however, was equally matched by disagreement as to the means by which the policy was to be achieved. Those committed to free trade differed on which tactics Britain should adopt in establishing the policy, with economic opinion aligned on a spectrum depending on whether foreign tariffs were viewed with indifference, concern, or alarm. Four broad categories of beliefs can be identified.

At one extreme, J. L. Ricardo and his followers believed that Britain's free trade policy should be determined independently of foreign tariffs, either because such tariffs were irrelevant to Britain's economic gains or because they were beyond Britain's control. Unilateral free traders like Viscount Palmerston rejected the view that Britain should 'continue to submit to an evil which we have the power to put an end to, because, forsooth, another country chooses to continue to subject us and themselves to another evil of a similar kind, which is beyond our control.'²²

A second group of unilateralists conceded that foreign tariffs might be a cause for concern, but believed that they would be eradicated because other countries, observing Britain's success with free trade, would be compelled to follow its example. The success of the 'demonstration effect' of British free trade in reducing foreign tariffs was assured and, for these MPs, dispelled any worries about the harm those tariffs might have. One Member, for example, 'felt assured that our good example would be everywhere followed, and that an extension of peace and civilization would be the consequence.'²³ By contrast, Torrens had no faith that Britain's free-trade example would induce other countries to lower their trade barriers: that 'America would forthwith imitate our example, and relax her tariff . . . is utterly fallacious.'²⁴

Another group thought that foreign tariffs were important enough that negotiations to reduce them should be tried first, with recourse to unilateral free trade only should they fail. Britain's failed attempts at reciprocity in the 1830s had pushed some of these MPs into the unilateral free-trade camp,

although a fully fledged Corn Law repeal was not on the bargaining table during that decade. Peel justified the unilateral nature of the Corn Law repeal by stating that

it is only because we have continued these attempts for the last ten or fifteen years, and have made no progress [in securing reciprocity treaties], that we at last came to the resolution that we would exclusively study our own advantages; and that we would no longer injure the people of this country by debarring them from foreign articles, because foreign countries would not enter into reciprocal treaties with us.²⁵

Finally, those in sympathy with Torrens believed in strict reciprocity: there should be absolutely no reductions in British tariffs until foreigners agreed to do the same with their tariffs. Disraeli insisted that 'before we come to settle this great question, we must grapple with the important point of waging war against hostile tariffs,' ridiculing the notion that it was possible to fight hostile tariffs with free imports.²⁶ Of course, those opposed to unilateral free trade were both qualified free-traders like Torrens and crude protectionists with whom Torrens disagreed. The crude protectionists were especially prone to latch onto the monetary aspects of Torrens's theory in an effort to rehabilitate mercantilist doctrine. In this vein, one Mr Spooner recited the Torrens line on the loss of gold that would follow tariff reduction and sweepingly concluded 'that protection to native industry was essential to the prosperity of all classes in the country.'²⁷ Disraeli and other politicians who agreed with Torrens's concerns about foreign tariffs also tended to emphasize the more dramatic monetary consequences of tariff reduction rather than the more abstract terms-of-trade argument.

The classical economists, by contrast, concentrated on the more intricate terms-of-trade aspects, as Torrens eventually did himself. As a prominent political economist, Torrens's name arose in Parliament at various times in a variety of circumstances. Part of what was culled from Torrens's thought was not related to his theory of trade. Some drew attention to Torrens for his work on distribution, in which he predicted (as did many other economists) that Corn Law repeal could not be expected to improve the condition of the working classes because nominal wages were regulated by the price of provisions. J.C. Colquhoun stated that 'Colonel Torrens, a political economist, to whose opinions hon. Gentlemen opposite would be disposed to pay respect, asserted that . . . such a measure would not produce any improvement in the condition of the working classes, or in the rate of wages.'²⁸ In addition, his pamphlets were cited as evidence that repeal would ruin agriculture and yet provide no compensating benefit to labor and manufacturing. For example, defenders of the Corn Laws opposed a sudden shock to landed interests, saying that any drastic policy change would cause distress between

agricultural laborers and farmers. Adam Smith and David Ricardo were frequently invoked to support the call for a gradual introduction of free trade. When one MP stamped Smith's views as 'antiquated,' James Graham decided to quote from a pamphlet printed 'within the last fortnight' by Torrens saying that free traders 'close their understanding against the equally indisputable facts, that the immediate effect of free-trade would be to create agricultural distress.'²⁹

But Torrens was most frequently mentioned for his concern about foreign tariffs, as when J.C. Colquhoun warned that

This country ought not to shut its eyes to the fact, that following whatever course of policy you might, as had been shown by Colonel Torrens in his recent pamphlet, that we meet with every impediment to exclude us from foreign markets.³⁰

Torrens was also cited as an important writer who had changed his mind on these important issues. One MP

could name a gentleman of great talent, to whom he was once opposed at an election, on the very ground of the Corn-laws, that gentleman being then a strong advocate for repeal – he meant Colonel Torrens – but what was not the opinion of Colonel Torrens, as expressed in some letters which he had recently published, addressed to the right hon. Baronet at the head of the Government. That gentleman was now convinced, and stated in those pamphlets, that the effect of such a measure would be ruinous to the agricultural interest of the country, and be productive of no good effect to the manufacturers; that it would limit labour and reduce the rate of wages.³¹

It is hard to conclude that MPs deliberately misrepresented Torrens's views in the House of Commons to win debating points. Instead, members took his views under thoughtful consideration and tried to evaluate the possibility that his concerns merited attention.

Victory of unilateral free trade

The debate over unilateral free trade and reciprocity reached a new urgency in early 1846 when Prime Minister Peel proposed to repeal the Corn Laws. Part of the debate over the measure was concerned with the non-reciprocal nature of the proposed repeal. While Torrens's pamphlets had been available for over a year, the issues they discussed were bound to arise again as Britain considered enacting the policy he opposed. Peel defended the unilateral nature of the repeal on the grounds that other countries would eventually

follow Britain's example and adopt free trade. George Bentinck, by contrast, thought Peel to be in a 'fool's paradise' for anticipating 'such flattering results from the reciprocity system.'³² Peel responded by saying 'I never promised, knowing, as I do, the strength of the protecting interests in the French Chambers, that France would at once yield to the influence of reason.' However, he reiterated that Britain's example 'will ultimately prevail' in France and elsewhere. And if gold were to be exchanged for the additional imports? Peel dismissed the dire consequences foreseen by Torrens and his parliamentary advocates: there would be 'no wound whatever on the commerce of this country.' The gains would be greater if France were to adopt a more liberal commercial policy as well, Peel conceded,

but if the double benefit cannot be obtained, let us not deny ourselves the benefit of the single one. Let us not pay a greater price for interior articles because we cannot induce France to buy good articles at a low price.³³

John Russell chimed in as well, calling the alarm about parting with gold 'really preposterous.'³⁴ At this point in the debate, Disraeli jumped in to protest 'three or four common-places – the prostitutes of political economy whom Gentlemen on each side in turn embrace, in order to show that you may fight hostile tariffs with free imports.' He called these issues 'amongst the most difficult problems' of political economy and 'one which ought to be most gravely considered by any Minister.'

If a country submits to the imposition of unequal import duties, does she become tributary to the countries by which such unequal duties are imposed? . . . And if in consequence of these hostile tariffs we give more of our labour for the produce of foreign countries, what effect will this interchange have on the distribution of precious metals which are foreign produce? . . . I remember a gentleman, an authority on matters of political economy, Colonel Torrens, who for some time had a seat in this house, bringing the noble Lord (Lord J. Russell) in a series of very ingenious essays, to account for the doctrines which he held upon the interchange of commodities between nations.

While this was some years ago, Disraeli said, he

read as so recently as last night a very elaborate analysis and a very careful application of the laws which regulate interchange between nations [authored by a] man free from any bias of party feeling; who has given up his time to abstract studies; is known to possess a high order of intellect; and may be considered in the light of an hereditary

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political economist – I mean John [Stuart] Mill, the son of the historian.³⁵

Disraeli noted that ‘certainly it will at once be admitted that the author has no bias in favour of the doctrines which I have endeavoured on this occasion to support.’

After investigating the subject with all the power of logical analysis for which he is remarkable, and with all the knowledge of economical science for which he is distinguished, he arrives at the conclusion that hostile tariffs must be met by hostile tariffs – that reciprocity should be the principle upon which an exchange should take place between nations . . . I think I heard a Gentleman say “No,” . . . I have not the book with me, but I am sure that I have not overstated the argument.

Disraeli concluded with a warning:

you can only carry on your system of fighting hostile tariffs with free imports, by requiring more labour for the effort, and thus involving the further depression of wages, and the further degradation of the labourer.³⁶

Because Disraeli did not finish his discourse on the topic, four days later Mr Roebuck reminded Disraeli ‘to enlighten the House on all this doctrine of political economy.’ Roebuck warned of the dangers of ‘dipping’ into a book and, citing chapter and verse with Mill’s book in hand, insisted that Mill rejected protecting duties and duties on necessities of life, both of which applied to the Corn Laws. As he could not believe Disraeli possible of misquotation, Roebuck sarcastically added that he ‘should in charity conclude that the hon. Member had never read the book at all.’³⁷

Disraeli immediately rose and exclaimed, ‘All I can say is, that the hon. and learned Gentleman speaks upon a subject of which he knows nothing.’

I think, if he will lend me the book, as I dare say he will, I could quote some passages, if the leaves are cut and open, and the book has been read – quite as germane to the matter as any which he has read to the House. [The book was handed to the hon. Member.]

Disraeli then quoted from the preface, where Mill stated that he substantially agreed with Torrens’s analysis.

I am sure that the Prime Minister recollects, because I remember his speaking to me on the subject in the lobby of the House . . . that the

principle of reciprocity was the basis of the argument used by Colonel Torrens.

Disraeli quoted again from Mill on specie and price movements resulting from tariff changes, and concluded with biting sarcasm that Roebuck's contentions of misrepresentation were 'futile.'³⁸

Mr. Herbert indicated that while he believed Disraeli could show Mill to be a supporter of reciprocity,

the question the House had to decide was not whether reciprocity was the most favourable system on which commerce could be carried on, but whether they, who were in advance of other countries in the principles of commerce, could induce other countries to assist us by establishing perfect freedom.

Herbert did not want to go into details, but added regarding the fear of losing specie that 'nothing had been better put on that subject than it was by Mr. D. Hume in his *Theory of Commerce* . . . , and he had destroyed the theory, which had been resuscitated for use on the present occasion.'³⁹ Mr C. Wood 'did not think that the House was a good arena for a discussion of political economy' and tried to show that a large volume of imports had coincided previously with the importation of specie in contradiction to Disraeli's claims.⁴⁰

This clash over political economy and Mill's views on reciprocity attracted the attention of the press. The *Spectator* chided Disraeli for his use of political economy in his speeches opposing repeal:

With immense labour he is piling up a long speech, full of all the crude misconceptions and half-knowledge, the inevitable fruits of a hasty perusal of elementary books in a science the technical language of which is new to him, while the enormous, widely ramified, and ever-varying operations to which it relates, are perfectly unfamiliar.

The paper specifically criticized Disraeli's recruitment of Mill as a supporter of reciprocity, writing that a 'more entire perversion of an author's meaning it would be difficult to imagine.' It quoted Mill's hostility to protective duties and concluded with regard to Disraeli: 'Wilful misrepresentation we put out of the question; but how dense must be the obtuseness that could read the passage we have just quoted, yet take Mr. Mill for an advocate of the reciprocity system!'⁴¹

The problem with Disraeli's reading of Mill was that two important qualifications were omitted. While in his preface Mill agreed that his 'opinions [were] identical in principle with those promulgated by Colonel Torrens,' he immediately added in parenthesis that 'there would probably be

considerable difference as to the extent of their practical application.⁴² As to his view of the tariff-induced specie-flow, Disraeli did not mention Mill's view that it gives 'rise, as a general fall of prices always does, to an appearance, though a temporary and fallacious one, of general distress.'⁴³

Just weeks later, Parliament endorsed Peel's plan for repeal of the Corn Laws, thereby setting the precedent for adopting unilateral free trade. The repeal, of course, was largely decided on factors other than the reciprocity issues raised by Torrens. But those other factors had to act through the voting MPs, who felt compelled to justify their rejection of reciprocity. This justification fell into three categories: those MPs who were pure unilateral free traders, those who put their faith in the success of the 'demonstration effect,' and those who thought reciprocity had failed for Britain in the recent past. Regardless of their different evaluation of foreign tariffs, all three agreed that unilateral free trade would prove beneficial. This consensus dominated the opposing view that formal negotiations should precede any British tariff liberalization. A potential obstacle to tariff reform was thereby removed.

An evaluation of the debate

It is exceedingly rare to see a good portion of a political body so attuned to developments in economic theory. The parliamentary appetite for advice from distinguished authorities can surely be described as high if members are found citing pamphlets by Torrens just as they are being advertised and published. The spectacle of members passing around a copy of Mill's *Essays upon some Unsettled Questions of Political Economy* and debating its message for economic policy is perhaps the most vivid illustration of this point. A reading of the debates leaves the impression that the ability to invoke authority – preferably Adam Smith or David Ricardo or John Stuart Mill, settling for Torrens or someone else of his caliber depending on the circumstances – contributed to the scoring of a debating point or to the appearance of literacy in political economy, if not to the actual persuasion of anyone.

This research has not uncovered evidence that the issues raised by Torrens changed the final outcome of the debate over tariff reductions. Because political economy was so frequently invoked in parliamentary debates, however, Torrens's thought forced unilateral free traders, such as J.L. Ricardo and J.D. Hume, to discuss not the merits of free trade in general, but the merits of unreciprocated free trade. Torrens raised the question of how free trade should be implemented, a question the unilateralists sought to close lest it delay the adoption of free trade.

Although he successfully initiated an important debate and controversy, Torrens ultimately failed to have the impact he sought. This was not because the intricacies of his theory necessarily eluded even the economically literate in Parliament. Torrens was understood by others. The failure was partly due

to the fact that a judgment had to be made about Britain's influence over foreign tariffs. Past experience suggested that Britain could not influence those tariffs through bargaining; Torrens recommended a continuation of Britain's tariffs until negotiations could succeed. But mindful of Britain's decade-long failure to negotiate trade treaties, other MPs took foreign tariffs as immutable, meaning Britain should pursue free trade alone and making the debate over reciprocity moot. Still others believed that Britain's success with free trade would serve as an example and thus subtly induce others to follow, transforming unilateral into multilateral free trade.

The overriding reason for Torrens's failure, despite the attention his ideas received, was that Parliament was wedded to the notion that political economy in general implied that free trade would assuredly result in gains for Britain, regardless of the tariff policy pursued by other countries. This perspective, staunchly supported by the unilateralists, proved to be the dominant theme in the trade policy debates over the remainder of the nineteenth century.

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Notes

- 1 See Fetter (1975) and (1980). Economic thought was so frequently invoked in Parliament that one member promised to speak 'without referring to those English political economists of whose opinions the House must be satiated.' Hansard's Parliamentary Debates, third series 83 (February 17, 1846): 1089. Hereafter cited as HPD with volume and column number.
- 2 Jacob Viner (1936, p. 3) has written in reference to the classical theory of international trade, 'The main lines of its evolution can indeed be adequately traced in the pages of Hansard's Parliamentary Debates.'
- 3 Torrens also provided a theoretical backing for those Liberal Tory reformers of the 1820s, such as Huskisson, who had sought to link trade liberalization with reciprocity, but whose views had become less influential by the early 1840s. See the discussion in Brown (1958), for example.
- 4 See the discussion in Irwin (1996), pp. 88–90.
- 5 This evolution is vividly described by Robbins (1958).
- 6 HPD 14 (July 3, 1832): 17–20.
- 7 HPD 68 (April 25, 1843): 937.
- 8 He apparently never realized his intention to introduce a resolution based on this recommendation. See Financial Resolutions Intended to be Moved by Colonel Torrens on Thursday, 29th March 1832, a printed item held in the Kress Collection at Harvard University. Similar views are expressed in a series of letters to his Bolton constituents, later collected and published as Torrens (1833). Torrens served as an MP for three separate constituencies from 1826–27, 1831–32, and 1833–35.
- 9 These pamphlets were later collected in Torrens (1844).
- 10 Torrens's discovery eventually paved the way for the theory of the optimum tariff. See Irwin (1996), ch. 7.
- 11 Torrens (1844), p. 50.
- 12 For a review of this debate, see Irwin (1988) and (1996), pp. 101–110. The Political Economy Club gave an early indication of the reception Torrens's ideas were to receive. According to J.L. Mallet's diary entry for May 8, 1835: 'The first question discussed was a question of Torrens, which was unanimously voted to turn upon an impossible case. He claimed the right to discuss any abstract proposition with a view to the establishing a principle, but it was over-ruled in the present case which did not go to *establish* but to *disturb* a principle, that of Free Trade upon grounds altogether hypothetical.' Political Economy Club (1921), p. 270.
- 13 HPD 68 (April 25, 1843): 902ff.
- 14 Torrens had close political ties to Disraeli, which may account for his familiarity with political economy. See O'Brien (1977).

- 15 HPD 68 (April 25, 1843): 944, 947.
- 16 HPD 68 (April 25, 1843): 935.
- 17 HPD 68 (April 1843): 967. The postscript referred to by Peel is in Torrens (1844), pp. 329–356.
- 18 HPD 68 (April 25, 1843): 970. Ricardo apologized for not being fully informed because Torrens's pamphlet, 'though advertised yesterday, was not published till that evening, and it was curious that when he went to the library to look for the book, written by a near relative of his own . . . that was also absent.'
- 19 HPD 73 (March 19, 1844): 444–5.
- 20 HPD 73 (March 19, 1844): 1301. The reference is to 'Reciprocal Free Trade' (1843), a review article of Torrens's publications and one of the few to support his claims.
- 21 HPD 73 (March 19, 1844): 1303.
- 22 HPD 85 (March 27, 1846): 257.
- 23 HPD 85 (March 23, 1846): 1472.
- 24 Torrens (1844), p. 405. James and Lake (1989), however, contend that a liberalization of US tariff policy was linked to the Corn Law repeal.
- 25 HPD 84 (March 9, 1846): 818.
- 26 HPD 78 (March 17, 1845): 1023.
- 27 HPD 84 (March 13, 1846): 1017.
- 28 HPD 69 (May 10, 1843): 155.
- 29 HPD 66 (February 16, 1843): 689–90.
- 30 HPD 66 (February 16, 1843): 746.
- 31 HPD 69 (May 9, 1843): 94.
- 32 HPD 86 (May 4, 1846): 44.
- 33 HPD 86 (May 4, 1846): 68–9.
- 34 HPD 86 (May 4, 1846): 78.
- 35 Disraeli was referring to the essay 'Of the Laws of Interchange between Nations; and the Distribution of the Gains of Commerce among the Countries of the Commercial World,' published in Mill (1844).
- 36 HPD 86 (May 4, 1846): 87–9.
- 37 HPD 86 (May 8, 1846): 277–8.
- 38 HPD 86 (May 8, 1846): 279, 281–2.
- 39 HPD 86 (May 8, 1846): 282.
- 40 HPD 86 (May 15, 1846): 625.
- 41 'Disraeli on Mill,' (1846), pp. 444–5.
- 42 Mill (1844), p. v.
- 43 Mill (1844), pp. 40–1.