Twitter Thread by @AdamSmithWorks

@AdamSmithWorks
@adamsmithworks

#AdamSmith, #WealthOfNations, and #CornLaws!
What more could you possibly want on a Saturday morning? (IV.v.b)
#WealthOfTweets #SmithTweets



Yes, it's the Digression Concerning the Corn Trade and Corn Laws! We can barely contain ourselves long enough to remind you that "corn" doesn't mean ■ It means the principal cereal crop of a nation. (We keep saying so because we keep forgetting.) #WealthOfTweets #SmithTweets

#TLDR on #AdamSmith's thoughts on the Corn Laws:

They're bad. (IV.v.b.1) #WealthOfTweets #SmithTweets



Corn merchants can be broken down into four groups. Smith loves to break things down into groups.
1) Inland traders
2) Importers
3) Exporters
4) Transporters (IV.v.b.2) #WealthOfTweets #SmithTweets

If inland traders raise their prices higher than supply and demand will allow, they'll discourage consumption beyond "thrift and good management." People will go hungry and crops will rot.

That's bad. (IV.v.b.3) #WealthOfTweets #SmithTweets

If inland traders don't raise prices high enough, people will overbuy, traders will lose profits, and the food will run out before the end of the season and people will go hungry.

That's bad. (IV.v.b.3) #WealthOfTweets #SmithTweets

Careful attention to supply and demand and sensible pricing means that inland traders get the best profit and the people don't starve.

It's the #InvisibleHand at work. That's good! (IV.v.b.3) #WealthOfTweets #SmithTweets

If it were possible to have a monopoly on corn, a merchant might destroy crops to raise prices. But it's too hard to do this with corn—too many merchants, too much corn. (IV.v.b.4) #WealthOfTweets #SmithTweets



You don’t get dearth and famine from inland merchants colluding over prices.

You get dearth from war and bad weather.

You get famine from government interference. (IV.v.b.5–6) #WealthOfTweets #SmithTweets

When the government sets prices for corn, they either keep corn off the market ➡ early famine, OR encourage people to buy too much too soon ➡ end-of-season famine.

People don't like it, but free trade is the only solution. (IV.v.b.7) #WealthOfTweets #SmithTweets

When the govt interferes and famine results, everyone blames the corn merchants, not the government.

They seem, to Smith, to be the most hated of all merchants in history. (IV.v.b.8–10) #WealthOfTweets #SmithTweets

"Our ancestors seem to have imagined" they could save money by cutting out the middleman.

We, the SmithTweeters, regret to fill you in about the prejudices of your descendants, Dr. Smith. (IV.v.b.11) #WealthOfTweets #SmithTweets

Middlemen have always seemed to consumers like they make money by doing nothing but increasing the cost of goods they buy before reselling them. (Just ask @mungowitz!) But what middlemen do is bring resources to where they are more valued. (IV.v.b.11) #WealthOfTweets #SmithTweets

Where resources are most valued might be another time or another place. Middlemen know they can make a profit by carrying corn to where it's needed or holding corn until it's needed, and then charging more because it's needed more. (IV.v.b.11–21) #WealthOfTweets #SmithTweets

The prejudice against middlemen resulted in regulating agriculture very differently than manufacturing:
Manufactures were forbidden to sell their wares directly. Farmers were required to. (IV.v.b.12–14) #WealthOfTweets #SmithTweets

These regulations prevented not only the division of labor but the development of land.

That makes corn more expensive, which was the opposite of what the laws intended! Ooooooops. (IV.v.b.17) #WealthOfTweets #SmithTweets



Treating corn merchants like any other wholesale dealers would help ensure we use our land, our corn, our money, and our time better. We'd all be better off! (IV.v.b.18–21) #WealthOfTweets #SmithTweets

Adam Smith thinks George III gets some things wrong in the corn laws.

American SmithTweeters agree! (IV.v.b.23–26) #WealthOfTweets #SmithTweets



The corn laws are like laws against witchcraft. They're irrational and they blame people for bad things that they are not causing. The rational thing is free trade. (IV.v.b.26) #WealthOfTweets #SmithTweets

#AdamSmith discusses the mathematics of politics for three paragraphs.
Then he says, "I have no great faith in political arithmetic."
Moving on. (IV.v.b.27–30) #WealthOfTweets #SmithTweets



Importers of foreign corn increase supply and lower prices.

That's good!

Corn farmers and merchants disagree for reasons Smith has been explaining for some time now, but high import duties lead to want and scarcity. (IV.v.b.32–35) #WealthOfTweets #SmithTweets

Counterintuitively, exporters help keep supplies up at home.

Unless farmers are allowed to export, they'll be too cautious about planting more than they can sell. Failed crops, etc. will lead to an undersupply. (IV.v.b.36) #WealthOfTweets #SmithTweets

We've always been nicer to exporters than importers or inland merchants. Maybe because it's fun to charge high prices to foreigners?
(You should see our international SmithTweeting rates!) (IV.v.b.38) #WealthOfTweets #SmithTweets

In case you're not sure, Smith still thinks free trade is the answer. Forbidding farmers from selling goods to the best market (home or overseas) is unjust as well as unproductive. (IV.v.b.39) #WealthOfTweets #SmithTweets

Why keep regulating? As with religion, we think our own interest is so great the government should push people around to protect it. We build bad laws and worse systems and do dumb things like persecuting "witches". (IV.v.b.40) #WealthOfTweets #SmithTweets
https://t.co/dc9Y96eoj0

[That’s some epic #SmithSnark. We bet #DavidHume drew little hearts in the margin by that paragraph.] (IV.v.b.40) #WealthOfTweets #SmithTweets



Merchants who import grain in order to export it somewhere else are basically banned in England.

That's bad.

A country that serves as a storehouse will never starve! (IV.v.b.41–42) #WealthOfTweets #SmithTweets

Another #TLDR: Stop praising the corn laws and start treating agriculture more like manufacturing. (IV.v.b.43–53) #WealthOfTweets #SmithTweets

One more time. Corn Laws Bad. Free Trade Good!

Good Digression. Good job, everyone. See you tomorrow! #WealthOfTweets #SmithTweets

