

William Blake on the Economic Effects of Government Fiscal Policy

Matthew Smith
University of Sydney

Abstract

In 1823 William Blake (1774-1852) published the pamphlet *Observations on the Effects Produced by Government Expenditure during the Restriction of Cash Payments*, which made an important contribution to debate about the economic effects of government fiscal policy during the French Wars and the post-war period of economic stagnation in Britain. This paper is concerned with critically examining Blake's (1823) arguments on the effect of British government war expenditure and taxes on economic activity and price inflation during the French Wars and, then, on the role of the subsequent retrenchment of government expenditure in explaining post-war economic stagnation. The paper shows that Blake was an ardent critic of Says Law and argued that the post-war British economic depression characterised by a persistent general glut of commodities, to be the result of a lack of demand which was mainly brought about by a policy of fiscal austerity. In this connection it is shown that Blake believed capital accumulation to be demand constrained. Blake's insights of the accumulation process are shown to be highly interesting because essentially they are 'Keynesian' in spirit.