

**FLUCTUATIONS OF
CURRENCY, COMMERCE, AND
MANUFACTURES: REFERABLE
TO THE CORN LAWS**

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Fluctuations of Currency, Commerce, and Manufactures: Referable to the Corn Laws by James Wilson

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JAMES WILSON

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*To be submitted by the
Author to the
Comptroller*

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BY

JAMES WILSON, Esq.

LONDON:

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LONGMANS.

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GIFT OF THE
OVERSEERS COMMITTEE
TO VISIT THE
DEPARTMENT OF ECONOMICS
May 4, 1928

LONDON:
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Stamford Street.

INTRODUCTION.

THE frequent recurrence of periods of excitement and depression in the monetarial and commercial interests of the country, and the serious evils which have thereby been inflicted on all classes of society, have become matters of the gravest interest.

In the numerous inquiries which have been made as to the cause thereof, with a view to remedial measures, attention has been directed almost exclusively to the operation and management of the currency and banking system of the country; so much so, that it appears to be almost implicitly admitted, that somewhere within the range of these subjects the true cause is to be found; and in consequence, the inquiry appears in a great measure to have been narrowed into a consideration of the principles upon which they are and ought to be conducted.

As yet, however, no satisfactory result has attended these inquiries, and the further they proceed, the more it appears that these influences are too much themselves under the control of the public feeling, and to be regarded as the cause of these constant fluctuations.

In the discussions which have recently taken place on the effects of the present Corn Laws, many circumstances have tended to associate their operations upon prices and the general condition of the country with these periodical derangements. We have long thought that they were most intimately connected, and that the influences produced on society by the fluctuating character of the price of the first necessaries of life have been sufficiently powerful in themselves to create derangements in all interests and classes of the greatest magnitude.

With a view to ascertain how far facts and circumstances, as to time and otherwise, agree with the strong conviction we entertained on this subject, the following investigation has been undertaken: and we trust that this attempt may lead others to a further inquiry on this important subject, as we are now more than ever convinced, both by principle and by facts, that the fluctuating character of the cost of the first and imperative necessaries of life is the chief cause of the whole derangements of the moneterial and commercial interests of this great country, which have been attended with so much *distress, disappointment, and ruin.*

London, March 20, 1840.

FLUCTUATIONS
OF
CURRENCY, COMMERCE,
AND
MANUFACTURES, ETC.

In the "Influences of the Corn Laws" our attention was confined to those exerted over the agricultural interests; not only because we consider that class particularly interested therein, but because the primary effects produced on them become the second causes which are productive of all the baneful consequences resulting from these laws to the remaining parts of society.

We then only glanced at some of the effects produced on the commerce, industry, and morals of the country, as far as they were intimately associated with the agricultural interests, and as far as they appeared necessary to illustrate the influences exerted over this class.

It is our intention now to direct our attention more exclusively to the influences which these laws ultimately

exert over the currency, commerce, industry, and morals of this country, and of the continental countries, merely glancing as we go along at some of the retributive effects (if we may use the term) which these influences in their turn produce upon the agricultural interests.

We are the more induced to turn our attention to this part of the subject at this moment, from a conviction that the present derangement of national prosperity can be fairly traced to these influences as its exclusive cause.

In proceeding to this argument, we take it for granted that the considerations in the "Influences of the Corn Laws" have been carefully perused and understood; and more especially the most important feature of the whole matter, viz., the necessary tendency which these laws have of creating great fluctuations in the supply and price of the first necessaries of life.

PART I.

FLUCTUATIONS OF THE CURRENCY, &c.

It is not our intention to detain the reader by entering into any evidence of the rapid and extensive fluctuations which for some years have been continually taking place in this country in the amount of the *floating capital, disengaged money, and currency*, which from time to time have been available for carrying on and conducting the ordinary business and commerce of the country.

These facts are so generally known, and have excited so much of the public attention, that we shall content ourselves with merely referring the reader to the table at page 41, showing the amount of bullion and deposits possessed by the Bank of England by the returns from 1828 to the present time, as exhibiting an index of the proportions in which these fluctuations have taken place, as well as the periods.

The fluctuations shown in this table, however great, are less than those which have actually taken place, owing to the mode in which the Bank's returns are made; being made once in each month, of the average of the three preceding months. In the case of a diminishing amount, it is evident that at the moment when it is at the lowest point, that month has the advantage of being mingled with the two preceding