

# **THE DEPRESSION IN TRADE AND THE WAGES OF LABOR**

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The Depression in Trade and the Wages of Labor by Uriel H. Crocker

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DEPRESSION IN TRADE  
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BY URIEL H. CROCKER.

UNIV. OF  
CALIFORNIA

There is that scattereth and yet increaseth; and there is that withholdeth more  
than is meet, but it tendeth to poverty. — PROVERBS xi. 24.

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## PREFACE.

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THE following pages have been written for the purpose of giving a full and connected statement of certain arguments and conclusions which the undersigned has during the past nine years brought in various ways to the attention of the public. The first presentation of these views was made in a communication printed in the "Boston Daily Advertiser" of August 8, 1877, and that communication was followed from time to time by others in different papers and periodicals. The more important of these articles were collected in a pamphlet entitled "Excessive Saving a Cause of Commercial Distress," published in June, 1884, and in a few pages, supplementary to that pamphlet, printed a year later.

In those earlier articles attention was directed solely to the *cause* of the troubles which were the subject of consideration, and the proposal of any *remedy* was carefully avoided. This course, however, has resulted in a general criticism of the author as one who had proposed to remedy the mischiefs of the times by a general indulgence in ice-cream or fireworks, or by some other expedient equally ab-

surd and equally foreign to his thoughts; and it has therefore seemed to him to be advisable, in the hope of avoiding such misconceptions in the future, to add in this pamphlet, to the argument concerning the cause of the depression in trade, some considerations as to the direction in which we ought to look for relief from the evils that have resulted from that depression.

URIEL H. CROCKER.

APRIL 26, 1886.



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THE general and widespread depression in trade, which, except for a short interval of business prosperity, has now extended over a period of twelve or thirteen years, has given rise to much discussion both in this country and abroad, and more especially in England, where a "Royal Commission on the Depression of Trade and Industry" has recently been appointed.

The phenomena which are the evidences of this depression are generally seen and recognized, and people are in the main agreed as to their character. Few persons will deny that more products of almost every description have been created than it has been possible to dispose of at a profit over the cost of production. Among the so-called raw materials, more iron, coal, cotton, and wheat have been produced than the market has seemed to call for, while of most manufactured products greater quantities have been turned out of the factories than could be sold except at a loss to the owners of the factories. It has been the general complaint among tradesmen that business has been dull; among railroad managers that their roads have been earning but small dividends; and among capitalists that they could find for their funds no investments which promised favorable returns.

These phenomena, however, might not call for serious attention, except for certain other phenomena by which they have been accompanied. In the midst of all these evidences of plenty, in the midst of an abundance of the products of the earth and of labor, large numbers of the laboring classes, though ready and eager to work, have, by reason of the lack of any demand for their services, been compelled to sit in idleness, surrounded by an abundance in which they had no share. This has certainly been a condition of affairs that has demanded attention from the student of political science, — a condition in which general abundance has existed only to cause general embarrassment, in which the rich have been complaining of the abundance, because it prevented them from disposing of their goods at a profit, and the poor have been complaining likewise, not only because the abundance caused their labor to be unsought, but also because it spread before them, as before the eyes of Tantalus, the things which they longed for, but were not permitted to touch.<sup>1</sup>

<sup>1</sup> The suffering from want of employment has probably not been in recent years so severe in the United States as elsewhere, but in the first annual report of the Bureau of Labor, recently submitted to the Secretary of the Interior, the Commissioner (Hon. Carroll D. Wright) says: "It is undoubtedly true that, out of the total number of establishments, such as factories, mines, etc., existing in the country, about five per cent were absolutely idle during the year ending July 1, 1885, and that perhaps five per cent more were idle a part of the time; or, for a just estimate, seven and one half per cent of the whole number of such establishments were idle or equivalent to idle during the year named. According to the census of 1880 there were, in round numbers, 255,000 such establishments, employing upwards of 2,250,000 hands. If the percentage stated above is correct, and it is believed to be approximately so, then there were possibly 19,125 establishments idle or equivalent to idle and 188,750 hands out of employment, so far as such establishments were concerned, during the year named. The percentage stated, if erroneous at all, is probably too large, because the idle establishments were to a large extent small and poorly equipped. In some industries the percentage of idle establishments would be much greater than the average given, while in other industries the percentage given is much too large. Applying this percentage, however, to the whole number of people employed in all occupations in the United States, which in 1880 was 17,392,099, there might have been 1,304,407 out of employment; but this is a number evidently too large, because it applies to all occupations, — those engaged in agriculture, professional and personal service, trade and trans-

Many theories to account for these unusual phenomena have been proposed. In this country it has been said that the trouble is due to our protective tariff, which, it is claimed, has limited the market for the sale of our products. But the fact that the depression has been felt even more severely in free-trade England than in the United States, indicates that this theory cannot be the true one. In England, on the other hand, it has been urged that the trouble is due to the free-trade policy of that country, which floods it with the products of other nations. But those who urge this view forget that the United States, whose policy is to exclude foreign products, have been suffering from the same trouble, though perhaps in a less degree.

The professors of political economy have told us, in the language of Professor Bonamy Price, in the "Contemporary Review" for April, 1877, that the cause of our trouble "is one and one only, — over-spending, over-consuming, destroying more wealth than is reproduced; and its necessary consequence, poverty." But if we have been suffering from past extravagance, if we have been "destroying more wealth than is reproduced," surely we ought, as a result, to have found ourselves in the midst of a scarcity rather than an abundance of the products of labor, and, instead of there being any difficulty in giving

portation, mechanical and mining industries, and manufactures. The percentage should be applied only to those engaged in agriculture, trade and transportation, mining industries, and manufactures. There were engaged in those four great branches, as shown by the census of 1880, 13,317,861 persons. Applying the percentage arrived at (seven and one half per cent), we obtain a total of 998,839 as constituting the best estimate of the possibly unemployed in the United States during the year ending July 1, 1885, — meaning by the unemployed those who under prosperous times would be fully employed, and who, during the time mentioned, were seeking employment, — that it has been possible for the Bureau to make. It is probably true that this total (in round numbers 1,000,000), as representing the unemployed at any one time in the United States, is fairly representative, even if the laborers thrown out of employment through the cessation of railroad building be included. A million of people out of employment, crippling all dependent upon them, means a loss to the consumptive power of the country of at least \$1,000,000 per day, or a crippling of the trade of the country of over \$300,000,000 per year."