

OVER-PRODUCTION AND COMMERCIAL DISTRESS

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Over-production and commercial distress by Uriel H. Crocker

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URIEL H. CROCKER

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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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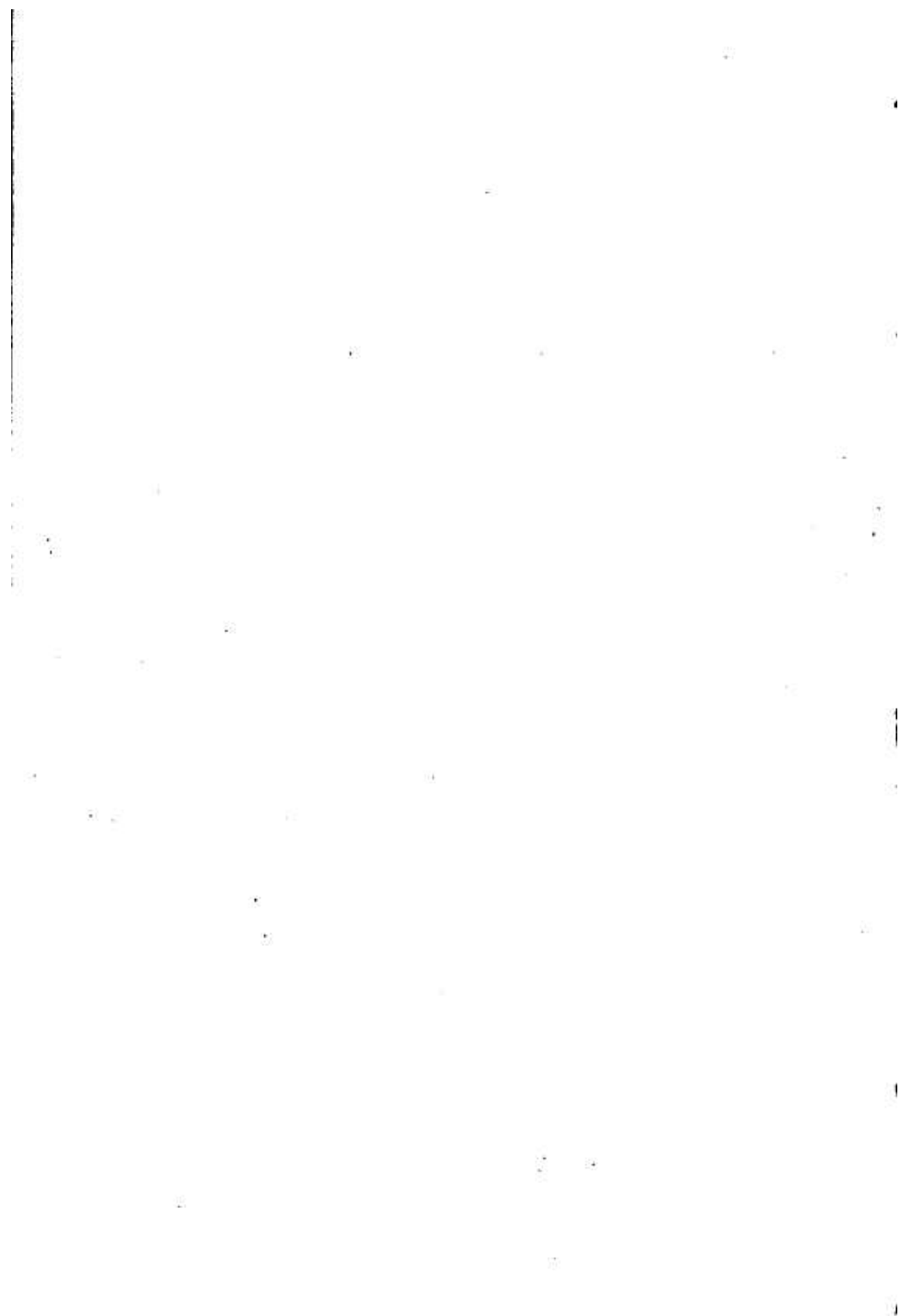
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PREFACE.

THE pages here presented to the public contain a revised and, it is hoped, an improved statement of certain views and arguments previously set forth by the author in a pamphlet published in 1886, and entitled: "The Depression in Trade, and the Wages of Labor." Similar views and arguments have been the subject of various communications to newspapers and periodicals, written by the author during the last ten years, and collected and published by him in 1884 in a pamphlet entitled: "Excessive Saving a Cause of Commercial Distress."

URIEL H. CROCKER.

Boston, *October*, 1887.





OVER-PRODUCTION AND COMMERCIAL DISTRESS.

THE general and widespread depression in trade which, with the exception of short intervals of business prosperity, has now continued since 1873, has given rise to much discussion. The phenomena which are the evidences of this depression have been generally recognized, and people are in the main agreed as to their character. Few persons will deny that during a large portion of the period referred to, 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 manufactured products greater quantities have in many cases been supplied by 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 the margin of profit

derivable from business has been small, and among capitalists that they could find for their funds no investments which promised favorable returns.

These phenomena, however, might not have called 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 often, 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 demanding 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 has prevented them from disposing of their goods at a profit, and the poor have been complaining likewise, not only because the abundance has caused their labor to be unsought, but also because it has spread before them, as before the eyes of Tantalus, the things which they longed for, but were not permitted to touch.¹

¹ The Report of the minority of the recent Commission on the Depression of Trade and Industry in England clearly recognizes these facts. This Report says (paragraph 57): "The great difficulty consists no longer, as of old, in the scarcity and dearness of the necessaries and conveniences of life, but in the struggle for an adequate share of that employment which affords to the great bulk of the population their only means of obtaining a title to a sufficiency of those necessaries and conveniences, however plentiful and cheap they may be. Without that adequate share of employment, increasing masses of the people must

Many theories to account for these unusual phenomena have been proposed. In this country it has been said that the trouble has been 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 has been due to the free-trade policy of that country, which has flooded it with the products of other nations. But those who urge this view forget that the United States, whose policy has been to exclude foreign products, have been suffering from the same trouble, though probably 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

lead a precarious and miserable existence in the midst of plenty, no matter what the increase of the total wealth of the nation."

In the United States the suffering from want of employment has not been in recent years so severe as elsewhere; but in the First Annual Report of our National Bureau of Labor, the commissioner (Hon. Carroll D. Wright) estimates that during the year ending July 1, 1885, there were in the United States a million of people who were seeking employment, but were unable to find it; and he adds: "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 \$1,000,000.00 per day, or a crippling of the trade of the country of over \$300,000,000.00 per year."