OVERPRODUCTION THE CAUSE OF DEPRESSION.

That zealous greenbacker, Mr. Sam Cary, has often stoutly asserted in his speeches that there is no such thing as overproduction—an expression so fallacious that the simplest mind can realize it. When any commodity accumulates much in excess of the demand for it, an overproduction has taken place, and a weakness in its value will result in proportion to the size of the surplus. This is a commercial law as ancient as trade, and needs no argument to prove it.

It follows naturally, then, that overproduction, more than anything else, is the cause of every business and financial depression. Speculation is often given as a reason why panics occur, but really, speculation is only an incident in the general movement of trade, and as often grows out of a panic as apparently produces one. Speculation is simply a venture on the change in values, on the future, or on the differences of prices in separate localities. It can hasten a financial revulsion—can be the incident that precipitates it—but of itself alone it can never be the cause of a break-down in general business. The flurries in the New York stock market since the summer of 1881, at each occurence giving rise to forebodings of a business revulsion, but always failing to bring it, are examples of great disturbance in finances without a corresponding effect on general commercial relations. The reason of this is that while the stock speculators were forcing securities up and down, and creating a panic among themselves, the people at large were engaged in producing what they found a ready market for at good prices, and were, therefore, prosperous. As long as there was not such an accumulation of farm products and manufactured goods as to glut the various markets and prevent a copious interchange, the bulls and bears of the stock exchange might bellow and roar themselves hoarse, the bankers utter wise predictions of near depression—nobody heeded so long as he could sell all he could produce, and get good prices for it.

In this heedlessness of the future lies the danger of overproduction, which is really the cause of every decline in values. When there is an active demand for commodities, and it is long continued, producers become infatuated with the notion that there is no limit to it, and that production can be augmented without any regard to the prospective demand. Business and manufacturing branch out, one plant inducing the establishment of another. Capital is aroused, and once broken loose from its conservatism, seeks investment in new enterprises, or the expansion of the old in a crazy kind of way that would be impossible in hard times. Take the rush in railroad building for the last two years as an instance. Previous to that time populous and thrifty districts of the country lay without facilities of transportation, and delegations of citizens could neither beg nor buy the railroad companies into building extensions or branch lines. Now what do we see? New railroads have within the past three years penetrated to points before obscure, where there was the least show for present or prospective business, especially if there were any danger that a rival company would build a road and obtain the traffic. A big saw-mill, or any other manufactory, has been inducement enough to coax a company to put in a branch connecting it with the main line. There has been a kind of mania for railroad building that at one time seemed without reason, and has actually caused an overdoing of the thing, which railroad managers now acknowledge; though in this particular instance overproduction has benefitted every body but those bondholders whose securities have sunk in value on their hands.

The overbuilding of railroads has stimulated the steel rail makers, and iron-workers to the top of their speed in turning out product to meet the demand. There was no means of knowing how much would be required, and though rail makers operate only on orders, the tendency to overproduction has been felt in the planting of new mills and enlarging the capacity of old ones, so that machinery is now liable to stand idle. The overproduction can be seen in too much capacity to produce.

In the lumber business the demand for product has been such during the last two years that every means has been employed to increase it. Pine lands have been bought up at advancing values, hundreds of mills have been erected, logging railroads constructed, streams improved, and new fields of operation have been invaded by the lumbermen's enterprise. The result has been that the output of this year has been considerably larger than it was in 1881, while the capacity of production has been increased to a great extent, giving promise that there will be a considerable increase in manufacture during the season of 1883, earnest of which is given by the determination of operators to put in a larger stock of logs that they did last year.

Every variety of manufacture and business might be reviewed, showing that the majority of them have, during the past years of prosperity, been crowded a little beyond what the demand required; that is, the demand in the earlier period of prosperity gave industry such a momentum that now that a halt is necessary no brakes are at hand. Now the danger is that, before the motion can be arrested, industry will be wrecked on an accumulation of products.

Coming back to the lumber business, it is plain to be seen that the depression of values with which the manufacturing has closed is consequent on overproduction. It is true that if there had not been some falling off in railroad building, and if the farm product of 1881 had been a little larger, there would have been no slackening in the demand for lumber, so that the output this year would have been as quick in the market as it was in 1881 and the winter of 1882. Yet it is a fact that the enormous surplus on hand now represents a certain amount of overproduction, or else prices would not now be weak. Any lumber dealer would regard the attempt of the lumberman's meeting of this city to bull prices this winter repeatedly, as it did last winter, as a mockery of the good sense of lumbermen at large. That is to say, on account of the fact that lumber has been produced considerably in excess of the demand, it is not worth as much as it was six months ago. Nothing is plainer than this, yet the loggers and mill men are going ahead this winter to still further increase the surplus, with the opinion apparently strong in their minds that there is to be no halt in the increase of consumption. If the value of lumber next season drops to something like the low figures of 1873 and the years following, the manufacturers will have done it themselves. The *Lumberman* is not undertaking to say that there may not be contingencies that shall give an upward turn to affairs. But from present appearances it is safe to judge that the country will not need more lumber next year that it did this, and it would not be surprising if it should consume less. At any rate, considering the large surplus now on hand, it would appear to be sufficient for all emergencies, even if the cut next year should show no increase.—*Northwestern Lumberman.*

COLLECTIONS OF WOODS.

The Chicago *Lumber Trades Journal* publishes the following extracts from a letter from Professor C. S. Sargent to Morris K. Jesup, Esq., dated Nov. 11, 1880. Though they have special reference to the United States these suggestions are worth consideration in Canada:—

The following suggestions are made in regard to the collections of the woods of the United States:

1. That every arborescent species found growing naturally within the limits of the United States should be represented in the collection.

This would include the semi-tropical West Indian species which reach southern Florida, and the few Mexican species extending north of the boundary into our territory. It is essential that these should be included in order that the collection may fully represent our arborescent flora; and because many of these southern species produce material of great value, becoming large and common trees toward their centres of distribution south of our boundary. They must become, sooner or later, objects of very considerable economic interest of the American people. A few exotic species of first rate economic value, already either fully naturalized or rapidly becoming so, should also be included. Such trees are the Eucalyptus, the Orange, the Ailanthus, the Pride of China, the Tallow tree, and perhaps one or two others.

2. That the species be arranged scientifically; that is, in their botanical sequence, in the order and with the numbers adopted in my forthcoming Census Report on the American Forests.

3. That each species, while in connection with its nearest botanical allies, should be so arranged with its products that it would form in itself a complete exhibit. Each species would thus be represented by a portion of the trunk showing bark, nature of the wood, rate of growth, and proportion of sap to heart wood; and by copious mounted specimens of the foliage, flowers and fruit. Around this species exhibit should be grouped the products of the species, such as specimens of planks, polished and unpolished; pieces of the wood of monstrous or distorted grain adapted to cabinet making; specimens illustrative of the durability of the wood of the species; specimens of tanning material, dies, wood pulp, turpentine, gums, and other minor products of the species.

4. That a conspicuous label be attached to each of the species groups, giving the Latin and English names of the species, with the principal synonyms by which it is known, its geographical range, size, etc.

On the label should also be given the results of our census tests of American woods.

These suggestions being carried out, the visitor would see at a glance the scientific character and position of every tree in the United States in relation to its botanical connections, the economic value and nature of its products, and its geographical distribution.

Such a collection, thus arranged, would afford material for the information and instruction of every class of people in any way interested in our trees and their products and uses. No collection of forest products has yet been formed on a sufficiently comprehensive scale to enable the student to readily examine the sylva of a country in all its scientific and economic aspects.

It is recommended that photographs of American forest trees and American forest scenery should be added, and that this collection should be made as large as possible, as being a very important feature in relation to landscape gardening and horticulture.

The public spiritedness of Morris K. Jesup, Esq., of New York, induced him to provide the funds to carry out the above suggestion of Prof. C. S. Sargent, of Harvard College, and the place selected for the exhibits is in Central Park, N. Y., where already those visiting the place may witness a large fulfillment of the object. The extracts were furnished the *Journal* by Prof. Sargent.

U. S. LUMBER DUTIES.

The Chicago *Lumber Trade Journal* says:—The time is fast approaching when the attention bestowed upon the lumber tariff question by the United States Tariff Commission must assume the form of a report in the line of recommending a cessation or continuance of the existing revenue on this indespensible commodity. Wherever we have penetrated a glance into regions where the lumber trade is carried on, we have been imperatively impressed with the degree of importance attached to the subject by extensive dealers, so far as relates to the desire for a removal of duty. Men who know as accurately as may be known from long experience and acquaintance with the subject the signs of the times, and therefore do not halt or falter in expressing their opinions. It may be imagined by some of both factions at this point that outside of Chicago, where the tariff discussion was born, or, at least, received the first large and important discussion, and where it drew to both sides able and farseeing men, there has been little if any interest evoked. This, they will find, is a great mistake, as we have the assurance of men who figure quite conspicuously in the industry at several leading markets that they are anxious to welcome free Canadian lumber, and are ready to join encouragement and whatever aid they may to the leaders of revolt against monopoly.

These men, too, know something of the true philosophy of advancing the rapid and beneficent growth of our agricultural possibilities, and while desirous that the manufacturer should maintain in his sales a satisfactory and ample margin of profit, they are on the other hand, not willing to witness the desirable promotion of our West retarded by exorbitant prices, nor prepared to encourage a laxity and dullness of their business through the unreasonableness of American timber owners and manufacturers. The resources of the manufacturer are too certain in their promises to add fabulous sums to their already overflowing coffers of riches, to cause them to betray the least anxiety, and what the country demands is not that they should not receive a fair and reasonable price for the product, but relax the despotic power, placed in their hand by the present revenue, to dictate future prices, or be forced to do so by the admission of foreign lumber free of duty.

The flow of emigration to the Western States and Territories, which, to the extent already settled, has been largely due to procuring necessities at prices within a reasonable demand on sellers' pocketbooks, must be encouraged by the further possibilities of securing in the future material cheaply and plentifully for the construction of homes and all building necessities, otherwise the fact of being unable to secure this material at rates conforming with the means of colonists, will retard more than is generally supposed the influx of the foreign emigration, indispensable in advancing settlement in the apparently boundless and unoccupied territory of the West.

The good that may early result to the prospective development of opportunities for our welfare as a nation in no small measure lies within the power of suitable legislation concerning the lumber supply and proper protection to consumers, and should emanate from the wisdom of next Congress.

GROWTH OF BARGE TRANSPORTATION.

Previous to the year of 1862 great difficulty had been experienced by shippers of lumber in obtaining towage for that commodity from the West to Buffalo, and on account of the rapidly increased demand and supply the freight on lumber had attained to the almost prohibitory price of $7 to $10 per M. feet from the Saginaw Valley to Buffalo. J. S. Noyes, of this city, then, as now, a large dealer in lumber, thought to overcome the difficulty and to place this product of the great west upon the Eastern markets at reduced rates of freight, and so far succeeded that in less than ten years after his first experiment the price was reduced from $9 to 9 shillings.

The first attempt was made by himself, Mr. John T. Leaton, of the old firm of Farmer, De-Blaquire & Deeds, Joseph Van Vleck and one or two others in the summers of 1860 and 1861, by making up immense rafts on the Saginaw River, the details of which are still familiar to many of the people of Bay City, and towing them through the lakes. Bugbee and Selim Sears were also interested in rafting lumber, and H. A. Frink tried rafting staves, though unsuccessfully. The rafting of lumber proved but a partial success, for notwithstanding only one raft was lost the timber became so much damaged by bruising and dirt that this was found impracticable. It was evident that something else had to be done, and in the spring of 1862 it occurred to Mr. Noyes that the hulls of the old steamers, which were at one time the pride and glory of our lakes, several of which were dismantled and stripped of their cumbrous cabins were lying at anchor and sunk at the foot of Belle Isle, Detroit, could be utilized in this direction. He at once purchased two of them, the Sultana and Empire, at an expense of about $25,000, soon had them in commission; hired a tug at $100 per day, and running both barges with one crew, consisting of a captain, four men, and a cook, transferring these from an empty barge to a loaded one at the mouth of the Saginaw River, safely carried 1,000,000 feet of lumber on each barge at each trip. The Sultana arrived in Buffalo on her first trip in June, 1862.

Thus was devised a cheap style of transportations which has been growing ever since, and has, in fact, become nearly the only way of carrying lumber to the Buffalo market. Its effect was to bring down on the head of young Noyes the opposition and anathemas of the rich vessel owners of the lakes. In one man only he tells