

any one. I briefly gave him the news, and advised him to lose no time in gaining the pike and holding it, which he at once did. In the final attack and victory our cavalry held the left along the pike. The fields were open and fenced with stone-wall, and Kershaw's division of Longstreet's corps defended the line. It is needless to say the fighting was desperate while it lasted. Our cavalry mounted, and charged the choicest infantry of the Confederate army in open country across stone-walls, and did it successfully. Here fell, mortally wounded, General Charles R. Lowell (then Colonel Lowell, commanding reserve brigade of cavalry), who died the next morning in Middletown. No man ever distinguished himself more in a short time than this brave and accomplished officer.

All the battles in the valley were in an open country, with few fences and good roads. It was a frequent remark with officers that they "never saw a battle before." Here the whole field lay before them like the stage of a theatre. The scenery was wonderfully beautiful, the weather perfect, and the whole campaign exciting and full of incident. I think those who went through it will always recall it with pleasure (if war can ever be called pleasant). Certainly, if not the most successful, it was the most brilliant campaign of the war.

The battle of Winchester caused gold to fall from 230 to 191.

In closing I wish to state that this article has been written entirely without consulting General Sheridan, and without his knowledge.

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SAVING VERSUS SPENDING.

THE "HARD TIMES:" TWO THEORIES AS TO THE CAUSE AND THE REMEDY.

WHEN the present "hard times" are discussed, two wholly antagonistic theories are advanced as to their cause and as to their remedy. On the one hand, it is claimed that the real cause of our trouble is that we have been extravagant and wasteful, and that, in order to make good the waste of the past, we should now be as saving and economical as possible. On the other hand, it is said that the cause of our present distress cannot be past extravagance and waste, for such causes ought to lead to a general *scarcity*, rather than abundance, of the products of labor; that the most peculiar and conspicuous symptoms of the present distress are the large stocks of all kinds of goods which have been waiting for consumers, and the large numbers of people who have been unable to find employment; that saving and economy on the part of those who are not compelled to such a course by poverty will

increase rather than diminish the amount of unsalable articles and the number of the unemployed, and will injure our condition rather than improve it; and that, consequently, a liberal expenditure of public and private resources is not to be condemned, but encouraged. In order to judge fairly as to the respective merits of these two theories, it is well to consider what the true purpose of saving is, and to what extent the policy of saving may reasonably be carried.

FUTURE SPENDING THE ONLY RATIONAL OBJECT OF PRESENT SAVING.

From the point of view of the political economist, there is no virtue in saving except so far as some material benefit may be expected to result from it, and it is impossible to suggest any such benefit other than the acquirement of the means, either for ourselves or for others, of future spending. We refrain from consuming to-day all the fruits of to-day's labors only that we, or those in whose

welfare we are interested, may be able to enjoy the benefit of an increased consumption in the future. All the saving of the generations of the past has been a profitless loss of comfort and enjoyment, unless the present and the future are to derive from the results of such saving increased comfort and increased enjoyment. And so, also, it is profitless and unreasonable to save in the present, except that there may be greater opportunity to enjoy and spend and consume in the future.

THE MEANS BY WHICH PRESENT SAVING AIDS FUTURE SPENDING.

If, then, we conclude that the only reasonable object of saving is the acquirement of the means of future spending, we are led next to consider the ways in which saving can promote this object.

The simplest way, of course, is by the accumulation and storage for future use of food, clothing, etc. At the present day there is comparatively little room for the operation of this method. Formerly it was wise to lay up large stores of grain, for example, in order to guard against a bad season; but now, when any portion of the world can call upon all the other portions for a supply of any article of which it may find itself temporarily in need, the accumulation and storage of more than a year's supply of any article of daily consumption is ordinarily useless, and tends, on the whole, to loss rather than to gain.

The principal and most effective method of providing by present saving for future spending is through what economists have called "productive consumption;" that is, by employing labor, not directly in the creation of articles for immediate use, but in the creation of articles which will be the cause and means of further production, as in the making of tools and machinery with which labor may be aided in its work and rendered more efficient. Plows and other simple agricultural implements were among the earlier results of productive consumption; factories, railroads, and steamships are among the more important of the

later ones. Through these means saving, by immensely increasing all kinds of production, has immensely increased all kinds of consumption, and the self-denial of our ancestors has given us all our factories, railroads, and steamships, and has enabled us of to-day to enjoy ten or a hundred fold the comforts and luxuries that would have been possible had that saving not taken place.

THE LIMIT OF THE POWER OF SAVING TO AID FUTURE SPENDING THROUGH PRODUCTIVE CONSUMPTION.

Productive consumption being found to be the chief means through which saving can accomplish beneficial results, it next becomes important to consider whether there is any limit to the good that saving may effect in this way, and, if there is such a limit, to determine where it lies. But as we have seen that the only rational object of productive consumption is the creation of articles of ordinary or unproductive consumption, the extent to which the former can reasonably and profitably be carried must be limited by the existing or anticipated amount of the latter; and as the *unproductive* consumption of a community is always dependent upon and limited by, first, the desire to consume unproductively, and, secondly, the ability to obtain the articles for such consumption, the extent to which *productive* consumption can at any given time be profitably carried must be limited in the same way.

As society is at present constituted, however, the unproductive consumption of a large part of the community is limited solely by the extent of their ability to obtain the articles of consumption, without reference to the extent of their desire to consume. Large numbers of the poor are compelled by their necessities to consume unproductively all that their wages enable them to purchase, and it is chiefly the wealthier classes whose will or choice has any power to influence, at any given time, the amount of unproductive, and through it the profitable amount of productive, consumption. The wealthy may, according to their own desires, claim for them-

selves more or less of the comforts and luxuries of life; and if all who have this power should choose to deny themselves all comforts and all luxuries, and to restrict themselves to absolute necessities, the unproductive and, as a necessary consequence, the productive consumption of the world would, both of them, be greatly reduced. There would be comparatively little use or occasion for factories, railroads, and steamboats, or for any of those things which the wealthy seek to own as "profitable investments." It follows that if the rich, either from a desire to grow richer, or from a desire to favor productive, as more useful or more worthy than unproductive, consumption, should generally adopt a policy of extreme self-denial, they would defeat their own ends, and, by destroying the opportunities for profitable productive consumption, make themselves poorer instead of richer than before.

REVIEW. STATEMENT OF THEORETICAL CONCLUSIONS.

We have seen that saving is to be approved only so far as it leads to subsequent spending, and that it does largely accomplish this result, mainly by affording opportunity for productive consumption; but that, as the extent to which productive consumption can at any given time be profitably carried is limited in a great degree by the extent to which men, and especially the richer classes, abstain from saving, it is possible that this much-extolled policy of saving may be carried to such a point as to destroy the efficiency of the principal means by and through which it can promote its only rational object, future spending; and that, consequently, when carried to this point, it ceases to effect any good result, but rather tends to defeat the only ends for which it may rationally be practiced at all.

APPLICATION OF THEORY TO THE FACTS.

Having shown theoretically that saving, though generally beneficial and worthy to be encouraged, may possibly be carried too far,—so far indeed that its

benefits will be changed to injuries,—we are now prepared to examine the circumstances of the present times, in order to learn whether the indications are that the tendency to save is to-day deficient or in excess.

It is very evident that productive consumption is now and for some considerable time has been quite unprofitable; that factories, railroads, steamships, and warehouses bring very small returns to their owners; that the market-rate of interest has been, and still is, unprecedentedly low; and that capital has long been wholly at a loss as to how it should employ itself. These facts surely indicate that the field for profitable productive consumption has been for the time nearly exhausted; that its temporary limit has been nearly reached; and that a larger amount of unproductive consumption is required before that limit can be advanced. The correctness of this conclusion is plainly shown, also, by the surplus stocks of all kinds of products and manufactures which are now, and have long been, waiting for consumers, and by the enforced idleness of the thousands of laboring men who have found that their labor was not in demand for the supply of either productive or unproductive consumption. Then, again, the hard times have been felt most seriously in England, America, and Germany, while France has been substantially exempt from them; the explanation being that France, having had its territory devastated by war and its capital depleted by the subsidy paid to Germany, has had large room for productive consumption, and small capital to devote to it; and hence productive consumption has there been very extensive and very profitable. All available capital has been employed, and the laborers have all been busy; those who have been released from supplying unproductive consumption having been in demand for the supply of a profitable productive consumption. Germany, however, undertook to grow rich by devoting the millions of the French subsidy to productive consumption, which was thereby carried to such an excess that its profit was

destroyed. And thus we find a simple explanation of the otherwise inexplicable mystery of the prosperity of the vanquished and the distress of the victorious nation, after their recent tremendous struggle.

RECENT EXPERIENCE OF THE UNITED STATES.

The history of the United States during and since the war affords an illustration of the way in which productive consumption may be overdone, — built up to an extent too great to be supported by its always necessary substructure of unproductive consumption. During the war unproductive consumption was carried on to an unprecedented degree, and the effect was that the opportunities for productive consumption also were very largely increased, and, by consequence, rendered very profitable. There was an urgent call for every man's labor. No one who wished to work was allowed to remain idle. Every man who wished to save, to accumulate wealth, found all about him opportunities for so doing. These extraordinary inducements to exertion kept every man's industry up to the highest point, so that the production of the country was marvelous, and, although there was an immense waste in the war, there was still a large surplus of products, — sufficient to enable the great mass of the community to consume much unproductively for their own immediate comfort, and yet to leave the country, at the termination of the war, at least as full of buildings, factories, and railroads as it was at the beginning.

When at length the war ceased, everything was arranged to meet an immense demand for unproductive consumption. If our people could then have said to themselves, "Now that this great waste of the war is at an end, we can enjoy much more of the comforts and luxuries of life than before; indeed, we *must* do so if we would keep our machinery employed and our people busy," — if they could have said this, and could have acted accordingly, all would have gone on smoothly. But in fact they, or those

of them who by their wealth had the power to act according to their own desires, did say, in effect, "We have got rid of this sad waste of the war; we have been getting rich in spite of the waste, but now our possibilities of enriching ourselves are far better than before; we will not sit down just yet to enjoy ourselves, but will postpone for a while our days of enjoyment and of ease, in order that we may first add a little to our wealth." The failure of this attempt of our rich men to become richer lies before us to-day. Their factories had been very profitable, and they sought to increase their profits by building more factories. Their railroads had returned them large dividends, and they sought more dividends of the same kind by more railroads of the same kind. But it never occurred to them that unless a new unproductive consumption arose, to take the place of that which had ceased with the war, even the *former* amount of productive consumption would be too great to supply the wants of the people, and that, for the profitable support of their *new* factories and *new* railroads, a still further increase of unproductive consumption would be needed. They contributed, as has been said, but little themselves to this needed increase of unproductive consumption, and as the poor found but little opportunity or possibility of contributing to it, that increase was never brought about; and it soon began to be perceived that productive consumption was overdone, and that its profit was for the time ruined and lost. Factories of all kinds produced immense stocks of goods which could not be disposed of; their owners competed with each other, and sold their goods at less than cost, and finally, in many cases, shut up their factories and discharged their hands. Then we began to have an actually *diminished* unproductive consumption, where we had needed an increased one. The rich, having lost their "income," felt that they must "economize." The poor, having lost their employment, were forced to do so. This universal economy increased, by its reaction, the original trouble, and thus we went on from bad

to worse, until it seemed that we were on a road that led, without any turning, straight to destruction. To-day, however, we are hoping, as indeed we have hoped before, that we perceive signs of a change. The nations of Europe, by their wars and preparations for war, have been indulging in an increased amount of unproductive consumption, and have been calling upon us to supply the materials for it. The farmers of the West and some of the manufacturers of the East have begun to feel again that they may increase their expenditures for daily comforts and daily luxuries; and as their demand for such things increases, we may hope that the machinery of production will get once more in profitable motion, and, by employing those now unemployed, will call forth still further demands for articles of daily consumption. As daily consumption increases, the labor of all men will gradually be brought into action, and we shall have once more a busy and happy people, all at work, and all enjoying the fruit of their labor; and not, as we have seen them within the past few years, one half idle, while the other half were engaged in a futile attempt to save and lay up for the future more than the constitution of human affairs allowed them to accumulate with any profit either to themselves or to others.

EXPERIENCE OF THE DUTCH AND THE ENGLISH.

Upon reviewing the history of the past, we find that the present is not the first time that productive consumption has approached near its limit, — not the first time that the thrift of a people has been so great that they have nearly exhausted the field of profitable productive consumption. In former times the Dutch were a very energetic, industrious, and thrifty people, and in their days the machinery for aiding production was comparatively limited. Their means of productive consumption were confined mostly to the building of ships and the carrying on of foreign commerce; and they were so desirous of acquiring wealth that they exhausted their opportunities for

productive consumption to such a degree that their investments produced for them but a very small percentage of profit, as is shown by the low rate of interest that ruled among them.

So also the immense wealth that England has acquired by the thrift of her richer classes has made her home productive consumption, for many years, bring so little profit that the rate of interest that borrowers can afford to pay, and that lenders are glad to take, has long been very low. In fact the greater part of the surplus wealth of England has for many years been applied to increasing the productive or unproductive consumption of foreign nations, induced thereto by their often illusory promises of future return for present benefits.

EFFECT OF MACHINERY TO INCREASE THE POWER OF PRODUCTION.

The great improvements in machinery and in the means of communication and of transportation, which have been brought about within the last fifty years, have marvelously increased mankind's power of production. A comparatively small number of laborers could to-day supply all the wants of mankind, if those wants had not, within those fifty years, largely increased; and it is only because those wants — that is, the demand for consumption — have largely increased that the majority of mankind are not to-day idle instead of busy. That demand, however, has not kept pace with the supply, for the reason that the power of increasing the demand has come principally to the rich, and but slowly to the poor; and this power of the rich has, by their choice, been turned to the increase of the demand for productive consumption, — for factories, railroads, and warehouses. This, as we have seen, they have carried to such an extent that productive consumption has been overdone, and its profits reduced to a very small percentage.

It seems probable, indeed, that in the future the rate of profit of productive consumption will be permanently diminished, wealth increasing, on the whole, more rapidly than the possibilities of its

profitable investment; and as this result is developed, we may expect that wealth will turn itself more to the acquisition of things which, although not productive of income, are a permanent source of comfort or pleasure to their possessors; that there will be an added tendency to spend large sums in the purchase of land, in the erection of residences, and in the purchase of paintings and other works of art. And although the opportunities for increased unproductive consumption come first to the rich, they must extend speedily to the poor. All that is needed is that the poor shall be kept busy, and the rest will take care of itself.

Just at the present moment the poor are strongly tempted to try desperate remedies for the improvement of their condition. They see a world overflowing with good things; they are anxious and willing by their labor to increase the supply of those good things, and to earn the right to share in the enjoyment of them; but they are forbidden to touch them, although they are going to waste before their eyes. What wonder that they think that there is something rotten in a constitution of affairs that brings about such a result? What wonder that they are ready for desperate remedies? But let us have once more the work of consumption and production in full action, — a world full of busy men consuming the products of their own labor, — and the talk of communism, instead of being, as now, largely prevalent among the laboring classes, will again be confined to a small number of persons, partly theorists, and partly men who are dis-

contented by reason of failure caused by their own incapacity or folly.

GENERAL CONCLUSIONS.

The preceding arguments would seem to show that, in the present constitution of society, the world, in order to be prosperous and happy, must be busy both in producing and in consuming the products of its own labors; and that if those who have by wealth acquired a control over labor do not use that labor, either selfishly in ministering to their own present comfort and enjoyment, or generously in ministering to the comfort and enjoyment of others, we shall necessarily have a more or less idle world, in which the rich *will* not, and the poor *can* not, enjoy themselves as they reasonably might. Mankind's power of production is now immense compared with what it has been in the past, and consequently its power and possibility of enjoyment of life are equally large; and it is certainly an important question whether mankind may wisely and profitably avail itself of all its varied possibilities of rational enjoyment, or whether its present duty lies chiefly in the direction of self-denial. The latter doctrine is continually preached to us, and we are constantly told that we must deny ourselves present enjoyments if we would regain our lost prosperity. But if the arguments adduced above are sound, there is to-day neither merit nor prospective benefit in increased saving; there is nothing but evil and loss in abstaining, more than we have been and are doing, from the consumption and enjoyment of the good things of life.¹

Uriel H. Crocker.

¹ The following references to works on political economy are given for the benefit of any who may wish to read what has been written by others upon the subject considered in the above article. Much of what is referred to below was written with special reference to the condition of England after the termination of its wars with Napoleon, — the condition of England at that time having been very similar to the recent condition of the United States, and the problem, then as now, being to explain a general distress in the midst of a general overplus of all kinds of products.

Wealth of Nations, by Adam Smith: Book I., chap. ix., Of the profits of stock; Book II., chap. iii., Of the accumulation of capital, or of produc-

tive and unproductive labor. Principles of Political Economy, by Rev. T. R. Malthus: chap. vii., s. 3, Of accumulation, or the saving from revenue to add to capital, considered as a stimulus to the increase of wealth; s. 10, Application of some of the preceding principles to the distress of the laboring classes since 1815, with general observations. Political Economy, by Dr. Thomas Chalmers: chap. iii., On the increase and limit of capital; chap. v., On the possibility of a general glut. Treatise on Political Economy, by Jean-Baptiste Say: Book I., chap. xi., Of the formation and multiplication of capital; chap. xv., Of the demand or market for products. Letters to Mr. Malthus on various subjects of Political Economy, particularly on the

COLONEL DUNWODDIE, AND OTHER NOVELS.

OUT of one dozen brand-new native American novelettes, one, and one only, and that one full of literary faults, moves us by its earnestness, stimulates thought by the civic and social questions on which it bears, and revives the dream of a new school of fiction. The rest are, for the most part, so slight in their pretensions that it seems brutal even to discountenance them. Theirs is the infallible appeal of weakness and simplicity. They are so light, so short, so deprecatory and *ingénus*, that they fairly stir one's chivalous instincts. We repudiate the idea of quenching the smoking flax, although forced to admit that there may be a deal of this sort of smoke with very little fire.

There is something naïve and trustful in the very modesty of some of the themes. One writer tells us how six young ladies and one young gentleman spent the summer together at Nantucket,¹ boating, bathing, and reveling in all the regular sea-side delights. The situation is not forced, — this being, in fact, the usual numerical proportion of the sexes at places of summer resort; nor is probability violently outraged by the upshot of the story, in which the hero finds himself restricted to marrying one out of the six. He selects the damsel whom he has saved from drowning, probably because with her he felt most like a hero; but more recent graduates can answer better than ourselves for the beauty and veracity of the culminating scene: —

“ ‘ This is so much better than being drowned,’ said Edgerton, emphatically. And her smile was not a contradiction.”

Referring to a former speech of hers, he asked, maliciously, “ ‘ Does it seem so peculiar to get married as it did, Addie?’ . . . As Edgerton kissed her, she cried, ‘ Look, you jealous sea! You would have drowned him. See what you have gained! He is kissing me before you.’ ”

“ ‘ But we must cross the sea once more. Better not anger it,’ he said.

“ ‘ I am not afraid, — not with you, for you have beaten it; but I shall never dare come down here alone again.’ ”

This is rather meek for a mermaid; but elsewhere, in the conversation, there are gleams of humor and common sense, and some loving and even striking portraiture of the aspects of sea and shore. The Nantucket Idyl is a romance if it is anything, but we have not been able to discover what claim Brief Honors² has to be so considered. It is the tale of a great life insurance company, and of the marble halls in which its directors dwelt. Casual mention is also made of a young man who was for a while in the employ of the company, and then dismissed therefrom, and of a young woman in a French bonnet; but these familiar symptoms come to naught. The young man is jilted inferentially, but his heart is not broken; neither does the company become bankrupt, which would seem to be the least that can be expected of an

Causes of the General Stagnation of Commerce, by Jean-Baptiste Say. Principles of Political Economy and Taxation, by David Ricardo: chap. xxi., Effect of accumulation on profits and interest; chap. vi., On profits. Elements of Political Economy, by James Mill: chap. iv., s. 1, Of productive and unproductive Consumption; s. 3, That consumption is co-extensive with production. Principles of Political Economy, by John Stuart Mill: vol. i., Book I., chap. v., Fundamental propositions on capital, s. 3; chap. xi., Law of increase of capital, s. 4; vol. ii., Book III., chap. xiv., Excess of supply; Book IV., chap. iv., Of the tendency of profits to a minimum; chap. v., Consequences of the tendency of profits to a minimum. Chapters on Political Economy, by

Prof. Bonamy Price: chap. iv., Capital. The Economy of Consumption, by Robert Scott Moffat. Principles of Political Economy, by J. R. McCulloch Pt. I., chap. ii., s. 3, Accumulation and employment of capital; chap. vii., Causes of gluts; Pt. III., chap. vii., Circumstances which determine the average rate of profits; Pt. IV., Consumption of wealth. Article on Industrial Reconstruction, by Edward Atkinson, in the International Review for July-August, 1878.

¹ *Six to One*. A Nantucket Idyl. New York: G. P. Putnam's Sons. 1878.

² *Brief Honors*. A Romance of the Great Dividable Chicago. Jansen, McClurg & Co. 1877.