

Indication of a Bust

From Prentice Mulford's Story
by Prentice Mulford

The rock got harder as we went down, the ore less, the vein narrower, the quantity of water greater, the progress slower, the weekly expenses doubled and then tripled, the stock became less coveted, and as to reputed value, reached that fatal dead level which really means that it is on its downward descent. The shareholders' faces became longer and longer at their weekly Sunday afternoon meetings in the Sonora Courthouse. The Copperhead Claim and Copperhead City subsided quietly The inevitable came. Copperhead was deserted by its human inhabitants. The skunk, the snake, the woodpecker, and the buzzard again came into full possession.

9. *The Under-Studied Bust*

Even though Western historians have sometimes been condemned for their negativity, a preference for “upbeat” subjects appears to have preoccupied their writing agenda when it comes to the scholarly over-attention paid to booms and the under-attention paid to busts. Many, many studies examine the boom periods of mining, ranching, and logging, while very few studies pay equal attention to the processes of decline. Even though it is one of the region's biggest stories, historians have paid little attention to the way capital retreated and population shrank in particular places. A key service that Western historians could provide to the region would be to study the ways in which the economies of Western communities have risen, fallen, and sometimes risen again. Dramatic economic downturns have a long history in the region, to the point where they would provide abundant material for a field of study called “Western Contraction,” as a counterpart to the better known “Western Expansion.”

A better, deeper knowledge of the “busts” would, concretely and directly, add to our capacity to cope intelligently with the whole cycle.

10. *Difficulty of Knowing When a Bust Has Begun*

How are Westerners to distinguish a minor and temporary slump from a serious and long-lasting bust? What “markers of change” can signal people that a turn is upon them? Both events begin with the same set of “symptoms”: a downturn in land prices, a layoff of workers, a drop in investment, etc. That complex of problems can correct itself quickly, making people who unloaded their holdings and got out of town look short-sighted and panicky. In other words, recognizing the difference between a temporary setback and a lasting bust presents quite a problem of interpretation. What “markers of change” should people look for, before deciding that prolonged hard times have come upon them? Over the decades, a variety of symptoms and signals have been taken to be indicators of a bust:

- close of a major factory or production site
- shrinkage in jobs and rise in unemployment
- increase in people asking for help from charity or governmental relief
- drop in real estate prices
- retreat of capital and investors

The complication, of course, is that the appearance of these “symptoms” can mean one of two things: the onset of a temporarily, quickly reversed slump, or the beginning of a serious, long-term bust. At the moment in which participants can observe these indicators, there is no proven way to distinguish the longevity of one type of bust from the other. It is perfectly possible to see these signs and decide that it is time to sell out and flee—just before the downturn corrects itself and the recovery begins. Equally complicated is the reality that some of the signs of a downturn can be very subtle; some cannot be observed until some time after their occurrence begins. From our presenter John Cromartie from the Department of Agriculture, we learned that the years 1993 and 1994 emerge as the peak in net migration into the interior West. In other words, gross numbers of in-migrants continued at a record-setting level, but the boom did, by the measure of net migration, appear to be slowing down long before the appearance of a national recession.

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