

EXCERPTS FROM "THE WAY BACK TO PROSPERITY" BY J. M. KENWORTHY
Quoted by Mr. Eccles in Address before Utah State Bankers Con-
vention, June 17, 1932--Depression-Its Causes And Suggested
Remedies

"The idea in the public mind, widely held in all countries, is that booms and slumps in trade are uncontrollable and are acts of God, like bad weather and earthquakes or the tides of the oceans. These slumps and booms, however, depend on the price level--

"Suppose a group of business men desire to erect a skyscraper in a Western town. Having arranged for the necessary bank credits, they sign a contract with a builder. He is paid by check at intervals while the work is going on or when it is completed. With the bank credit created by the checks, drawn probably on the same bank, the builder purchases his steel, concrete, electrical fittings, and so forth. And with checks he pays the architect, the sub-contractors, the hauling companies and the like. The only "money" involved is the weekly wages paid to the workmen, which would be rarely more than one-quarter of the total cost involved. The wives of the workmen pay the dollar bills over the store counters on Friday and Saturday; the storekeepers put them back into the banks on Monday; and they are drawn out again on the following Friday to be paid once more in wages.

"The economics of today as taught by the orthodox are out of date because they were meant for a world situation in which famine and scarcity were the normal conditions and in which mankind was engaged in a fierce struggle against the forces of nature. Men had to save and hoard and put by for a rainy day. But now modern science and industry, with better means of transport and communication, have removed the spectre of famine and want. The need now is to spend, consume and thereby use up the overflowing abundance which every civilized community can produce. Mass production must be accompanied by mass consumption, otherwise society will either bankrupt itself or seek relief in warfare and destruction. Nevertheless, we continue to urge the practice of thrift and penury, to deflate and restrict credits, when markets, warehouses and granaries are choked with unsalable goods.

The position is like that of a party of explorers who have crossed a desert. There it was necessary to conserve their water supply, to dole out the precious liquid in daily rations. But now the travelers are in a boat on a great fresh-water lake, and still they dole out their scanty supply of water in little cupfuls and suffer thirst and privation.

The test of whether our present civilization will survive depends upon our solving the modern problem of under-consumption in a world materially richer than ever before. Is mankind really to sit down and starve, because of lack of leadership and courage in the invisible governments of high finance, or will the common sense of the common people demand that a way out of the apparent impasse be found?"