

Any realistic analysis of the current depression must begin with the fact that it is the first general economic crisis that has befallen the whole western world since our machine economy has come to measurable maturity. It is not a matter of momentary maladjustment in any one section of the world. It is not a matter of momentary speculative mania having disrupted an otherwise statesmanlike and stable economic program. Momentary maladjustments, here and there and yonder, are in the picture. A mad speculation has done its deadly work. Many political and purely monetary factors are involved in the prevailing sickness of our society. Beneath and beyond all this, however, is the root fact that we have been so busy perfecting our technical processes for producing goods that we have neglected to perfect our economic policies for distributing wealth widely enough to create an adequate and assured outlet for the output of our machine economy with its ever-increasing rapidity and volume of production.

Tentative and insecure phases of recovery may be brought about by various devices of political stimulation and monetary legerdemain, but, until this basic problem of the relation of popular buying power to the rapidity and volume of production under a machine economy is seen and solved by politico-economic leadership generally, we must resign ourselves to an increasingly serious economic insecurity, unless we want to take the only alternative road, under our system of free capitalism and political liberty, to a balanced economy in a machine age and deliberately reduce the scale of our industrial and agricultural enterprise.

The leadership that has determined our policies for using goods and distributing wealth has proved inferior to the leadership that has developed our processes for making goods and producing wealth. The production of goods has halted because the distribution of goods has halted. And the halt in the distribution of goods is due to a fault in the distribution of wealth. Our machine order is ready to produce goods. Our economic order is not ready to produce customers.

I am speaking here, let me make clear, not of any arbitrary and artificial redistribution of existing wealth. I am speaking, rather, of a functional distribution, through the normal processes of enterprise, of the national income as it is being currently created.

Today events are proving that a wider distribution of the national income is essential to the solvency and success of capitalistic industrialism itself, on the simple grounds that it is obviously self-defeating for the industrial system to get itself in position to produce vast quantities of goods unless, at the same time, it sees to it that there are vast masses of potential customers ready with money with which to buy and leisure in which to enjoy the goods the high-powered industrial machine produces. Unless we can bring millions upon millions of men and women into position to buy the lavish output of our industrial system, even our existing investment in its marvelous productive facilities will become a permanently frozen asset.

A too great concentration of wealth means money in the hands of those who will invest it in producer goods. A wide distribution of wealth means money in the hands of those who will spend it for consumer goods. And it is the absence of an adequate and dependable market for *both perishable & durable* consumer goods that is stalling our economic machine. This is not irresponsible soap-box doctrine. The plutocrat has an even greater stake than the proletarian in the widest feasible distribution of the national income as a result of a statesmanlike balancing of the factors of wages, hours, prices, profits, and so on, to the end that, in the very process of producing wealth, industry will be making its market while it is making its goods.

We have no right, gentlemen, to consider slowing down production until we have fully explored the possibilities of speeding up consumption. Until legitimate human need is served and saturated, a wholesale restriction of production is a confession that our capacity for economic statesmanship has gone bankrupt. What will be the judgment of the future upon our genius if, after elaborating a machine economy capable of putting an end to drudgery, poverty, and insecurity, we say, "Now that we have sharpened this tool, we must dull its edge; now that we have perfected this swift inefficiency, we must throw on the brakes."

The fundamental economic plans, when they are finally established, will of necessity center in the distribution of purchasing power and in the allocation of income between investments and expenditure. So long as money is used as the means of distribution and of allocation, the fundamental economic plans will be plans for determining the flow of money. These plans will involve public and semi-public expenditure on an expanding scale for cultural and quasi-cultural services. They will involve the establishment of heavy ~~income taxes especially in upper brackets.~~ <sup>based on surplus income</sup> They will involve heavy taxation of undistributed corporate ~~surplus,~~ <sup>earnings</sup> to force corporation income into dividends and wages. These plans for determining the flow of money are fundamental without them or their equivalent no permanent adjustment can be attained.

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So far, public opinion is in only the first stages of its education. The public has learned by experience that local taxes spent for relief give money to consumers only by taking money from consumers. They add nothing to the total market for business. Having observed that the so-called self help was not restoring prosperity, the public has hastily concluded that spending tax money of any kind is the road to ruin. But Federal taxes may be so imposed that they will