

IS THERE A ROAD TO PLENTY?

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and Rist's History of Economic Doctrines, page 191.)

Probably the keenest critic of the automatic system of production and distribution afforded by the nineteenth century was that of Karl Rodbertus, German, who wrote during the middle of the century. *Forderungen* (Setting Thing in Order) is the title of one of his works and is suggestive of his whole scheme.

"A similar demonstration affords a clue to the prevalence of crises. The entrepreneur keeps adding to the mass of commodities produced until he touches the full capacity of social demand. But while production grows and expands the worker's share dwindles, and thus his demand for some products remains permanently below production level. The structure is giving way under the very feet of the unsuspecting producer." (Gide and Rist's "History of Economic Doctrines," page 426.)

A similar sentiment is expressed by J. A. Hobson, a present day English authority: "According to Hobson, the basic cause of industrial depression and its consequent unemployment is a persistent tendency to oversave. Or to put it more accurately, 'over-saving... refers solely to the proportions of saving to spending and does not imply any fixed limit to the amount that can be serviceably saved.' (Saving) 'consists in paying producers to make more non-consumable goods for use as capital, instead of paying them to make more consumable goods and consuming them. This is the vital distinction between spending and saving...'" (Quoted from Blum's Labor Economics, page 227).

Other writers of equal assurance of their own infallibility are Saint Simon and his followers, Robert Owen, Charles Fourier, and Joseph Proudhon. Indeed there are many others, of somewhat lesser prominence, who have written in a similar strain. It is seen therefore that the assumption made by Foster and Catchings that they are voicing a new doctrine is far from the truth. In fact a critical examination of the works of the authorities mentioned will reveal a more marked similarity to the contention of Foster and Catchings than the quotations here given indicate. That is particularly true of the writings of Sismondi.

But the fact that other writers have voiced the same sentiment should in no way interfere with its acceptance if only the contentions averred can be shown to carry the possibilities which they promise.

In deference to Foster and Catchings, nevertheless, it should be noted that they do offer a less ambitious remedy than most of the exponents of the under-consumption theory. But even at that their remedy is not much less ambitious than that offered by Sismondi. The latter would have the government restrain the blind emphasis on production and try somehow to discover the balance between production and consumption. Especially should the government see to it that labor saving devices—capital improvements—should not be added except in response to a demand arising from the scarcity of labor. Let consumption run ahead of production instead of production running ahead of consumption. It is easy to deduce from this that Sismondi would have a commission ap-

pointed by the government for the purpose of finding when to and when not to proceed with the expansion of productive effort. As is readily seen, a suggestion of that kind is quite the same as that made by Foster and Catchings in their recent book "The Road to Plenty."

The suggestion made by Robertus, being more searching, was likewise more ambitious: "Let the State estimate the total value of the social product in terms of labor and determine the fraction that should go to the workers. Let it give to each entrepreneur in accordance with the number of workers he employs a number of wage coupons, in return for which the entrepreneur shall be obliged to put on the market a quantity of commodities of equal value. Lastly, let the said workers, paid in

wage coupons, supply themselves with whatever they want from the public stores in return for these coupons. The national estimate would from time to time be subject to revision; and in order that the proportions should always be the same, the number of coupons given to labour would have to be increased if the number of commodities ever happened to increase." (Gide and Rist's History of Economic Doctrines, pages 428-29).

It is, of course, this desire to increase and decrease the amount of money in response to a balanced demand that makes Rodbertus' plan strikingly like Foster and Catchings', and not his idea of creating an entirely new monetary system.

Hobson does not even go to the extent of recommending a definite

effort to substitute a positive plan of state action in place of the automatic system. He suggests rather "that all of those factors in modern life which tend to equalize the possession of wealth should be fostered. All those tendencies which accentuate the disparities between the rich and poor should be discouraged. In this way, buying capacity would increase and a proper proportion between spending and saving would be maintained. Thus reforms in taxation making the burden fall upon those who are best able to bear it, the organized labor movement and labor legislation which prevents exploitation of labor and increases wages, the limitation of the monopoly of natural resources, and the government control of public utilities, are factors working toward



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