those equalizations."

Unfortunately for practically all of the exponents of the under-consumption theory of business crises, none of their theories—unless it be that of Hobson—will stand the test of careful analysis. They are usually shot through with economic contradictions. To point to only a few of them: It never seems to occur to Foster and Catchings that producers and consumers are the same people. The assumption of a sharp dividing line between them is highly confusing. Sismondi, who is at best not considered much of a scientist, avoids that error when he says that unbalanced production concentrates the demand on more refined articles in place of ordinary things of life. The glut thus caused by displacing the demand for ordinary things by the demand for refined articles being the moving cause of crises. According to Sismondi, therefore, the crisis is not the result of the failure of consumer demand to keep pace with production but rather the shrift in consumer demand which causes widespread unemployment, and this in turn causes a shortage of funds with which to buy even the ordinary commodities until there has been a new price alignment. As is readily seen, the Sismondi proposition is much less subject to criticism.

Again, Foster and Catchings, although they comprehend fully the function of money as a medium of exchange—in fact they are intoxicated with that concept—yet they lose sight of the other functions of money. Especially is that so with regard to money as a standard of deferred payment and as a store of value. Practically no recognition is apparent of the distinction between money and capital. The distinction between the individual and social concept of money is never clearly indicated.

In their emphasis on the fallacy of saving or "the delemma of thrift," Foster and Catchings are, however, on different ground from that of other exponents of the under-consumption theory of crises. Yet it would appear that a better presentation of the real delemma of thrift is found in the works of Lauderdale, the early 19th. century Scotch economist. Lauderdale explained that wealth is the result of abundance whereas value is the result of scarcity. Wealth and value are therefore antagonistic to each other If wealth should reach infinity value would be at zero. These contentions are irrefutable. Now it is of interest to the producer to have goods valuable, whereas it is to the interest of the consumer to have an abundance of wealth. As long as our productive effort is prompted by self interest we strive for the creation of value, which means that we are frequently inclined to limit the production instead of striving for its increase. Thriftyness, therefore, all too frequently means retardation of production rather than its acceleration. We as consumers are hence invariably held up by ourselves as producers. The real problem of the road to plenty is to break through this impasse. Lauderdale thought that the solution could be found in the expansion of public expenditures. The most suggestive solution has been provided by the anarchist, Kropotkin. According to Kropotkin if mutual aid could substitute for self interest as a motive for human behavior, then society would free itself of the delemma. If that could be done, of course the problem would be solved. Whether another way can be found—one that will not involve the reconstitution of human nature—remains to be seen. The real delemma of thrif is certainly to be found in the contradiction that exists between wealth and value. The road to plenty is certainly in the direction indicated by Lauderdale rather than in that developed by Foster and Catchings. But it is a straight and narrow road.

The attack made by Foster and Catchings on saving offends our common sense. The inaccuracy of the fallacy of savings concept can best be seen by considering the function of saving in the light of the distinction between value and wealth. Saving is an impelling motive toward the creation of wealth. The resulting effect is to force the accumulation of wealth even though that accumulation does at times conflict with self interest. Each additional increment of capital, whether created by individual or corporate savings has to find investment. It the supply of saving is increasing faster than the demand for liquid capital, the new capital has to find investment at a reduced rate of interest. This fact can mean only one thing, namely, productive processes which are less profitable—possibly could not be brought into being at all—can now be brought into existence. As this happens values tend to fall and wealth increases. If human judgement were infallible,, and if capital could continue to increase, no other result could possibly accure except that every conceivable interest-bearing investment would finally be explcited, and the fund of wealth would reach a princely sum. This tendency might be neutralized by the growth of population so that the amount per man might not be any more. That is, the average wealth might not increase. Furthermore, the mere increase in wealth does not necessarily mean that each individual will necessarily automatically receive a pro rata share. The problem of assuring an equitable distribution of the increase of wealth which comes into existence through the increase of capital is a baffling one. It cannot be done by any magician's trick. But be that as it may, fortunately, or unfortunately human judgement is not infallible, and population does not increase and tends to neutralize wealth accumulation. Yet these facts are not the most significant obstacles to wealth increase. There is an interest rate—the marginal rate—below which the capital fund ceases to grow larger. Man simply will not save to any great extent without reward.

Were it not for complications growing out of such forces as the fallibility of human judgement, the law of diminishing returns, and industrial progress, there would come into being—under the automatic system of control—an exact adjustment of capital increase to the demand for capital at the marginal rate. Conceivably at that state there would be an even flow of money from consumers to producers. Except for differences in ability and personal preferences wages would everywhere be the same. Under those conditions business crises would be impossible. The problem of the elimination of business crises is evidently, therefore, a composite one. Although much can be done in the direction of eliminating the worst features, it is hard to see how, as

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