

in costs. To all these causes we must add the interferences with the natural flow and variations of trade caused by tariffs and other deliberate measures of commercial policy enforced by Government. Economic nationalism as it has recently developed has, moreover, destroyed the regulative function of the former world currency based upon the gold standard. Unemployment is the result of all the maladjustments, or time-lag in adjustments, that follow; and even before the present depression it was becoming a chronic functional disease in our society.

Now, if man is to reap the heritage of his new power, or even to prevent its being a curse rather than a blessing, he must have an economic system which will translate each increase in productive capacity into an equivalent increase in purchasing capacity and so avoid the tragic disaster of chronic, increasing, and demoralizing involuntary idleness. His present system is failing in this supreme function. How shall he change it?

There are two ways in which supply can be adjusted to demand, and each economic process be linked to the others. One is by the competitive automatic process which is now failing us. The other is by deliberate planning and direction. This was used over large areas of economic activity by some of the