

the material details which attend a trade depression. The theory did not explain why those persons who had speculated in the sense of putting up new plant and machinery for the turning out of large quantities of goods did not find their expectations of good trade realised. He did not think that this explanation agreed with the facts of industry.

THE STOPPAGE OF THE MACHINE.

Why was it that the wealth making machinery should be periodically stopped? The unemployed problem was not merely the problem of unemployed labour. The effects of depression upon labour present the most serious of the evil aspects of this malady, but it was essentially a problem of simultaneous unemployment of large masses of labour, capital, land, and managing ability, all these different factors of industry standing idle in superabundance. One year they were working at full power, and another year they would be standing idle. What they had got to explain was why from time to time the instruments of production should stand idle. Why could not they work as they worked last year? That was the problem of Unemployment as he wanted to present it to them. He thought the Conference would be more inclined than a body of merely technical economists to accept the explanation which he always put upon these phenomena. They would be disposed to connect it very closely with the bad distribution of wealth and income which arose from our present economic system. They would be disposed to accept the view that the reason why this machinery of production, labour, and capital, stands idle in large masses during large portions of the time, was that the consuming power is not to an adequate extent in the hands of the working classes of this country, who desired to keep up the standard of consumption to a level with the increase in the powers of wealth production. The tendency now was for consumption to lag behind production, because the persons who had the power to consume had already satisfied their legitimate demands, and they allowed large masses of their income to accumulate.

WAGES, RENT, PROFIT, AND INTEREST.

If they increased the proportion of wealth which passed in the form of wages into the hands of the working classes, and reduced the proportion of income which passed as rent, profit, and interest to the wealthy classes, they would have consumption rising automatically to meet every increase in the power of production. The intelligent business man could quite see this. It was always much easier for a buyer to buy than for a seller to sell. If this was so it meant that there was a constant tendency to chronic over-production or under consumption. They wanted a system of organisation which