90% of the consumers from enjoying the affluence entrepreneurs can and would love to produce.

UNIFYING POWER OF THE SECOND INCOME PLAN

The capital estate of every family can consist of significant holdings of equities, resulting in periodic payments of dividends, from industries in every state in the United States and from foreign operations of the corporations in which investments are made. The problems of urban crowding that arise from exclusive dependence upon personal employment, real and pretended, legitimate and subsidized, in one-factor economic system, can be ameliorated as increasing numbers of people produce their incomes through their privately owned capital, and can choose their place of residence on criteria other than upon opportunity to toil.

General affluence cannot be achieved either through Keynesian expedients or through socialism. It is the goal of neither. Their goal is merely full employment and the redistribution of the affluence of the few at the top income level. The goal of general affluence can only be achieved through the application of two-factor theory and the Second Income Plan because in the modern world, capital is the chief source of affluence.

THE GRAVE DANGER OF FULL EMPLOYMENT ECONOMIES THAT THE SECOND INCOME PLAN IS CALCULATED TO ELIMINATE

The full employment economy is war-prone. While it cannot be said that responsible governmental leadership would deliberately provoke wars for the admitted purpose of supporting full employment, the result, although more subtle, is much the same.

The people of the United States are morally committed to the private property principle of distribution. They believe that wealth should go to those who produce it and in shares proportioned to their productive contribution. But the United States is a technologically advanced country, and during extended eras of peace, one-factor techniques for maintaining full employment must take the form of redistribution, often disguised as make-work. Eventually it becomes exceedingly difficult to get sufficient Congressional appropriation to maintain politically acceptable levels of full employment.

It is easy, on the other hand, by playing on primitive emotions, to get the military appropriations that are in fact the best one-factor expedient for creating contrived toil. These appropriations maintain full employment, or tend to do so, and yet they result in no useful goods or services that compete for the scarce consumer dollars of the civilian economy. They promote the concenration of wealth in corporations, which pleases management, and give it pools of funds to preserve its entrenched monopolies at home and to acquire productive enterprise abroad. It also sets up the classical inflationary spiral caused by artifically generated consumer dollars chasing a fixed supply of consumer goods. Two-factor theory and the Second Income Plan will free the U.S. economy from these perilous tendencies that historically characterize one-factor industrial economies.

Summary

The utility of two-factor theory and of the Second Income Plan is, we submit, clear.

It provides a blueprint for a monetary system built upon the expanding productive power of an economy whose goal is the creation of an institutional framework within which every family can produce an affluent level of income.

The monetization of the increases in physical productive facilities is designed to free the economy from dependence on any limitations arising out of the exclusive use of financial savings to finance new capital formation, for the Second Income Plan makes possible the financing of business expansion through future savings of individuals accumulated without reducing current consumer expenditures.

Such monetization of expansion is subject to a double level of controls to assure its smooth and non-inflationary performance. The first is the autonomous control by corporate management which has expertise in matching new capital formation to growing market demand. The second level is through the monetary controls of the Federal Reserve System implicit in the discount process, and the controls of the loan-insuring agency which we have called the Capital Diffusion Insurance Corporation.