up. I have no specific figures, but I would estimate that if the rate of increase in the number of articles published in American national periodicals since 1965 on the subjects of pollution and population growth continues, by 1990 nothing will be published that does not deal with one or the other subject. Hopefully, the reader is beginning to grasp the implications of the logic of the exponential curve. It cannot go on indefinitely.

A World of Scarcity

Economists who see economic growth as *the* national goal of economic policy are pursuing a demon. It necessitates demonic means to sustain such growth in the aggregate. Ours is a limited world with limited resources. Aggregate production figures cannot grow indefinitely. (You will notice how the language of material *progress* and material *finitude* eventually brings us to an impasse.) In order for exponential growth of aggregate output over long periods of time to occur, the universe would have to be infinite, which it is not. For example, if we were to keep the money supply constant in an economy with a constant increase in the output of goods and services, we either would see the velocity of money increasing wildly (i.e., the number of transactions involving money during a fixed period of time), or else prices would approach zero.

An economist knows that this is impossible; the very science of economics is based on the assumption that there is such a thing as a scarcity of economic resources. The very definition of scarcity – that at zero price, there will be an excess of demand over the supply of all goods – militates against such a vision of constantly expanding output. Nevertheless, present-day Keynesians and semi-Keynesians advocate a constant increase in the money supply in order to "stimulate" the aggregate economy into greater output. What is acknowledged to be an impossible goal *in theory* with the example of the fixed money supply (because of a finite world) is somehow presumed to be possible *in practice* if the money supply is expanded at a constant rate. In other words, the mere printing of money and/or the creation of credit translates a world of scarcity into a world of total abundance.

Mises is correct: we have here a philosophy of "stones into bread."[30] What Christ regarded as a demonic philosophy (Luke 4:3,4), the Keynesians have adopted as gospel truth. (Keynesians may resent my caricature of their position; if so, they will begin to understand my resentment against the use of this very caricature by proponents of Keynesian policies in the popular press: the public has swallowed an academic stone under the impression that it was steak.)

[30] Ludwig von Mises, "Stones into Bread, the Keynesian Miracle," in Henry Hazlitt (ed.), *The Critics of Keynesian Economics* (Princeton: Van Nostrand, 1960).

Any increase of the money supply at a rate above zero per cent (yes, even as "low" as 3 to 5 per cent) will eventually create a money supply which will defy calculation, producing what Mises has called the "crack-up boom." Men will abandon the use of the particular currency in favor of another currency or even in favor of barter, just as they did in Germany in the early 1920's. When I presented this argument recently, it evoked this response:

> Compound interest, which has been with us for centuries and forms the mainspring of all savings *is* an exponential curve. My first admonition as a child was "put your money in a bank and watch it grow."
>
> It is very true that this growth has been interrupted in the past by bank failures and the like, but this has not taken place to a great extent in the last 30 years. Surely every right-thinking person does not want things like that to occur again. Banks must maintain sufficient currency to protect their depositors, and to do so, there must be [a] continually increasing money supply to cover interest accumulations.

The thing which astounded me when I first read this letter was that a man whose instincts are clearly procapitalism argues in favor of inflation because he has been led to believe that the best way to defend capitalism is in terms of the logic of the exponential curve. Yet it is because the exponential curve *cannot* be sustained over time, since we live in a world of scarcity, that men should make their defense of the free market. If all goods were free, economics as a science would not exist. Men would not then need to economize. Instead of reexamining the philosophy of compound interest, the man I've quoted felt compelled to recommend the inflation of the exponential curve.

Usury Deplored

Medieval theologians, who were social and economic thinkers, followed the Old Testament's provisions against the taking of usury. They saw, in an admittedly obscure fashion, that a man must not demand an automatic payment of interest unless he shares in the risk of the failure of the particular enterprise. Using modern economic categories, we can say that