equipment by consuming less than we can consume and making equipment instead of consumer goods. This we can do only by spending for immediate use something less than our total income. On the free market, anything saved and not consumed goes into the purchase of equipment, whereby workers are enabled to produce more and more goods every hour they work.

We are used to being told that debt, especially government debt, promotes lasting prosperity. It doesn't.

As has just been pointed out, it is nothing but the growth of debt that causes the upswings, and failure to meet it that causes the downswings of the business cycle. Sound banking and finance depend on keeping debt down, keeping it on a short-term basis, and keeping it secured by valuable goods. Only under a market free from interference by government have banking and finance a chance to remain sound.

We are used to the thought that governments can overcome the downswings of the business cycle by running deficits and relying on "built-in stabilizers" to maintain purchasing power. They can't.

At best, they can make the recession less severe and less short. "Built-in stabilizers" can only provide some people with purchasing power taken from other people. They can only keep people consuming, while continuing to

produce unwanted goods, or else producing nothing. "Built-in stabilizers" may keep people spending, but keep them spending out of the country's capital.

Free Economy Is New

In brief, we are accustomed to thinking of the free market as an antique institution which has outlived its usefulness; and of the government-controlled economy as the up-and-coming thing which holds the promise of the future. It isn't.

The government-controlled economy is a superseded institution that holds the miseries of past ages. It is the free economy, centered on the idea of liberty to shop around, that has been new for the last couple of centuries only. What is new is the idea of using the economy to provide the goods the customers want most, rather than the goods that custom or authority dictates that they should have.

Under the free market the government has one all-important function: to protect the free public in their choice of goods to consume, investments to place their funds in, work to do. The government's job is to secure the people against violence and fraud, whether from outside the country's borders or within, and this is a man-sized job for any government to undertake. The benefits of safety from force and