Chairman of the US Federal Reserve says Carlos is Right

In his 1951 memoir, ***Beckoning Frontiers***, **Marriner S. Eccles, Chairman of the US Federal Reserve 1934-1948**, succinctly explained the "Cause & Effect" leading to **Collapse** and underlying the **Depression:**

Eccles wrote:

"As mass production has to be accompanied by mass consumption, mass consumption, in turn, implies a distribution of wealth — not of existing wealth, but of wealth as it is currently produced — to provide men with buying power equal to the amount of goods and services offered by the nation's economic machinery. (emphasis in original) Instead of achieving that kind of distribution, a giant suction pump had by 1929-30 drawn into a few hands an increasing portion of currently produced wealth. This served them as capital accumulations. But by taking purchasing power out of the hands of mass consumers, **the savers denied to themselves the kind of effective demand for their products that would justify a reinvestment of their capital accumulations in new plants**.

In consequence, as in a poker game where the chips were concentrated in fewer and fewer hands, the other fellows could stay in the game only by borrowing. When their credit ran out, the game stopped.

That is what happened to us in the twenties. We sustained high levels of employment in that period with the aid of ***an exceptional expansion of Debt Outside of the Banking System.***

This debt was provided by the large growth of business savings as well as savings by individuals, particularly in the upper-income groups where taxes were relatively low. Private debt outside of the banking system increased about fifty per cent. This debt, which was at high interest rates, largely took the form of mortgage debt on housing, office, and hotel structures, consumer installment debt, brokers' loans, and foreign debt.

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The stimulation to <u>Spending by Debt-Creation</u> of this sort was Short-Lived and could not be counted on to Sustain High Levels of Employment for long periods of Time.

Had there been a better distribution of the current income from the national product — in other words, had there been less savings by business and the higher-income groups and **<u>more income in the lower groups</u>** — we should have had far greater stability in our economy.

Had the six billion dollars, for instance, that were loaned by corporations and wealthy individuals for stock-market speculation been distributed to the public as ***<u>Lower Prices or Higher Wages</u>*** and **<u>with less profits to the corporations and the well-to-do</u>**, it would have prevented or greatly moderated the economic collapse that began at the end of 1929.

The time came when there were no more poker chips to be loaned on credit. Debtors thereupon were forced to curtail their consumption in an effort to create a margin that could be applied to the reduction of outstanding debts. This naturally reduced the demand for goods of all kinds and brought on what seemed to be overproduction, but was in reality under consumption when judged in terms of the real world instead of the money world. This, in turn, brought about a fall in Prices and Employment.

Unemployment further decreased the consumption of goods, which further increased unemployment, thus closing the circle in a continuing decline of prices. Earnings began to disappear, requiring economies of all kinds in the wages, salaries, and time of those employed.

CHAIRMAN OF THE US FEDERAL RESERVE SAYS CARLOS IS RIGHT

And thus again the vicious circle of deflation was closed until one third of the entire working population was unemployed, with our national income reduced by fifty per cent, and with the **Aggregate Debt Burden greater than ever before, Not in Dollars, but MEASURED by Current Values and Income that represented the Ability to Pay.** Fixed charges, such as taxes, railroad and other utility rates, insurance and interest charges, clung close to the 1929 level and required such a portion of the national income to meet them that the amount left for consumption of goods was not sufficient to support the population.

This then, was my reading of what brought on the Depression."

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THIS IS PRECISELY WHAT IS UNFOLDING HERE AND NOW – JUST AS CARLOS HAS DETAILED IN "THE GRAVAMEN" AND HIS OTHER PUBLIC WORKS.

ALL THE METRICS ECCLES DESCRIBES ARE AT EVEN GREATER EXTREMES TODAY – AND WORLDWIDE. AND UNLIKE NOW, "EROEI" WASN'T A PROBLEM.

THESE FORCES ARE SECULAR AND TOO POWERFUL TO BE SUSCEPITBLE TO "CONTROL".

IT'S ABOUT ELONGATION, NOT ALTERATION.

CONTROL WILL PROVE TO BE AN ILLUSION AS IT ALL ENDS BADLY.