The traditional doctrine of thrift and enterprise looked to the supply and demand for money to adjust interest rates and the adjusted rates to adjust the rate of saving to the requirements of the productive process. But it can be argued that this view was not sufficiently nuanced in its estimate of the requirements of the productive process, that it missed the magnitude of the problem, and that it tended to lump together quite different requirmements.

The requirements of an expanding productive process are that pure surplus income has to keep increasing in the surplus phase of an expansion, that it has to keep decreasing in the basic phase of the expansion, and that it vanishes when the cost of replacements and maintenance absorb the whole of surplus.

Again, it is true enough that increasing interest rates are an incentive to saving but, at the same time, they discourage borrowing; and similarly decreasing interest rates encourage borrowing and discourage saving. But the requirements of the surplus phase have to encourage not only saving but also borrowing; and it would take enormous interest rates backed by all the propaganda techniques at our disposal to bring about the ever increasing rates of surplus income proper to the surplus expansion; and some form of magic would be needed to prevent them from discouraging all borrowing. What then is needed is the at once rapid and effective decreasing purchasing power of money that brings about "forced savings." And when inevitably the surplus phase yields to its natural consequent, the basic phase, the old watchwords of thrift and enterprise become counter-productive For then the thrift that is needed becomes less and less a matter of expected surplus income and, while enterprise loses none of its risk, it no longer lures people on with the attractions of the surplus gain to be expected during the surplus expansion.