

Planning and Monopoly

Monopoly and Competition by George Cyriax, Key Discussion Book No. 1. The Institute of Economic Affairs Ltd.

Liberals and Economic Planning by Desmond Banks. Unservile State Paper No. 8. Prism Publications for the Liberal Publication Department.

Government Planning—Economic Growth by Henry Hazlitt. International Freedom Academy, Zurich.

ONE OF the characteristics of modern society about which much more needs to be known is the trend towards bigness. Whether we talk about the aircraft industry or about town planning, the police, or local government, the cry is always for bigger units. The relationship between size and efficiency is a neglected field offering considerable scope for research. It may be, too, that more attention should be given to the effect of bigness on competition.

One of the virtues of George Cyriax's *Monopoly and Competition* is that after first introducing the traditional concept of competition, he goes on almost immediately to consider the ways in which competition has changed in the modern world. Indeed, it seems almost a pity that more space could not be given to a fuller explanation of the price and profit mechanism, though perhaps the sixth former studying economics, for whom the Key Discussion Books are mainly intended, is assumed to have a grounding in this already. Mr. Cyriax moves on to concentration in industry and to monopoly and other restraints on competition, which he looks at in some detail in the remainder of his booklet. This is a most valuable study and not only for the student.

As an argument for economic planning, Mr. Desmond Banks's *Liberals and Economic Planning* (written in 1963) is typical of the vague sentiments of politicians in recent years—Our policy is to have a plan and our plan is the best plan. The approach is what in current jargon is called pragmatic. The basis of Liberalism is a belief in the value of the individual human personality. Liberal principles are not primarily economic, and policies to further the expression of human personality may be either collectivist or individualist. Although, therefore Liberal thought has not been consistent in its advocacy of either collectivism or individualism, it *has* been consistent in terms of giving all men "true economic freedom to match political liberty."

What makes this case plausible is the premise that not only must there be freedom to initiate economic enterprise, but also "freedom from poverty, idleness, slum conditions and economic domination by others." Mr. Banks has evidently not considered the possibility that these evils, far from being an inherent part of a free

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enterprise economy to be alleviated by measures of economic planning, are in fact different symptoms of a single deep-rooted maladjustment. Such evils are eradicated only when there is a change in the conditions that cause them.

An indefatigable opponent of economic planning is Mr. Henry Hazlitt, who in *Government Planning—Economic Growth* discusses the inadequate basis of government statistics and stresses that government planning entails compulsion. Mr. Hazlitt reminds us that we all plan. "The real question being raised," he says, "is not plan or no plan? but whose plan?" He goes on to attack the supposition that planning is essential to growth, and shows himself well aware of the nature and effects of inflation.

The main trouble with Mr. Hazlitt is that his keen appreciation of the dangers of government planning does not extend to the existence of those entrenched evils which a return to free enterprise alone would not cure—the very evils which Mr. Banks rightly could not ignore and which drove him to advocate planning. A return to vigorous free enterprise must be accompanied by a radical reforming approach to the environment in which it operates.

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