

# 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

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.

A.J.C.

## Government to the Rescue!

by P. R. HUDSON

THE NORTHERN PART of England east and west of the Pennines, which includes Cumberland, Westmorland, Northumberland, County Durham and the North Riding of Yorkshire, between 1951 and 1965 lost 100,000 people through migration. This is obviously related to the decline in the traditional basic industries of the region—coal mining, shipbuilding and railway vehicles. The region appears to offer the younger generation, particularly those of high ability, very few outlets for their talents. This is something which the Northern Economic Planning Council hopes will change as a result of its recommendations and subsequent action.

How this will be attempted is outlined in the Council's recent publication *The Challenge of the Changing North*. Needless to say the Government's role in the revival is seen as a considerable one. In the recommendations the Government is asked to:

- \*Encourage industrial expansion by new forms of financial aid.
- \*Steer into the region new industries that will bring their research and development branches with them.
- \*Site government research centres in the area.
- \*Establish a technological university.

*Challenge of the Changing North*. A preliminary study by the Northern Economic Planning Council. London. H.M.S.O., 18s. 6d.

- \*Establish a technical teachers' training college.
- \*Review government training centres in the region.
- \*Review industrial building improvement grants system.
- \*Provide further financial assistance to upland agricultural areas.
- \*Transfer more Government establishments to the area.
- \*Review the Transport and communications system.
- \*Provide special financial support for air services between Carlisle and London.
- \*Establish a major international airport in the North.
- \*Establish an additional medical school.
- \*Consider Tees-side as a national growth area.

Industry, local authorities and other bodies are also urged to improve their methods and make greater efforts to increase efficiency and raise production. The report



emphasises, however, that while industries must be vitally concerned, because of industrial location policy and its dominant position in research and development, "the major responsibility must rest on the Government."

Why is this sort of report necessary at all? Why has the region over a quarter of a million houses approaching the condition of statutory slums? Why does 32 per cent of the population live in municipal housing? Where does the blame for the imbalance of standards between North and South lie?

To find an answer it is necessary to go back a long way in history, certainly to the start of the industrial revolution. The monopoly of scarce and valuable resources (land and capital) by relatively few people made the industrial revolution possible, and the enclosure movement made it practicable. Not surprisingly, the combination of monopoly power and a practically landless population led to exploitation not only of the resources but of the people themselves. The result was the concentration of people in towns and cities, unsatisfactory space standards and limited industrial diversity. More recent years have produced the disruption of the long established monopolistic structure by the force of competition on the one hand and restrictive practices on the other. Trade Union action, rent control, high priced land and sheltered industries have all helped to produce the dismal North—a part of the country that contains magnificent scenery and hidden opportunities.

However, when trends have been permitted to lapse for so long into entrenched and narrow paths, the problem of setting things right is vast. The Northern Economic

Planning Council's approach can thus be easily understood, and if such a body is asked to tackle problems of this magnitude the results can be predicted—the Government then becomes the handmaid of those who wish to contribute positively to the future of the region.

What is really required is a policy of economic stimulation that requires the least contribution from the taxpayer. Such a policy would not be one of special concession to less fortunate regions, but an overall effort to encourage industrial and commercial dynamism on a national scale. A policy of land-value taxation, a reduction of tariff barriers and a lowering of taxation rates would send investment in search of labour and *vice versa*. Given policies of this kind, as each region attained a degree of self sufficiency and diversity, the need for the direction of industry would disappear.

For those who wish to obtain background knowledge of the north of England, the Council's report is well documented and beautifully presented. For those who might wish to find a blueprint for a better life to come, the report's conclusions and recommendations are rather hollow grist.

## Playing With Words

*A Dictionary of Economics and Commerce* by J. L. Hanson. MacDonald & Evans Ltd. 35s.

**T**HIS DICTIONARY will be of great use both to students of economics and to professional men in industry and commerce. It contains some four thousand entries, ranging from the terms of economic theory, through aspects of economic history and contemporary applied economics, to the bewildering technical phrases of modern business. The aim is to give not only a description of an item, but also, where this alone is inadequate, some background information about it.

This approach widens the appeal of the book and has probably ensured it a good sale, but it carries dangers, for the author has of necessity to go beyond what is factual and into the realm of opinion. He does not regard what he says himself as controversial, and when there is dispute he puts the case for and against, but much of what Dr. Hanson gives us reflects current orthodox *assumptions*, and these assumptions are not distinguished from the facts. There is a difference between telling us what a groat is, and affirming with equal authority, that "a general increase in the fiduciary issue may be an indication of inflation, since higher prices require the use of more cash, but an increase in the fiduciary issue is not a cause but a result of inflation, generally a consequence of an increase in the volume of bank deposits."

On the *facts* mentioned one must assume that the author is generally correct, although the statement that the iron law of wages was put forward by the Physiocrats is a little startling, and the author misinterprets Henry George's proposal by assuming that he wanted to