

# Close of the Planning System

The Institute of Agriculture, meeting in Rome, Italy, last month, took a punch at planned economy. But, having no other solution for the problem, they "pulled" their punch very discreetly.

"Unless the world is to acknowledge utter intellectual and moral bankruptcy and admit its planned economy is a system of bold economic suicide, it eventually must change the direction of its planning efforts." So says the report. The emphasis is ours.

The intellectual dishonesty of intellectuals passes all understanding. Here a group of experts—the Institute has a membership of 72 nations, and periodically issues surveys of the world situation—admit that trying to direct economic forces by fiat invites bankruptcy, and yet offer as a substitute only a change of direction. That a recourse to fundamental law might offer a way out does not even occur to them.

See how near they come to the root of the problem. One branch of

production cannot be subsidized indefinitely at the expense of the general community, the experts held, unless the community's resources could be developed rapidly enough so that increased demand would make the subsidized branch self-supporting again.

Subsidies are wrong in principle and treacherous in operation. The only possible justification is the eventual restoration of the subsidized industry to self-support. But, is this possible if the subsidy itself is absorbed in rent? Every advance of the subsidized industry is merely a further opportunity for the landowner to absorb the product, leaving the industry as helpless as before. The "experts" do not see that.

Note again that these experts admit that the present recovery is artificial, then turn about and declare that "intervention and planning were largely responsible for the improvement." Artificial stimulation has restored the body politic to prosperity. If that is so, why not continue indefinitely the same therapy?

The fact is that whatever improvement in our economy we have had has been due to the fact that labor and capital have had a chance to go to work the past few years. They have been enabled by low land values to enjoy the privilege of producing things people want and are willing to work for.

For the most part the artificial restoratives that have been tried delayed, rather than helped, the recovery. The restrictions of planned economy have tended to hold up inflated land values, and thus held back the application of labor and capital to natural resources. If the deflation of land values had been allowed to proceed, and as rapidly as possible, work would have started sooner and advanced further. Planned economy, however, tended to retard this natural recovery.

—F. C.

See: "Protection or Free Trade," pp. 89—93.  
 "Progress and Poverty," pp. 263—273; 281.  
 "Teachers Manual (P. & P.)," L. VI, Q. 17.