

Planning in the Wilderness

By E. P. MIDDLETON

“Outside the Iron Curtain the implication is that the economic system is a ‘free’, or a market economy, but that is hardly true, certainly not in Britain. Our economy is the outcome of a long series of mutually inconsistent political interventions, large areas of private planning and survivals of the free market.”

The pragmatic nature of modern economic thinking has never been more clearly demonstrated than in the recent spate of speeches and articles on the subject of planning, the total impression of which is that basic economic principles simply do not exist.

Despite the tacitly accepted idea that economics is a science, there is nothing in the utterances of economists today which points to any general measure of agreement on a scientific framework of economic knowledge, let alone a clear statement of principles. One needs only to compare a half-dozen economic textbooks through which students have to plough their bewildered way, to realise the confusion that exists among those who claim the right to teach the subject. The confusion is made more evident when those who have survived the textbook and lecture treadmill set out in their turn to advise their fellows on the conduct of economic affairs.

Recently, two broadcasts were made in the B.B.C. Third Programme by Mr. S. C. Leslie, entitled “Planning and Politics,” which represent a classic example of the sterility that is the inevitable end-product of confusion. Mr. Leslie was formerly Head of the Information Division of the Treasury and has held the post of Director of Public Relations in various ministries besides being “consultant on information policy” to a number of industrial organisations.

Mixed, Confused and Half-fossilized

There is no doubt about Mr. Leslie’s knowledge of the general background of confusion throughout Britain on the subject of economic policy. He starts off, bluntly: “Outside the Iron Curtain the implication is that the economic system is a ‘free’, or market economy, but that is true hardly anywhere and certainly not in Britain. Our economy is mixed, and not in the usual sense only; it is the mixed outcome of a long series of mutually inconsistent political interventions, half-fossilized social institutions, large areas of private planning — strictly private — and survivals of the free market. Our great problem is a deep-seated political division which has prevented any persistent attempt to sort this confusion out. Our new policy of planning springs superficially and at the

moment from the demand for growth; but its true parent is the need for greater political coherence, a more orderly pattern of national aims and priorities. It is quaint but not untypical that we should now be trying to tackle this problem by a new technical device.”

Note Mr. Leslie’s own choice of terms: “mutually inconsistent political interventions”, “survivals” (of the free market), “confusion”, “our new policy” (of planning) “springs superficially” (from the demand for growth), “quaint but not untypical” and “a new technical device”. Clearly Mr. Leslie has an unclouded picture of the background of economic confusion, and it would appear to have given even him an ironical view of the floundering attempts being made by the politicians and the experts to get us out of the economic morass.

Unsolved Problems — Wages and Prices

Space limitations preclude our following Mr. Leslie very closely through his analysis of, for instance, antagonistic elements in the body economic (which the planners hope to resolve) such as; “the two great obstacles to growth . . . restrictive practices, and the unsolved problem of wages and prices.” Not that he has not some interesting things to say; a reading of the transcript of these broadcasts, in *The Listener*, March 1, and March 8, 1962, is recommended as both entertaining and illuminating — as far as they go. The trouble is they go almost nowhere.

It is tempting to quote from every paragraph. “The determination of salaries and wages is the last refuge, in our increasingly rigged and managed economy, of the three forces most immovably resistant to official leads and directives. The forces of the labour market, the appeal of group loyalty historically allied to the sentiment of social justice, and the hypnotic power of status.” Economics for the primary schools, no doubt, but dressed up in most impressive prose. “For fifteen years”, says Mr. Leslie, in his delightful vein of mild satire, “our governments have been seeking to come to terms with these intractable facts. At times they have made cautious experiments in altering the balance of the labour market by restricting demand. But public opinion sets narrow limits to that method. Mostly they have used exhortation. This began as a proclamation of one aspect of the truth, but gradually and by inevitable repetition it came to resemble incantation, the method of the African witch-doctor, without his command over the sub-conscious mind of the tribe. Familiar as this problem is, I am not sure even now how widely the forces that create it are understood.”

Unplannable and Unamenable

"The British people have so far made the level of incomes the great unplannable item, neither economically determined nor amenable to political management." And with this and subsequent passages, Mr. Leslie poses the problem of whether he is continuing to mine his vein of irony or is just being seriously naive. How, for instance, is one to take the following: "Most people think that no worker who may be the head of a household should be paid less than, say, £9 a week at today's values; and that any group of workers who have achieved a higher basic standard are entitled to keep it. That is, any basic real wage must provide a subsistence, according to present social standards, and no basic real wage should ever fall. Behind this doctrine is a powerful head of steam generated by over a century of struggle and resentment and by some rooted convictions about social justice. The fair minimum is in fact the just wage in modern dress — a respectable idea of much greater antiquity than Adam Smith."

Trade Unions' Laissez-faire

Mr. Leslie goes on to discuss such fetishes in Labour's body of doctrine as "comparative status", "differentials", "parities", "fair wages", etc. "Ever since the war the interplay of these social ideas has been the mainspring of wage movements. The cost of living goes up, the next wage settlement must offset it, then all the other basic wage rates must move to preserve due relativities. This process has often been condemned, politically and academically, in the name of economic principle." But, says Mr. Leslie, "when you talk of economic principle to the trade unionists he takes up the argument in his own way. If you think social sentiment misplaced in dealing with economic questions and believe rather in a free market system, he will say, what is wrong with free collective bargaining? More than that, why object to the bidding up of the price of labour by individual employers who need it? Mr. Frank Cousins puts it in crisp trade unionist language: 'If it's to be a free-for-all, then we're part of the all' . . . So we have here a pervasive and firmly held sentiment compounded of moral ideas, social attitudes, and a shrewd preservation of the Victorian doctrine of *laissez-faire*, in which the unions were cradled, just where it helps most. It is not theoretically consistent — any more than is the patchwork of *ad hoc* arguments and exhortations which oppose it."

Then Mr. Leslie goes on to discuss what is referred to as "economic war on organised labour" and presents examples of the sort of weapons which have been used to bludgeon labour into being good. He refers to the latest device which one can hear whispered at the present time which is "to get the job of bringing the unions to order done painlessly — except to them." This device is "the impersonal force of international competition through the

Common Market." He admits that, should this be attempted, "the domestic political consequences would surely be unpredictable, possibly far-reaching and dangerous."

So then we come to the White Paper "plan for wages." This rejects the idea that no real wages must ever fall, relegates differentials to a subordinate place, and rebukes the natural forces of the labour market. Among other inhibitory things "it turns its back, officially and perhaps finally, on the conception of economic freedom which was once the guiding light of Conservative policy." (Now, of course, we are being offered another, less pretentious, "guiding light"). One can only agree, however grimly the fact presents itself, that altogether, it (the White Paper) seems much more of a political landmark than has been generally realised.

Rigging the Economy

Yet Mr. Leslie is not without hope that planning may bring us nearer to growth without inflation provided it is well enough done. He goes very thoroughly into the organisational machinery required to achieve this, though one may look in vain for any reference to, for instance, currency manipulation, which no doubt Mr. Leslie would consider an irrelevance. However, in examining what he calls the Government's tools of planning Mr. Leslie has something to say about the tax system, shading off into the subsidy system which is its complement. The historic role of taxes, we are told, is to raise enough revenue, equitably.

"Many of the methods used in recent years have been a series of operations on the economy, a variety of ways of rigging our markets to make them yield the results the Government wants; tariffs, and differential ones at that; purchase tax — deliberately uneven and at times deliberately surgical in its effects; investment allowances, favouring a particular type of business policy . . . agricultural subsidies . . . payments to shrink cotton and payments to stretch Atlantic liners; oil taxes that protect coal; cheap loans to build big steel works and to bring factories to sluggish areas . . . without a set of clear and stable economic purposes, the present conglomeration could hardly embody a plan."

Affection for Fabianism

Without pausing to ask Mr. Leslie what "economic purposes" should be invoked to turn this "conglomeration" into a plan, we move on to his comments on the public sector, with particular reference to the nationalised industries. These, he says, in their original conception, "were to serve as rational instruments of an orderly economic policy. The problem of using them in that way has not been solved in the first fifteen years of their life." He discusses the difficulties, among which is the fact that they have "constantly suffered in emergencies from

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THE SEAMLESS GARMENT

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would work smoothly in all its public affairs, only suffering decay and death in the individual organism by the universal law of nature.

A world set free means a world which has returned to the natural order and in which the sap flows with full vitality. In such a world the ebb and flow of life, the *systole* and *diastole* of nature, the birth and rebirth which throughout the ages has been the sign and signature of nature would be recreated on the highest and most intense level, surging with the vitality of untrammelled and joyful creation. Individuals would be born, grow and die, societies would arise, flourish and disintegrate, without bloodshed or the ruin of civil strife. The forms of art and religion would manifest themselves on new and more marvellous levels, and the machines we have under monopoly learned to fear would reveal in their very structure the shaping hand of man. Machines as varied and as glorious as the old temples and cathedrals would arise, informed with the art that only shows itself when nature's rhythms are still felt. The vision of Shelley, poured forth in the darkest days of the machine age, may yet point to a glorious resurrection.

The world's great age begins anew,

The golden years return, when the "seamless garment" is restored.

We regret the misplacement of type in the setting of last month's article by Mr. McEachran. Reprints (corrected) are available on request.

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political pressures." Mr. Leslie says "it is sad that these brain children of the Fabians . . . have not been allowed to rise further above the all too common industrial methods of hunch and obscurity." And Mr. Leslie's affection for Fabianism leads him on to his peroration which, while indicating clearly enough where he learned his economics, offers the earnest student in search of economic truth no single crust of assuagement.

"The advent of planning as a means of introducing a coherent pattern into the private sector must make it less difficult for an honest Government to achieve rationality in its own special province. The targets that planning may work out for private industry will have implications for the public sector . . . if planning becomes a going concern, it will be easier to keep economic policy out of politics in the cheap small town sense, and to entrench it more firmly as part of the country's political strategy in a broader and worthier meaning of the word."

Obviously, Mr. Leslie has travelled a long way from Adam Smith.

DON QUIXOTE RIDES AGAIN

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George spent much of his life in California. Economic ideas, as ever, he says, have their nexus in their environment.

Mr. Galbraith has given us a splendid analysis of modern American society, in which one can see clearly enough corresponds with our own and any number of other industrial societies of our day. A social study of the first order, perhaps; but as an economist, Mr. Galbraith's worth may be gauged from the nature of his own proposals to remedy the social ills he so skilfully portrays.

"The need to provide jobs requires us to face the unhappy choice either of having the economy constantly under inflationary strains or consigning some part of the working force to joblessness or inferior income. Obviously, we shall not reap the rewards of affluence until we solve this problem."

And the solution? Unemployment compensation. Compensation which fluctuates in rate with the rise and fall of unemployment: high, approaching the average earning rate when unemployment is high; low, but above subsistence level, when unemployment is down. Then there should be controls of prices and wages by public tribunals and increased public services are to be financed by special additions to income tax, graduated on ability-to-pay basis.

On the face of it, there is little to wonder at in Galbraith's panegyric on Marx.

W. HARTLEY BOLTON

With sadness we report the death last month of Mr. W. Hartley Bolton who recently underwent an operation from which he never fully recovered.

Hartley Bolton's association with the Henry George movement was a lifetime one. He was the chairman of the Fourth International Conference to promote Land-Value Taxation and Free Trade held in Edinburgh in 1929.

He was a teacher by profession but engaged in many outside activities. He was a member of the Esperanto Association, a writer and lecturer and, following his retirement in 1960, a representative of the Rating Reform Campaign.

He will be greatly missed. To his wife and relatives we extend our sincerest sympathy.

THE THEORY OF HUMAN PROGRESSION. By Patrick Edward Dove. Abridged by Julia A. Kellog, who in a foreword writes: "The book is the single-tax theory elucidated a generation in advance of Henry George. What Dove did for scholars, George did for the masses." Paper, 142 pages. 2s. 6d.