

of land will be stimulated, whatever else is stimulated, and the curve of taxation on the graph of national expenditure will take a sharp rise. Such is the wizardry of planning, and interference with the distribution of industry.

The consuming public, the customers of the industries to be planted in the special areas, will have to pay more for their commodities on account of increased cost of production, will pay more in taxa-

tion because the Board of Trade is stimulating the speculative price of land and thus the public will, with a given amount of money, be able to buy fewer commodities than under a freer economic system. In the long run, and not so long at that, for every worker found employment in the special areas, others will be put out of work, both there and in the country as a whole.

We have not forgotten that the evils

of this system may lead to the attempt to mitigate them by the device of subsidies, as provided in certain circumstances under this Bill. That, however, is an aggravation of the injustices of this type of legislation. It discriminates in favour of some businesses over others, and makes the taxpayer pay for the mistakes of faulty statesmanship and unenlightened political leadership.

D.J.J.O.

FAULTY PACIFIST ECONOMICS

"PEACE NEWS," the organ of the Peace Pledge Union, carried an article on March 2 by Mr. E. F. Schumacher, of the Institute of Statistics, Oxford, on Planning plus Freedom. He is described as one of the most brilliant and successful of the younger economists, and a close collaborator of Sir W. Beveridge in his "Full Employment" inquiry. Mr. Schumacher quotes with approval from the book *Diplomacy in Fetters*, by Sir Victor Wellesley, the view that "foreign policy depends more on the co-operation and co-ordination of international economic activities than on any other factor," but that such co-operation "implies, if not national ownership, at least centralised control and planning on a scale unknown in Great Britain until it was forced upon us by the war." One might answer that the control and planning forced on us by the war is not an example of world co-operation, but of world war.

Mr. Schumacher would like to have the best of both worlds, and to avoid the inevitable effects of his full employment policy, of which he seems to be unconsciously afraid. Unless we have an internal "expansionist" policy of full employment, he says, we cannot have an expansionist world system. "International planning and internal *laissez-faire* are as incompatible as internal planning and international *laissez-faire*." He sets up his own Aunt Sally and neatly knocks her down. The antitheses are stated wrongly; the opponents of planning oppose it internally and internationally. And *laissez-faire*, rightly understood, is a policy for the nation and the world.

Mr. Schumacher's reply to this is that "the ideology of *laissez-faire*, which has now only a handful of adherents left in this country, is still dominant in the field of international economics." Whatever people think about *laissez-faire*, at home or abroad, and there are more who understand its meaning than Mr. Schumacher thinks, it is practised neither nationally nor in world affairs. Governmental "lend lease" arrangements, and private business world "cartels" can hardly be cited as instances of "dominant" *laissez-faire* ideas.

Mr. Schumacher's real reason for saying that *laissez-faire* is dominant internationally, is that "the measures relating to foreign trade control which are (for

most countries) an indispensable precondition for the successful pursuit of internal full employment are still almost universally denounced as economic nationalism." "A handful of adherents" and "universal denouncers" hardly seem to fit together in the picture. But the phrase which is italicised in Mr. Schumacher's article is in fact "economic nationalism," or to give it the older name, it is sheer Protectionism in new phrases. Those who remember the arguments of the now discredited Chamberlain school will recognise the marks. We are not to allow the free play of world exchange of the goods of the world because it may cause displacement of some trades at home. This argument only had force in circumstances created by land monopoly. If free land had accompanied free trade the Protection-cum-economic-nationalism policy would never have deluded the public.

"Free access to world trade does not mean free trade," says Mr. Schumacher. The fullest exchange of goods, he argues, is ensured by planning and co-ordination, and purposive direction. He means by planning the use of devices such as barter, clearings, bulk purchase and sales agreements, "discriminatory" arrangements of mutual aid, and so forth. The insistence, on the other hand, on "free" convertibility, on the "removal of obstacles," on the abolition of all trade controls, and so on, he regards as the most certain way of forcing the majority of nations into a high degree of national autarchy. As autarchy is still another name for protectionism, for setting up governmental obstacles to trade, it is difficult to see how the insistence on removal of obstacles will force nations to set them up. We are reminded of the Labour candidate we heard of who said he believed neither in Free Trade nor Protection. Mr. Schumacher will have to choose one of these systems, and to learn that they are mutually exclusive.

The article ends with a weak analogy to bolster the faulty argument. Planning by barter, discriminating purchases by Governments, etc., are said to be on the same principle as the rule of the road and the traffic lights system. This is begging the question, which is, whether trade interferences under the name of planning do really facilitate world access to world resources in the same way that traffic rules facilitate road movements.

Experience proves the contrary. The real analogy to the kind of planning Mr. Schumacher stands for is the old toll-bar system, and the introduction of passports and licences on the motor roads of the country. The rule of the road does not include giving priority and privileges to governmental transport vehicles, nor the carriage of government goods for sale in competition with other road users. The traffic lights system is analogous to the true *laissez-faire* system, it prevents the creation of obstacles, and gives a clear road to all legitimate traffic, whether private or public vehicles.

Shaky economics such as in this article of Mr. Schumacher's will not help the constructive peace aims of the Peace Pledge Union which long ago declared against the economic nationalism of which the article is a sample. D.J.J.O.

TOWN PLANNING EXAMPLE

SOME OF the hindrances to town planning are illustrated by an example from Stockport. In 1940, Merseyway, the new road through the centre of the town, made by covering the River Mersey, was completed at a cost of £130,000. This fine instalment of town planning was followed at the last council meeting by the decision to buy land on Merseyway for further improvements.

The site is to cost £18,500, equal to £13,000 per acre. Before the river was covered this was probably back land of no value, and its present high frontage value is the result of the improvement at the ratepayers' expense. If it is vacant land it has been paying nothing towards the rates which have been used to increase its value. Had the rating of land values been in operation and the Stockport rates of about 10s. in the pound been levied on the annual value of this site, the owner would have been paying back annually about £330 of the land value created by public expenditure. Under the pressure of such a rate it is more than likely that the Stockport Corporation would have been able to acquire this site for planning improvements much sooner and at a less exorbitant figure. As it is, every planning scheme makes the next more costly by sending up the cost of land, and every improvement is made under duress of land monopoly.

(Douglas J. J. Owen in the *Manchester Guardian*, March 28.)