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The Evils of Planning

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## LETTERS

The editor cordially invites readers to send letters of not more than 350 words to Challenge, 901 North Broadway, White Plains, New York 10603.

### **The Evils of Planning**

I WAS FLATTERED to have my article "Planning Disaster" reprinted in your July-August issue, and still more flattered that your editor, Myron E. Sharpe, considered it worthy of a special reply by himself. But his reply does not seem to me to have really answered any of my chief criticisms of government planning.

I contended (quoting Lionel Robbins) that government economic planning denotes central control of the means of production—excluding the right of individual disposal of one's labor, land, or capital—and is in effect just another name for socialism. Mr. Sharpe replies that this depends on "the degree of detail" of planning. But this merely means, it seems to me, that partial government planning is only partial socialism. Complete planning would still be a complete socialism.

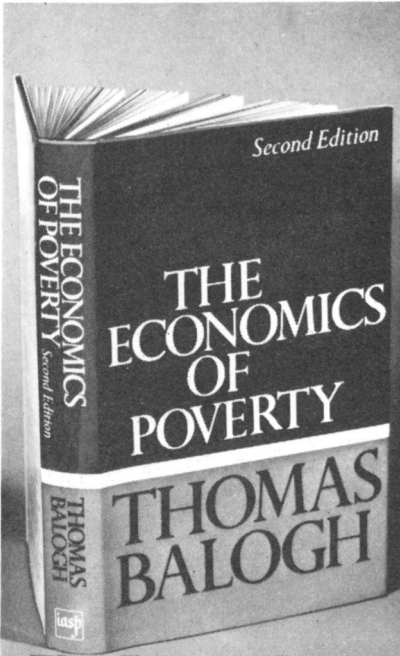
We need not put too much stress, however, on a definitional question. The essence of so-called planning is that it substitutes the production judgments of politicians and government bureaucrats for those of private entrepreneurs. Whatever the mistakes of the latter, these political judgments are bound to be systematically worse.

My article pointed out that government planning necessarily involved coercion of producers by politicians and bureaucrats. Mr. Sharpe concedes this, but replies in effect—so what? Aren't the traffic laws, and so on, coercive? Quite so: but two crucial distinctions must be kept in mind. All law necessarily involves some coercion; but true believers in liberty want to minimize

that coercion, not maximize it. And there is a vital difference between general laws that apply to everyone without distinction, and imposing punitive taxes on A while granting discriminatory favors to B ("tax and credit policies," as Mr. Sharpe calls them) in order to bring about some specific economic sector-by-sector "balance" fancied by the politicians.

Mr. Sharpe himself indicates approval of two specific forms of planning: "high taxes on gas-inefficient cars and easy credit terms for municipalities that build better transit systems." But the latter means that someone—presumably the federal taxpayers—would be forced to subsidize below-market interest rates in order to build more of the kind of transit systems that are already proving their economic wastefulness by their chronic huge deficits. And the former is a measure that is unnecessary, because scarcer and higher-priced gasoline is already leading consumers to demand more gas-efficient cars and forcing American automobile companies to meet the demand. The tax would, however, do two things: it would further injure the American automobile industry, and the employment it provides, until it could complete the change-over; and it would fall chiefly on the lower-income car owners, who can't afford a new car immediately, and have to keep driving their existing "gas-inefficient" cars.

Mr. Sharpe says we need government planning because: "Private planning is disrupted by inflation, unemployment and shortages." In other words, we need more government planning because private planning is disrupted by previous



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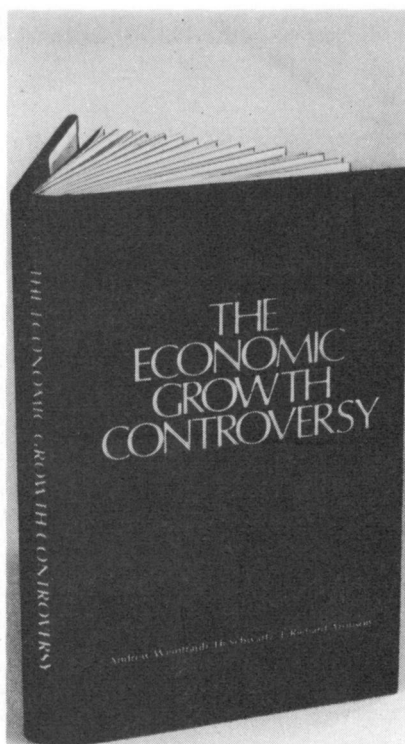
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government planning! For inflation is caused solely by the issuance of too much paper money, which is government planning. Unemployment is caused chiefly by minimum-wage laws and by excessive union wage rates forced on private industry by federal and local laws granting special legal immunities to unions while compelling employers to "bargain collectively." And shortages, where they arise, are usually produced by government price-fixing.

Again and again Mr. Sharpe forgets that we already have government planning, and that it has produced the very situation he now complains of. It was government "planning" that forced down the price of natural gas for twenty-one years and brought on the present serious shortage and continued wasteful consumption of that product. It was "planning" that for years held up our access to Alaskan oil. It was "planning" that held down American oil prices when the Arab oil embargo was imposed and discouraged production while encouraging wasteful consumption.

Mr. Sharpe dreams that future government planning will mean "thinking in terms of actions over long periods of time instead of simply reacting to emergencies." But past government planning has systematically meant adopting short-sighted policies. It will continue to mean that, because it is the very nature of most politicians to respond immediately to short-sighted clamor. That is why, instead of adopting the policies calculated to do most to encourage domestic productions and discourage wasteful consumption of oil and gasoline over the next decade, the first response of our politicians, after the OPEC nations jacked up the price, was to put the blame on our American oil producers, to slash their profits, and to discourage them from investing and expanding.

HENRY HAZLITT  
Wilton, Conn.