

BIG BROTHER — LITTLE BROTHER

COMMUNISM AND THE PLANNED ECONOMY

By Paul Knight

A PAMPHLET entitled *Communism and Planning*, recently issued by Soviet Booklets, London, and written by L. Lukanstev, purports to show the overwhelming advantages of the Soviet planned economy over what is scornfully referred to as capitalist guess-work. It would appear to have had considerable influence on Western economists, judging by their current devotion to the planning idea, notably in Britain. The Conservative Chancellor has shown himself a peculiarly apt pupil.

This apparent paradox is easily explained when the ignorance of economic laws, common to both Marxists and the so-called "free-enterprisers," is borne in mind. The problem of cyclical booms and depressions, an inevitable concomitant of Western economic practices, has been virtually eliminated by the Soviet system. This, the one constructive thing the Russians can truthfully lay claim to, has been the cause of the secret envy felt by Western economists, and responsible for the steady infiltration of Marxist theories among them. The cost of achieving this in terms of human liberty and initiative is ignored in the Marxian utopian fantasy; and, in their desperation to get themselves out of the impasse in which they find themselves, Western economists are prepared to follow the doctrinaires even through the prison gateway.

Mr. Lukanstev, writing at a level evidently intended for a socialist youth league, opens his story with this remarkable claim:

"It (the Russian Revolution) was the birth — for the first time in human history — of a state which controlled its future." "The socialist revolution," he says, "abolished the exploitation of human labour for all time. A new, responsible and bold master came on the scene of history — the working people. They put an end to anarchy and reckless, selfish greed. Socialist society gave birth to advantages unknown to the old world. One of them was planned economy."

Then, after offering his no doubt overawed students this gem of economic truth: "very often vast resources and the efforts of thousands of people are wasted simply because the delicate mechanism of the national economy controlled by private interests is a toy of elemental forces;" he retells a story by one Ilyin, "well-known Soviet writer," about three fantastic capitalist characters who go in for making hats in competition with each other. They are surely the strangest people ever to venture into business for, ignorant of the fact that "the public is not buying hats any more," they go on flooding the warehouses of the country with hats until one of them wakes up and starts to sell at 20 per cent. discount; a competitor

makes a 40 per cent. cut and the third man "sells at a loss" — "but still business deteriorates."

"This," says Mr. Lukanstev, "is perhaps a naive picture." Further comment would be superfluous. The point Mr. Lukanstev wishes to make is "The men who do business find out only through the reaction of the market whether the articles they manufacture are needed or not and in what quantity." Which, of course, to one raised in the Marxist tradition of "production for use," is anathema. The fact that *someone* must decide which is the correct use, and how much shall be so used, is not discussed.

One of Mr. Lukanstev's more amusing demonstrations of Marxian economic doctrine is this: "Planned economy is not just someone's invention. It comes into being at a definite stage of social development — that is when private ownership of the means of production is replaced by public ownership." The "stage of social development" is pin-pointed exactly for us; it is, of course, the revolution.

Mr. Lukanstev then goes on to the full story of how Soviet planning works, revealing, as he does so, the Russian national fixation about the United States. On almost every page one finds schoolboy boasting, often by means of childish diagrams, of the "anything you can do I can do better" variety. You can almost see Mr. Lukanstev's tongue sticking out rudely at the Statue of Liberty.

But one of the most interesting examples Mr. Lukanstev furnishes of Marxist double-think is given in his explanation of the difference between socialism and communism, the latter being "a higher stage of social progress." "Under socialism," he says, "man's material welfare depends mainly on the quantity and quality of his work. The better he works, the more he earns — that is the socialist principle of payment according to work performed." For those who doubt that this could really be what Mr. Lukanstev means, there is holy writ to substantiate it. Mr. Khrushchev, speaking before the Politburo on March 27, had this to say: "If a man merits additional pay, you have to pay it to him. We cannot allow any kind of grab, such as raising work norms or lowering purchase prices — a sordid practice which, under new forms, continues the corruption of the past. *Communists must understand the power of material incentives and esteem highly the principle of material self-interest.*"

Planning is a science, says Mr. Lukanstev, though what he really means is that it is an art. But a plan, he tells us, becomes the Law. And, in case the people don't realise this, "the state offers material incentives to the

people to fulfil it." "The science of planning in the U.S.S.R. is based on unified and integrated programmes which observe a strict ratio between the components of the national economy, all subordinated to their growth in the national goals . . . These assignments cannot, of course, be made arbitrarily. Planning does not mean that society can revise its plans at will. The ratios in the national economy are not established because of somebody's whim — they are subordinated to definite laws the violation of which would disrupt and paralyse the country's economic life." Yet, "No ratios ever remain constant," so it becomes "important to anticipate such changes and alter national plans in order to forestall imbalances . . ." This astonishing self-eating exercise concludes with the pronouncement "Planning is also scientific because it is based on knowledge of economic laws." Laws unspecified; unless you can include "the law of the continuous rise in labour productivity" as one of them.

But however mythical the economic laws supporting the Soviet planned economy, there can be no doubt that Mr. Lukanstev's proud boast that the Soviet Union knows no crises or depressions is, in the sense in which he makes

it, true. "Its national economy makes steady headway at a high and stable rate. Unemployment has been done away with . . . The right to work, leisure and education is inscribed in the Constitution." We may know how much salt to take with the whole of that statement but, basically, it is demonstrably true. It does not follow that this is the direct result of planning. On the contrary, it can be demonstrated that, whatever economic advantages the U.S.S.R. enjoys over Western countries they are due mainly to one thing (and this is true despite planning and dragooning and suppression of human freedom of choice and initiative, not because of it) and that thing is Rent. The Soviet society collects the rent of land — however inadequately — instead of allowing individuals to monopolise it, as in the West.

This being so, how much less likely to succeed is Western-style planning, lacking as it does the basic advantage of land-value revenue and handicapped because of this by the ever-increasing burden of taxation? But we must not make the collection of the rental value of land a condition of state planning for this must stand or fall on its own merits.

WANTED: A MODERN SOCRATES

THERE are I believe still a few people who maintain that the earth is flat, although further organised attempts to propagate the theory have finally been abandoned as hopeless in the face of universal disbelief. It would, nevertheless, be interesting to speculate on the effect that widespread acceptance of the theory would have had on concepts of geography, demography and related sciences, assuming that Galileo had never lived and maritime exploration had not challenged and exploded it.

However, scientific knowledge has proceeded like a tidal wave, to obliterate "flat-earth theorists" in all departments but one. The exception is modern economics. Nothing is now likely to happen to upset the basic premises of physics, chemistry, anthropology, even astronomy. Economics, on the other hand, is like a dream adrift in the unconscious, looking for a mind in which to come to rest. Or perhaps more appropriately, like a swarm of bees without its queen; disorganised, disorientated, it drifts from point to point, pulled this way and that by the nebulous impulses of its members.

The bewildered murmurings of the swarm are constantly beating upon our ears. More ominously, economics has the permanence and respectability of a religious cult, assisted undoubtedly by the developing incomprehensibility of the jargon in which it is rendered.

Economics, you might be forgiven for imagining, would have to do with an understanding of man's nature and the way in which he proceeds to satisfy his needs within his environment with the faculties he possesses and the

skills he may develop. You would be sustained in your conclusion by the writings of the great minds which were bent to this subject during the past two hundred years or so, Quesnay, Turgot, Adam Smith, Ricardo and Henry George. But that was one thing; "modern economics" is quite another. You may understand the nature of this difference if you listen to the jargon in which the practitioners of modern economics endeavour to express themselves: "arbitrary percentage limits of unused capacity;" "import-export ratios;" "deficit-conscious nations;" "incomes policy;" "demand-capacity relationship."

What is the popular "image" of economics? What impact does it have on the ordinary man or woman? Would it not be correct to say that, to the general run of people, economics is a rather obscure profession engaged in remote academic discussion of highly speculative propositions quite unrelated to the ordinary business of earning a living or managing a business? The swarm has been buzzing about the ears of the common man for so long, and the comprehension of its language has become so progressively more difficult, that he may be excused for holding such an impression. And only in the case of its assumed lack of influence on society's future would he be wrong.

Its influence could, if not checked, be devastating. For the spurious authority it is being accorded by well-meaning but ignorant or obtuse men in the seats of power, is potentially dangerous to society. For economics, as practised and taught in this country and throughout the