

Reply

by Clive Bell*

Teddy Brett's sometimes amusing, but more often confusing paper defies straightforward comment. In order to see better what he is driving at, I shall attempt to summarize the points which appear to be central to his argument:-

1. Planners (in Brett's view, economists), in their concern to read the future, *ipso facto* lose contact with the real world. Thus "plans fail to reach their targets or do so by accident".

2. Planners are to be exposed and resisted because their creed (or rather the one carrying Brett's *imprimatur*) necessarily places them either in a position where they apply "valuefree" tools to achieve the objectives laid down by the politicians who employ them, or one in which they retain their autonomy by manipulating the decision-making process. In the first case, they are merely the naive or acquiescent servants of an elite, while in the second, they themselves pursue elitist policies.

3. Planning is not concerned with measures of progress other than that provided by the growth of GDP. Its claim to "rationality" is an attempt to isolate and disarm those groups (perhaps the majority of the population) who lose in the process of economic change, for changes in the degree of inequality are not reflected in GDP figures.

Let us examine each of these in turn.

The first point raises two separate issues and deserves a more thorough discussion than its use as a waspish opening gambit. By implicitly labelling the prediction of the consequences of pursuing any set of policies as "reading the future", Brett wants us to give it a status comparable to that usually accorded to clairvoyancy. In doing so, he completely misrepresents

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(or misunderstands) the nature of the claims made by economics as an (admittedly imperfect) predictive science. For example, if an extra £1,000 million of aggregate demand were injected now into the UK economy, a competent economist in the field could probably specify the consequent fall in the proportion of the workforce still unemployed in a year's time to within one or two tenths of a percentage point. The fact that no economist, however inspired, could get the figure right to the last man does not make the former prediction useless. This is not to argue that any margin of predictive error is admissible or that economists have never "failed" in this sense, but only to state the obvious point that judging "success" or "failure" requires agreed criteria. The one that Brett seeks to impose cannot be seriously entertained. A related point (and one which he seems to have had in mind later in the paper) is that economists may not be able to predict the future movements of crucially relevant non-economic variables. For example, how high can unemployment rise before there occurs a serious political upheaval? This is certainly a question to which a good "planner" (as opposed to a mere economist) must be able to give an answer (we will excuse him from trying to get the figure right to the last man), and it can be asserted with some force that planners who are basically economists have often been woefully naive politically.

The second issue here concerns the vital distinction between the "Plan" as a document embodying a set of targets and the means to achieve them, and planning as an ongoing input into the much wider process whereby particular structural changes in a society are consciously and deliberately sought. Many of these structural changes remain necessarily imperceptible for decades or even generations, and in consequence, do not and cannot figure in the balance sheet of success and failure in meeting the targets of a five year "Plan". To judge the success of planning purely in terms of fulfilling plan targets is to fail to understand the nature of planning(1) and to take the rhetoric of "Plans" at its face value, something which Brett rightly insists

This point is stressed in different ways by Dudley Seers, "The Prevalence of Pseudo Planning", and by Brian Van Arkadie, "Planning in Tanzania" in M. Faber (ed.), *Crises in Planning: Issues and Experience*, Sussex University Press, (in press).

must not be done.

Of course, it may happen that particular regimes (Haiti, doubtless, included) pursue objectives which offend the moral sensibilities of not overly sensitive planners. Whether or not planners should contribute to the achievement of such objectives is for them very much a moral choice; but what has been argued here about the predictive power of economics and the nature of planning remains unaltered. Again, "Plans" are often empty exercises quite devoid of political and operational content, (1) a state of affairs which often prevails in situations posing acute moral dilemmas. A claim to have planned Haiti deserves to be treated with contempt, but for reasons which Brett has left largely unexpressed. The alternative to a conscious and deliberate search for policies to bring about desired structural changes in society is to leave the process of change to be determined by the operation of the *force majeure* of nature. To choose that matters should be thus is also to make a moral choice.

Now to the planner's "creed". The difficulty with descriptions of this kind is that the likelihood of finding more than a handful of individuals who approximate even roughly to such a stereotype is very remote. Would any right-minded, paternalistic father allow his daughter to marry such a man? Article 1 is for wishful thinkers and the malevolent - "give us the ends and we will furnish the means". Of course, any claim to "rationality" except in terms of the ends sought is untenable in this case. What counts is that the use of social science techniques is not value free. It should be clear from even the most cursory examination of the process of planning that an economist's economist cannot subscribe to Article 2 - that planning is economic. The true malaise is that planning is often obsessively quantitative simply because numbers are much easier to grapple with than processes. The statistic "200 extra co-operatives" is just as much a social or political indicator as an economic one. (2)

(1) Dudley Seers, *op.cit.*

(2) The definition of what is "economic", even within the discipline, is a contentious issue. Bhagwati defines an economic policy to be one which moves the society closer to a Pareto optimum. Accepting this criterion, many import substitution programmes followed by LDCs must be judged "non-economic".

Strikingly enough, Article 3 is a *non sequitur* in relation to 1 and 2, so only those deficit in logic need subscribe to it. The notion that economists involved in planning do their work bound by Pigovian strictures concerning the "measuring rod of money" is just not sustainable. Granted a modicum of professional competence, they can usually arrive at policies which will promote (if not achieve) the maximization of any weighted index of commodities and levels of factor use, and since planning is to some extent a substitute for the market process which creates values in the sense of determining money prices, it is anything but solely concerned with money. This countervailing influence to the Transatlantic tradition is traceable to the Soviet experience and is an undeniably healthy one. Moreover, the whole tortured welfare economics debate of the thirties and forties, to which Pigou made a distinguished contribution, was precisely about the distribution of goods among individuals and how the welfare effects of changes in that distribution were to be judged. There has never been any suggestion that maximizing GDP necessarily maximizes welfare. In fact, the issue of whether those who lose by a change could be compensated by those who gain, if never fully resolved analytically, has occupied an important place in the literature. (1) If "Plans" have failed to take account of the distributional consequences of the policies contained therein (and this has often been the case), there has been a failure, not of economics, but of plan economists imprisoned in intellectual stasis by cherished but inappropriate models.

There remains the charge that "planistrators' rationality (is substituted) for demands from below as the basis from which economic policy should be evolved". Whether or not planning promotes and reinforces elitist politics is a very important question. The only point I wish to make concerns the nature of "demands from below". If these stem from populism, then there can be no planning in the sense discussed here because the process of achieving long run structural changes is almost certain to be incompatible with populist politics.

(1) This has been especially true of the debate as it affected the theory of international trade. *Vide*, W. F. Stolper and P. A. Samuelson, "Protection and Real Wages", *Review of Economic Studies*, vol. 9, (1941); and P. A. Samuelson, "The Gains from International Trade Once Again", *Economic Journal*, vol. 72, (1962).

Other well known variants are democratic centralism, which in practice is overwhelmingly central and not particularly democratic, and decentralization on the East European pattern, which is apparently concerned with improving economic efficiency by providing managers with greater decision-making autonomy, but is probably more an institutional response (a change in the rules of the game) to the emergence of a substantial middle class. Some writers(1) have advanced arguments in favour of central planning for less developed countries on the grounds that management and decision-making ability are an acutely scarce resource which must, therefore, be used centrally and that profound structural changes require strong central direction. Where "demands from below" enter all this is left far from clear. But the process whereby groups compete for resources will not wilt for lack of academic commentary.

Finally, and very briefly, I want to restate the well known point that "planning" is often a facade, sometimes an empty one, at others a substantial item in the armoury which sustains in power corrupt and rapacious elites. If that is Teddy Brett's central message, then I have no quarrel with it.

(1) Brian Van Arkadie, *op.cit.*, and Arnost Tauber, "Development and Changes in Conceptions of Planning in Socialist Countries", in Faber, *op.cit.*