cratic planning" come to grief on the measurement problem: they need a "market" to give them signals about the point where the weakest desire is willing to fork up something for the last item that a producer is able to put up for sale without going broke.

Millions of Planners

The dependence of "planners" on evidence gathered from "unplanned" systems leads Mr. Lax to transvalue the usual terms of discourse. It is not really true, he says, that "invisible hand" capitalism is an "unplanned" affair. Under unfettered capitalism it is the individual consumer who does the "planning." He tells the producer what is wanted, and in what proportions. It may seem strange that a city like New York, with eight million people, gets its morning coffee without any "conning tower" consideration of how many coffee trees should be planted in Colombia and Brazil, or how many coffee roasting establishments should be financed, or how many ships should be dispatched to Sao Paulo. Actually, however, a couple of million housewives, each planning for an individual family, add up to a total "plan" for coffee delivery in the New York marketplace. No bureaucrat could do as well as the "invisible hand" that takes its orders from two million "planning" housewives.

Under "consumers' capitalism," energy goes to where it is needed most. In countries where "bureaucratic capitalism (or state socialism) reign more or less supreme, the disposal of energy must be allotted in accordance with the prejudices and the guesses of the commissars. In the "mixed economies," where there is some freedom and some of what might be called "planning-by-guess," energy moves into action in distorted ways. Most of the nations of the world have "conglomerate" systems. But the ones that do the least "planning-by-guess" have the highest standards of living, other things (such as soil endowments, the availability of water, and so on) being equal. Even in places like Japan, where land is at a premium and most raw materials must be brought in from overseas, freedom can create a prosperity that is the envy of bureaucratic economies that are better endowed with such things as coal and iron in the ground and wider horizons for the growing of corn and wheat and cattle.

Resort to the Rule of Force

Since bureaucrats resist letting the "market" decide, they are thrown back upon the rule of

force. The "planners" have to make use of the secret police and the torture chamber to push production into the channels they have arbitrarily chosen. The "bureaucratic capitalist" nations become "giant tribes," in Mr. Lax's appropriate description. They trade with each other by barter ("if at all"), and every competing tribe is suspect. And, to keep people from emigrating to places where individuals do their own "planning," the "giant tribes" ring themselves with land mines and ugly walls, "with police dogs patrolling the exits."

Periodically, in the "bureaucratic capitalist" systems, the inefficiency becomes so notorious that the "planners" feel they must experiment with an "as if" market system. So we have the spectacle of a Yevsy Liberman in Soviet Russia saying publicly that the communist system must find some way of reintroducing the concept of profit. Without profit, so Liberman told the commissars, there was no way of gauging efficiency. But how do you create the atmosphere for a profit system without such things as individual ownership, access to a free capital market, and competition for raw material and labor? Liberman has never been able to answer this in a country which insists on bureaucratic allocation of capital and access to raw material sources. Since the Russians have no way of objectively determining optimum shoe production, for example, they don't know when to stop making shoes and start making something else. Their only reference points for calculation come from the world market for such things as leather, the material needed for shoe lasts, and so on. Without the capitalistic West to copy, the Soviet "planners" would, as Mr. Lax expresses it, "be helplessly lost in a maze with no beginning nor end."

Freedom or Coercion

Mr. Lax denies that one can have "the best of both worlds" by saddling a free system with "bureaucratic planning," or "interventionism." You cannot "plan" without taking resources from those who, if the market were left to judge, would place them where they could be used in the most efficient manner. Laws and decrees cannot create prosperity. If a minimum wage will supposedly give everyone a minimum subsistence standard, why not go the whole hog and make everybody rich by setting the minimum wage at $25 an hour? The answer is that all any minimum can do is to exclude from the labor market any person