How to save the High Street: Do nothing [1]

Written by **Tim Worstall** [2] | Saturday 19 January 2013

The Guardian has another of those worthy snoozefests discussing how the concerned and enlightened can solve whatever problem it is that is this week the topic of discussion over the mung beans. This one [3] is all about how we can "save" the Great British High Street. You can imagine the level of analysis, can't you?

> so many high streets reflect a landscape created by extreme capitalism

Sigh. Actual suggestions are that perhaps people should do something else with those buildings:

> a new genuinely productive economy based on making, caring and exchanging goods and services could create thriving high streets again. Youth services, libraries, creches and the like, ...with more niche stores and "click and collect" shops. But high streets must also become vibrant and welcoming places for people to visit. A modern high street should provide ample facilities for childcare and good social facilities such as restaurants and coffee shops

Seriously, more coffee shops?

> making high streets more truly mixed in use. They should house elder-care centres and medical clinics, government bureaus helping the public and pop-up music or art venues. .....In the longer term, we need a proper industrial strategy for retail to promote multichannel retailing, combining online trade with vibrant high streets at the heart our communities.

Don't bother trying to match opinion to speaker: it doesn't matter. None of them grasp the basics so all are floundering. The basics being that we've already got a tried and tested system for dealing with problems like this.

At heart here we've a problem of technological change. Some 11 or 12% of shop space in the UK is empty. Some 11-12% of UK retail spending is online these days. The two facts are not unconnected. We simply need less retail space than we used to. Or to get this completely correct, we need less retail space at current prices than we used to.

For don't forget, there is no such thing as "supply" or "demand". There is only either at a particular price. Currently UK retail space is priced for when we desired to have more of it than we currently use. The solution to this is clear and obvious too. Do absolutely nothing. Given the oversupply at current prices those prices will fall. Which will increase demand and thus that 12% of empty shops will become property used for something or other again.

Exactly what they are used for, well, we've no idea actually. Might be coffee shops, could be OAP drop ins, creches: could be fabric shops, places to jailbreak an iPhone too. And we've got a method of discovering what will indeed work when we're all entirely clueless too. Called that market again. As shops get cheaper different people will try different things. Some will work and get copied, others won't and won't. And so we experiment our way to a solution of empty shop windows.

Which leaves us again with our solution: do nothing for the market will take care of it. Prices, if left alone, will adjust to balance supply and demand. And what that demand will be will is something that is emergent from the very process of considering the new prices.

For markets are both a pricing system and also a system of discovery. Change the prices and we'll discover what works at the new ones. Which, given that no one, not even the luminaries willing to chat to The Guardian for a few minutes, has the slightest clue what should actually replace the shops busted by the internet, seems quite useful really.

Not that there's anything new in this observation of course: King Log being the appropriate method of governance dates back to the Ancient Greeks at least.

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