This rather kills the idea of planned development in Africa, doesn't it? [1]

Written by **Tim Worstall** [2] | Saturday 24 November 2012

One of the odder little corners of economics is development economics. It seems to be where bad lefty ideas go to be imposed on poor people after we've found out they don't work for us. As an example I would offer some of the witterings of Ja Hoon Chang: he says that free trade might be a good idea for rich countries but not for poor. Much better that they have a benevolent government planning everything and fostering infant industry protection and the like. You might then mention the socialist calculation problem: but, but, economies are just too complex to plan, no one can ever have the right information!

To which a standard (not Chang particularly, at least not so far as I know) response is that well, rich economies are indeed complex. So knowledge is very difficult as you say. But poor economics are really simple so planning can be done. So Yah Boo Sucks baggsie me the job as Minister of Planning (or his highly paid expat adviser at least). Which is just lovely until you try to calibrate this idea against the real world [3]:

> Two years ago Ghana's statistical service announced it was revising its GDP estimates upwards by over 60%, suggesting that in the previous estimates about US$13bn worth's of economic activity had been missed. As a result, Ghana was suddenly upgraded from a low to lower-middle-income country. In response, Todd Moss, the development scholar and blogger at the Center of Global Development in Washington DC, exclaimed: "Boy, we really don't know anything!" Shanta Devarajan, the World Bank's Chief Economist for Africa, struck a more dramatic tone. In an address to a conference organised by Statistics South Africa, he called the current state of affairs "Africa's statistical tragedy".

It's worth reading the whole of that piece. Yes, I know it's about economics, I know it's in The Guardian, but it's still worth reading. Nigeria, for example, has spiffed up its statistics and is expected, as a result, to double its estimate of GDP. And this is the sort of information environment in which people say that economic planning can be done? One where we're missing 50% of the entire economy from our numbers?

Which leads to an interesting conclusion. They've already agreed that rich economies shouldn't be planned because the knowledge problem. But that knowledge problem is worse in the poor economies: only the rich ones have enough cash to splash on actually collecting even halfway reliable data. Therefore no economies should be planned.

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