You really cannot just plan economies you know [1]

Written by **Tim Worstall** [2] | Tuesday 30 July 2013

It's one of the standard conceits that the man with a plan can make society better for us all. The standard response to this conceit is Hayek's point, that no one can have enough information in sufficient time to be able to make or manage such a plan. That's why we have to use markets as they're the only information processing and calculation engine we've got that is capable of doing the job. There are, of course, people who prefer to shout that Hayek's all wet and that *their* plan would undoubtedly work. Fortunately we've already run the experiment, we generally call it the 20th century, and we now know that Hayek was indeed right.

All of which leads to this interesting little tale [3]:

> Migration statistics are "little better than a best guess" and probably understate immigration to the UK, a parliamentary report has revealed. With immigration again set to be a key battleground during the next election, a report released today by the Public Administration Select Committee warns that the statistics are not fit for purpose.
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> Because of the unreliability of the figures, the report adds, the Government should aim for a target of 50,000 if it wants to reduce immigration to under 100,000 by 2015. Estimates of immigration, emigration and net migration are primarily based on a sample of 800,000 people interviewed at ports and airports each year, known as the International Passenger Survey. But only about 5,000 of those tend to be migrants and, in addition, the report comments, these "may be reticent to give full and frank answers, to say the least".
>
> This means that the Office for National Statistics and the Home Office are producing "blunt instruments for measuring, managing, and understanding migration to and from the UK", which do not, the report says, measure the impact of migration on local areas, the social and economic impacts of migration or the effects of immigration policy.

Or as we might put it, we cannot "manage" immigration or the effects of it because we've got no clue at all about how much of it there is. We don't, in fact, know how many people there are in the country, let alone how many of them are native born (it's actually Polly Toynbee who has been saying for years that sewage processing requirements show that there's more people in the country than there are on the books). In such circumstances we simply cannot go about trying to manage things like housing: given that we've no clue of the number of people we can't decide how many houses and or flats there should be. We can only start to look at what the markets are telling us: prices are rising, in fact are at Ungodly levels, and so we need to have more houses and or flats.

How many more? I don't know, you don't know and the government can't possibly know. Just more until we stop having house price inflation.

I should end here with a clarion call to something or other. But I'm not sure that this rises to that level: perhaps a clarinet call. We really have run that experiment about planning and markets. Given that we've received the results, can we please start paying attention to them? We simply do not have, cannot have,

the information we need to plan things. That's why we have to use markets.

Simples really, isn't it?

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