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The chocolate covered pickle version of why politicians get it so wrong [1]

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Don Boudreaux is of course correct here. Well, of course he is, he's Don Boudreaux [2]:

> Asymmetric information of the sort that many professional economists get worked up over might in principle be discovered and spread more widely by government regulators. But information about people?s subjective preferences can never, not even in principle, be known by government regulators. And yet much government regulation is proudly justified by politicians, regulators, and intellectuals on the grounds that people allegedly will value X by amount $Y once they actually encounter X. In private markets such guesses are harmless.
>
> A private, unsubsidized firm that guesses that enough consumers will value, say, its new-fangled jar of chocolate-covered pickles by at least $4.00 per jar will actually find out if its guess is accurate or not because each individual has the choice of actually forking over $4.00 per jar (and getting a jar) or not forking over that sum (and not getting a jar). When government acts, in contrast, no such discovery procedure is available to test politicians? guesses about people?s subjective preferences. People must pay for what government foists on them. And no process of knowledge discovery or information revelation is available to cure politicians? and regulators? inevitable ignorance of the subjective preferences of the very people that they pretend they are seeking to help.

I not only agree in theory I can tell you, as someone who has actually had a chocolate covered pickle (Don means here a gerkhin, of the type served with a hamburger) that that combination of vinegar, salt and chocolate is indeed, to a certain palate, delicious.

But, as ever, I would take this point much further. I have, in my working life, had some interaction with politicians. And bureaucrats as well. I have even sat across the table from a trio of North Korean generals trying to explain why, well, no, we didn't trust the North Korean state and yes, we really would like a letter of credit from them (one which their bank then refused to issue on the grounds that they didn't have any money).

That further point I would take it to being that the asymmetry of information is not in favour of those Godlike beings who pretend to rule us. It is in fact in favour of us, the people who know what we're doing, not in

their favour. Just as with journalism (everyone who ever reads a newspaper piece on their speciality finds things wrong with it) so with politicians and bureaucrats. In my particular world of real expertise I've seen the US Congress stampeded into action by the insistience that China has 30% of the world's reserves of rare earths.

Indeed, it does, but all then thought that that meant that China had 30% of the world's potential supplies of these vital metals: not so. It means only that China has 30% of what anyone has bothered to map out, drill, test, check and prove that it could be mined at current prices and with current technology. Everyone in the world of rare earths ended up sniggering at the politicians. Couldn't they understand this very basic point about what the phrase "mineral reserves" means? Well, no, they couldn't: and so it is with anyone else with real world expertise who examines what our leaders seem to believe about things.

I accept entirely The Boudreaux's point about no one except the consumer understanding the consumer's desire or utility. But as I say, I take it further and insist that politicians and bureaucrats do not understand reality, the nuance and specialist knowledge of anything at all.

Sadly, we do need to have them as there really are things that need to be done that can only be done with the coercive force that government can bring to bear. But it is precisely that asymmetric information, that ignorance of our rulers, that means that we should and must limit their influence to only those things that both must be done and can only be done by government. For the rest of it we know more than they do so we should be left to get on with it.

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