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Do we even have sectors of the economy any more? [1]

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I find myself rather scratching my head over this latest bright idea from a lefty think tank [3]:

> Sectoral bargaining should determine pay and conditions: The legislation relating to sectoral bargaining should make provision for the determination of pay and other working conditions, provide procedures for the resolution of disputes, and deal with skills, training and productivity;

Part of this is of course that old idea that if only the Great and the Good were to sit down around the table and really *discuss* things then they'd be able to put the world to rights in no time at all. An idea that Hayek rightfully exploded when he pointed out that the centre cannot have enough information to be able to plan anything in such a manner and further, even if they could gather the information they couldn't process it in time to be able to decide anything useful. We have to use markets and prices to do that calculating because that's the only calculating engine we've got that is capable of doing the, umm, calculating.

But there's something else that worries me about this. Do we really even have "sectors" in the economy any more, to any meaningful definition that is? Even defining what is a service and what a manufacture is extraordinarily difficult. Rolls Royce is defined as a manufacturer because jet engines. But most of their revenue comes from and most of their people work on a service: keeping the engines that they've sold running and serviced. And we're often told that restaurants are part of the service industry: but they manufacture meals and I've certainly been in one or two where dropping that manufacture on your feet would hurt.

If we try to become more detailed then of course we'll enter an entire nightmare. Those myriads of small racing car manufacturers and testers. Manufacturing? Well, they don't roll that many products out the doors. Research and development might make more sense: but then we might equally logically regard them as part of the entertainment industry along with F1 etc itself.

So it's not just the Hayek point that worries me over these sorts of plans. I don't really see that we can, in an economy as complex as ours, really define sectors sufficiently well so as to be able to manage them as these people seem to think we should.

Oh, and, of course, setting the prices for the same input, labour, differently for different sectors of the economy would, even if we could define it all satisfactorarily, rather destroy the abiolity of that market to do our calculating for us of the price of and demand for labour across those industry sectors. You know, that market which is the only calculating engine we've got that even has a theoretical hope of working?

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