

## The Pretence of Knowledge

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The ill-conceived and rushed Commonwealth insulation program adds to a very long list of recent government policy failures. At the federal level, Grocery Watch, Petrol Watch, 'Green' loans, and Indigenous public housing all come to mind.

Turning to the states, the piece de résistance is the on and off Sydney Metro and the general dissarray that surrounds transport planning in NSW. I suspect commuters in the northwest of Sydney will be waiting a long time to 'hop on the underground' to get from Baulkham Hills to the City.

Overseas, a Blair government program designed to 'to cut shameful teenage pregnancies' that cost hundreds of millions of pounds has comprehensively failed. Teen pregnancy rates in the UK are now the highest in Western Europe.

We are never surprised when governments can't make their grand schemes work. Governments can't make our fuel cheaper (unless they cut excise tax) and will never do a better job building houses than private individuals who know exactly what is best for them. And anyone who thinks bureaucrats can curb the promiscuity of the welfare state-dependent British underclass is truly deluded!

But what is depressing is that governments increasingly struggle to deliver the basics of good governance, such as roads and trains. The problem is that we have gone beyond the tipping point in the relationship between the citizen and the state. The more governments have tried to do, the more they have overreached their capacity and become distracted from their primary role, which is establishing the institutional framework in which freedom and prosperity can flourish.

Today, nobody seriously doubts the superiority of the private over the public sector as a provider of services to the community. Central planning and democratic accountability is no substitute for competitive market disciplines. But still governments love to fiddle and interfere under the pretext of always wanting to 'help.'

The motives are usually political. But there is also a fundamental conceit not yet dead in the political class that makes them believe that they are always right and always know best. The current Australian Prime Minister has a confused view of some, if not all, of F.A. Hayek's ideas. But Hayek put his finger on the point in his 1974 Nobel lecture address 'The Pretence of Knowledge':

If man is not to do more harm than good in his efforts to improve the social order, he will have to learn that in this, as in all other fields where essential complexity of an organized kind prevails, he cannot acquire the full knowledge which would make mastery of the events possible.

The full text is here:

[http://nobelprize.org/cgi-bin/print?from=%2Fnobel\\_prizes%2Feconomics%2Flaureates%2F1974%2Fhayek-lecture.html](http://nobelprize.org/cgi-bin/print?from=%2Fnobel_prizes%2Feconomics%2Flaureates%2F1974%2Fhayek-lecture.html)

It is basically a warning to politicians to be humble and to realise what they don't know about what they are about to do before unleashing their plans on civilisation. Hayek called this 'men's fatal striving to control society,' a phrase that has an eerie echo in light of the pink batt fiasco.