

“The Use of Knowledge in Society” by F. A. Hayek
Summary
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"What is the problem we wish to solve when we try to construct a rational economic order?" is the question that Hayek tries to answer on "The Use of Knowledge in Society". He states that since the problem lies on our inability to command complete knowledge, set given preferences for every individual or gather all the relevant information, we haven't been able to solve it.

It's stated that marginal rates of substitution between any two commodities or factors must be the same in all their different uses. However, the difference in value of the same commodity is due to its different uses, preferences, and the final utility perceived by the consumer. A centralized mathematical model has been considered, but the data taken into account doesn't summarize the whole society and even if it did, it couldn't be delivered to a single mind to work out the implications. Hayek explains how different bits of information possessed by different people could sometimes be contradictory. Although he acknowledges that planning is necessary, he doesn't agree with having a central planner because it is only the individual the one who knows the importance of the given resource.

The distinction is made about how scientific knowledge is not the sum of all knowledge. Depending on its own perception, the reader could identify another problem that arises: How to make sure that everyone gets the same information? Why do we categorize as a dishonest exercise benefiting from having a bit of extra (legal) information? Is there a kind of social/moral responsibility attached to the valuable information one attains?

Another worry posed by the author is that long-term economic plans are less feasible and that economic problems arise in consequence of change. He is disturbed by the decreasing importance of change. By stating that economists are apt to forget about the constant small changes and focus on more stable statistical aggregates, he expresses his concern about the knowledge that statistics cannot measure. A central planner would have to measure which events are relevant to the decision he/she should make. On the contrary, Hayek admires how a decentralized price system takes an individual with little information to make the "right decision" and calls it one of the biggest inventions of the human mind.

Hayek closes his paper by expressing how the goal would be to disentangle the control of the utilization of resources from a central planner to all individuals, removing the need to tell them what to do.