



Conversations with a Central Planner

Life is Filled with Irony, Comrade

“Boris Chinrencov, I am told you speak English.”

“Da, da was translator at UN in New York, long ago.”

“I am an American utility regulation consultant. I have traveled here to learn about central planning from you.”

“What do you expect to learn from old communist apparatchik like me?”

“You see, we have begun soviet-style central planning in America for energy. We already are forcing people to use certain kinds of light bulbs and appliances. We waste huge sums of money on renewable power, and we have an expensive war on carbon. We know you were a Commissar for tractor production for thirty years. We wish to know why your central planning failed so we can make it work in America. We don't have complete political control of energy yet, but we are already having problems.”

“Why failed? Da. Dis I know much. We had no profit and loss system to tell us what to produce or how to operate. We had no idea how to price materials. Manager for paper plant had connections in Moscow so we valued paper more than steel – poor quality paper at that. All numbers on cost arbitrary anyway so accounting reports provide wrong management information. All decisions must consider politics. Corruption rampant. We punish some corrupt mangers, but problem is system, not people. In late stages everyone is corrupt. Then system collapses.

“When we plan to build new factory we do not know if it should make big tractors or little ones or even if should build truck factory instead. We plan for big production numbers, but sometimes quality so bad tractors rust in field beside factory. Much waste but goals met.”

“But weren't you advised by experts who studied the situation and presented the facts to you?”

“Nyet, all facts not known and cannot be known; also facts change. Many scattered people have knowledge of thousands of facts that could not be gathered no matter how much experts study and analyze. If technical experts could make better decisions about how to use resources better than the people who created resources, world communism still be in business. Experts just making assertions about what we Commissars wish to hear.”

“Yes we are encountering that problem in America also. How do we keep political considerations out of our central planning for energy utilities?”

“Central planning is all politics. Some market terms used to give legitimacy to process but cannot play business when whim of authorities overrules all else. Each problem that arises calls for more government action until control is complete and disaster follows. Russia trying to get rid of central planning; things better now. Is irony that Americans trying to do what we know does not work?”

“Oh, we plan to make it work. We have very good planners, and our politicians are committed to doing the right thing. We are ready to force consumers to do what is best for them no matter what.”

“Ah, now I know I have lived too long. Rest of world tries to privatize and adopt market conditions, but haven of capitalism goes other way with energy. Dis I would not have guessed.”

A few weeks later.

Central Planning Rides Again

“Boris, Boris Chinrencov, I have some more questions for you. Do you remember me?”

“Da. You are earnest young man from America who wishes to try to make central planning for energy so it will work.”

“Yes, and we are having trouble. We need your advice as a former Soviet central planner.

“You see we want to have our electric utilities invest in efficiency instead of power generating plants. However, the utilities and the customers game the system. The utilities don’t really want to reduce sales, they just want to get credit for efficiency improvements that are taking place naturally. Customers want to get rebates for energy saving measures they were going to make anyway. These energy efficiency projects are brought to the utility by contractors. When a customer engages a contractor that is pretty sure evidence the efficiency measure decision is already made. And the utility rebates are not enough to really drive equipment change-outs. The utility just wants to throw a couple of bucks into the project so it can claim the savings which were going to happen anyway. The utility charges enormous overhead and profit that are fully recovered from customers.

“We are also mandating the use of solar and wind energy, but the corruption surrounding these favored generators is sickening. Those in the renewable business either already have political connections, or they make connections when they get into the business.

“So my question to you, as an experienced planner, is how do we fix this and make central energy planning really work.”

“Young man, I do not always know the meanings of your American sayings. But there is one I think I understand. It goes something like this: You should find ten-foot limb to carry which you will use not to touch things with.”

A few weeks later.

Advice from a Planner

“Next. Step up to the counter, state your name and present your passport.”

“Here. I am Boris Chinrencov, from Russia.

“Reason for your visit to the US?”

“I am consultant for energy central planning.”

“Central planning, eh. That didn’t work out too well for you guys.”

“Da, is correct. Much failure.”

“So what are you doing consulting over here in the land of the free?”

“Not so free as you think. Already much political direction in your energy sector. Problems happening, and more government programs considered to try to solve problems.”

“But, don’t we need some kind of energy policy?”

“As you say in America, there are two skins for the cat.”

“Er... not exactly...”

“One way is to have government policy; other way is for each individual and business have their own energy policies.”

“Hey, that sounds pretty good, it might work.”

“I get idea from how America used to work.”

The next day.

Nyet to a National Energy Plan

“Gentlemen, thank you for attending this important meeting. Seated at the head of the table all the way from Russia, is Boris Chinrencov who was a Commissar for Soviet tractor production for 30 years. Boris is here as a consultant. We have provided him with the history of our National Energy Policy. We hope his analysis will show us how to improve our planning process for a successful Comprehensive National Energy Plan.

“Mr. Chinrencov, you have control of the meeting.”

“Thank you. In American, you make many same mistake as Soviet Union. You assume government planners have more knowledge than people in market. In 1970s you think oil and gas running out and government must do something. You make mountain out of rabbit hill. You do all wrong things; you go whole pig; try to slow use of oil and gas and subsidize almost all energy production, yet now you have much energy of all kinds while your EPA effectively urges more gas use. Clearly, no subsidies needed.

“I not beat around the shrubbery. Every time you have crisis, you do wrong thing. As you say, policies hit a brick fence. Like old Soviet Union, all policies influenced by politics and special interest favors. You only pick losers; market already picks winners. Only reason American economy not collapse is because enough market still not planned.”

“You no need learn hard way. Best energy policy is no energy policy. As you say in American, ‘if not broken, don’t build better mouse trap.’”

The next day.

DSM and the Knowledge Problem

“Also on our panel discussing Demand-Side Management is Boris Chinrencov an advisor on Central Planning. Mr Chinrencov has thirty years’ experience as a Commissar of Soviet tractor production. He is in the US consulting on our National Energy Plan. He has kindly consented to join our conference on Demand-Side Management planning today.”

“Thank you, I am Boris. Your utility-run Demand-Side Management programs much like old Soviet Union programs. You take peoples’ money and give them what experts and planners think they should have. Energy efficiency is now in lime juice...er...limelight, so you think must have mandatory plan. But you have no real information about what people do in absence of program. You cannot really measure what effect mandatory programs have, how consumers react, and what is correlation between rebates and natural consumer spending. You assume no efficiency in absence of rebates, but that is not so. You assume customers not increase energy use elsewhere that offsets efficiency reductions. Your planning and measurement numbers are guesswork, dubious assumptions and wishful thinking. Much like Soviet system only with power

point and spreadsheets. However, spots don't change a leopard, still central planning. You have huge overhead that eats up money consumers could have to do their own efficiency.

"Planning not rational as claimed, interest groups pull ropes, mandates disrupt markets like large cow in store that sells dishes made in China, as you say in America. Results are disaster by government planning, just not as noticeable as in old Soviet Union because you have strong somewhat free economy to afford such mistakes.

"My advice: have no such programs, send proper price signals and let market work. You cannot know what is best use of each consumer's money. Do not try."

A few weeks later.

The Least of Our Worries, Comrade

"You are Chinrencov? I am agent from State Security. We know you have been to America to provide advice on how to make central planning work efficiently. You are charged with using your 30 years of experience as Commissar of Soviet tractor production to try to help our enemy, America."

"I am Boris. Da, Comrade Agent, is true. I have been to America as consultant. However, central planning cannot be made efficient by me or anyone else."

"But, Chinrencov, you have aided American with your knowledge so they can at least improve their central planning. This creates danger for the Russian motherland."

"Comrade Agent, you are wrong. I advise Americans not to do central planning; do free markets instead."

"Oh no! That is even worse, Chinrencov. You teach our enemies how to have stronger economy so they can overcome us."

"Least of our worries, Comrade Agent. Americans pay no attention to my advice and continue to make same mistakes that led to fall of old Soviet Union. I try, but, as they say in America, 'Old dog tricks cannot be taught.'"

"Dog tricks? What does this mean?"

"I am not sure."

"These Americans, they are strange people."

"Da, is true, Comrade Agent."

A few weeks later.

How to Defeat America

"Boris Chinrencov, we wish to speak with you."

"Oh, no. Not again. I am just trying to live out my final days here in rest home for old Bolsheviks. Americans and agents of State Security keep asking me about central planning, but there is nothing that can make it work."

"Comrade Chinrencov, we are special team of subversives assigned to undermine the American economy. As citizens of old Soviet Union we of course know central planning does not work."

"Why does your group want to talk to me?"

"We know Americans hired you as consultant on energy policy and that you studied American energy policies in order to give them advice. We seek your opinions and advice on plan we have to destroy American energy advantage."

“What is your plan, Comrades?”

“We have sleeper agents, secret cells, reporters on our payroll and saboteurs within the American society. Our plan is to use our agents to attack America’s bountiful supplies of coal, oil and natural gas to reduce the strength of the American economy and lower living standards. We will discredit the use of these energy supplies, make them unpopular, and hinder their development through onerous laws, restrictions and taxes. Then, heh, heh, we will encourage the use of expensive inferior renewable technologies instead of cheap plentiful energy. We want them to lose the ability to grow their economy, while they squander their accumulated wealth on wind and solar energy, carbon capture, bio-fuels and other silly alternate fuel measures, snicker, snicker. We will foster foolish green energy policies heavily infused with political corruption for a war on carbon fuels to kill productive business, giggle, giggle.”

“Da, subversive Comrades, that is good plan; it will work. However, you need not waste efforts in implementing it. Americans are doing all these things on their own. As is said in America, ‘they shoot bullets into shoes with own gun’.”