

THE COLLECTED WORKS OF ARTHUR SELDON¹

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This article discusses the achievements of Arthur Seldon as Editorial Director of the IEA in the context of the recently published Collected Works of Arthur Seldon.

Arthur Seldon as Editorial Director of the IEA

Arthur Seldon was for about 30 years the Editorial Director of the Institute of Economic Affairs (IEA). In that capacity, he edited the work of hundreds of authors – ranging from the already famous to the up-and-coming – to produce a remarkable and influential body of IEA publications. Not only did those publications lead directly to the economic reforms undertaken by the Thatcher governments, they moved the ‘middle ground’ of politics so that British governments from the 1980s onwards, whether Conservative or Labour, have felt obliged, in order to be elected, to accept much of the economic agenda that IEA authors set out in the 1970s and 1980s.

Seldon’s influence, through the IEA’s publications programme, has been felt worldwide. Economic reforms of the Thatcher period – such as privatisation of state industries, freeing labour markets and the replacement of fiscal ‘fine-tuning’ by monetary control of the economy – have been exported to many countries. In Milton Friedman’s words, ‘The IEA’s influence has not been confined to the United Kingdom. Its publications and the able group of scholars who became associated with it contributed greatly to the change in the intellectual climate of opinion around the world.’² Another result was the establishment in many countries of ‘think-tanks’, modelled on the IEA, that promote economic freedom and form part of an international movement for continuing liberal market reforms.

Arthur Seldon is one of the great editors. During his time at the IEA, his publishing programme was much more than a collection of papers on a variety of themes. It was a grand programme of liberal market ideas and proposals for reform. He was constantly seeking authors who would explain, in particular fields, what the problems were and what policy changes would be desirable. He invented a new form of paper, rigorous in its analysis yet concise and, above all, firm and clear in its policy conclusions. He insisted that authors waste no words and that they

should be lucid both in thought and expression. In particular, there must be no doubt about what they were recommending. Authors were told to pursue their ideas to their logical conclusions regardless of whether or not they appeared, at the time, to be ‘politically acceptable’. Everyone – whether it was Friedrich Hayek or a newly-appointed university lecturer – would receive back from Arthur a manuscript peppered with comments and suggestions for changes which, on reflection, they would realise would significantly improve their original thoughts. They would also find that Arthur would write a preface to their work that departed from the traditional summary: it would reveal to readers how the paper fitted into the general corpus of classical liberal thought.

The IEA’s publishing programme, under Arthur’s direction, might seem accomplishment enough for anyone. But he was, at the same time, a prolific author, as the seven volumes of his *Collected Works* show. Since he began to publish in 1937, when he was 21, he has written 28 books and about 230 articles. His body of work, covering a wide range of subjects, free of technical jargon, genuinely accessible to interested people with no formal training in economics and full of original ideas, is a major contribution to classical liberal thought and policy analysis. In particular, his analysis of the inherent deficiencies of the welfare state and his proposals for market-based reform made from the late 1950s onwards, are extremely perceptive and far ahead of their time: they contain all the ingredients to deal with the problems with which governments are still struggling decades later as they cling to outdated ideas. Furthermore, he was one of the first to perceive – before the detailed research of the public choice theorists – the problem of over-government in representative political systems. Government, he realised, had both the ability and the inclination to expand its empire at the expense of the private sector: it would go far beyond the supply of those goods and services that might genuinely be regarded as ‘public goods’. Infrequent elections in a democracy are not in themselves sufficient to

keep in check the ambitions of politicians, civil servants and the pressure groups that have strong incentives to gain favours from government for their members.

The Collected Works of Arthur Seldon

Volume 1 of *The Collected Works* contains one of his finest books. 'Capitalism', published in 1990, is probably the clearest exposition to be found anywhere of the reasons why capitalism is a superior form of economic organisation compared with anything else so far discovered. The book is also a ruthless dissection of socialism as a form of economic organisation that, despite its support from many intellectuals, has never been successful and indeed is inherently incapable of success. Capitalism is not faultless but its imperfections, which Seldon carefully identifies, are capable of being corrected. His devastating critique of socialism, however, shows that its innate faults cannot be rectified. As Seldon neatly summarises it in the title of the shorter paper that accompanies 'Capitalism': capitalism is corrigible, socialism is incorrigible.

In Volume 2, there is a collection of Seldon's shorter articles, first published in 1994 as 'The State is Rolling Back'. Reading these articles, the first of which was published in the LSE students' journal in 1937 when Arthur was still at the LSE, allows the reader to appreciate all his principal ideas, set out in concise form. They show how his proposals for rolling back government developed over the years, while retaining the same core of principles and the consistent theme that people would have been better off if they had used their own money on health, education, pensions and other 'public' services. As Seldon says, the later articles show his growing impatience with the slow pace of reform, especially the failure of even the Thatcher regimes to tackle the welfare state and to reduce significantly its size.

A very different work appears in Volume 3 – a major dictionary of economics which Arthur wrote with the help of his friend, Fred Pennance. This massive and time-consuming undertaking, first published in 1965 and extensively revised (mainly by Arthur) in 1975, is a most rewarding reference book for classical liberals. One of its distinguishing characteristics is that it gives a much more comprehensive view of the scope of economics than do most dictionaries of economics. As one would expect, the dictionary is extremely clear, avoiding unexplained technical terms. Moreover, given Arthur's belief in the importance of the history of economic thought, it is not surprising that it provides concise biographies of many prominent economists and explains how the subject has developed since the early pioneers. But its crowning feature for many readers is that it explains the classical liberal view of particular issues, not to the exclusion of other views but in addition to them. For instance,

the entry on 'competition' describes neoclassical models of 'perfect' and 'imperfect' competition but goes on to explain the very different 'Austrian' concept of competition as a process of discovery.

Volume 4 contains six works on a topic that constantly appear in Arthur Seldon's writing – the importance of finding ways of paying for 'public' services other than through general taxation. More than 40 years ago, he realised something that British governments are only just beginning to appreciate and that has yet to feed through into policy – that taxpayer finance introduces a fatal disconnection between supplier and consumer. Suppliers have no incentive to discover what consumers want and, since they usually face no competition, efficiency pressures are weak. High quality health, education, housing and other services will not be provided from taxpayer-financed state services: the essential requirement is that there be informed purchasers in a market and a variety of suppliers competing to supply their wants.

Over-government is one of the most important themes in Arthur Seldon's writings. It is explored in Volume 5 which contains two long works – a book, 'The Dilemma of Democracy' published in 1998 and 'Public Choice in Britain', which is Part Three of a book published in 2000 with two co-authors – together with four shorter pieces. Seldon's fear is that the power of governments to coerce (for instance, by taxing and regulating) will induce them to go well beyond such traditional functions of government as providing national defence and law and order and safeguarding property rights. Nevertheless, he is optimistic about the future because he sees a growing rejection by the public of state provision. Governments are powerful but not as powerful as markets. Citizens are escaping from poor-quality state provision and from taxation by a number of exits such as the 'shadow' economy. As dissatisfaction grows, people will take more and more to these means of escape, so shrinking the share of government in national income. Seldon's view of the likely scale of the shrinkage is much bolder than most predictions: he foresees the state share reduced from over 40% to nearer 20% in the first two decades of the twenty-first century.

Volume 6 of *The Collected Works* contains six articles and one book ('The Great Pensions "Swindle"') that provide a detailed account of Arthur Seldon's critique of state-provided welfare. The first paper dates from 1959 and the last was published in 1998. Seldon argues that the welfare state cannot be the solution to the problem of poverty. It is driven by misguided egalitarian views. Financing welfare through the tax system damages incentives to work, discourages people from providing for themselves and invariably means high administrative costs. Moreover, once state provision begins it is very difficult to cut it back. As in the articles in Volume 5,

however, Seldon sees hope in the prospect of a consumer revolt against mediocre services: 'The subjects are rebelling . . . and will continue to rebel until government retreats sufficiently to liberate the freedoms created by economic advance.'³

The final volume, number 7, brings together a number of works in which Arthur Seldon discusses the role of the IEA, in which he spent most of his professional life, and his own role within the IEA as he and Ralph (Lord) Harris divided their responsibilities in a fruitful partnership that was of great significance in reviving classical liberal scholarship. Seldon also explains the part played by Friedrich Hayek in the establishment of the IEA and traces the links between his own ideas – absorbed from Hayek, Robbins and other classical liberals at the LSE in the 1930s – and his work at the IEA from the late 1950s onwards. Included in this volume are many of the prefaces to IEA publications written by Seldon which, as already explained, place each book within the context of classical liberal ideas. In a revealing passage, Arthur Seldon compares his role in selecting IEA authors with that of the manager of a cricket team 'putting the best players in to "bat" against the other side'.⁴ In that he was certainly victorious. The formidable publishing enterprise he established helped bring about an economic and cultural revolution.

Conclusion

Summarising the contribution of Arthur Seldon to classical liberal thought and to policy analysis is difficult because of the great range of his work. But two of the outstanding characteristics of his writings, as demonstrated in these seven volumes, are how

clearly and for how long he has seen and understood the principal economic problems of the twentieth and twenty-first centuries. Because his work is based on unchanging economic principles, the solutions he offers, particularly for the problems caused by state welfare, are still as relevant as when he first suggested them, in some cases decades ago. His success in analysis and policy prescription, without the need for complex modelling, should be a great encouragement to young economists unsure what their subject can contribute to economic and social welfare.

As I have tried to summarise the secret of his success in the General Introduction to *The Collected Works*,

'Seldon's great gift, seen in his writings, was his ability to absorb the literature of economics, synthesize it in his own mind, and then distill it in his publications into a form that could be understood by a wide audience, not just by technically trained economists. From the beginning he detected the fallacies of socialism and appreciated the benefits of capitalism. Despite the changing fashions of economics, he expounded these truths relentlessly.'⁵

1. *The Collected Works of Arthur Seldon*, edited and introduced by Colin Robinson, Liberty Fund, Indianapolis, seven volumes, 2004–05.
2. *The Collected Works of Arthur Seldon*, Volume 1, page xiv.
3. *The Collected Works of Arthur Seldon*, Volume 6, page xvi.
4. *The Collected Works of Arthur Seldon*, Volume 7, page xvi.
5. *The Collected Works of Arthur Seldon*, Volume 1, page xvi.

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