



ARTHUR SELDON AND THE INSTITUTE OF ECONOMIC AFFAIRS

John Blundell, who headed the IEA between 1993 and 2009, discusses the contribution of [Arthur Seldon](#) (1916-2005) to the success of the London based [Institute of Economic Affairs](#) in spreading free market ideas in Britain. He attributes much of its success to Seldon's rigorous editing of material which turned technical economic language into jargon free prose which was readable by any educated person. In addition, Seldon's vision was to secure the IEA a place midway between academia and the production of actual government policies. Responding to Blundell are Stephen Davies who is presently education director at the Institute of Economic Affairs, Peter Boettke who is a Professor of Economics and Philosophy at George Mason University, Fairfax, Virginia, and Nigel Ashford who is the Senior Program Officer at the Institute for Humane Studies in Arlington, Virginia. Ashford delves deeper into Seldon's skill as an author and editor, Davies asks whether there can ever be another Seldon given the current structure of universities, and Boettke ponders why a similar entity has never emerged in the United States and what this says about the task of changing ideas about the role of government there.

ARTHUR SELDON AND THE INSTITUTE OF ECONOMIC AFFAIRS

by John Blundell

“China will go capitalist. Soviet Russia will not survive the century. Labour as we know it will never rule again.” Arthur Seldon, *The Times*, August 6, 1980.^[1]

As director general at the Institute of Economic Affairs (IEA) in London (1993-2009), I positioned photos of its four founders above the fireplace in the L-shaped first floor (or ground floor as the British say) board room at 2 Lord North Street. When we had visitors new to the IEA, I would point at the four and clockwise from about 10 o'clock move my finger saying, “Here is the IEA in nine words”:

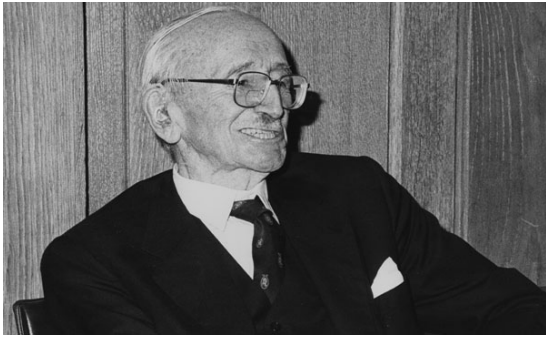
Hayek advised Fisher [1 o'clock]. Fisher recruited Harris [4 o'clock]. Harris met Seldon [7 o'clock].

And between the mid-1940s and early 1960s that is exactly what happened.

Related Links:

- [F.A. Hayek](#)

Antony Fisher read *The Reader's Digest* condensed version of *The Road to Serfdom* in April 1945 and sought out its author F. A. Hayek at the London School of Economics. Hayek's office was about halfway between Fisher's at the Ministry of Defence on Whitehall and Waterloo Station from which he commuted home. Hayek was by then drafting *The Intellectuals and Socialism*. He told Fisher rather than entering politics, he should create a vehicle to reach the intellectuals with reasoned argument, since their influence would prevail. (Hayek later claimed no memory of the meeting – Fisher's was very detailed. On balance I fully believe Fisher, because he recalled quaking as he walked to Hayek's door -- having to pass the room occupied by Harold Laski.)



Friedrich von Hayek

Fisher had no clue what to do with this advice and no really easily available money, but he did meet the economist Ralph Harris in the very late 1940s and shared the idea of a Fabian Society for nonsocialists. Enthused, Harris told the slightly older man: When you've got the money together I'd like to run the operation.

Fisher went on to build a company that sold in the 1960s for £21 million (£250 million today). In 1955 he and two friends incorporated the IEA as a charity, and that same year published its first book, *The Free Convertibility of Sterling* by George Winder, advocating freely floating currency exchange rates, a radical idea for the time. It sold out. Henry Hazlitt reviewed it favorably in Newsweek.

Emboldened by this success, he sought out Harris in the summer of 1956 and asked him to return from Scotland to London to build the IEA. Harris agreed and opened up shop on Jan. 1, 1957. It was a part-time one-man operation. For a young man with a wife and three children, this was a truly bold move – “mad,” as he once said to me. It amounted to a few pounds a week from Fisher and plenty of time to freelance.

At this point Hayek was well out of the picture, at the University of Chicago, and a real debate emerged between Fisher and Harris. Fisher loved short, popular, easy-to-read pieces, such as articles in *The Reader's Digest* or the products of the Foundation for Economic Education (FEE) in Irvington-on-Hudson, New York, which he would mark up and send to Harris. The latter seems to have been unsure or torn among the approaches of his last three jobs, namely, working in politics for the Conservative Party, lecturing at St. Andrew's University,

and writing in the opinion columns for a prominent Scottish newspaper.

Enter Arthur Seldon.

He was born on May 29, 1916 (died October 11, 2005) in the working-class East End of London to Jewish immigrant parents, Pinchas and Masha Margolis, from the Ukraine and named Abraham. His parents died in the 1918 Spanish flu epidemic, and Abraham and his four older siblings were split up. Fortunately he was adopted by a local childless cobbler and his wife, Marks and Eva Slaberdain, rather than being institutionalized like his siblings.

Now Abraham Slaberdain, he received a good education mostly due to the determination of his new mom (who on being widowed married a local elderly tailor so as to assure Abraham's future), and he entered the London School of Economics already market-leaning because of his high school history teacher. (His older brother Cecil Margolis eventually achieved national fame as a councilman in Harrogate, Yorkshire, where he sat as a Whig and opposed the growth of the state.)

Abraham grew up in a society where one worked hard and assumed personal responsibility while looking after others with quiet private acts of charity. When his adoptive father died, it turned out he had a private insurance plan with a welfare association, and his adoptive mother received a reasonably big check. She worked hard, and the local Jewish community helped out before she remarried. Abraham grew into his teens in an atmosphere of entrepreneurship and self-help, rather than reliance on the state.

Abraham legally became Arthur, and then as World War II approached, he changed Slaberdain to Seldon on the urging of an LSE professor who worried about what might happen to Jews if Hitler were to invade. How very prescient of the professor!

Related Links:

- [Ronald Coase](#)

At LSE Arthur fell under the spell of four great classical-liberal economists: Hayek, Arnold Plant, Ronald Coase,

and Lionel Robbins, serving for a time as Plant's research fellow. It was then that he met economist Basil Yamey.

War took Arthur to North Africa and involvement in the invasion of Italy. While stationed in Italy, he developed a serious elbow infection, so serious that he needed surgery and was told that his joint would have to be fixed in one position and would not in future bend. The doctor asked Arthur what he did in peacetime. "I am a writer and editor," he replied. So the arm was set accordingly. Postwar he worked in journalism as editor of *Store*, a magazine catering to shop owners, and then as chief economist for eight years for a brewing-industry trade association. He also did some teaching and examining, and was a middling prominent member of the Liberal Party, already tilting at windmills. For example he tried to persuade brewers not to "tie" pubs into buying only certain products – he wanted "free" houses. In U.S. terms bars should be free to serve Pepsi and Coke, not just one of the two.

Soon after Harris reached London, Lord Grantchester, a Liberal peer who knew of this new creature called IEA, introduced him to Seldon and a brilliant although sometimes strained partnership emerged.



Arthur Seldon

Seldon quickly resolved the Harris-Fisher tension over format, producing a paper entitled *Pensions in a Free Society* (1957). It became the model for jargon-free economics in well-written English, fully footnoted, with

a reading list and questions for class discussion. Math and statistics were not prohibited, but were suitably boxed away so as not to detract from the flow of the argument. The idea was to make material accessible to the educated layperson while still being of use to the expert and in the classroom. It was a truly brilliant concept.

Fisher, however, got a bit grumpy about it, asking, "This is all so dull – why can't I have more fun for my money?" But as Arthur gradually and cautiously eased from brewing to think-tanking, the model began to work.

Arthur finally committed to fulltime at the think tank (with a nice pay rise), and for close to three decades masterminded the editorial output, albeit with helpful input from Harris, who was no slouch at economics. He had earned top honors and could spot talent and topics too.

Oddly enough, a company called Harris and Sheldon (with an 'h') supported the IEA and its market niche, fitting out the interiors of shops with shelving and the like. Ralph would cleverly call the IEA "Harris and Sheldon" and would state that while he was out front selling the goods, Arthur was in the back making them and stuffing them on the shelves.

The division of labor was simple. Seldon since childhood had a rather pronounced stutter. This left Harris, from the 1950s well into the '80s as the front man for the IEA, and that perhaps explains some of the tensions that arose.

Later Harris was awarded a peerage as Lord Harris of High Cross. Arthur did not help his case for a major title when Margaret Thatcher came to lunch at the IEA soon into her first term. Ralph proposed a generous, fulsome toast; Arthur said *sotto voce*, "Well, I'll take a sip!" She heard, she glared, and I am sure the relevant body received a message.

At any rate, Arthur received a CBE (Commander of the Most Excellent Order of the British Empire); Fisher was knighted; and Hayek was awarded a Companion of Honour. "You created the atmosphere which made our victory possible" was Margaret Thatcher's verdict in 1979, or later in 1987: "They were the few; but they were right; and they saved Britain."

Very Churchillian Battle of Britain stuff! As in: “Never in the field of human conflict was so much owed by so many to so few.” Fisher had been a Hurricane pilot in III Squadron in that very battle, where he saw his brother Basil go down to his death; he bailed out but his parachute was aflame.

Arthur’s daily task for three decades was to spot good men and women (sometimes young, sometimes established, sometimes en route to Nobel prizes) and to match their skills with important topics. Usually the research was a sunk cost. Professor X had already had say three articles on topic Y in obscure academic journals that had been read by a few friends and family members. The IEA’s lure was a first print run of 3,000 copies (a monograph by Yamey had four printings in five years), press coverage, and a following. And the papers were often reprinted in other English-speaking countries and translated. “You made me famous” was an often-heard comment in my day.

Arthur’s editing was brutal, and he openly acknowledged that he always set out to test his authors to the limit and glean the most he could out of them. I can attest to this process personally, being deeply shocked – stunned to my core – at his puncturing of my first offering. I went along and felt I benefited. Others also agreed to go along but later recounted how scarred they had felt and claimed he had pushed them too far, even putting words into their mouths. I recall one think-tank CEO, now of great esteem, who went through Arthur’s hands saying: “I would never mistreat one of my authors like he did me!” I even remember one young author who had her manuscript sent back 20 times for revision before Arthur was happy. But she was cheerful when she told me that story. To balance these last two tales let me add that when ill health threatened the completion of Hayek’s *Law, Legislation and Liberty*, he requested that Arthur be asked to complete the three volumes. Of course, Hayek with the help of friends finished the job.

Thousands of authors were nurtured (especially after he launched the journal *Economic Affairs*) and hundreds of publications were printed, distributed, and sold. He viewed himself as a captain in the artillery firing off shells

in the latest battle of the perpetual war of ideas. Some landed on target; some missed; others did a bit of softening up!

He always cautioned authors to ignore constraints such as what reform might be considered politically possible; rather, he said, go for what the establishment thinks is “politically impossible.” He even recruited the economist W. H. Hutt to do a paper, *Politically Impossible?*, urging economists not to avoid going wherever their analysis led them merely to accommodate political reality.

Together Seldon and Harris had many victories: serious thinking about unions, inflation, central planning, economic controls, privatization of the commanding heights, sale of public-housing units to sitting tenants, and contracting out government services all changed 180 degrees. So did attitudes toward communism and apartheid, all nudged along by the IEA. I recall classic papers on Soviet statistics and why the color bar must collapse.

Related Links:

- [Gordon Tullock](#)

The Public Choice pioneer Gordon Tullock once said to me: “John, the IEA’s *The Vote Motive* [his Public Choice primer] did more to spread public understanding of ‘Public Choice’ than any other single publication.” I am sure it was the most translated IEA book ever, at something like 12 languages, and that it was reprinted a few times in the United Kingdom alone. Harris, by the way, coined the books’ catchy title.



Gordon Tullock

The big failure was educational vouchers, where Marjorie Seldon (Arthur had met her at the *Store*) founded a lobby group outside the IEA called Friends of the Education Voucher Experiment in Representative Regions. The Seldons shared Milton and Rose Friedman's passion for the voucher concept. The organization was based in a leafy rural county run by the Conservatives and the Seldons' great friend Sir Keith Joseph Bt. [baronet], who was Margaret Thatcher's secretary of state for education. Yet the vested interests prevailed. This is all brilliantly documented in a Public Choice setting in an IEA postmortem called *The Riddle of the Voucher*.

Related Links:

- [Public Choice](#)
- [Austrian School](#)

Arthur saw the IEA as a key bridge across the north Atlantic, bringing the best ideas from the United States to a wider continental European and British Commonwealth audience. The IEA was in Arthur's day the Chicago (monetary theory), Virginia (Public Choice), and New York University (Austrian School) pipeline.

Related Links:

- [Milton Friedman](#)

As an economist in his own right, Arthur was a man of at least these three schools. A lot like Milton Friedman, he did not believe in just the Austrians or just the Chicago boys or just the Public Choice school. Rather he believed there was only good economics and bad economics, and he knew it when he read it. As I mentioned earlier, he was influenced by Robbins, Hayek, Plant, and Coase at the LSE, but looming behind them there was another figure, namely, Edwin Cannan, who had taught Robbins, Plant, and even IEA author Hutt a decade or more earlier. Cannan, the LSE's first economics department chairman, emphasized clear writing, and Arthur clearly was influenced by this. Coase, with his emphasis on transaction costs and legal frameworks, was another great influence.

Arthur never really retired. In 1990 he published *Capitalism* and followed that with *The Dilemma of Democracy*, *The Retreat of the State*, *Government Whose Obedient Servant?*, and *The Making of the IEA*. His collected works were published in seven volumes by Liberty Fund in 2004.

I loved all of them – Hayek, Fisher, Harris, and Seldon – and my IEA book *Waging the War of Ideas* is dedicated to all four of them.^[2]

So how to summarize Arthur?

He is easily the hardest of the four founders to pigeonhole. He was the last to emerge – well over a decade after Fisher sought out Hayek for advice – but he clearly set the tone for IEA.

The IEA allowed Seldon to spread his wings. If he'd chosen academia, as he might well have, there would have been huge incentives to specialize in one narrow area. As editorial director of the IEA, he was not only a general but also a generalist, commissioning work on many fronts. To Arthur: "The ultimate solution is nothing less than the displacement of 'public officials' and 'public servants' by the revival of the authority of parents to reject inadequate schools, crowded medical centres, and captive housing,

by empowering them to pay fees, medical insurance, or other costs.” What a noble vision!

For Seldon, the IEA was not a think tank in search of “the next big idea.” It already had that at its founding in 1955, namely, that markets are far superior (morally and economically) to central planning; that the rule of law is infinitely preferable to the rule of some bureaucrat; and that private property is better looked after than the commons. They set out to apply such ideas to every topic under the sun, and big policy prescriptions began to emerge.

I once went to some leftist, communist-leaning drinks party in Hampstead, north London. I was, I swear, the only person present out of over 100 who openly espoused liberty. A man who was about 40 introduced himself. I have no idea who he was, but he must have been some high banker or lawyer or something similar. I gave him my details, and he replied: “Oh my gosh. You run the IEA! That’s amazing. I owe my entire career to you guys. I was at Oxford and was always behind with my studies. You put out those little monographs. Whenever I had an essay to write I knew all I had to do was go to the library and find the IEA paper!”

I think Antony would have been very proud, as he always wanted an IEA paper on every conceivable topic.

Arthur would probably have frowned at the lax study habits of said student, but then privately would have chortled at the idea of Oxbridge kids searching for answers in IEA papers.

Let me close with the following exchange of letters between Arthur and senior conservative politician Geoffrey Howe, a major figure in successive Thatcher administrations. Arthur was writing soon after the IEA has relocated from Eaton Square to Lord North Street. (Hence his correction of location in his opening line.) “Margaret” is Margaret Thatcher, “Enoch” is Enoch Powell, and “Keith” is Sir Keith Joseph Bt.

Extract from Seldon’s letter to Howe, October 24, 1969:

May we hope for something better from Margaret. She said one day here (or rather at

Eaton Square) that she was one of a small group of Tory politicians like Enoch, Keith and you who saw the value of the market in economic affairs.

Howe’s reply to Seldon, October 28, 1969:

I’m not at all sure about Margaret. Many of her economic prejudices are certainly fairly sound. But she is inclined to be rather too dogmatic for my liking on sensitive matters like education and might actually retard the case by oversimplification. We should certainly be able to hope for something better from her – but I suspect she will need to be exposed to the humanizing side of your character as much as to the pure welfare marketmonger. There is much scope for her to be influenced between triumph and disaster!

And what a triumph it was. On his 80th birthday Lady Thatcher wrote to Seldon that he had made “an invaluable contribution to the political and economic map of Britain. At a time when free enterprise and the free market were unfashionable you championed their cause, laying the foundations for their revival in the 1970s... You always refused to accept Britain’s decline and through your visionary work and rigorous preparation, you inspired much of our success during the 1980s.”

Endnotes

[1] “Socialism Has No Future,” in *Collected Works*, vol. 7, pp.

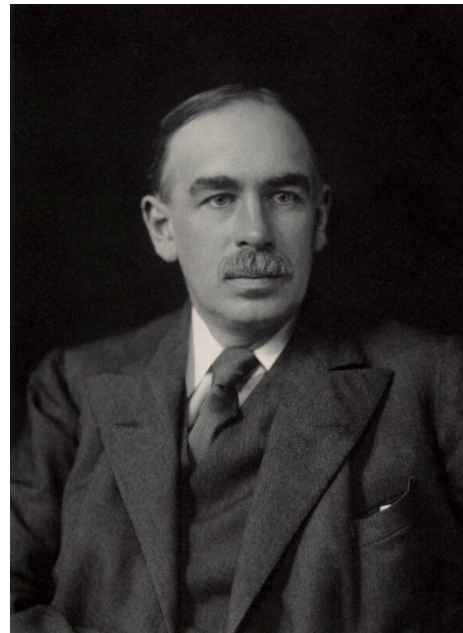
[2] John Blundell, *Waging the War of Ideas* (London: Institute of Economic Affairs, 2007).

IS ANOTHER ARTHUR SELDON POSSIBLE TODAY?

by Stephen Davies

John Blundell's engaging account of Arthur Seldon captures well some of the most important features of his character, career and influence. There are some points where I would add further emphasis to what John says, and others where I would qualify it. I think that in more general terms this account also raises a large and significant question for anyone interested in the role of ideas in public policy: Is a career of this kind, with its impact and consequences, still possible.

As someone who knew Arthur over many years and who was one of the young authors he brought on and developed, I can confirm and endorse John's account of his character and style as editorial director. His editing style was indeed severe; I can vividly recall getting back my first piece for *Economic Affairs* and being dismayed by the swathe of blue penciled comments and directions in the margins. Somebody once circulated a spoof of the Seldon style, in the shape of his response to Hamlet's soliloquy, such as: "the slings and arrows of outrageous fortune – How many? What proportion of slings to arrows? Be clear!" I certainly gained from my exposure to this, and it made me a much better and, I hope, effective writer. Arthur was a demanding editor, but what he wanted was clear and direct writing that incorporated only arguments that were coherent and supported by evidence. Above all he valued precision and clarity.



John Maynard Keynes

One point that John makes that I would expand and reaffirm concerns the nature of his intellectual background and orientation. It was indeed the LSE that was the source of this, and in particular Arnold Plant, whose seminar Arthur had participated in as a student. This explains one of the consistent themes of IEA work from the time that he arrived: a skepticism about Keynesianism and particularly the policy of macroeconomic management aimed at securing full employment (always in practice overfull for Arthur) as the central goal of economic policy. This came from the views of the majority of economists at the LSE in the 1930s and 1940s, which included people such as Hugh Dalton and Evan Durbin, both leading Labour Party politicians. (Arthur always saw Durbin's untimely death in as a tragic loss since in his view he would have moved Labour policy in a much more pro-market direction had he lived.)

Another point that bears emphasis is that of the nature and degree of Arthur Seldon's antistatist radicalism. He was throughout his career as definite in this respect as any of the young turks he brought on and encouraged. He never saw himself in any way as being a conservative, much less a Conservative, and he remained always the thoroughgoing classical liberal to Ralph Harris's market conservative. One slight qualification I would make here

is that while the IEA did publish arguments in favor of contracting out public services, Arthur preferred that local government paid for any remaining services through user charges rather than taxes. His argument was not only that this would improve the services by introducing market incentives, but also that it would change the relationship between the public and government. I think it is fair to say that Arthur's relations with members of the political class was always more distant and prickly than that of Ralph Harris, as the anecdote about the toast that John recounts shows. He would not have wanted it any other way, and this outsider's stance was one of the keys to his success in what he did.

This brings up another point where I would differ slightly from John in emphasis rather than substance. John stresses the success and impact of Seldon's work, which was indeed considerable. Arthur himself, however, was more aware of the "misses" than of the "hits," partly because of his radicalism, which meant that he judged the impact of the IEA by a high standard. The education voucher was indeed his biggest disappointment, and he was strongly opposed to much of the education policy the Thatcher government did follow, in particular the national curriculum. However, there were a number of other areas where he felt that the arguments of his authors had fallen on stony ground. One in particular was the case for significant reductions in government spending, with his feelings captured in an IEA monograph written by his protégé John Burton with the title *Why No Cuts?*^[3] Another was welfare policy in general, where politicians remained resistant to his arguments for a radical reassessment of both the content and scale of government action.

However, for me the major point that comes from reading John's essay is the question I alluded to earlier. Is a career like Arthur Seldon's, with the impact that he had, possible today? The general goal and "big idea" of the IEA was always clear from the start for Fisher and Harris, but as John indicates, there was some lack of clarity before Arthur arrived over how to realize this. If Antony Fisher's instincts had been followed, the IEA would have ended up as a popularizing educational outreach

institution like the Foundation for Economic Education. Alternatively it could have become a networking organization aiming at identifying and nurturing an intellectual "remnant" of the kind identified by Albert Jay Nock. Or it could have gone down the route later followed by many think tanks, such as the Heritage Foundation and the Adam Smith Institute, concentrating on feeding definite policy proposals into the later stages of the policy-making process. None of these would have suited Arthur's talents to the same degree as the route he identified and realized. As John says, this was to identify scholars both new and aspiring, and older and established, and persuade them to produce well thought-out monographs of high scholarly quality that put the market-liberal perspective on whole areas of public policy. The aim was to influence not so much the general public or the politicians and civil servants, but the "second-hand dealers in ideas," identified all those years ago by Hayek – academics, teachers, lay intellectuals, and journalists.

In this Arthur was very successful, as John says. The question, though, is whether this can still be done. Arguably changes in the academy and the wider world since Arthur retired have made this strategy for intellectual change much more difficult to realize. John says, "Usually the research was a sunk cost. Professor X had already had say three articles on topic Y in obscure academic journals that had been read by a few friends and family members. The IEA's lure was a first print run of 3,000 copies, ... press coverage, and a following." I fear this is no longer the way things often are, for two reasons. The first is that often the papers and research simply do not lend themselves to digestion and publication in this way because of the introverted nature of the contemporary academy, where arguments and publications are increasingly esoteric and directed only at a few insiders instead of being of wider relevance and interest. For economists the additional problem is the increasing formalism and mathematization of the field. The second problem is the change in career incentives for scholars. Getting a following and a publication with a wide readership now counts for much less in career terms than an article in a refereed journal, even if it is indeed only read by a handful of people. In fact writing for

bodies such as the IEA now has a considerable opportunity cost since it takes time away from turning out yet another technical journal article to add to the research assessment. This makes finding authors much more difficult.

Even more important is the change in the workings of the media. In Arthur's time a key part of the strategy was to influence journalists, such as Sam Brittan, Andrew Alexander, and Patrick Hutber. They were the medium of transmission between the academy and the politicians and civil servants, as well as the wider educated public. Although there still are journalistic figures of this kind, the contemporary media have an intense focus on the short term and do not do the same kind of multiplier job that print journalism performed in the past. One response is to adapt and follow a strategy of trying to capture the daily media narrative and agenda, and at least ensure that the ideas are given a hearing in the 24-hour news cycle. This is probably necessary, but it is also a high-risk strategy: The contemporary media is rapacious and can easily consume its story providers, turning them into nothing more than a source of sound bites and arguments for phone-ins. This may have some passing impact on the wider public, but the key class of opinion formers that Hayek and Seldon identified are unlikely to be moved.

On balance I think that the career of Arthur Seldon can still be emulated, but this will require significant new thinking and changes of tactics, if not strategy. It is important, however, that this is done. Milton Friedman once stated that the advent of the large policy think tanks in the 1970s and 1980s had been bad for the freedom movement because it moved the focus away from high-quality thought, research, and argument to the shorter time horizons of politics. Gordon Tullock once posed the question why there was not an equivalent of the IEA in the United States and argued that the lack of an institution following Arthur's kind of approach was a serious lack. It probably is the case that the kind of institution the IEA became (and broadly remains with his current editorial direction, Philip Booth) would not have been possible without Arthur and that it was his strategy

that gave the Institute a status and intellectual standing that is unusual in the think-tank world. The question is whether this was a phenomenon of his own life and times or whether it can be reproduced. Let us hope so it can be.

Endnotes

[3] John Burton, *Why No Cuts?* (London: Institute of Economic Affairs, 1985).

WHY NO IEA IN THE UNITED STATES?

by Peter J. Boettke

That is actually a rhetorical question that Professor Gordon Tullock put to me and some others standing around Harper Library at the old Institute for Humane Studies complex in Fairfax when I was a graduate student. We all were puzzled because this was the early 1980s and free-market think tanks were in full bloom. Cato had recently moved to D.C., where Heritage and AEI were already in operation. New grassroots groups such as Citizens for a Sound Economy were being established as well. FEE was entering its post-Leonard Read phase, but it still was publishing *The Freeman* and conducting seminars. And, of course, this was in the middle of the Reagan Revolution, with the Hoover Institution brain trust commuting between D.C. and Stanford. But Tullock persisted: None of these groups was like IEA.



Gordon Tullock

And as he pushed us, we began to understand. IEA was an economic think tank where the persistent and consistent application of economic theory to questions of

public policy took precedence over current policy debates. Its publications provided an intellectual bridge between serious scientific economics and the everyman's interest in economic issues – whether those interests were aimed at pure understanding of the forces that explain how the world works, or the policy options currently being debated. A look at IEA publications immediately revealed something different from what one saw at the American think tanks. This difference had a lot to do with Arthur Seldon.

I met Arthur Seldon during this time, along with Lord Harris. Seldon seemed very comfortable in his role as an economists' economist, as well as someone who wrote economics for the everyman. He wasn't trying to be a British Henry Hazlitt since he wasn't an economic journalist and popularizer.^[4] He was an LSE-trained economist who sought to make the teachings of economics understandable to the general public. In this regard, Seldon was more or less a *public* economist. In the process, not only did he work to keep Hayek's ideas alive within the economic conversation, through his work as the editorial director at IEA he spread the ideas of Ronald Coase and property rights analysis; the ideas of Milton Friedman and monetarism; and the ideas of James Buchanan, Gordon Tullock and Public Choice to the English public.

As John Blundell points out, Seldon was a student of Coase, Hayek, and especially Arnold Plant. Any history of the LSE during this time would be incomplete without an extended discussion of Plant and his influence on the younger generation of economists (including Coase). Of course, there were many "big players" at LSE in the 1930s, with Lionel Robbins and Hayek being the towering figures among the free-market liberals, but their direct influence on younger market-oriented economists was not as widely acknowledged as that of Plant. Instead, from the accounts I have read, the influence of Robbins and Hayek was more indirect through their research and mentorship of graduate students and young faculty. But discussions of Plant often stress the impact of his lectures and the questions he raised for students to think about.

What were the components of Seldon's *public* economics? First, it appears he was not interested in cultivating sectarian schools of thought within the economic discourse, but instead insisted on clarity of argument and a straightforward appeal to evidence. While introducing readers in his editorial capacity to the insights of Hayek, Coase, Friedman, Buchanan, and Tullock, he made no appeal to exotic ideas of some forgotten brand of economics. Instead, the arguments were presented as plain old commonsense economics based on sound economic theory and attention to the empirical details. In short, Seldon wasn't producing "Austrian economics," "monetarism," or "Public Choice"; he was producing good economics, encouraging debate on monetary policy, and making sure that modern knowledge of political economy was incorporated into the economic conversation.

Second, as an editor Seldon was aiming an audience of generalists in academia, economic policy decision-makers, and those charged in the media with covering economic ideas and economic policy. IEA books are sophisticated intellectual works, but largely without jargon.

Third, Seldon entertained the most radical implications of the consistent and persistent application of the economic way of thinking to the policy question under examination. He was a radical classical liberal.

So let's come back to Tullock's claim and fit that in a larger argument about the spread of ideas in a society. Hayek postulated in "The Intellectuals and Socialism" that the reason socialism was so successful as an intellectual movement in the nineteenth and early twentieth centuries was that they had captured not only the intellectual imagination of the scholarly class, but also the secondhand dealers in ideas. These secondhand dealers, through their work as teachers, journalists, writers, etc., in turn influenced the policymakers and general public. IEA under Seldon's editorial direction, as I understand it, focused on translating the technical scientific work of the economists of the scholarly class into jargon-free, yet intellectually rigorous prose for the second-hand dealers.

Related Links:

- [Adam Smith](#)
- [J. S. Mill](#)
- [Frank Knight](#)
- [Leland Yeager](#)

To put this in perspective, consider the following comparative cases: Thomas Jefferson Center at the University of Virginia and American Enterprise Institute/Heritage Foundation. Warren Nutter and James Buchanan were fellow graduate students at the University of Chicago after World War II. Economics was in the process of transforming itself on two fronts: 1) the neo-Keynesian synthesis with its emphasis on macroeconomic aggregates, and 2) mathematical formalism and statistical testing as the scientific mode of economic expression and analysis. Nutter and Buchanan agreed that the great discipline of political economy – the ideas of Adam Smith, John Stuart Mill, and Frank Knight – were under threat of expulsion from the consciousness of the young generation of economists. They decided that if they ever found themselves teaching together they would work to “save the books.” Such an opportunity did arise in the mid to late 1950s at UVA, where they founded the Thomas Jefferson Center for the Study of Political Economy. Nutter, Buchanan, Coase, Tullock, and Leland Yeager were the primary faculty, and the group of graduate students they worked with went on to have significant scholarly impact within the economics profession over subsequent decades. Their focus was on the scholarly/scientific class exclusively.

Compare that with AEI/Heritage, both of which were founded with the purpose of informing the policy discussion among politicians in D.C. Their concern was more politically immediate. The model of a policy think tank has since spread through the United States at the state level, and internationally as well. Ironically, many of these think tanks are the byproduct of an initiative of Sir Antony Fisher – who founded IEA on Hayek’s advice. But they didn’t have Arthur Seldon as an intellectual leader, so they replicate not the IEA model, but the Heritage model. They are *policy* think tanks focused on politicians, or *grassroots* think tanks focused on the voting

public. What they don’t provide is intellectually rigorous arguments directed at the second-hand dealers of ideas to impact their general framework of analysis about economic issues.

This is a huge hole in the U.S. think-tank market. Tullock was right: There is no American IEA, and that is because the individuals in charge did not have the intellectual temperament and disposition of Arthur Seldon. Organization leadership matters; and strategic focus especially matters. IEA was able to make a difference because under Seldon’s editorial direction its authors contemplated not merely day-to-day policy, but rather applied the economic way of thinking consistently and persistently – regardless of what was regarded as politically impossible.

Endnotes

[4] My remark is somewhat unfair to Hazlitt. He was in fact much more than a journalist and popularizer of economic ideas. As I argue in a pair of papers, he was an intellectual middleman who also attempted to make original contributions to philosophy, politics and, economics. See Boettke, “The Economists as Public Intellectual: The Case of Henry Hazlitt,” online at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2030464; and Boettke and Liya Palagashvili, “Henry Hazlitt as an Intellectual Middleman of ‘Orthodox Economics,’” *History of Political Economy* (2013). Still there is something different about Hazlitt, who earned his livelihood as a journalist, and Seldon, who worked full time as what I refer to as a *public economist*.

ARTHUR SELDON AS AUTHOR

by Nigel Ashford

United Kingdom. First was Keynesian management of the economy. Second was a mixed economy in which certain industries are considered so important they had to be state-owned, such as energy or telephones. Third was a universal welfare state, in which certain benefits or services had to be provided for all, such as education or health. Arthur contributed to demolishing the first two pillars, but had less success with the third, the one he cared about the most. I want to focus on his own writings (rather than on his role at the IEA as editor) and specifically on two topics that dominated his thinking. First was how to achieve policy change, through ideas or interests, which continues to drive debate among libertarians. The second theme is his critique of the welfare state. Finally, I will make some suggestions on how libertarians can build on Arthur's work, by developing a coherent theory of government failure in the realm of ideas, and by promoting opportunities for producers to exit, in the realm of interests.

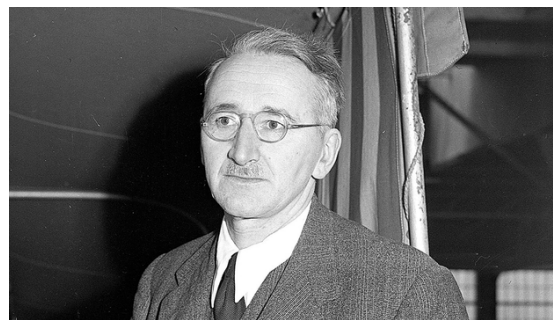
Before that, I want to briefly mention my own personal experience with Arthur as editor, which was only positive. He invited me to contribute to a book he edited, *The New Right Enlightenment* (1985), published by his own (alas short-lived venture) Economic and Literary Books; an edited volume on *Re-Privatising Welfare: After The Lost Century*;[5] and several essays to the IEA journal *Economic Affairs*. I also spent several very pleasant occasions receiving hospitality at his home with his wife, Marjorie, who was active on education vouchers. Beyond that I met him at numerous IEA events, where he always pleasant and forthright.

The role of a think tank is to change public policy. The most effective method depends on what you believe determines public policy. In 1959 Harris and Seldon presented a paper to the Mont Pelerin Society on their model of political change, which said:

There are three basic requirements for the establishment of and maintenance of a free society. 1. The philosophy of the market economy must be widely accepted; this requires a large programme of education and much thought about how to finance it; 2. The transformation from a controlled economy must be eased by compensating those interests whose expectations will be disturbed; 3. Policies must be designed to make otiose all pleas for protection from the consequences of change that democratic politicians would have difficulty in resisting.[6]

They added: "Education at varying levels must be directed first at the influencers of opinion; i.e. intellectuals, politicians, businessmen and all (not least journalists) who help form public opinion."

Arthur frequently quoted (and the IEA prominently displayed) Keynes on the power of ideas: "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.... I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas."



Friedrich von Hayek

Hayek expressed similar sentiments in his essay "The Intellectuals and Socialism,"[7] in which scholars and intellectuals changed policy by their influence on public opinion. The IEA was clearly committed to the Hayekian approach to winning the intellectual battle without regard

to short-term political battles. Arthur described it this way: “The IEA was the artillery firing the shells (ideas) ... but the Institute would never be the infantry engaged in short-term, face-to-face grappling with the enemy.” Authors were told to rigorously follow their analysis and policy conclusions and ignore objections that their proposals were “politically impossible.”

Yet this view about the power of ideas compared to interests was challenged by Arthur’s deep interest in Public Choice. Another major contribution of Arthur was to introduce Public Choice to the United Kingdom, (while adding some interesting twists of his own), by publishing Gordon Tullock, *The Vote Motive*.^[8] Arthur preferred the term “the economics of politics” to Public Choice. The essential theme of Public Choice is that political actors pursue their own self-interest, just like economic actors. This challenged the assumption behind many policy proposals that there is market failure caused by the economic actors’ pursuit of their own self-interest, which required the government to step in to correct those failures, motivated by the public interest. Tullock identified some themes of Public Choice analysis: rent-seeking, log-rolling, and bureaucratic size maximization. Seldon followed up the success of Tullock with many other Public Choice books.

Arthur provided his own contribution to this school. Most valuable was his contrast between political and economic democracy. If democracy is “rule by the people,” do the people rule more effectively through elections or through the market? He argued forcibly that the market empowered the workers and the poor much more than voting.

His critique of political democracy is that it makes decisions by majorities, or counting heads, in contrast to capitalism, which provides for all heads, including minorities and even individuals. Access to goods and services can never be equal. The issue is whether the distribution is determined by cultural or economic power. Inequality in economic power can be corrected by giving cash to the poor, while cultural power cannot be corrected, giving power to the elite. He described

political democracy as “Government of the Busy, by the Nosy, for the Bully.”

However, there is a tension between the belief that policy can be changed by good ideas and the matter of whether those ideas can be suppressed by the power of interests. This was a theme of several IEA volumes, such as the anthology *Ideas, Interests, and Consequences*.^[9] I am not sure that Arthur ever resolved this tension, which was reflected in his own passion for reforming the welfare state.

Arthur was opposed to the universal welfare state as established in the United Kingdom, while supporting a largely cash-based safety net. This for him was personal: He described his own experiences as a child in the poverty-stricken East End of London. He criticized Conservative politician Lord Balniel’s welfare reforms in these words:

You have never been poor. I have. The poor do not thank those who give them gifts in kind which question their capacity and affront their dignity. Cash gives the power of choice; service in kind, denies choice. But much more than that; the poor who are given care or kind will never learn choice, judgment, discrimination, responsibility. ^[10]

His criticisms of the welfare state were manifold. It deprived the poor of the opportunity to make decisions about their own lives. The middle class was able to capture most of the benefits for themselves. There was an adverse effect on the supply of welfare goods and services, such as education, as incentives to provide for one’s own life were reduced. The welfare state created excessive demand by providing services for free at the point of delivery. The administrative costs were excessive because there were no incentives to be efficient. The welfare state resulted in low-quality services for the poor, and it was fiscally unsustainable. Policies were usually “conceived in fear, composed in haste, adopted in ignorance.”^[11]

Arthur sought ways to extend the free market to health care, housing, education, and pensions by injecting prices,

competition, and incentives, supported by cash benefits or vouchers for the poor. He demonstrated widespread dissatisfaction with the welfare state through a series of unique public-opinion surveys, which showed great demand for contracting-out of state services, and rapidly declining support for universal provision once the costs in taxes were priced.



So why was there so little progress in welfare-state reform? He concluded, for example, that education vouchers had failed due to producer interests and opposition from the civil servants. Intellectual arguments were not enough. Nonetheless he remained deeply optimistic. He had faith in the power of exit, or escape. Economic laws are stronger than political power. People would find ways to escape the state to satisfy their wants, perhaps by resorting to the shadow economy.

So how can we improve on Arthur's work? One suggestion is that we need to formulate a more coherent theory of government failure. Almost any educated person will be familiar with the concept of market failure and its key features: public goods, negative externalities, monopolies, and asymmetric information. Yet there is no similar awareness of the key areas of government failure, such as the problems of collective action, rent-seeking, principal-agent problems, concentrated beneficiaries, the problem of democratic decision-making, and knowledge problems. We need to make the educated person as aware of these as he is of market failure.

Second, Arthur placed great emphasis on the value of exit, or opting out, for consumers. We should also look at giving producers the power of exit. To undermine opposition to change, we must identify and empower producers who are dissatisfied with the status quo. Many welfare-state producers, such as teachers, are as

dissatisfied as consumers and know that given autonomy and control of resources, they could produce better services and obtain greater job satisfaction.

Our best homage to the work of Arthur Seldon is to build on his insights.

Endnotes

[5] *Re-Privatising Welfare: After The Lost Century* (London: Institute of Economic Affairs, 1996).

[6] Arthur Seldon and Ralph Harris, "The Tactics and Strategy of the Advance to a Free Society." Quoted in Richard Cockett, *Thinking the Unthinkable* (London, Fontana 1995), p.140.

[7] F.A. Hayek, "The Intellectuals and Socialism," *The University of Chicago Law Review*, Spring 1949, pp. 417-33. Online at: <https://library.mises.org/books/friedrich%20a%20hayek/Intellectuals%20and%20Socialism.pdf>.

[8] Gordon Tullock, *The Vote Motive* (London: Institute of Economic Affairs, 1976).

[9] *Ideas, Interests, and Consequences* (London: Institute of Economic Affairs, 1989).

[10] IEA archives, 16 November 1967. Quoted in Cockett, p. 139.

[11] Colin Robinson, ed., *The Collected Works of Arthur Seldon* (Indianapolis, Liberty Fund, 2005), p.47.

IMAGINING ARTHUR SELDON TODAY

by John Blundell

First let me thank Dr. Ashford, Professor Boettke, and Dr. Davies for their insightful responses to my appreciation of Arthur Seldon. While we have slight differences of emphasis, it is mostly hard to squeeze a cigarette paper between us.

Before turning to some of the issues they raise, let me amplify one point in my opening paper, namely the

tensions that arose when in 1979 Ralph Harris received a peerage and Arthur got nothing. (Incidentally, Ralph's story of his choice of title with Garter King of Arms at the College of Arms is hilarious. Before settling on "of High Cross," a local focal point in Tottenham, where he grew up, they argued over many other possibilities, the first of which was "of Cambridge," where Ralph had studied. He wanted to cock a snook at the Keynesians, but Garter would have none of it for heraldic, not political, reasons.)

Ever the politician, Ralph immediately knew there would be tensions. At IEA lunches and at outside speeches to free-market conferences, such as the one I ran in Oxford in late 1979, he would proclaim that his peerage was to be shared by all of us who had fought for a market-based society before Margaret Thatcher's spring 1979 victory. We little band of warriors were now all members of the House of Lords!

Related Links:

- Seldon, [Collected Works](#)
- Seldon & Harris, [Intellectual Portrait Series](#)

From then on, until well into the current century, Ralph did everything he could to redress the balance. He lobbied intently behind the scenes for Arthur to receive due recognition, and honors began to come his way. He was made an Hon. Ph.D. by the University of Buckingham, then the United Kingdom's only private university, founded at the IEA based on a paper Arthur had edited, *Toward A Private University* by Harry Ferns (1969). He was made a Commander of the British Empire, or CBE, by the Queen – which is one notch short of a knighthood. The LSE made him a Fellow and the Mont Pelerin Society made him its first ever such.



Arthur Seldon

I was recruited into all of this, and when we remodeled the ground floor of the IEA, creating a big rectangular function room, we called it The Arthur Seldon Room and hung in it a large color portrait of him. Ralph insisted nothing be named after him, so the board room was not rebranded and a two-room area on the first floor was remodeled and became The Fisher Room.

I was so tuned into this program of Ralph's that when a representative of Liberty Press called me one day to say, "We are thinking of doing the Selected Works of Arthur Seldon," I replied, "I think the Collected Works might go down better!" and he speedily agreed. When Liberty Fund later inquired about filming Lord Harris for its Intellectual Portrait Series," I replied: "I'm sure Lord Harris would be happy to participate, but he'd be ten times happier if the film was of him and Arthur!" Liberty Fund agreed, and it was done over two days at the IEA offices. Watching the finished product, it is obvious to me that Ralph several times holds back (sticking his pipe into his mouth and looking off into the distance) to ensure Arthur gets a clear run at answering the question, or I should write, "Dear Arthur," as that is what Ralph always said.

Let me turn to the three comments.

Dr. Ashford is spot on to write of Arthur's big frustrations. Yes, there were many victories (too many to list here) in the broadly economic sphere, but with health, education, and welfare Arthur's artillery shells just bounced off the armor plating. I earlier mentioned education vouchers. Let me amplify. It is the height of Thatcherism. Margaret made Keith Joseph (her closest,

longest standing friend in the Commons and her soul mate) as her secretary of state for education. Arthur launched his artillery shells. In Tory Kent, where he lived, his wife built a grassroots campaign for a countywide experiment. Yet still the educational establishment, bureaucrats and unions, prevailed.

(This episode reminds me of how shocked Margaret Thatcher was when, as secretary of state for education herself, she attended the annual dinner of a big teacher trade union only to see her entire senior staff being very friendly with the union bosses.)

Let me pick up on two of many points made by Dr. Davies.

First, is a career like this still possible? He makes the excellent point that the university research assessment exercise (RAE) employed to rank departments and steer money does not reward you for an IEA monograph, however famous it might make you. I would counter that those affected are but a small subset of the potential talent pool; there are many good IEA writers in industry; banking; the City of London, the capital's financial district; and operating as independent consultants. The IEA's first ever book was written by a financial journalist no less. Also my hunch is that the RAE is not so critical once faculty become well-established. But the point does remain. I would also add that Arthur had three main successors, Dr. Cento Veljanovski, Professor Colin Robinson, and Professor Philip Booth, and they have not been too bad – as Brits say!

Dr. Davies makes an excellent point about the media. The number of outlets has exploded since Ralph and Arthur's era. Because of his stutter, Arthur to my knowledge did only one TV program and that with Ralph at his side; Ralph once told me that in 30 years he went on TV thrice. Back then there were three radio stations and three TV stations, of which only four were relevant to the IEA, and on the print side there were, say, three major national newspapers with serious economics correspondents.

Intellectual Portrait Series:

- [Friedman](#)

- [Hayek](#)
- [Buchanan](#)

So Ralph and Arthur focused, as noted above, on bringing in the heavyweights such as Jay and Hutber and Alexander and exposing them to Friedman, Hayek, and Buchanan. And it worked.



James Buchanan

Dr. Davies ponders how to respond in today's open freer media market, one created by the IEA for whom competition in broadcasting was a long-running theme. My own strategy (1993-2009) was to continue doing what Ralph and Arthur did, write as much as possible for the quality press, and appear myself a little more than they did. But what I added was to make the IEA a resource for names of experts for the media, and then when our referrals did well, they ended up as regulars and we dropped out of the picture. With the size of the IEA staff, that is clearly the best way to address Dr. Davies's concern.

Professor Boettke comments on the nonsectarian nature of the IEA, or as I used to say, "We are a broad church." And he is spot on. Arthur created a pipeline that was a blend of Austrian, Chicago School, and Public Choice economics, mixed with good micro, a healthy skepticism of macro, and a dash of law and economics.

Professor Boettke pegs his whole response on the Gordon Tullock question: “Why no IEA in the United States?” Tullock and Buchanan first asked this question in “Why No American IEA?,” included in an IEA collection of papers, *The Emerging Consensus?* (1981). Their answer then was that the United States has no London; in other words, that D.C. is more like a Brasilia or a Canberra, and that you’d have to roll up New York, Boston, Washington, Chicago, New Orleans, Los Angeles, and San Francisco into one to create a U.S. “analogue to London.” It is because the IEA is at the heart of London, they said, it is at the heart of all the centers of gravity: intellectual, cultural, commercial, and political. They commented that the IEA had not been taken over by vested interests, but believed that (even with “the devotion, wisdom, and integrity” of both Ralph and Arthur) an IEA in D.C. “would have ... become at least partially captured” by the monkeys (my word) in the “jungle.” This would have made it “incapable of exhibiting the long-range coherence of purpose that has been its London hallmark.”

Just as this essay came out in 1981, the Cato Institute was packing up its bags in San Francisco before moving to Washington D.C. Milton Friedman warned founder/president Ed Crane that he would be captured. For once Milton was wrong, as by implication were Buchanan and Tullock.

The capture threat is there, however, as I wrote in *The Sunday Times* in July 2009.^[12] In Ralph’s day there was really only one think-tank, the IEA, and he dealt with top chairmen and CEOs. By the end of my 17 years, there were, say, a dozen, maybe 20 if you include the one-man outfits. Companies now have think tank budgets run by directors of public affairs who want something for their money. Professor Boettke really juices things up in his final two paragraphs.

He references “an initiative of Sir Antony Fisher,” which must mean the [Atlas Economic Research Foundation](#), now trading as Atlas Network. By the early 1970s Ralph and Arthur had done such a good job that people the world over were asking, “How do you do this?,” and Antony began a final phase of his life helping to start, or

helping soon after their launch, new IEAs, initially in cities such as Vancouver, B.C.; New York; San Francisco; Sydney; and Dallas. By 1981 he incorporated Atlas to give a focal point for this burgeoning industry.

Boettke’s complaint is that none of them have an Arthur Seldon and so they have slipped down the structure of production and have become more like “the Heritage model.” The new IEAs, he states, are “policy think tanks” or “grassroots think tanks.” He goes on: “What they don’t provide is intellectually rigorous arguments directed at the second-hand dealers of ideas to impact their general framework of analysis about economic issues.”

Related Links:

- Tullock, [The Vote Motive](#) [PDF]

I have been involved with the Atlas Network for 26 years and have served on its board for over 20 years, nearly 25 maybe. There is more than a germ of truth in Boettke’s claim, but let me say this:

1. I think he is a bit too sweeping. The early Atlas institutes led by men such as Dr. Michael Walker and Dr. John Goodman learned a great deal from the Seldon modus operandi.
2. You can only do, without an endowment, what your donor base will support.
3. Some (many?) of the newer institutes in Africa and Asia are operating in extreme conditions.
4. Some institutes are consciously downstream, such as London’s Adam Smith Institute, still very rigorous but enjoying the benefit of upstream IEA.
5. Many institutes take IEA products and translate them. Arthur and Ralph published Tullock’s *The Vote Motive*, and it was I was told translated 12 times. Gordon once said to me, “*The Vote Motive* did more to spread public understanding of Public Choice than any other single paper.”^[13]
6. And finally the liberal tradition has been so lost for so long in so many countries that maybe they do not need an Arthur for the moment. I think of the late Donald Stewart in Brazil, who translated classic texts into Portuguese because, he said, there was just no base to build on with none of

the fundamental texts available. And I recall over two decades ago friends in Austria and Sweden taking great risks to smuggle copies of Hayek, Friedman et al. behind the Iron Curtain.

But I do agree with Boettke's main thrust, and as an Atlas trustee I do not hesitate to complain when I see a so-called think tank teaching Tea Party members how to paint placards or putting messages on beer mats. The latest vogue at the state level in the United States is to hire redundant investigative reporters. I spoke at one such think tank recently, which even publishes its own paper. I must have frowned or something because they immediately became defensive and one staffer blurted out, "But we've just put three Democrats in jail!"

This might all be very well and good – the more scoundrels of all parties in jail the better – but it's not think-tank work and if Arthur were here he would be cautioning us: "The artillery should never desert the high ground."

Endnotes

[12] John Blundell, "Fight to Keep Dirty Thoughts at Bay – John Blundell on the Need to Guard Think Tanks against Undue Influence," *Sunday Times*, July 5, 2009; online at <<https://iea.org.uk/in-the-media/media-coverage/fight-to-keep-dirty-thoughts-at-bay>>.

[13] Gordon Tullock, *The Vote Motive* (London: Institute of Economic Affairs, 1976. <<https://iea.org.uk/sites/default/files/publications/files/upldbook397pdf.pdf>>

WHERE IS THE INTELLECTUAL PROGRESS?

by Nigel Ashford

I want to draw attention to Arthur Seldon's unfairly neglected book, *Capitalism* (Blackwell, 1990).^[14] It is a masterful and wide-ranging defense of capitalism. He presents the virtues of capitalism, rebuts the case for socialism, directly challenges a large number of

capitalism's critics by name, and illustrates his passion for capitalism with episodes from his own personal history. I speculate that it was neglected because his critique was directed at socialism, which, due partly to his own efforts, was no longer the chief alternative of capitalism, having already largely been discredited. Opposition has since taken a number of different forms, such as Rawlsianism, postmaterialism, and environmentalism.

I want to focus on [chapters 7 and 8](#), which identify 10 intellectual developments that explain the revival of capitalism as an ideal.^[15] My challenge is: how successful have these arguments been since he presented them in 1990? To what extent have classic liberals built on those insights, given them greater strength, or added new powerful arguments to our ammunition. Or are classical liberals still living off of an intellectual legacy of over 20 years ago?

The 10 developments (p. 146, or p. 206 in the LF ed.) were:

1. A new interpretation of capitalist history
2. The new analysis of property rights
3. The new emphasis on the market as a process
4. The economics of politics (Public Choice)
5. The critical examination of government regulation
6. The skeptical view of public goods
7. The nature and effect of externalities
8. The monetary control of fluctuations
9. The economics of self-investment in human capital
10. The limited and minimal state

My inclination is to say that classical liberals have made very little progress in building on these foundations or in creating new ones. I also note that these were all developments in economics. Have we seen any progress in the intellectual arguments in favor of capitalism in other disciplines (for example, in political science, philosophy or history)?

Endnotes

[14] *Capitalism* appears in vol. 1 of *The Collected Works of Arthur Seldon: The Virtues of Capitalism* (Indiana: Liberty Fund, 2004), pp. 51-465. <</titles/1449>>. Unfortunately it is only available here in PDF format at the moment. An HTML version of Chapters 7 and 8 can be found here <</pages/intellectual-reinforcement-for-capitalism>>.

[15] Chap. 7 "Intellectual Reinforcement for Capitalism," pp. 205-26; Chap. 8 "More "Intellectual Reinforcement for Capitalism," pp. 227-46.

CAPTURED BY WHOM AND FOR WHAT PURPOSE?

by Peter J. Boettke

John Blundell points to Buchanan and Tullock's own argument about why there is no American IEA, which refers to London's unique intellectual and cultural characteristics, compared to New York (commercial/artistic) and Boston (academic/scientific), let alone D.C. (policy). Because London is the cultural center of all three intellectual classes, the IEA couldn't become a tool just for the political class. I don't find this argument completely convincing, though I do believe it has some intuitive merit. John uses the [Cato Institute](#) as counterexample, with its ability as a think tank to think outside the box of its geographic cluster and intellectual culture, and he also points to the spread of think tanks that [Atlas](#) has helped create. Again, while I find Blundell's evidence intuitively compelling, I don't find it convincing. And ironically -- and this is indeed ironic because of the role that John played at IEA, as well as [IHS](#) and Atlas -- I am unconvinced because I believe John underestimates how unique IEA and Arthur Seldon was. Cato might not be captured by special-interest groups, as Milton Friedman warned, but there is no doubt it is part of the Washington, D.C. intellectual culture. It is a policy work shop, not a research center. I don't say that with any normative assessment, but as a positive analysis of the situation. The state-level think tanks that Atlas has

formed are also policy work shops, but tied into a local level. Again, what they aren't are economic *research* centers.



John Blundell

A pivotal monograph for IEA, which I would contend sets it apart, is [W. H. Hutt's *Politically Impossible?*](#) (1971, 2010). [16] The argument in that monograph -- which is that economists should never direct their messages with the eye to what is politically possible, but always to what is scientifically true -- permeates IEA works. This is why IEA was able to think the unthinkable and to encourage scholars to do so. IEA and Seldon carved out a unique niche in the intellectual structure of production. They did not reside at the highest stage of production, nor did they reside at the lowest (if the lowest is considered selling economic policy to politicians). They resided instead at the higher stages of production where the raw scholarly material of the Austrian, Chicago, and Virginia schools of economics is translated into useable material for dissemination to secondhand dealers in ideas -- teachers, journalists, and intellectuals. They were the first-level translators. The United States never developed a sustainable clone of IEA, as the equilibrium tendency in the market for charitable funds seemed to always pull a group more and more toward being a policy work shop in the hope for relevance. FEE -- the original market-oriented think tank -- comes the closest to the IEA, but doesn't actually fit because the focus has rarely been on translating cutting-edge scientific research in order to pose an intellectual challenge to the conventional wisdom.

FEE is farther down the structure of production, focusing instead on the elementary principles of economics.

In the United States the kind of conversation that the IEA and Seldon generated is not being generated by Cato and the state-level network of free-market policy work shops; instead, it is being generated in economic blogosphere, for example at [Marginal Revolution](#), where cutting-edge academic work is getting a first translation. Also see [Project Syndicate](#) and [Vox](#). One of the great innovations along these lines is Russ Roberts's podcast series, [EconTalk](#). The conversation in all these media is more scientific/scholarly and yet more in line with Hutt and Seldon-style pursuit of truth. Policy relevance is not the first principle guiding their work. It is hard to stay focused on this kind of work when located amid a culture of policy concerns, or financial concerns, or artistic concerns. The Buchanan-and-Tullock intuition as to what can go wrong isn't that far off the mark, and the fact that London had/has this great diversity of coexisting intellectual cultures does make it unique. But the more unique aspect I would argue was the attitude of Seldon as he guided the research and publication projects of IEA. There is such a thing as pivotal people at pivotal times -- and Arthur Seldon was one of those people. I do believe he left such an imprint that the folks who have followed in his footsteps have preserved his attitude and purpose, namely, to be the first-level translators. That continues to make IEA unique in the worldwide network of free-market think tanks.

Endnotes

[16] W. H. Hutt, *Politically Impossible? An Essay on the Supposed Electoral Obstacles Impeding the Translation of Economic Analysis into Policy* (1971, 21 Oct 2010). About the book: <https://iea.org.uk/publications/research/politically-impossible>>. PDF download: <https://iea.org.uk/sites/default/files/publications/files/upldbook523pdf.pdf>>.

YOU ARE THE CAUSE OF ALL MY TROUBLES!

by John Blundell

Every think tank reflects a range of factors or interests, and it is hard to think of two that are identical. The interests of the founder, the proclivities of the board, the market in available talent, the desires of investors, the prevailing climate of ideas – all and much more come into play and produce very different outcomes. And they come at matters via different routes. Recently, for example, Washington D.C.'s [The Heritage Foundation](#) added a separate action organization; so a think tank, or policy shop, deeply influenced by the IEA (its founder/president Dr E. J. Feulner Jr. has often spoken fondly of his year at the IEA in the late 1960s and what he learned by working for Arthur) rightly or wrongly adds a campaigning dimension. Meanwhile in London, [The Taxpayers' Alliance](#) (founded by IEA alumnus Matthew Elliott), which is clearly a campaigning group and says so loud and clear and up front, develops an in-house think tank dimension such that at a November 2013 meeting of the [Atlas Network](#) in New York City it won the \$100,000 Templeton Prize against competition from all around the world.

It would be wrong to say that Arthur and Ralph were totally free of vested interests and completely immune from the thrill of a short-run victory. In the early days Ralph toured advertising agencies collecting financial support for studies on their role in a free society. At that time the industry was much vilified in intellectual circles. And earlier in this conversation I referenced Basil Yamey's *Resale Price Maintenance and Shoppers' Choice*, which quickly and directly led to a bill that created the entire supermarket industry as well as the *Virgin* empire. The minister who promoted the bill came to lunch at the IEA when he was under severe attack on all sides, pointed at Arthur and bellowed, "You are the cause of all my troubles!" It has been estimated that the resulting law so annoyed small shopkeepers (who would tend to vote for the Conservative Party) that they abstained from voting in the 1964 general election in sufficient numbers as to

hand victory to Labor, which would rule for the next six years.

It's all a bit like baking a cake or a pastry. Try making a lemon meringue pie in Guatemala. You will fail as there are no lemons in that country, only limes.

Finally, let's bring this back to Arthur.

He loved young inquisitive minds and was famous for his Sunday afternoon tea parties in the garden of his and Marjorie's home in Kent, a short train ride from central London. There was always a generous sprinkling of such youngsters there being prodded and pushed along by Arthur about their intellectual or career paths. He even published many of them in a volume, *The New Right Enlightenment*,^[17] from his own private publishing firm and set up the IEA's publication *The Journal of Economic Affairs* specifically to give newer younger talent a spot to spread its wings.

He would, I am sure, have reveled in the company of the many young intellectual entrepreneurs recently assembled by the *Atlas Network* in New York City.

Endnotes

^[17] *The New Right Enlightenment* (London: Economic and Literary Books, 1985).

WHAT WORK WOULD ARTHUR SELDON BE ENCOURAGING TODAY?

by Stephen Davies

I think the points made by Nigel are challenging and should give all of us pause. I agree with the list of areas of intellectual enquiry that Arthur pioneered or encouraged work on. I am afraid that I broadly agree with Nigel's gloomy view that little progress has been made in the 10 areas Arthur identified. However, I would qualify this. I think work has been done in all of these areas, but what has failed is the translation process from academic research and publications to the wider audience of the educated public and the academy in general. As a

result, all kinds of analyses have been made by scholars that have not so far had any real impact on semi-popular discussion or on textbooks. One example would be Alberto Alesina's work on the optimum size of political units.^[18] There are signs that this is starting to change, such as the popular success of Daron Acemoglu and James Robinson's work,^[19] but these are very much at the "green shoots" stage. In other areas this is clearly still not the case. For example, in the first on the list, a huge amount of work has been done by economic historians on the history of capitalist modernity and related topics such as the nature of early industrial society in Britain or the nature of post 16th century slavery and the reasons for its demise, or the nature and effects of the New Deal, but popular discussion of these issues is still dominated by ideas and narratives that were formed in the 1950s. A related problem is that many of the scholars doing these kinds of work have done it in an explicitly non-ideological way. The difficulty is that as a result, the findings and arguments float free of any specific context of general principles and concerns, and the conclusions that follow from the work for the bigger questions are not spelt out. The need is to persuade people in the academy that intellectual integrity and high academic quality are perfectly compatible with an explicit commitment to a broad ideology (or explicit *Weltanschauung* if you prefer). That combination was crucial to Arthur's intellectual project and needs to be recovered.

Nigel also asks if there have been intellectual developments in other disciplines than economics that would be added to Arthur's list if we were to draw it up today. I think that there have been, particularly in history, philosophy, and psychology, although there are major gaps such as anthropology, theology, and sociology. I would note work on the nature of the self, personal identity, and consciousness; the connections between capitalist modernity and the gradual lenifying of personal behavior and a corresponding decline in violence (an old idea but now put on much more robust foundations); the nature, origins, and development of political power and of different kinds of state; in particular a much better understanding of the history and nature of empires; and

a much clearer grasp of the nature of the modern state and its conflicted connection to liberty.

What kinds of project would somebody in Arthur's kind of position look to encouraging today? I would identify firstly the one Nigel pointed to, that of producing a worked out theory of government failure (as opposed to entertaining accounts of particular examples of government cock-ups). Another would be to explicitly examine and criticize the emerging consensus view that we may be facing a condition of secular stagnation. Yet another would be to try to revive the traditional liberal form of class analysis and produce a rigorous economic sociology of ruling-class composition and power. There others that I can think of, but those would be a good start.

Endnotes

[18] Alberto Alesina, "The Size of Countries: Does It Matter?" *Journal of the European Economic Association*, 1:2-3 (2003), 301-16.

[19] Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (London, Profile Books, 2013).

FIVE KINDS OF THINK TANKS

by Stephen Davies

The more I think about Arthur and his role and consider the responses of John, Nigel, and Pete, the more I am seized by the realization that there was something unique about the combination of the time and place (British political and media culture in the period from the early 1960s through the later 1980s) and the personal qualities and interests of Arthur Seldon that led to something appearing that hadn't existed before and has proved hard to replicate. Not impossible, however, as I would argue that the model of intellectual inquiry and advocacy that he created is not so connected to specifics of personality and contingent environment that it cannot be reproduced once its main features (which Pete describes well) are known and identified. There are indeed other think tanks

like the IEA in terms of the kind of work they produce – I would point to [the Brookings Institution](#) as one prominent case.

John makes some rejoinders to me and Pete. Some of these are well taken, but on the whole I'm not persuaded. He is quite right that there are many good authors located outside conventional academia, and indeed many of the works produced by the IEA under Philip Booth's direction fall into this category. Interestingly some of them are by authors you might call refugees from academia, and I think the point about this is that it tells us something about the state of the academy and the decline of work of wider relevance and interest within it as compared to 20 years ago. As for the media, the strategy John describes is indeed what the IEA has done, with considerable success, but there are two persistent challenges. The first is to avoid being sucked into the contemporary media's own agenda and letting your work be driven by the whirligig of media fads. The second is the difficulty of putting over the kind of deeper, more basic questions that Pete mentions when the media tend to focus obsessively on the immediate present.

Related Links:

- [Pierre F. Goodrich \(1894-1973\)](#)

Like Pete, I don't find the arguments about the peculiar nature of London convincing. I think the point about the focus of donor interests is spot on – the challenge is to find donors such as Fisher or the Liberty Fund's own Mr. Goodrich, who have a longer term focus. I would add that I think we are seeing a reshuffling of think tanks at present, which may provide hope. There are basically five types of think tank:

1. networking clubs for policy makers such as [Council on Foreign Relations](#),
2. scholarly ones like the [IEA](#),
3. policy production shops like [Heritage](#) or the [Adam Smith Institute](#),
4. media-oriented or campaigning organizations such as the [Center for American Progress](#), and
5. educational ones.

The third kind are currently the predominant type, but the model has stopped working. As a result work shops of the kind Pete describes are changing into one of the other types. In the UK the ASI is moving towards the last type (of which FEE is the premier example), Heritage has clearly become one of the fourth type, while the [American Enterprise Institute](#) is moving towards the second model. [Cato](#) is poised between becoming a type-four or a type-two institution.

The hope is that we will end up with at least a few clearly identifiable Arthur Seldon-type institutions. What we really need is a pluralism of think tanks but with the distinctions of type and method very clear – what I do not think is possible is to combine the different types in one organization, no matter how large it may be.

IEA V. HERITAGE

by Nigel Ashford

A theme of several contributions here is the unique nature of the IEA as conceived by Arthur Seldon and why other think tanks have not followed this model. Blundell describes this accurately as making material accessible to the general educated layperson, while still being of use to the expert and the classroom.



Blundell mentions that the IEA focused on the high end of the structure of production. He is talking about the production and distribution of knowledge. There is no consensus on the precise nature of that structure. I follow Hayek (as did Seldon) as outlined in “The Intellectuals and Socialism.”^[20] Political change begins with the scholars of original thought, whose ideas then reach “the second hand dealers in ideas,” such as professors,

journalists, teachers, church ministers, artists, etc. What professions should we add today to the list of intellectuals? Hayek assumes that intellectuals are those who work full time in the realm of ideas. Are there now intellectuals whose income may come from other sources but whose passion is writing and distributing ideas, through a blog, website, or Facebook group? According to Hayek, the intellectuals form the opinions of ordinary people. Politicians and policy makers then respond to public opinion. In this model of political change, the scholars and the intellectuals are at the top. Seldon was focused on the interchange between these two groups. Ed Lopez and Wayne Leighton describe this structure in much more detail than Hayek in *Madmen, Intellectuals and Academic Scribblers*.^[21]

Reviewing the work of many think tanks, I think very few would meet Arthur’s standards. They have, in Blundell’s phrase, “slipped down the structure of production.” Boettke contrasts the IEA with policy think tanks such as the Heritage Foundation. “They are policy think tanks focused on politicians or grassroots think tanks focused on the voting public.” I would amend that. Most are directed towards specialist “policy communities.” There are at least three problems with the think-tank books of today. First, they are directed at a narrow audience of specialists, not the educated layperson. Second, they seek to solve current policy issues within the existing paradigm, rather than shifting the paradigm. Third, they are written in the jargon that Seldon worked so hard to avoid, thus excluding not only the general public and politicians but also economists in other fields. There is value in this specialist literature, but it leaves “a deep hole.” Why does this gap exist?

Is the problem on the supply side, the academics? Davies suggests that changes in the academic world are a major factor: narrow specialization, mathematical formalism, and the lack of career incentives. Blundell suggests that the problem can be overcome by drawing upon other sources than academia, that a wider talent pool exists in industry, banking, finance, and consultants. While many such writers have produced fine books, I believe that academics have unique advantages. First, they are able to

conduct basic research. Second, they have a high degree of credibility with general audiences. Third, they are thought to be neutral. So why are academics less interested? At IHS, our [FIND Scholars program](#) encourages professors to reach out to a wider audience. The two biggest obstacles are that: it never occurs to them and they are never asked; and they do not know how to translate their academic research into a form accessible to the educated reader. So this would suggest two steps are necessary. First, it requires think tanks to actively reach out to academics and offer them opportunities. Second, it requires professional editors who can replicate the skills of Arthur Seldon.

Is there a problem on the demand side? Davies identifies changes in the workings of the media. Journalists are less likely to be the medium of transmission between academics and policy makers. The explosion of outlets makes any particular outlet or journalist less important. Davies rightly warns of the danger of trying to satisfy the 24-hour short-term news cycle of daily commentary. The mass media have certainly changed, but the multiplication of outlets has not reduced the amount of serious journalism still to be found in quality newspapers, opinion magazines, and increasingly on the Internet, as Boettke suggests. If anything, the number of intellectual consumers is larger now than ever before in history. In a more competitive media environment, more attention needs to be paid to promoting books. I am amazed at the number of academics who feel that their work has ended once the book has been published. They need a marketing strategy. This is an area in which think tanks could assist, including promoting books they themselves have not published but that further their mission. Holding one book forum in London or Washington, D.C. is not enough. More attention should also be given by think tanks to how to make their books appealing for teaching purposes, course adoptions, and university libraries. Seldon always included questions for class discussion. One valuable project that would be ideal for an IEA-type think tank is to support the one-volume version of Deidre McCloskey's work on the bourgeois virtues,^[22] in cooperation with Art Carden.

We should encourage the adoption of the IEA (Seldon) model, rather than the Heritage model, while adapting to both the demand and supply side of a much different market for knowledge than the one facing Arthur Seldon. He successfully met the challenges of his day. Who will do the same for today?

Endnotes

[20] F. A. Hayek, *The Intellectuals and Socialism* (London: IEA, 1998).

<<https://iea.org.uk/publications/research/the-intellectuals-and-socialism>>. See also, F. A. Hayek, *The Road to Serfdom, with 'The Intellectuals and Socialism'* (19 Jul 2005). The Reader's Digest condensed version of 'The Road to Serfdom'. Now includes 'The Intellectuals and Socialism'.

<<https://iea.org.uk/publications/research/the-road-to-serfdom>>. PDF

<<https://iea.org.uk/sites/default/files/publications/files/upldbook351pdf.pdf>>.

[21] Wayne A. Leighton and Edward J. Lopez, *Madmen, Intellectuals and Academic Scribblers: The Economic Engine of Political Change* (Stanford, Cal.: Stanford Economics and Finance, 2013).

[22] Deidre N. McCloskey, *The Bourgeois Virtues: Ethics for an Age of Commerce* (University of Chicago Press, 2006), and its sequel *Bourgeois Dignity: Why Economics can't explain the Modern World* (University of Chicago Press, 2010). Art Carden's homepage <<http://www.artcarden.com/>>. Guest blogger at Econlib <<https://www.econlib.org/econlog/authoracarden.html>>.

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