“Arthur Seldon: A Life for Liberty,” by Colin Robinson. Profile Books, 2009. 220 pages.

As free-market economics appears to wane in many parts of the world, especially the United States, a newly published book offers some succor. Colin Robinson has written an excellent biography of Arthur Seldon, the brilliant economist who played a central role in formulating the neo-liberal economic policies that Margaret Thatcher’s government instituted a generation ago. Both as a writer and as an editor, Seldon contributed greatly to defending and modernizing classical liberalism. His writings (recently collected and published through the Liberty Fund) fill seven volumes. As an editor and editorial director for the Institute of Economic Affairs (IEA), arguably the greatest among classical and neo-liberal think thanks, he edited writers such as Milton Friedman and Friedrich Hayek.

Seldon was born Abraham Margolis in 1916, in anything but wealthy circumstances. His parents, Masha and Pinchas Margolis, were poor Jewish immigrants from Russia, living in the East End of London. He was the youngest of five children, and his parents died when he was two years old. He was taken in by various foster homes before being adopted by another Jewish immigrant couple, Eva and Marks Slaberdain. He grew up in a household that respected learning, self-improvement, and community-based charity--values that informed his later work.

When Seldon was 18, he won a scholarship (a munificent 80 pounds a year!) to attend the college of his choice. (Robinson doesn’t note this, but Seldon was thus able to go to college because of a voucher program, the kind of program he would later advocate.) In a decision that helped set his course for life, he chose the London School of Economics.

At this time, the economics department was well stocked with classical liberals, most famously Friedrich Hayek, Arnold Plant, and Lionel Robbins, along with Ronald Coase as lecturer. Hayek and Coase would be recipients of the Nobel Prize. Seldon studied at the LSE from 1934 to 1937, graduating with first class honors. He was appointed research assistant to Arnold Plant and held the appointment until World War II broke out. It was during this time that he changed his name from “Slaberdain” to “Seldon.”

After his wartime service, Seldon considered an academic career, but chose instead a career in the business world that permitted him to pursue his academic interests. He became the editor of trade magazines, first for the department store industry, then for the brewing industry. It was a fortunate choice. At the department store magazine he met his future wife, Marjorie; and his journalistic experience led to his selection in 1957 for his role at the then recently established IEA.

He had a lot to offer. At forty, he was at the height of his energy, with a solid education in classical economics and a decade of experience in business. And the job had a lot to offer him. He had a chance to support his family while writing and helping others write publications that crafted free-market policies, many of which would be adopted in the U.K. and beyond.

Robinson’s book gives the reader a wealth of biographical information about Seldon, much of it contributed by his friends and family. But I found especially useful the last four chapters, which explore his political and economic worldview.

Seldon developed a view of capitalism that was a synthesis of his deep worldly experience and his wide academic learning. This view fused classical economics, Austrian economics, and public choice theory.

In a free-market system, as classical liberal economists had recognized, consumers have the freedom--“the power of exit,” as Seldon liked to call it--to switch from producers whom they don’t like to producers whom they do. Moreover, as Hayek and other economists of the Austrian school had pointed out, the free market implements a discovery process that allows entrepreneurs to explore new avenues of production and expand existing production methods, in a spontaneous, self-correcting way, facilitated by the language of pricing. Seldon elucidated this system, adding to it a theory of public choice. Public choice theory (among whose influential early advocates were James Buchanan and Gordon Tullock, IEA contributors) recognizes that governments are complex organizations run by self-interested individuals, though with monopolistic power that leaves individuals little if any power of exit.

Seldon’s ideas, synthesized from many sources, enabled him to articulate, in an unusually clear and compelling way, the virtues of capitalism, the vices of government intervention, and the policies that might possibly reform the welfare state. His two most influential books were the shorter “Corrigible Capitalism, Incorrigible Socialism,” and the longer “Capitalism,” both published in the 1980s, and both powerfully persuasive. Capitalism, he argued, embodies incentives natural to human beings, and thus maximizes efficiency, flexibility, and freedom. Socialism, because it tries to appeal to incentives that aren’t natural, does the reverse.

Seldon maintained that the four famous problems of capitalism--inequality, monopoly, worker alienation, and negative externalities--are all easily capable of remediation. Inequality of income can be addressed by programs such as earned income tax credits. Monopoly is corrected by the marketplace: any private company that achieves a temporary monopoly in a free market will soon see competitors come into existence, unless the government interferes. Alienation can be reduced by worker ownership of corporate stock. (And, I would add, the free market weeds out companies with poor working conditions, as other companies compete for good workers.) As for negative externalities (the unfavorable effects of other people’s actions), they are present--and starkly evident--in socialist systems as well as capitalist ones, and clearly defined property rights will keep them in check.

But the defects of socialism--ignorance, inefficiency, social conflict, monopoly, coercion, corruption, and secrecy--are basically incurable. There is no way outside of a free market for would-be managers to set appropriate prices and adjust production, and the ignorance of managers inevitably leads to inefficiency. Social conflict is also inevitable, because minority views are unwelcome in a socialized order; and so is monopoly, because the essence of socialism is the state’s destruction of competition. Add to the list of inevitables both coercion and corruption. Coercion is needed to keep the citizenry compliant. Corruption results when markets are driven underground, protecting themselves by bribing the economic rulers—who after all have a strong incentive to keep many of their own actions secret.

In short, Seldon was a remarkable figure. His clear arguments and compelling evidence allowed him to reach a wide audience, and to convince them of the argument for economic liberty. As Robinson nicely puts it,

His influence came not only from the power of his ideas but from his ability to express them succinctly, without resort to technical jargon, in terms that ‘opinion-leaders’ could understand, and in his ability to draw conclusions for policy. He was not only a prolific writer, with one of the major works of classical liberalism of recent times (‘Capitalism’) to his credit, he was also a splendid editor of the works of others, with the ability to formulate a publishing programme with a clear purpose, to find authors to carry it through and to make their work more understandable. (p. 147).

Seldon was also one of those rare thinkers who understand “the big picture” of economics and the contemporary state. In this regard, it may have been helpful that he did not pursue a Ph.D., with its inevitable focus on technical problems and sophisticated mathematics. It took a broad thinker to predict in 1980, as Seldon did, that “China will go capitalist. Soviet Russia will not survive the century. Labour as we know it will never rule again.” I know Ph.D.s who cannot grasp those facts, even today.

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