

A review of *Ralph Harris in His Own Words, the Selected Writings of Lord Harris*, Edited by Colin Robinson, Cheltenham, UK, Edward Elgar and the Institute of Economic Affairs, 2008, 343 pages

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To many people market liberalism may seem a hard sell in our times, looking like a menace rather than an opportunity. It may require an extraordinary personality, shaped by a limitless altruism, to admit that the riches of a few could have been accumulated if *more* entrepreneurship existed. That was probably the lesson Schumpeter had drawn after leaving behind a bankrupt private bank in 1924, after a four-year stint as its president, and heading for academic recognition. Fact is that, if we count from the 1930s, more than eighty years of dominance of liberal thinking in the discipline of economics have left both ordinary people and scholars with a lingering sense of perplexity. Asking about the resilience of mainstream economics may sound tautological but noted thinkers did not refrain from doing the very same. John Stuart Mill knew that ideas had to wait for “circumstances to conspire in their favour” (p. 208) [1] and J.M. Keynes observed: “The power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas...soon or late, it is ideas, not vested interests, which are dangerous and for good or evil.” Along the way, Hayek thought in his essay on *intellectuals and socialism* (1949), “it is no exaggeration to say that once the more active part of the intellectuals has been converted to a set of beliefs, the process by which these become generally accepted is almost automatic and irresistible” (p. 40).

The life and work of Lord Harris of High Cross, of Tottenham in the County of Greater London, or Ralph Harris (10 December 1924 – 19 October 2006), may represent a missing piece in this puzzle about the endurance of a scientific mindset that seems a perennial candidate for reconceptualization. The editor eschews a rigidly chronological narrative in favour of a thematic approach to his choice of the writings that best represent the ideas Lord Harris had espoused. In addition, several House of Lords speeches, as well as obituaries from leading

newspapers such as *The Times*, *The Economist* and *The Financial Times*, give the reader a selection of witty, cerebral, passionate, honest, assertive works of economics, worth reading as much for their enjoyable style as for their ability to illustrate the discipline's recent history. The work illuminates the intertwining worlds of Freedom, Markets and Morality within a discipline hardly at ease in turning them into a coherent whole.

The spirit of Freedom clung naturally to Lord Harris all the way along his upward path into the entrenched class hierarchy of British society. Brought up in "humble circumstances" as the son of a tramway inspector he was a graduate of Queen's College, Cambridge, with a First in Economics, a lecturer in political economy at St Andrews University from 1949 to 1965. From 1957 to 1987, he was the general director of the Institute of Economic Affairs (IEA), then its chairman and founder president until his death. From 1967, he was the Secretary of the Mont Pelerin Society, and its President from 1982 to 1984. Finally, in 1979 he was made a life peer, and in this capacity he sat on neither the government nor the opposition benches in the House of Lords to show his independence from political parties. With an ability to switch gracefully from scholarly work to persuasive pleas for worthy causes, he also embodied a fund-raising activist adept at "discreet personal canvassing" (p. 34). His impressive accomplishment is most noticeable in attracting Lord Tanlaw's support of one million pounds (10m in today's prices, according to his estimates) to be donated to University at Buckingham, a pet project of several "disgruntled intellectuals" for an *independent station* of education.

So was the London-based IEA, set up by Antony Fisher and Oliver Smedley in 1955. There were times when British officials embraced the principles of central planning and declaimed that "the purpose of the [National] Plan is to raise economic growth to four per cent a year in the gross national product and associated parameters" (p. 67). Harris, together with editorial director Arthur Seldon, built IEA into a "bastion of free market liberal economics" following Friedrich Hayek's suggestion that an intellectual counterweight was necessary to combat the prevailing Keynesian-collectivist consensus. The obvious target was "big government" and "paternalism" for its undermining impact on "individual self-help and responsibility" (p. 100). Laudably, they were the first to do what they preached and felt themselves encouraged by Margaret Thatcher, then education minister, advising them that "the best way government could help was not by financial support, which would detract from our independence, but by not

getting in the way and removing any bureaucratic obstacles that might make our development needlessly difficult" (p. 32).

The work at IEA tenaciously advanced what later would be called the *Harris agenda*, a deserving accolade for the "man who changed Britain from one of the worst performers among developed countries" (p. xi). It consists of published pamphlets and papers to advocate free market ventures across various economic instruments (e.g. abolition of retail price maintenance, ending of rent control, deregulation, privatisation, tax cuts, trade union reform) and policies (e.g. taxation, pensions, education, health, transport, and exchange rates). The scholarly echo of these studies reached the stratosphere of world academia as Harris proved able to enlist among IEA supporters a good many Nobel-prize winners like Friedrich Hayek, Milton Friedman, James Buchanan, George Stigler, James Meade, John Hicks, Douglass North, Ronald Coase, Gary Becker, Vernon Smith, as well such luminaries as Gottfried Haberler and Harry Johnson.

The *Agenda* was praised in the belief that the liberal platform of the 'Thatcher revolution' of the 1980s may have saved the country from the status of 'sick man of Europe', suffering from the 'British disease' (p. 48) but the statistics are bluntly disappointing: the United Kingdom's share of world GDP declined from 6.5% in 1950 to 4.2% in 1973 to 3.2% in 2001 and its rate of GDP growth per capita dropped from 2.42% (1950-1973) to 1.86% (1973-2001).[2] On the other hand, effective though he was in coalescing powerful interests, Harris often played the role of a broker of ideas selling market liberalism in the guise of the Garden of Eden. His version of economic liberalism smacks of surrealism: "The 'market' is nothing more than men and women cooperating for mutual advantage to serve their own values... The reality is that the competitive market is necessarily a *social* instrument. It is nothing less than a network of local, national and international links that enable people to trade together freely for their mutual benefit, as workers, consumers, producers, dealers, savers, borrowers, investors" (pp. 116, 195).

At the end of the day, his preference for a Hayekian description of the marketplace might have been a self-defeating approach that undeservedly obscured his inquisitive style of research. His view of the market as a set of voluntary processes was hardly coherent and at times controversial. There was never a perfect match between Harris the staunch defender of market liberalism and Harris the witty critic of its analytical foundation. His method, "assemble & analyze", advises that we should do things that work. The research work implies

“extensive interviews and reading to assemble the facts about the origins, development, conduct, statistics, costs, effects and regulation” and “to set these findings into a broad analytical framework” (p. 41).

His methodological preference is for authors who could “assemble and analyse empirical evidence from the practical operation of markets and non-markets in a wide range of goods and services” (p. 57). The presumptuous claim by a questionnaire to industry’s answers to future employment and investment is forcefully discarded as “a mixture of sheer guesswork, pious crystal-ball gazing and optimistic hopes by companies of increased production, without any certainty of being able to sell the projected output” (p. 51). Instead, the reader is introduced in great detail to the ideas of one of his favourites, Colin Clark and his concept of Growthmanship (“The mythology of investment”, IEA Hobart Paper, 1961). Clark deplores “an excessive preoccupation with economic growth, advocacy of unduly simple proposals for obtaining it, and the careful choice of statistics to prove that countries with a political and economic system which you favour have made exceptionally good economic growth” (p. 49) and hints at “statistical skulduggery” (p. 50).

Morality, the last of the book’s themes, is revealed in intertwining threads: as much an economics concern as a private affair. Humble and unsure about his merits, Harris asked Milton Friedman for advice, “If you were a British subject and were offered a peerage, would you feel obliged to refuse?” The answer came equivocally, “I would certainly not feel obliged to refuse. That does not mean I would necessarily accept. That would depend on the circumstances of the offer” (p. 25) In Harris’ case, the circumstances of being proposed for aristocratic title lay in a dedicated program to defend society against obtrusive interventionism. The moral stance however proved more difficult to defend consistently in the realm of theory. His libertarian views leave no room for equivocal attitudes: “Of all the anti-market wheezes that I have come across, the idea of enforcement by statute a single, national minimum wage seems to me the most damaging in prospect.” (p. 290; “The minimum wage: an anti-market wheeze”, 1998) This position could not be reconciled with his concern for the least favoured ones which he had sounded so emphatically two decades earlier: “there must be a guaranteed minimum income for people who, through no fault of their own, cannot maintain a civilized standard in the market economy [that] dates back, at least, to the 1601 Elizabethan Poor Law.” (p. 104; “The challenge of a radical reactionary”, 1980) As usual, it is his unconventional view of the actual functioning of the market—

"There are distinct labour markets in different regions, different industries, and different skills" (p. 291)—that should eventually bridge the gap between reason and emotion in solving economic problems.

Besides economics, Lord Harris was addicted to smoking. In defending his habit, he spared no tirade, flamboyance, and occasionally reasoned opinion about the infringement of one's free will: "Much as I rejoice in the variety of God's creation, I deplore some of the tastes exhibited by others— and occasionally by myself. But I deplore even more strongly the relapse of good men and women who seek to impose their will on others by coercion— or outright violence." (p. 116) He was not convinced about "the commonsense implausibility that so-called passive smoking can actually kill non-smokers" and was determined to discard the underlying findings that expectedly originated in laborious data collection and analysis of large samples. Firstly, he would approve of a more generous treatment of the individual in scientific studies: "The average man does not play golf or visit Covent Garden or even indulge in hunting, shooting and fishing. It does not follow that strictly minority activities should be regulated by reference to average tastes or majority prejudices." (p. 231) Secondly, the anger with that "spurious precision to two decimal places" could equally have been at his fellow economists: "How scrupulously is all the research conducted and reported? Publication bias leads zealous researchers to seek big, eye-catching results. In today's political climate, researchers who claim a high relative risk of exposure to lung cancer will more easily attract headlines, publication and further research grants, as well as frequent mentions in your Lordships' House. From this arises the practice of "data dredging" or torturing the statistics until they confess the answer that you want." [3]

Ralph Harris in His Own Words is a timely and highly congenial reminder that interventions in the marketplace could prove harmful for society because they usually rest on nothing else than group preferences and snobbish ignorance. There is nothing wrong in leaving the economy free and in the hands of the willingly skilful. The problem is that power control, managerial capability, and cultural imprints, i.e. the triad of Power, Institutions, and History, can be seen to have led to no less than a cacophony of the partiture of market economics. The rhetoric of the free market stridently acclaims "the power of open markets to harness the energies of competing producers in the service of individual consumer choice" (p. 59), while competitive pricing is the panacea of all industry troubles in regulated sectors such as agricultural products, postal services, blood banks, foreign

currencies, air transport, television, sport, telephones, water, local government services. In discussing the virtues of private enterprise, it is nowhere evident, however, why the sins of state power would vanish when personalized by company power. That markets possess vices of their own is manifest in, for example, cumulative deprivation of wealth, concentration of power, obliteration of relatively smaller costs by dynamic returns to scale etc.

One overriding message of the book is that "the secret weapon that produces coherence from the apparent chaos of individual striving is, of course, our old friend the market" (p. 185). If *coherence* is the name for what we get around us, this *Journal* should then cease its publication. The worship of the market seems as bad a habit as any other zealotry.

Endnotes

[1] Unless otherwise indicated, quotations come from *Ralph Harris in His Own Words*.

[2] Maddison, Angus (2003) *The World Economy, Historical Statistics*, Development Centre Studies, OECD, pp. 260-263

[3] "Publications on the internet", Hansard Volume (House of Lords Debates), Session 2005--2006, Wednesday 20 July 2005, http://www.publications.parliament.uk/pa/ld200506/ldhansrd/v0050720/text50720-27.htm#50720-27_s_pnew0 (20 August 2008).

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