

satisfactory directors, or compel them to pursue wiser policies. When a public administrator makes a mess, what sanction exists against him? Effectively, there is no sanction. He will not be sacked or demoted for losing millions of pounds of public money, provided he doesn't actually embezzle that money into his own private funds.

Not only is the custodian of public money virtually immune from any adverse personal consequences in respect of his blunders; he is also under no effective control. The Comptroller and Auditor-General is only concerned to see that the money is spent lawfully, not that it is spent wisely. The Public Accounts Committee cannot even attempt to peruse more than a tiny fraction of money spent. Nor, indeed, can Parliament itself. Thus we reach the alarming conclusion that the bulk of the wealth earned by people in this country is managed by individuals who are not controlled either by the electors or by the operation of the economy.

It is bad enough when so many matters are in the hands of politicians or bureaucrats in this country over whom no real surveillance is exercised. It could be said that there is at least a theoretical possibility that the voters might resume control over their own lives and their own finances. Alas, even this is no longer the whole story. By the decision to join the European Common Market, this country undertook to impose common trade restrictions with eight other States in Western Europe. The body which decides what those restrictions shall be is the Commission of the European Economic Community. It is a body whose members are nominated by the Governments of the member-states; but they are not controlled even by the Governments, still less by the Parliaments, of those states. We now hear a great deal about proposals for direct elections to a thing called the European Parliament. This thing has no real power over the Commissioners: not even the shadowy sort of power that our Parliament would have over its Ministers and bureaucrats, if it cared to exercise it. It is a talking-shop of the most futile kind; and the people are being wilfully deluded if anyone

suggests that they will acquire any control over the policies pursued by the E.E.C. through elections to the European Parliament.

Worse; for the Common Market to which we are tied does not even consist of nations with similar economic interests to ourselves. The continental Common Market is practically self-sufficient—or it could be if it so desired. This country is not. We have to import half our food, and vast quantities of raw materials, from abroad. For more than a century, we have relied on being able to import food at the cheapest world prices. Now we are no longer able to do so; we are tied to high-cost continental food producers.

Thus we perceive something of the causes of our present distress. Do we honestly wonder that this country is in an economic mess? I believe the point has come when we must really look around and see where our present course is leading, and begin, step by step, to dismantle the whole illiberal and collectivist apparatus which has been set upon us.

Have no illusions. As I said at the beginning, the road back will not be an easy one. Many of the measures which we shall need to apply will be unpalatable. Many people will need to change their jobs, and to readjust their lives. The first consequences of moving towards freedom will be no more palatable than the consequences of breaking any other addiction. I do not think that this is the occasion to discuss in detail what needs to be done. Suffice to say that it will require the most careful and detailed attention to decide which restrictions we lift in which order; and how we may ensure that the weakest members of society are not called upon to make the heaviest sacrifices in the period of transition.

I return to the almost theological title of this address. Some retribution is inevitable. The choice which this country must make is whether it will be the retribution of a Purgatory from which, sooner or later, we shall escape; or a Hell from which there is no escape. It is only by real Liberalism that we may set some term to our punishment.

Chasing the Illusion

ROBERT MILLER

WHEN people with the best of intentions presume to lay down rules of just conduct as a basis of a free society, they do not always take the trouble to define the terms they use in their arguments. At least Professor Hayek in the second volume of his trilogy *Law, Legislation and Liberty*,* which he calls "The Mirage of

Social Justice", escapes being accused of such an omission. In fact, he goes to such lengths to ensure that we shall understand precisely what he means by the very word 'rule'—as well as 'value', 'justice', 'freedom' and so on—that frankly I found the first half of the book heavy going indeed. But my patience was rewarded in the second half, in which I saw the author's logically

stated arguments that much more clearly as a result.

In a free society—and before I proceed I cannot resist the temptation to state the obvious, that different people have different ideas of what is meant by 'free', and even a 'society' may not conjure up the same picture in all minds—the rules are of a negative character, that is, they state what a single member of that society may *not* do to injure or interfere with the life and property of his fellows. They lay upon him no specific duties, as such, except those which he may voluntarily assume by private contract; and it

*Routledge & Kegan Paul Ltd., £4.95.

is within the confines of these negative rules that he is free to move and gratify his desires and accomplish his purposes.

It is only because we cannot predict the actual results of particular rules that we assume them to increase everyone's chances equally. If we could, the Professor points out, we would not need the rules. Nevertheless, some of the results turn out to be uncomfortable for some people, but they cannot thereby be called unjust. The risk of unpleasant consequences in pursuit of our aims is the price we have to pay for our freedom so to engage. "Freedom," he says, "means in some measure we entrust our fate to forces which we do not control." There is food for a banquet of thought in that sentence alone.

The only way we can attempt to escape this situation is to entrust some governing body with the re-

sponsibility of directing our lives to such an extent that eventually all individuality and creative effort is stifled out of existence. And why, I have always wanted to know, is it so often and fervently believed that any group of people, elected or otherwise, can possibly have the slightest notion of what is best for everybody else?

Social justice seems to be the only term Professor Hayek fails to define—for the simple reason that he deplores it as misleading, ambiguous, illusory, and downright dishonest since it is frequently invoked as a means of furthering the protection of entrenched interests.

It has even found a respectable place in the teaching of several Christian denominations which "losing faith in a supernatural revelation, seek refuge and consolation in a new 'social' religion, substituting a temporal for a cele-

tial promise of justice."

The last chapter of the book contains a warning. Professor Hayek considers the two greatest threats to a free civilisation are socialism and nationalism, and we should remember that some supporters of Hitler, Mussolini, Lenin and Stalin sincerely believed they were engaged in the creation of a just society in which the needs of the most deserving would be better catered for. Well, we have socialism, and nationalism once again gains popular support. But what are these things but expressions of despair for many in their search for answers to social problems?

I believe with professor Hayek that the answers can be found, but not by bunching individuals into types and grades in futile efforts to organise them all into some sort of absurd and glorified ant-heap.

Model of a Free Market

C. R. ROBERTS

THE supporters of the free market economy are finding it increasingly difficult to find a suitable model to cite as demonstrating the benefits of the practice of their ideals. The march in the direction of centralised control and welfare economics has been for some time almost universal in both developed and developing countries. Even the USA, the former repository of the free enterprise ethic, has been engulfed in the steady trend to the government-manipulated economy.

A survey on Asia in a recent issue of the *Economist* written by Norman Macrae, its deputy editor, contained much of interest to the advocates of economic freedom. Paramount was the section on Hong Kong, the current success of free market economics.

The tremendous expansion of Hong Kong's economy and the resultant upward surge in the standard of living of its inhabitants is attributed to its Government's policy of minimum intervention.

Businessmen undertaking new enterprises find little to hamper them in the way of government rules and regulations. The level of taxation is low (public expendi-

ture equals only 14 per cent of Gross National Product, compared with well over 40, some say 60 per cent in the UK). Many public services (e.g. electricity, gas, telephones, transport) are operated by private companies. Those services that are provided by the Government either show a good profit or try to ensure that the greater part of the costs incurred are recovered from the actual users. That workers are not unduly troubled by their Government's *laissez-faire* attitude is suggested by the fact that less than 15 per cent of them have chosen to join unions.

The result of the tremendous activity generated is, says the *Economist*, that Hong Kong's Gross National Product per head is expected to overtake that of Britain during the 1980s.

A glowing picture indeed, but it would be foolish to suggest that Hong Kong has no problems. One fundamental difficulty is that the amount of land available is strictly limited—a glance at photographs of the centres of activity indicates the tremendous intensity of development and land values are really soaring, as the inset on this page demonstrates.

Land in Hong Kong is held on lease from the Crown, but as was indicated in our last issue, the Government favours low rentals and high premia, presumably because this brings in more money in the short term. Unfortunately this means that the community will not be collecting higher future land values, nor will they enjoy the benefit of the economic effects of full rental collection.

This is a pity, since if Hong Kong were to get its land tenure system right, then free enterprise enthusiasts might really find something to sing about.

Footnote: It is interesting to note that in the summary of its Asian survey, the *Economist* says that since 1948, Indian governments have kept announcing land reforms that would not be "the right production-increasing policies even if implemented: Bangladesh has long had small and rather egalitarian under-financed peasant holdings, but look what's happened to it."

A 4,940-square-metre non-industrial site on the Wanchai reclamation, Hong Kong Island, has been auctioned for HK\$140 million (£17.5 million). The realised price amounted to HK\$28,322.88 (£3,540) a square metre.