

Palliatives Pay No Dividends

"To come to grips with this problem, tangled as it is with so many others, one must first understand the nature of our society and recognize the factors that have caused it to develop along false lines".

By JULIA BASTIAN

THE "HAPPINESS" OF A NATION is a difficult assessment to make, but it seems clear that our own people, and a good many others, are growing more unhappy, more unruly, "openly hostile to authority in every form." The Teddy-boy problem is one symptom of this distress, possibly a sign of sickness more serious than we realise. One is tempted to push the subject out of mind, and not to admit to the fact that a wave of youthful lawlessness is actually bothering people around the corner.

One-time literary editor of *Tribune* and writer of some reputation, T. R. Fyvel has not pushed the subject out of mind, but has done his best to come to grips with the whole "Teddy" problem. His special study of rebellious youth in the welfare state sets out with a good deal of genuine charity the plight of young people in present day society.

The first part of the book, *The Insecure Offenders*, (Penguin, 5s.) puts us right in the picture. We are taken to observe the Ted's activities at close quarters — in dance halls, late-night cafes, in the shadows of back alleys, and in the light of the commercialised and artificial living known as "street culture." In such an environment the newspapers he reads are concerned primarily with sensation, the excitements of gambling, crime, and sex. Television offers the get-rich-quick quiz, or violence dished up in a gangster film. The licensed betting shop supplies hope — of a kind. Life seems without point or purpose for the youngster; to him it is nothing more than a materialist's world where everything is measured by the yardstick of money. Little wonder then that youths and girls of the 1960s see their world as if in caricature.

Is this "culture of the streets" directly linked with the steady growth of Britain's Borstal population? Fyvel thinks it is. He explains it as part of a new phenomenon not only reflected in the waves of mob hooliganism and juvenile crime, but in the beatnik movement, the writings of angry young men and the general feeling of malaise and discontent.

But it strikes him as quite extraordinary that the steep increase in juvenile crime has occurred against a background of expanding welfare services. Take for instance the years between 1953 and 1960, which provided full employment, high wages and rising mass consumption — especially on the part of the young. By 1960, we are told, a quarter of the population was living in council houses or flats. (No mention, however, about the living conditions

of the other three-quarters.) To give some idea of the sharp increase in crime, the author compares the figures for Borstal — 2,800 in 1956 and well over 5,000 by the end of 1960. And to cope with the young offenders of our New Age, we embark upon the biggest prison-building programme for years.

Apart from actual law-breaking, the 'fifties produced the astonishing gang life for working class youth, who were openly hostile to authority in every form. The Press soon elevated this gangsterism to the status of a national problem, and everyone became familiar with inter-gang warfare, the fashions in Teddy-boy clothing, flick knives, bicycle chains and other offensive weapons carried "for defence."

The movement in Britain is but one expression, it seems, of a great new wave of aggressiveness sweeping around the world. It is to be seen in the toughs found on the sidewalks of New York, the dressed up *Halbstarken* in Germany, the *blouson noirs* boys in Paris, and the adolescent bands in places as distant as Moscow and Japan. Even Sweden, neutral during the war, and now enjoying the most developed welfare state in Europe, is affected.

What is the cause of it all? Fyvel, as a good psychologist, first traces the problem back to the lack of security which is the lot of many a deprived child. Without love, and the happiness of a secure home life, he grows up to feel a sense of rejection. Such a child is emotionally adrift and quite unable to forge any firm ties with either family or society. Rejecting both, he is suitable material for the lawless gang. So much for psychology. But we must look further and ask why such an appalling number of children suffer from "deprivation." Why are homes broken? What causes all the unhappiness that leads to poverty, unemployment, lack of opportunity? These economic questions bear directly on the security of the child. The happy child "belongs" in the family. The contented adult "belongs" in the community.

Other "causes" — not the first cause — are considered one by one. Take, for instance, the effect of horror comics on young readers. "The worst of them," warns Fyvel, "offer short courses on murder, robbery, carnage and sadism!" He also questions the need for the massive publicity and "glamour" directed at sex — from the corset ad. on the escalator to the constant stream of erotic

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"A BARREN ISLAND with hardly a house upon it" — contemptuously so described by Palmerston in 1841 — Hong Kong now has the highest population densities in the world, and land values of the same order. Whatever one may think about the present social conditions of the Colony it is undoubtedly of great interest to examine by what means this transformation has come about. Maintenance of a free economy founded on free trade and access to land has been the predominant cause; I have already dealt briefly with the trade aspects and now turn to those of land.

Crown Leases

At the outset all land in the Colony was declared Crown Land, and this is still the position. In the first few years land was sold on seventy-five year non-renewable leases by public auction, the bidding turning on the amount of rent per acre per annum. In 1851 this principle was changed, and from then on the bidding has turned on the premium offered for a given lot which was let at a specified — relatively nominal — Crown rent per acre. At the same time, and after much lobbying, the purchasers of lots in the City of Victoria persuaded the authorities to extend their seventy-five year non-renewable leases to 999 years. Thus, although the city includes some of the most valuable land in the Colony, if not in the world — figures of up to £125 per sq. ft. (£5 million per acre) are now being obtained for a few choice sites — the increase in value is largely retained by the private interests, and the contribution to Government Revenue, apart from rates, is limited to an annual Crown rent in the order of £250 per acre.

However, land sold between 1875 and 1898 remained on seventy-five year non-renewable leases. Sales during this period included the greater part of the Peak residential district on the Island and a large section of commercial and tenement property in Kowloon, on the mainland. These leases have been falling in from 1950 onwards and their re-grant on agreed terms and conditions is making a significant contribution to the Colony's revenue.

The principles adopted in re-granting these lots is interesting. The Government wished to see the property redeveloped as well as to obtain revenue, so it decided to give lessees the option of acquiring a new lease for a further seventy-five years, subject to the payment of a premium calculated on the full market value of the land, excluding all buildings at the time of application, payment of an increased Crown rent (but one still much below the economic value), and compliance with a building covenant. At the same time any land required for Colony improvements, for example for street widening, Government schools, welfare buildings etc., was excised from the area re-granted. To ease payment problems the Government agreed originally to accept payment of the premium by instalments over the full seventy-five years, at 5 per cent interest, but more recently it has reduced the period of payment to twenty-one years, at 10 per cent

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HONG KONG PART III

interest and in certain cases, such as when the property is sub-divided, these instalments have to be paid up before transfer of title can be registered.

The effect of all this is that the Government has been able to obtain land for improvements free of cost, and lay down conditions for redevelopment; further, it will secure a considerable revenue spread over a number of years — in some cases for the next seventy-five years. Due, however, to a phenomenal increase in land values in recent years, some of the re-grant premiums, calculated on market values only a few years ago, now seem ridiculously low.

Somewhat similar problems will shortly arise in connection with a further class of leases. From 1885 onwards (overlapping with the issue of the seventy-five year non-renewable leases which continued up to 1898), leases were for seventy-five years with the option of renewal for a further term of seventy-five years at a re-assessed Crown rent. This rent has to be assessed by the responsible Government officer at the full and fair value of the land (excluding all buildings thereon) on the date of renewal. Thus, while it is not possible in such cases to vary the terms, charge a premium, or adjust the lot boundaries, the annual rent will be very greatly increased, and in effect the selling value of the land held by the lessees (as apart from buildings) will, immediately after renewal, be nil, since its full annual value will be payable to the Crown. Thus any land required for street widening etc., could be obtained at that time at the cost only of compensation for buildings disturbed; if redevelopment takes place at this time, the compensation would be slight or even nil.

Leases in this category, seventy-five years with the option of renewal for a further seventy-five years, are standard for all land leased in ceded areas of Hong Kong, that is, the Island and Kowloon (other than the City lots on 999 years, and those parts of Kowloon on seventy-five year non-renewable leases). They were issued from 1885 onwards, and so have already started to fall in and will do so in increasing numbers in future years. This should result in considerable additional annual revenue accruing to the Crown.

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THE LAND QUESTION

Disposal of Crown Land

All Crown land for commercial and industrial purposes, and most land for residential use, is sold by public auction. The Conditions of Sale specify broadly the uses to which the land may be put, the amount to be spent on development within a set period — usually two years — and the Crown rent reserved. Lots are put up for sale weekly by the Government department concerned, the number and size of lots offered being arranged as far as possible to suit demand. The Government's object has been to make land available for industrial expansion and to meet the needs of private enterprise housing. However, despite heavily increased sales in recent years, it has not been possible to keep pace with demand, and in consequence prices have risen.

Apart from public auction sales, land required for new roads and streets, for Government resettlement and low cost housing projects, for schools (both Government and private non-profit making) for reservoirs, playgrounds and welfare buildings etc., is set aside, and where necessary granted by private treaty without cost, or at much reduced cost, to the developer. Thus community spirit is fostered and not hampered or otherwise inhibited by high land costs.

But, it will be asked, where does all this land come from — has it not already been taken up or been subject to prior claims? The fact is that while most flat land in any way accessible is in use for some purpose or another, the occupier's title may be only a temporary one, or one limited to agricultural purposes only; and all hilly areas, river estuaries and foreshore remains Crown land. Thus while the Government has spent — and had to spend — considerable sums on reclamation and land formation schemes, most of the money has gone on engineering works and not on compensation to landowners. Any land which has had to be acquired has usually been agricultural land limited by lease to such use. The cost of acquisition has then been relatively low — although some of the most costly agricultural land in the world (up to £5,000 per acre) has had to be acquired in certain instances.

Experience since the war has so far been that all such schemes have shown a capital profit in a very short period,

despite a large part of the land formed having been set aside for Government projects and uses with no financial payment being credited to the scheme. In one case where, after much debate, a new road three-quarters of a mile long was constructed over some difficult hilly country on the Island, at a cost of over £100,000, the first site sold, of roughly one acre in area, more than recouped the whole cost.

Land Use Policy

The peculiar circumstances in which Hong Kong found itself after the Korean War — a swollen population, a grave need for industry to replace loss of entrepôt trade with China, and only limited resources of land — forced a policy of intensive use of such resources as existed. It was vital to ensure that no worthwhile project was held up for want of land, and that no land was held out of use or under-used. By and large, this has been achieved by the energy and enthusiasm of the people, combined with the use of the persuasive powers of a Government which is also the owner of all the land. By its command of land it has been able to build multi-storey housing estates to re-settle squatters and so free land for better uses. Intensive use has been essential, and densities of over 2,000 to the acre are common and accepted as reasonable. Much remains to be done, but while the Government retains control of the land — and there is little chance of it surrendering such control — there is every hope that much will be achieved.

Rent Control

The Landlord and Tenant Ordinance provides for the control of pre-war property at rents less than present market values. Provision is made for any landlord wishing to redevelop his property to obtain an exclusion order, subject to payment of compensation to protected tenants. The effect of this is to enable development to proceed rapidly without undue hardship to occupiers.

Land-Value Tax

In the early days of the Colony it was laid down by the Secretary of State that:

"Examination into titles should not be of too technical a nature, and where lengthened occupation or improvements can be shown, with no adverse claims from private individuals, a Government title should be granted, even if no other is forthcoming. Security for all reasonable rights in regard to land will be a great inducement to content and loyalty and to the popularising of British rule. The land question, however, by no means ends here, and there will be much left to consider after the preliminary survey is completed. The land tax will no doubt be at first the principal source of revenue, and it should be distinctly understood from the first that, as the land becomes more valuable, the tax will be subject to revision at intervals of years."

(Continued on inside back cover)



OLIVER SMEDLEY, uncompromising free-trader and libertarian, supporter of the taxation of land values, and author of *The Abominable No-Men*,

tells the story of the liberty organisations established at 24 Austin Friars in the City of London.

Oliver Smedley was a paratrooper during the war, and was awarded the Military Cross. He fought two elections against Mr. R. A. Butler, First Secretary of State. He is a first class orator. Of him Mr. S. W. Alexander of the *City Press* said: "Oliver Smedley will not be pushed off the stage, because he has a mission, and men with missions are men to be considered. He believes he has a purpose which is of immense importance to the humblest people in the land. He feels that they have been misled by trade union agitators and false prophets. His purpose is an unselfish one, and he will not compromise by a fraction in his beliefs merely to secure some temporary advantage. That in itself is something unusual in these days of the opportunist politician."

THE last day of December, 1952, I resigned from my lucrative partnership with a leading firm of Chartered Accountants in the City of London, and set up my own little flag in defence of human liberty at 24 Austin Friars, London, E.C.2. My most knowledgeable friends said that it was impossible. I would not survive. Rents were too high; I had no business to conduct, very little income, and less capital. It was gallant but futile. Discretion was the better part of valour. Take a good job, work hard for ten years, acquire some capital and much would then be possible.

But, I had just given up a good job. I was 41. I knew there was immensely important work to be done. If I waited till I was 51 I should never have the energy to begin. My knowledgeable friends were 51 and still had not begun. Stubbornly, I set about the task of building an organisation to help with the task of persuading Britain back to policies of free-trade, non-discrimination, sound money, and just taxation. Now, ten years later, I am still there. The achievements have been minimal — but I am still there. And, at last, instead of swimming against the

MY TEN YEARS AT AUSTIN FRIARS

by Oliver Smedley

tide to the point of physical, mental and spiritual exhaustion, there are signs that the tide has begun to turn.

In 1948 I had visited India for my firm and had been struck by the efficiency of the "managing agency" system, whereby with relatively small offices and staffs they provided "management" and a link with the head offices in London for innumerable separate tea and rubber plantations and other companies. My aim was to set up in London a "managing agency" for all sorts of libertarian organisations that would not have the economic resources to provide such services for themselves. The trouble was that such organisations did not appear to exist. I had, therefore, to find the right people and create the organisations.

THE CHEAP FOOD LEAGUE

My friends and I had already founded the Cheap Food League the previous year. It was necessary to create it because both the Liberal Party and the Free Trade Union, as the latter was then called, were compromising on agricultural policy, particularly with regard to guaranteed prices and statutory marketing boards. The following is a summary of the principles of the League:—

"People should have the opportunity to get the best value for their money by being allowed to buy what they want, particularly food, as cheaply as possible.

"All people have the right to decide how their own money should be spent, and in order that they may at all times have the right to buy what they want as cheaply as possible, all those obstacles which at present hinder them from buying cheaply must be removed.

"No distinction should be made between good food grown at home and good food grown overseas.

"Government Departments must make a complete withdrawal from business activities.

"A free market in gold and in all foreign currencies must be restored.

"Bulk-buying, quotas, import duties, licensing, international commodity agreements, guaranteed prices and assured markets for farmers, and all other arrangements which seek to hinder the flow of food and other goods from one part of the world to another, are contrary to the interests of the general community and must go."

After the Cheap Food League had organised the opposition at the public inquiry into the Egg Marketing Board in 1955, at which no less than 700 objectors to the scheme gave evidence, the National Farmers' Union decided to call it a day and bring forward no more of its schemes for compulsory marketing boards until public opinion had once again lapsed into complacency. They are

now talking about bringing forward proposals for a Meat Marketing Board. The Cheap Food League will be ready to take up the fight on behalf of the British consumer.

THE FARMERS AND SMALLHOLDERS ASSOCIATION

On finding myself virtually unemployed early in 1953 I threw myself into the task of building up the Farmers and Smallholders Association, which had come into existence as a result of a revulsion of feeling by honest men all over the country against the carrying over into peacetime, in the Socialist Agriculture Act of 1947, of the provisions whereby farmers could be dispossessed of their farms by local committees on the grounds of inefficient husbandry. It took a few years and a great deal of hard work by many fine men, but in the end the Association achieved what it set out to do and the iniquitous provisions were repealed. The Association was given the credit for this change in the law by the Ministers concerned in both the House of Commons and the House of Lords.

The Farmers and Smallholders Association continues its work today, mainly concentrating on attacking the high import duties which protect the monopolist suppliers of farmers' requirements such as tyres, fertilisers, binder-twine, etc.

So that were two organisations for which the company I had formed with the grandiose name of Investment and General Management Services Limited could provide secretarial facilities. I needed many more as so far there was very little income coming in and a considerable amount of expenditure going out.

THE COUNCIL FOR THE REDUCTION OF TAXATION

The next one was the Council for the Reduction of Taxation, founded in 1954 on my recovery from the first of several physical break-downs. With the help of a gift of £1,000, by far the largest contribution any organisation with which I have been associated, save one, has ever received, we soon built up a membership of nearly a thousand subscribers. We poured out literature on the iniquities of high taxation and excessive Government spending, wrote innumerable letters to the Press, addressed dozens of meetings. We still do. Our Chairman, Mr. Richard Wolfenden, who has been in the Council since its inception, has in the meantime built up direct channels of communication with the Treasury and with the Conservative Party Finance Committee in the House of Commons. The influence of the Council was seen in the recent appointment of an additional member of the Government with the specific responsibility of reviewing State spending and keeping it to a minimum. In a recent publication *Cut Taxes* we printed some most revealing correspondence between Chancellor Selwyn Lloyd and the Council, in which we succeeded in establishing the significance of the fact that budget deficits are directly financed by the printing of new bank-notes, a fact which the Treasury appear to do their best to conceal.

THE INSTITUTE OF ECONOMIC AFFAIRS

The one exception to the rule that none of our organisations has ever operated otherwise than on a shoe-string has been the phenomenally successful Institute of Economic Affairs. This was largely the creation of its founder-trustee, Anthony Fisher, well-known today as Chairman of the Buxted Chicken Co. Ltd. But when it was necessary to find somewhere for it to start, Fisher came to 24 Austin Friars, and there, in a tiny office in which I still work, the Institute was conceived and born. Ralph Harris, now General Director, joined us on a part-time basis, and under his skilful direction the Institute has gone from strength to strength. It now occupies much more spacious offices in Eaton Square, formerly occupied by the Japanese Embassy, and 24 Austin Friars has become merely the City Office where the books are kept and the legal work is done. Of the achievements and publications of the Institute it is unnecessary for me to write. They speak for themselves. Nor should its contribution to the success of the meeting of the Montpelerin Society at Christ Church, Oxford, in 1959 be overlooked, nor the probability that it will once again serve in a similar capacity for that Society's meeting at Oxford in 1963.

The links between the Institute and 24 Austin Friars remain very close. Graham Hutton, the eminent free-market economist, and I help Fisher as Co-Trustees.

THE FREE TRADE UNION AND COBDEN CLUB

In 1958 the Committee of the Free Trade Union (founded in 1903) and of the Cobden Club (founded in 1866) passed a resolution to wind them both up on the grounds that there was no longer sufficient financial or moral support for free trade. The whole of the balance of its funds were distributed as "compensation for loss of office" to the two individuals who had been running them.

S. W. Alexander, Editor of the free trade *City Press*, London, myself and a few others were horrified. With the help of a great British libertarian, Mr. J. S. Harding, now in his nineties and still going strong, we called meetings of the Union and took over their management on agreed terms. Both are now flourishing. The Cobden Club provides the social side, and many dinners have been given under its auspices in recent months. The Free Trade League, as it is now called, continues to publish its quarterly magazine, *The Free Trader*, and puts in detailed representations to the Board of Trade against every proposal to increase import duties or impose anti-dumping duties and in support of their removal. It is clear that this constant attention to individual items in the tariff is having a beneficial educative influence on civil servants and Ministers of the Board of Trade.

THE KEEP BRITAIN OUT CAMPAIGN

Finally, when it became clear that libertarians were honestly and genuinely divided on the issue of whether Britain should or should not join the Common Market, it became necessary to form yet another group to organise resistance to the proposal from the free trade point of

view. So the Common Market Keep Britain Out Campaign was born.

Its provisional Committee was composed of members, all save one or two, of the Committee of the Free Trade League. Others have since been added, including several prospective Liberal Candidates for Parliament who are against their party on this most fundamental issue of policy. Now there are many anti-Common Market organisations and we welcome them. The Campaign has held dozens of most successful public meetings, including ones at Trafalgar Square and the Albert Hall, distributed many thousands of leaflets, and is the only strictly non-party organisation with which members of all parties are prepared to co-operate. The Keep Britain Out Campaign

PALLIATIVES PAY NO DIVIDENDS

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gossip in the popular press. He deplores the lack of real opportunity for self-expression. School-leavers find themselves doing jobs that are tedious, monotonous, mechanical, which offer little outlet for adolescent emotions. How many of them *love* their jobs? How many of them are "killed" by the boredom of it all? How many feel a sense of frustration? Although Fyvel seldom misses an opportunity to quote convincing figures to prove a point, there are no such figures available to answer these questions, although the visual evidence is tremendous.

One of the biggest factors which has led to the tragic weakening of family life is undoubtedly the mass exodus of working-class women into employment. Millions of married women go out to work, not always because they want to, but because extra money is urgently needed for hire purchase payments on things they know the Jones's own. This creates the new social atmosphere in which "home" for many boys and girls becomes of little interest, and the companionship of irresponsible gangs paramount.

Even more important perhaps, and more subtle in its effects, is the decline in status of Father in the affluent society. The "little woman" and his children are no longer dependent on one vital breadwinner, the Man of the House, the voice of authority. Today, the collective pay packets of wife and teenage son or daughter may very well outweigh dad's. This must affect profoundly the relationships among them. Not only Society, but the Family also, tends to measure its respect in terms of money.

And again, the older working man derived his status and self respect from skill in the job. Technical changes in industry have changed most of that. Today, although paid a fatter wage, he is too often a passive human link in the vast process of production, and is required to show the minimum of initiative.

This much Fyvel admits. "The Affluent Society," he

has done much to prepare public opinion for the alternative policies which at long last will be seen to be appropriate to Britain's circumstances: cheap food not dear food, non-discrimination rather than discrimination, free trade not protection, sound money not inflation, low rather than high taxation and land reform based on taxation of land values rather than planning.

Thereafter we shall see. The Anti-Corn Law League made the mistake of ceasing to exist, thereby leaving the door open for protectionism to creep back via Tariff Reform and Imperial Preference. Those associated with the 24 Austin Friars group will have only themselves to blame if, having at last won their long, long fight, they make the same mistake.

says, "has its darker side. It has brought high standards, but it has exerted a *downward pull*."

Amid much good sense and pointed comment, Fyvel ploughs around trying to find an answer. Clearly an *upward pull* is essential — but from where, from what?

A long chapter lists his recommendations. Although useful and no doubt worthy, they are tame. More public money, he thinks, should be spent on youth clubs. More and better paid teachers, more policemen, higher salaries for probation officers, and finally some cut-and-dried proposals for education and penal reform. It is ironical that each recommendation in its way adds to the taxpayer's burden and tends to drain him of the incentive — or upward pull — it was supposed to create.

To come to grips with this problem, tangled as it is with so many others, one must first understand the nature of our society and recognise the factors that have caused it to develop along false lines. The "upward pull" that Mr. Fyvel and so many others are seeking, is quite simply a situation where there is equal opportunity for all men.

Where men are able to retain the full results of their labour and enterprise, where all enjoy equal rights to the value of land and are able to produce on equal terms with their neighbours, where there is free co-operation, and monopoly and privilege no longer exist — *here* may be that God-given upward pull which could set the world to rights. Where charity was replaced by justice, man would be able to regain his natural dignity. Wages would rise to their natural level. The relationships within the family would fall into balance. The community could grow in self reliance and in stature, and prosper.

Fyvel skates about on the surface of the problem — and in doing so, displays some neat footwork. But just as surely as we are pushing back the barriers of space travel and atomic structure, so we shall one day come to see the value — indeed, the absolute *necessity* — of getting down to fundamental principles and sweeping away the established and ever-increasing legalised privileges which drain the earnings of ordinary people. Meanwhile the health and happiness of the human race is in jeopardy.