

## AN ANALYSIS OF THE NATIONAL ACCOUNTS

ABSTRACT FROM THE FINANCIAL STATEMENT (1956/57), OFFICIAL RETURN NO. 246.

When presenting his Budget on April 17, 1956, the Chancellor of the Exchequer, Mr. Macmillan, laid before the House his "Statement of Revenue and Expenditure." We look at the estimates for the ensuing year, 1956/57, and the following is an analysis and summary compiled from the various tables that have been provided.

ESTIMATED REVENUE	Million £
Income tax and surtax, profits and excess profits taxes ... ..	2,450.3
Death Duties ... ..	170.0
Stamp duties ... ..	58.9
Motor vehicle duties and taxation of fuel oil ...	432.0
Spirit, beer and wine (Customs & Excise) ...	410.0
Tobacco and (12.8m) matches and mechanical lighters ... ..	719.7
Tea, cocoa, coffee, sugar and dried fruits ...	13.7
Protectionist tariffs ... ..	84.5
Purchase tax ... ..	510.0
Entertainment duties ... ..	39.2
Betting tax ... ..	27.5
Silk and artificial silk ... ..	6.2
Various duties and licences ... ..	7.5
<i>Total Receipts from Taxes...</i> ... ..	<i>4,929.5</i>
Non-tax revenue, including post office net receipt, broadcasting licences, receipts from sundry loans and miscellaneous ... ..	268.0
<i>Total Revenue</i> ... ..	<i>5,197.5</i>

ESTIMATED EXPENDITURE	Million £
1. National debt interest, sinking fund and other consolidated fund services ... ..	717.0
2. Defence ... ..	1,498.7
3. Atomic energy research ... ..	68.3
4. Agricultural and food subsidies and the Agricultural Ministry ... ..	304.1
5. Housing subsidies ... ..	77.2
6. Health services ... ..	546.5
7. Education and broadcasting ... ..	413.6
8. Police, fire services, roads and development areas ... ..	117.4
9. National insurance and pensions, and employment training and resettlement ... ..	229.4
10. Family allowances ... ..	108.2
11. National assistance ... ..	105.6
12. Transport and Civil Aviation (subsidy) ...	16.8
13. General grant to local authorities ... ..	83.9
(In addition, local authorities receive 511.8m in grants for specific services locally administered and that sum is spread over and included in items 5, 6, 7 and 8 above.)	
14. Irish, Colonial and Foreign Services ... ..	151.5
15. Common services (works, stationery, etc.) ...	74.4
16. Central government and finance, home department, law and justice, and miscellaneous ...	172.3
<i>17. Cost of collecting the taxes</i> ... ..	<i>52.8</i>
<i>Total Expenditure</i> ... ..	<i>4,737.7</i>

## OTHER RECEIPTS AND PAYMENTS

In addition to the "Revenue and Expenditure" that comes within the "Budget" as presented, are the "Receipts and Payments" which the Exchequer handles, but are treated as something apart from the "Budget" as such, being printed "below the line" as the official phrasing has it. These "below the line" figures represent cash receivable by the Treasury mostly in the way of repayments of loans or advances, and cash payable by the Exchequer in loans and capital expenditure advances. In the present estimates, the difference between the cash so paid out by the Exchequer and the cash paid into it amounts to £803 million. Where is that money to come from except by using up that "surplus" of £460 million which is "above the line," and by the creation of further public debt to the tune of £343 million? Alternatively, if the said "Budget surplus" of £460 million is to be used for some distinctive purpose, then this "below the line" deficit would involve an addition of £803 million to the public debt. In any case, the suggestion that there is to be a budget surplus of £460 million needs qualifying.

It is interesting to look at some of the "below the line" handouts on the part of the Treasury from whatever source they may come, if it is not the mere revolvment of the paper-money-printing machine (the below the line receipts failing by £803 m to come to the rescue). Some *net* figures are: Loans to Local Authorities, £176 m; Loans for New Towns Development, £34 m; Post Office Capital Expenditure, £75 m; Loans to the Potato Marketing and the Sugar Boards, £14 m; the National Coal Board, capital expenditure, etc., £63 m; Loans to other Nationalised Industries, £350 m. A small sum is the £18 m toward refund of the post-war credits which were outstanding at about £532 m on March 31, 1956.

Finally there is the significant item: Town and Country Planning Acts, compensation payments, £30,000,000—being part payment to landowners for the speculative value of land by which they are getting in instalments, and by a different process, their share of the "global compensation sum" (approximately £300,000,000) which those Acts had originally provided for. In the past year, 1955/56, the sum of £49,000,000 was so paid out.

## THE NATIONAL DEBT

From the official Financial Statements we take these figures of the National Debt:

	In Thousands of Pounds	
	Mar., 1951	Mar., 1956
Total internal debt ... ..	23,729,470	24,965,199
Add accrued interest on savings certificates ... ..	461,000	566,000
Add post-war credits ... ..	613,000	523,000
Internal Debt ... ..	24,803,470	26,054,199
External Debt ... ..	2,192,095	2,074,677
Total Debt ... ..	26,995,565	28,128,876

The outstanding fact is that the Conservative Governments have so run the finances of the country that in the five years 1951 to 1956 the Internal Debt has been increased by no less than £1,250,729,000. For a certainty, the present Budget, taking together its "below the line" and its "above the line" figures is increasing it still further.

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