

TABLE 22. EXISTING BRITISH GOVERNMENT AND GOVERNMENT-GUARANTEED SECURITIES
EXEMPT FROM TAX ON CAPITAL GAINS

Stocks and registered bonds charged on the National Loans Fund

6½ per cent Exchequer Loan 1969
6 per cent Exchequer Loan 1970
3 per cent British Overseas Airways Stock 1960–70
3 per cent Savings Bonds 1960–70
6½ per cent Treasury Stock 1971
5 per cent Conversion Stock 1971
6½ per cent Exchequer Loan 1971
6 per cent Conversion Stock 1972
3 per cent British Transport Stock 1967–72
6½ per cent Exchequer Loan 1972
6½ per cent Exchequer Stock 1973
3 per cent British Transport Stock 1968–73
5½ per cent Conversion Stock 1974
3 per cent Savings Bonds 1965–75
2½ per cent British Overseas Airways Stock 1971–76
6½ per cent Treasury Loan 1976
4 per cent Victory Bonds
4 per cent British Transport Stock 1972–77
5 per cent Exchequer Loan 1976–78
4 per cent British Overseas Airways Stock 1974–80
5½ per cent Funding Loan 1978–80
3½ per cent Treasury Stock 1977–80
3½ per cent Treasury Stock 1979–81
2½ per cent British Overseas Airways Stock 1977–82
3 per cent British Overseas Airways Stock 1980–83
5½ per cent Funding Stock 1982–84
6½ per cent Funding Loan 1985–87
3 per cent British Transport Stock 1978–88
5 per cent Treasury Stock 1986–89
4 per cent Funding Loan 1960–90
5½ per cent Funding Loan 1987–91
6 per cent Funding Loan 1993
6½ per cent Treasury Loan 1995–98
3½ per cent Funding Stock 1999–2004

5½ per cent Treasury Stock 2008–12
2½ per cent Treasury Stock 1986–2016
2½ per cent Annuities 1905 or after
2½ per cent Annuities 1905 or after
2½ per cent Consolidated Stock 1923 or after
4 per cent Consolidated Loan 1957 or after
3½ per cent Conversion Loan 1961 or after
2½ per cent Treasury Stock 1975 or after
3 per cent Treasury Stock 1966 or after
3½ per cent War Loan 1952 or after

Securities issued by the Treasury under Part II of the Tithe Act 1936

3 per cent Redemption Stock 1986–96

Securities issued by certain public corporations and guaranteed by the Treasury

4½ per cent British Electricity Stock 1967–69
4½ per cent South of Scotland Electricity Stock 1967–69
3 per cent North of Scotland Electricity Stock 1968–70
3½ per cent British Gas Stock 1969–71
4 per cent British Gas Stock 1969–72
2½ per cent North of Scotland Electricity Stock 1967–72
3 per cent British Electricity Stock 1968–73
3 per cent North of Scotland Electricity Stock 1968–73
3 per cent British Electricity Stock 1974–77
4½ per cent British European Airways Stock 1972–77
4 per cent North of Scotland Electricity Stock 1973–78
4½ per cent North of Scotland Electricity Stock 1974–79
4½ per cent British Electricity Stock 1974–79
3½ per cent British Electricity Stock 1976–79
3½ per cent North of Scotland Electricity Stock 1977–80
3 per cent British European Airways Stock 1980–83
3 per cent North of Scotland Electricity Stock 1989–92
3 per cent British Gas Stock 1990–95

Financial Statement and Budget Report 1970–71

RETURN to an Order of The House of Commons dated 14 April, 1970: for

COPY of FINANCIAL STATEMENT AND BUDGET REPORT 1970–71 as laid before the House by the CHANCELLOR OF THE EXCHEQUER when opening the BUDGET

Treasury Chambers,
14 April, 1970 } DICK TAVERNE

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PART I

THE ECONOMIC BACKGROUND TO THE BUDGET

REVIEW OF DEVELOPMENTS IN THE PAST YEAR

1. The improvement in the balance of payments, which had begun during 1968 in the wake of devaluation, gathered momentum during 1969 and the surplus on current and long-term capital account was running at an annual rate of over £700 million in the second half of the year. The shift of resources to the balance of payments was the main expansionary influence on demand during 1969. The following paragraphs analyse these developments in more detail.

Domestic developments

2. Provisional assessments of the movements in the main components of expenditure, imports and gross domestic product are set out in Tables 1 and 4. Gross domestic product increased slowly between the second half of 1968 and the first half of 1969. Private investment continued to increase, particularly in manufacturing industry (after allowing for the effects of the ending of higher rates of investment grants at the end of 1968), and exports grew substantially faster than imports; but consumers' expenditure fell a little as the measures of November 1968 took effect, and there was also a decline in public sector investment.

3. In the second half of 1969, the gross domestic product increased more strongly. The volume of exports of goods and services rose by 6½ per cent compared with the first half of the year, while the volume of imports of goods and services rose by less than 1 per cent. Private investment, especially again in manufacturing industry, continued to increase. Consumers' expenditure rose by over 1 per cent. The decline in public expenditure on goods and services was virtually halted. In spite of a reduction in the rate of stockbuilding, the national product as a whole rose at an annual rate of over 3 per cent.

4. During 1969 as a whole, *i.e.*, between the second halves of 1968 and 1969, gross domestic product rose by nearly 2 per cent. This followed a rise of over 3½ per cent during 1968. Thus, over the two years to the second half of 1969, the national product grew by rather more than 5½ per cent. From the two middle quarters of 1967 the increase was 6½ per cent.

5. The increase in consumers' expenditure between the second halves of 1968 and 1969 was slightly more than the increase in real personal disposable incomes. Over the same period wage and salary earnings per employee increased by about 8 per cent. Taking account both of changes in employment and of the slower growth of other categories of personal income, total personal incomes rose by nearly 6½ per cent. After deducting direct tax payments and National Insurance contributions, personal disposable incomes increased by nearly 6 per cent during 1969, less than 1 per cent faster than prices. Consumer borrowing from the banks and on hire purchase was significantly reduced during the year.

Monetary developments

6. In 1969 monetary conditions were exceptionally stringent. One reason was the improvement in the public sector's borrowing requirement, which moved from borrowing amounting to £1,315 million in 1968 to a surplus of about £400 million in 1969. Some £400 million of gilt-edged securities were sold to the non-banks, compared with net purchases by the authorities of £210 million in 1968; and ceiling control was maintained on many categories of bank lending. Some measure of the results of fiscal and credit policy is given by the movement in domestic credit, which contracted by over £200 million in 1969⁽¹⁾, compared with an expansion of about £1,900 million in 1968.

7. Exceptional pressures on liquidity began in the first half of the year. In the first quarter the public sector was in surplus by £1,200 million (not seasonally adjusted). Interest rates, both short and long, were rising sharply. On 27 February, Bank Rate was raised from 7 to 8 per cent. The rate on local authority three month deposits rose from under 8 per cent at the beginning of the year to over 9½ per cent by May—reflecting both tighter policy at home and a rise in international interest rates. The market for government securities remained weak until mid-June, but the authorities increasingly allowed this weakness to be reflected in yields. During the latter half of the year, confidence in sterling improved markedly. Concurrently, and in part for the same reasons, the market

for government securities strengthened. The authorities were able to make sales of gilts to the non-banks amounting to nearly £500 million with only small falls in yields. In itself this recovery tended to intensify the pressure on liquidity, but it was broadly offset by the inflow of money from overseas. In the latter half of the year the external surplus required some £375 million of Central Government financing, and the Central Government borrowed more from the domestic banks as a consequence. The money supply, having shown little change between end-December and end-June, rose by some £435 million or 2¼ per cent in the latter half of the year⁽¹⁾.

8. The continued inflow of foreign exchange in the first quarter of 1970 may be attributable in some measure to the pressure on domestic liquidity in the revenue quarter associated with another very substantial public sector surplus. The inflow no doubt helped to ease that pressure.

The balance of payments

9. The balance of payments on current account showed a surplus of about £90 million in the first half of the year and of £275 million in the second half. The capital account was in deficit by about £75 million in the first half of 1969, but with the help of a number of favourable factors swung into a surplus of nearly £100 million in the second half of the year. The balance on current and long-term capital account (the 'basic balance') in 1969 as a whole was nearly £390 million—a swing of nearly £800 million from the outturn in 1968. In addition, there was a positive balancing item (reflecting unrecorded inflows) of £180 million and some inflow of banking and other monetary funds. In all, there was a surplus of some £740 million available for official financing transactions, which was applied mainly to the repayment of debt.

10. World trade in 1969 expanded rapidly, probably even faster than in the previous year. Reinforced by the continuing effects of devaluation United Kingdom exports of goods (after allowing for the special influences affecting recording) increased by 12 per cent in value and by about 10 per cent in volume between the second halves of 1968 and 1969. During this period the value of imports increased more slowly than during the previous year. The rise (on a trade accounts basis and excluding United States military aircraft) was about 5 per cent, and of this the major part was attributable to higher prices. The small increase in the volume of imports of 2 per cent was

⁽¹⁾ The rise in the money supply during the year would have been smaller by some £130 million but for the accumulation of foreign currency deposits by residents, much of which probably represented funds awaiting investment in overseas securities.

partly related to the restrained growth in the home economy, and the import deposit scheme and probably some continuing effect of devaluation played some part in limiting the growth of imported manufactures.

11. *Net invisible earnings* showed an improvement of around £200 million in 1969. This improvement stemmed mainly from a massive recovery in net receipts of interest, profits and dividends, particularly by oil companies (some part of the oil receipts recorded in early 1969 may properly belong to 1968, so that the rise between the two years is perhaps over-stated). Substantially higher net earnings were also achieved by civil aviation, travel and other services. For the third successive year there was a small reduction in net government expenditure overseas.

12. The balance of *long-term capital* movements improved from a deficit of about £90 million in 1968 to a surplus of about £20 million in 1969. The official account, which had benefited in 1968 from the postponement of payments on the North American loans and from a loan from the Deutsche Bundesbank, moved from a surplus of £20 million to a deficit of £95 million in 1969. The effect of a German offset loan (£52 million) was considerably more than outweighed by resumed long-term debt repayments, overseas aid (including two years' contribution to the International Development Association) and by reduced net drawings from the Ex-Im Bank to finance purchases of United States military aircraft. The capital account in 1969 was strengthened by borrowing abroad by nationalised industries and local authorities, which amounted to £76 million. The net outflow of private long-term capital of £110 million in 1968 gave way to an inflow of £40 million in 1969. An increased outflow on direct investment and a smaller net inflow on oil account was more than offset by the swing from substantial deficit to large surplus on portfolio account. This development was the combined result of the weakness of Wall Street, improved confidence in the United Kingdom (reflected in substantial purchases of United Kingdom equities) and reduced purchases of Australian securities. Much of the inflow from disinvestment on Wall Street, and part of the net long-term borrowings during the year, were reflected in an increase in private dollar balances (recorded in monetary movements) pending reinvestment later. Euro-dollar borrowing from banks in the United Kingdom for the purpose of financing investment abroad fell from £175 million in 1968 to £70 million in 1969.

13. Table 3 gives figures showing the reduction during 1969 of outstanding United Kingdom official short and medium-term borrowing with comparable quarterly figures for the years 1966, 1967 and 1968.

Note: Unless otherwise stated Part I of this Report is based on seasonally adjusted data.

Forecasts and outturn for 1969

14. The Financial Statement and Budget Report for 1969–70 continued the practice, which had been started in the Financial Statement for 1968–69, of setting out a detailed forecast of demand and output over the period up to the middle of the following year. In Table 1 the forecasts for 1969 are compared with provisional estimates of the outturn. In total the increase in domestic output between the second halves of 1968 and 1969 was close to the main forecast but there were some compensating errors in the forecast rates of change of the components.

15. Consumers' expenditure rose by 1 per cent instead of remaining virtually unchanged. Public expenditure on goods and services fell by 1½ per cent instead of rising by nearly 1 per cent. Within this total, public authorities' consumption hardly changed instead of rising by over 1½ per cent, and public fixed investment fell faster than had been expected.

16. Private fixed investment increased about half as fast as forecast, but within this category investment by manufacturing industry increased broadly as expected by over 10 per cent (after adjusting the series

for the effects of the ending of higher rates of investment grants at the close of 1968). Exports of goods and services increased nearly twice as fast as the main forecast and indeed faster than the "higher export alternative" presented in the Financial Statement and Budget Report 1969–70. Imports of goods and services rose slowly instead of remaining unchanged. Stockbuilding probably fell rather more than expected.

17. In June the Chancellor stated that the objective for the balance of payments was to obtain a surplus of at least £300 million on the current and long-term capital account in the financial year 1969–70. It is clear that the outturn for 1969 was considerably more favourable than had been foreseen. The surplus on current account was larger than expected. Exports and net invisibles were substantially higher and payments for United States military aircraft lower than expected; on the other hand the import bill was higher than expected (mainly because of the rise in import prices). The improvement on private capital account was considerably greater than expected but, as indicated earlier, part of the improvement was due to temporary factors (notably the weakness of Wall Street).

TABLE 1. 1969, FORECAST AND OUTCOME

Changes: 2nd half 1968 to 2nd half 1969 (at constant prices⁽¹⁾)

	Forecast		Estimated outcome	
	£ million	Per cent	£ million	Per cent
Consumers' expenditure	—10	—0.1	120	1.1
Public expenditure on goods and services:	30	0.8	—70	—1.6
Public authorities' consumption	40	1.7	10	0.3
Public fixed investment	—10	—0.7	—80	—5.3
Private fixed investment	100	5.7	50	2.7
Exports of goods and services:				
Main forecast	170	4.8	340	9.0
(Alternative forecast)	(260)	(7.4)		
Stockbuilding	—30		—60	
Total final expenditure	260	1.3	380	1.8
Imports of goods and services	—	—	50	1.3
Adjustment to factor cost	—10	—0.5	30	1.4
Gross domestic product at factor cost	270	1.9	300	1.9

⁽¹⁾ The forecast is based on estimates of expenditure and output at 1958 prices (see note to Table 3 of the 1969–70 Financial Statement and Budget Report). The estimated outcome is based on estimates at 1963 prices. The effects of rebasing the constant price estimates on 1963 in place of 1958 are explained in *Economic Trends* for April 1969, pp. xiii–xv, and for October 1969, pp. xlviii–xlix. Over the period 1963 to 1968 the rate of growth of the "compromise" estimate of gross domestic product is reduced by about 0.2 per cent a year.

Note: All figures in Tables 1 and 4 are based on the "compromise" estimates of gross domestic product. Alternative estimates of gross domestic product are available from expenditure, income and output data and these may differ in their short-period movements. For forecasting purposes a single appreciation of recent developments is desirable, and the figures for the past are essentially a compromise between the three alternative estimates. In addition, estimated adjustments are made for obvious distortions (e.g. the effect on the recorded figures for private manufacturing fixed investment of the cessation of the higher rates of investment grants at the end of 1968). The differences between the compromise and expenditure series are allocated, at the forecasters' discretion, between the components of expenditure. The level of compromise gross domestic product in £ million shown in Table 4 was chosen to accord with the level of gross domestic product as measured by the expenditure method in the most recent period, rather than by comparison with the base year 1963. On average, in the two years 1968 and 1969 the levels of compromise gross domestic product and the expenditure estimate of gross domestic product are virtually the same. For additional explanatory notes on the fixed investment figures, see the footnote on page 10.

TABLE 2. BALANCE OF PAYMENTS TRENDS

£ million, seasonally adjusted

	1967	1968	1969	1968		1969	
				1st half	2nd half	1st half	2nd half
Exports ⁽¹⁾	5,122	6,273	7,056	3,007	3,266	3,385	3,671
Imports	5,576	6,807	7,153	3,338	3,469	3,533	3,620
Visible trade balance ⁽²⁾	-454	-534	-97	-331	-203	-148	+51
United States aircraft payments	-98	-109	-61	-54	-55	-48	-13
Invisible balance	+230	+334	+524	+163	+171	+287	+237
Current balance	-322	-309	+366	-222	-87	+91	+275
Long-term capital:							
Official	-57	+21	-95	+17	+4	-71	-24
Private	-82	-110	+40	-166	+56	-42	+82
Nationalised industries and local authorities	—	—	+76	—	—	+38	+38
Balance of long-term capital	-139	-89	+21	-149	+60	-75	+96
Balance of current and long-term capital ('basic balance')	-461	-398	+387	-371	-27	+16	+371
'Basic balance' adjusted for Euro-dollar borrowing	-393	-222	+457	-298	+76	+66	+391

⁽¹⁾ Including net adjustment for recording of exports.

REVIEW OF DEVELOPMENTS IN THE PAST YEAR—continued

TABLE 3. UNITED KINGDOM SHORT AND MEDIUM TERM BORROWING, 1966-69

\$ million

Outstanding drawings at end of	1966				1967				1968				1969			
	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.
1. I.M.F. (net drawings)	2,464	2,430	2,427	2,410	2,338	1,862	1,836	1,508	1,508	2,908	2,823	2,723	2,400	2,700	2,675	2,650
2. Switzerland (General Arrangements to Borrow)	120	120	120	120	120	40	40	40	40	40	33	25	9	—	—	—
3. Other official borrowing (central banks, etc.)	372	563	1,817	1,618	426	588	1,928	3,413	4,685	4,498	4,680	5,323	5,057	4,543	4,671	3,744
4. TOTAL	2,956	3,113	4,364	4,148	2,884	2,490	3,804	4,961	6,233	7,446	7,536	8,071	7,466	7,243	7,346	6,394
5. TOTAL (£ million)	(1,055)	(1,112)	(1,559)	(1,481)	(1,029)	(889)	(1,359)	(2,067)	(2,597)	(3,102)	(3,140)	(3,363)	(3,111)	(3,018)	(3,061)	(2,664)

Notes:

- The table shows outstanding levels of borrowing.
- Line 1 shows drawings from the I.M.F., excluding interest and charges and net of repayments and drawings of sterling from the I.M.F. by other countries.
- Line 2 shows borrowing from Switzerland in parallel with drawings from the I.M.F. under the General Arrangements to Borrow.
- Line 3 shows other borrowings from foreign monetary institutions, including central bank swaps e.g., the regular swap facility with the Federal Reserve Bank of New York.
- Line 5 is calculated to end-September 1967 at \$2.80 = £1, and from end-December 1967 at \$2.40 = £1.
- The present series differs from the "broad measure of official overseas borrowing" in the 1969-70 Financial Statement and Budget Report, which was based on financial statistics already published, and in particular on the increase in sterling liabilities to central monetary institutions in North America and Western Europe. Although this gave a broad measure of the total of the borrowing, it was not exact since there had been a reduction over this period in liabilities to foreign central banks for reasons not connected with United Kingdom official borrowing.
- Figures for earlier periods were published at the time in the Bank of England Bulletin and in Economic Trends. The present figures are based on revised classifications to define those inter-central bank transactions concerned with official borrowing in a manner appropriate to the circumstances of the last few years.

18. The forecasts up to mid-1971 cover much the same ground as those shown for the period up to mid-1970 in the 1969-70 Financial Statement and Budget Report. These forecasts are necessarily subject to a wide margin of error.

Domestic prospects

19. Over the period from the second half of 1969 to the second half of 1970, and also between the first halves of 1970 and 1971, the gross domestic product is expected to increase by about $3\frac{1}{2}$ per cent. In contrast with the experience of the last two years, when there were marked divergences in the percentage rates of change of different elements in demand, the main components of demand are expected to rise more nearly in line during the forecast period. Consumers' expenditure, which has risen by only 1 per cent a year during the last two years while the balance of payments was being corrected, is forecast to rise broadly in line with total final expenditure. Likewise, public expenditure on goods and services, which has been severely restrained during the last two years, is expected to rise more nearly in line with the national product as a whole. Exports of goods and services are likely to increase substantially, though more slowly than during 1969 when the rate of expansion was exceptionally fast. The forecast shows total output rising somewhat faster than the estimated rate of increase of productive potential.

20. The following paragraphs give in outline the prospects for each of the main components of demand in terms of the percentage change between the first half of 1970 and the first half of 1971. The full half-yearly run of figures is given in Table 4.

21. Total demand for goods and services by the public sector, which fell last year, is likely to increase by $2\frac{1}{2}$ per cent. Within this total the volume of *public authorities' current expenditure*⁽¹⁾ is forecast to increase by 2 per cent; most of the forecast increase is in local authorities' consumption, with only a slight increase in Central Government consumption. The downward trend in *public sector investment*⁽²⁾ probably ceased towards the end of 1969; it is forecast to increase by about $3\frac{1}{2}$ per cent. The greater part of the recent fall was in investment by public corporations for which a small increase is now forecast. The decline over the past two years in investment by the gas industry is unlikely to continue and the fall in electricity investment is expected to moderate. Post Office investment will probably continue to rise and a fairly sharp increase in investment in air transport is likely in 1970-71, with the delivery of Jumbo jets to B.O.A.C. The growth of investment expenditure

by public authorities is likely to be considerably faster than recently, with significant increases in most important categories, particularly roads and education.

22. *Private sector fixed investment* as a whole is expected to increase by about 4 per cent. The official investment intentions enquiries, published in January, indicated a continued strong rise in manufacturing investment and perhaps a small rise for the distributive and service industries other than shipping. In view of continued financial pressures on companies and of some less firm indicators, such as the C.B.I.'s February enquiry, the most likely outcome for manufacturing investment may be rather less than a direct inference from the enquiry would suggest. With a good flow of funds into building societies in recent months and with an increase in local authority mortgage lending, the most likely prospect is for a recovery in private sector housing investment.

23. The rate of *stockbuilding* is expected to increase, despite the continuation of relatively tight monetary conditions, but the timing is uncertain. *Consumers' expenditure* is forecast to rise by nearly 4 per cent with a slightly faster rise in real personal disposable incomes. The renewed rise in real incomes after a period of near stability reflects rising money incomes, the effects of the Budget and the absence of the special factors—in particular, increases in indirect taxation, but also the effects of devaluation on consumer prices—which have restrained real incomes over the last two years. With a faster growth of real personal disposable incomes the personal savings ratio should show some tendency to rise. However, whilst consumers reduced their debt to banks and other financial institutions by a substantial amount during 1969, a comparable rate of repayment is unlikely during 1970 and by the first half of 1971 consumer debt may be increasing slightly. Thus, consumer credit is a factor likely to add to the growth of consumption over the forecast period.

⁽¹⁾ The figures referred to here and in Tables 1 and 4 differ from the usual published series and from those shown for corresponding categories in Table 5 for the following reasons:

- (a) All series are revalued at constant 1963 prices.
- (b) Some figures for the past have been smoothed.
- (c) For the sake of continuity investment in the first half of 1967 by the steel firms which were subsequently nationalised is included in the public sector in Table 4. Table 1 retains the previous convention of treating all steel investment as in the private sector.
- (d) The figures exclude purchases and sales of land and existing buildings.

The forecast movements between the financial years 1969-70 and 1970-71 are an increase of 2 per cent in public authorities' consumption and of about $3\frac{1}{2}$ per cent in public sector investment.

24. After two years of exceptionally rapid expansion world trade is expected to rise more slowly. The volume of *exports of goods and services* is forecast to increase by nearly $4\frac{1}{2}$ per cent; by value the increase is expected to be greater.

25. The forecasts of domestic demand and exports taken together imply that *total final expenditure* will increase by about 4 per cent. With diminishing effects of devaluation, and allowing for the ending of the import deposit scheme, the volume of *imports of goods and services* may be expected to increase faster in relation to total final expenditure. An increase in volume of over 6 per cent is forecast, but little change is expected in import prices compared with the sharp rise during the previous twelve months. Increases are expected in most categories of imports, in particular capital goods, consumer goods and industrial materials, though imports of silver should fall.

26. The forecasts of final expenditure and of imports lead to the implied rate of increase of domestic output (gross domestic product) of about $3\frac{1}{2}$ per cent.

The Balance of Payments

27. During 1970, with the expected slowing down of world trade and faster expansion of the domestic economy, the volume of exports cannot be expected

to rise faster than that of imports as it did last year, and it is, indeed, expected to rise more slowly. Nevertheless, comparing the years 1969 and 1970 the increase in the volume of exports is expected to exceed that in the volume of imports. Taking account also of an expected improvement in the terms of trade as import prices level off, and of lower payments for United States military aircraft, the *visible balance* in 1970 is expected to be substantially better than in 1969. The considerably higher rate of *net invisible earnings* achieved during 1969 should be broadly maintained, despite the removal of the travel currency restrictions. The *current account surplus* in 1970 as a whole is thus expected to be larger than in 1969 as a whole. A larger net outflow of long-term capital on official account is expected this year, partly because the outflow in the past two years has been reduced by special receipts. On private capital account much will depend on the state of confidence and upon the attractiveness of Wall Street. The currency balances of investors are likely to be reinvested when overseas securities return to favour. The reinvestment of these balances would be recorded as an outflow of capital, just as their accumulation was recorded as an inflow, but there would be no effect on the reserves. In all, a satisfactory balance of payments surplus on *current and long-term capital account* is expected.

TABLE 4. FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT⁽¹⁾

£ million at 1963 prices, seasonally adjusted

	Consumers' expenditure	Public expenditure on goods and services			(2) Private fixed investment	Exports of goods and services	Investment in stocks	Total final expenditure	Less imports of goods and services	Less adjustment to factor cost	Gross domestic product at factor cost	G.D.P. index 1967 = 100
		Public authorities' consumption	(3) Public investment	Total								
1967	21,930	5,870	3,080	8,950	3,420	6,550	90	40,940	7,090	4,030	29,820	100.0
1968	22,510	5,850	3,090	8,940	3,650	7,330	180	42,610	7,620	4,210	30,780	103.2
1969	22,630	5,830	2,900	8,730	3,800	7,970	300	43,430	7,750	4,250	31,430	105.4
1970	23,440	5,930	2,970	8,900	3,940	8,400	340	45,020	8,080	4,460	32,480	108.9
1967 first half ...	10,780	2,920	1,510	4,430	1,700	3,370	80	20,360	3,560	1,980	14,820	99.4
second half ...	11,150	2,950	1,570	4,520	1,720	3,180	10	20,580	3,530	2,050	15,000	100.6
1968 first half ...	11,240	2,940	1,570	4,510	1,790	3,560	—	21,100	3,780	2,080	15,240	102.2
second half ...	11,270	2,910	1,520	4,430	1,860	3,770	180	21,510	3,840	2,130	15,540	104.2
1969 first half ...	11,240	2,910	1,460	4,370	1,890	3,860	180	21,540	3,860	2,090	15,590	104.6
second half ...	11,390	2,920	1,440	4,360	1,910	4,110	120	21,890	3,890	2,160	15,840	106.2
1970 first half ...	11,590	2,950	1,470	4,420	1,950	4,150	140	22,250	3,980	2,200	16,070	107.8
second half ...	11,850	2,980	1,500	4,480	1,990	4,250	200	22,770	4,100	2,260	16,410	110.1
1971 first half ...	12,040	3,010	1,520	4,530	2,030	4,330	230	23,160	4,230	2,300	16,630	111.5
<i>Percentage changes</i>												
First half 1968 to first half 1969 ...	—	—1.0	—7.0	—3.1	5.6	8.4		2.1	2.1	0.5	2.3	
Second half 1968 to second half 1969 ...	1.1	0.3	—5.3	—1.6	2.7	9.0		1.8	1.3	1.4	1.9	
First half 1969 to first half 1970 ...	3.1	1.4	0.7	1.1	3.2	7.5		3.3	3.1	5.3	3.1	
Second half 1969 to second half 1970 ...	4.0	2.1	4.2	2.8	4.2	3.4		4.0	5.4	4.6	3.6	
First half 1970 to first half 1971 ...	3.9	2.0	3.4	2.5	4.1	4.3		4.1	6.3	4.5	3.5	

⁽¹⁾ All figures in Table 4 are based on the "compromise" estimates of gross domestic product. For further explanation, see note to Table 1.⁽²⁾ The breakdown between public and private sector investment used for forecasting purposes differs from that used in the published statistics. See footnote on page 10.

Note: The rounding of the figures in the table to the nearest £10 million does not imply accuracy of this order; similar reservations apply to the percentage changes given in the table.

PART II

PUBLIC SECTOR TRANSACTIONS

INTRODUCTION

The tables in this Part present the transactions of the public sector analysed in accordance with the principles and methods used in the compilation of the national income accounts statistics.* They are designed to assist in a better understanding of the impact on the economy of the operations of the public sector and to show how the transactions of the various authorities comprising the public sector combine to produce a consolidated account for the sector as a whole. The figures in all the tables are consistent with the relevant components of the economic forecasts, which are shown in Part I by calendar years at constant (1963) prices.

The public sector accounts cover the current and capital transactions of the central government (including the Consolidated and National Loans Funds, the National Insurance Funds and all other central government funds and accounts) and of local authorities, together with the transactions of the nationalised industries and other public corporations on appropriation and capital accounts. All transactions within the public sector, such as grants and loans from the central government to local authorities and public corporations, disappear on consolidation.

The figures for receipts and expenditure both in 1969-70 and in 1970-71 are measured at the outturn or estimated outturn prices of each year. In Tables 5 and 7 the 1969 Budget estimates for 1969-70 are shown alongside

* A full description of the principles on which the national income accounts are based and of the methods used in their compilation is given in "National Accounts Statistics: Sources and Methods", H.M.S.O., 1968.

the provisional outturn and for 1970-71 the estimated position before and after 1970 Budget changes is shown.

The provisional outturn figures for local authorities and public corporations are based on information for only three-quarters of the financial year, while those for the central government are based on the known totals of receipts and issues for the whole year. The estimates of local authorities and public corporations are also of a different character from those for central government, since they are not directly related to an authorisation by Parliament.

Table 5 analyses the transactions of the public sector in accordance with the national accounts or economic classification. For certain categories of receipts and expenditure, transactions of the central government are distinguished from those of local authorities and public corporations.

Table 6 shows in broad economic categories the transactions of the central government, local authorities and public corporations and how they combine to produce a consolidated account for the public sector; the major transfers between these three sub-sectors are displayed.

Table 7 presents a summary of the transactions of the public sector as a whole, and of each sub-sector, in a form designed to bring out their financing implications. It shows how far savings and net receipts of capital transfers exceed, or are exceeded by, expenditure on fixed assets and increases in the value of stocks and work in progress; and how the resultant financial surplus or deficit is matched by changes in financial assets or by borrowing.

TABLE 5. PUBLIC SECTOR TRANSACTIONS

	1969-70		1970-71 Estimate	
	Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS				
Taxes on income	6,719	6,575	7,654	7,504
National insurance contributions, etc. ...	2,350	2,321	2,700	2,700
Taxes on expenditure, central government ⁽²⁾ ...	6,284	6,292	6,678	6,678
Local rates	1,703	1,709	1,854	1,854
Gross trading surplus ⁽³⁾ —				
Central government and local authorities ...	128	115	132	132
Public corporations	1,505	1,465	1,629	1,629
Rent ⁽⁴⁾	1,015	1,053	1,141	1,141
Interest, dividends, etc.	275	290	312	312
TOTAL	19,979	19,820	22,100	21,950
CAPITAL RECEIPTS				
Current surplus ⁽⁵⁾	4,540	4,434	5,443	5,293
Taxes on capital	718	762	848	854
Capital transfers	20	20	22	22
Loan repayments from overseas governments ...	30	30	26	26
Receipts from certain pension "funds" (net) ...	40	41	52	52
Adjustment for accruals of—				
Taxes on expenditure	—4	—36	—40	—40
Subsidies	5	—	—	—
Import deposits	—173	184	—382	—417
Miscellaneous capital transactions (net) ⁽⁶⁾ ...	—39	—84	—206	—206
Borrowing requirement (net balance) ⁽⁶⁾ —				
Central government ⁽⁷⁾	—592	—915	—790	—611
Local authorities ⁽⁸⁾	443	450	295	295
Public corporations ⁽⁹⁾	—110	—136	55	55
Net borrowing by Northern Ireland central government	16	3	17	17
Total	—243	—598	—423	—244
TOTAL	4,894	4,753	5,340	5,340

⁽¹⁾ Differences from the figures given in Table 8 of the Financial Statement and Budget Report 1969-70 (H.C. 211—15 April, 1969) reflect changes of classification.

⁽²⁾ Includes selective employment tax.

⁽³⁾ Before allowing for depreciation and stock appreciation.

⁽⁴⁾ Includes British Broadcasting Corporation, Independent Television Authority and Covent Garden Market Authority.

⁽⁵⁾ Includes re-financeable export credits and unidentified items.

⁽⁶⁾ Defined as in "Financial Statistics".

⁽⁷⁾ Includes borrowing of £215 million in 1969-70 and £8 million in 1970-71 to finance redemption of nationalised industries' stock.

⁽⁸⁾ Borrowing other than from central government and public corporations.

⁽⁹⁾ Includes redemption of stock.

BY ECONOMIC CATEGORY

£ million

	1969-70		1970-71 Estimate	
	Budget estimate ⁽¹⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT EXPENDITURE				
Current expenditure on goods and services—				
Central government	5,038	4,955	5,377	5,377
Local authorities	3,230	3,332	3,750	3,750
Subsidies—				
Central government	809	768	831	831
Local authorities	92	95	95	95
Debt interest	2,044	1,999	2,045	2,045
Current grants to personal sector—				
Central government	3,896	3,902	4,211	4,211
Local authorities	159	159	168	168
Current grants abroad	171	176	180	180
Total current expenditure	15,439	15,386	16,657	16,657
Current surplus⁽²⁾	4,540	4,434	5,443	5,293
TOTAL	19,979	19,820	22,100	21,950
CAPITAL EXPENDITURE				
Gross domestic fixed capital formation—				
Central government	534	498	610	610
Local authorities	1,820	1,698	1,790	1,790
Nationalised industries, etc. ⁽⁴⁾	1,550	1,409	1,567	1,567
Other public corporations	130	125	149	149
Increase in value of stocks—				
Central government	31	34	58	58
Nationalised industries	11	—12	—29	—29
Capital grants to private sector	664	798	841	841
Net lending to private sector	34	69	170	170
Loans to overseas governments	93	92	96	96
Drawings from United Kingdom subscriptions to international lending bodies	16	13	17	17
Other net lending and investment abroad	6	9	25	25
Cash expenditure on company securities (net) ...	5	20	46	46
TOTAL	4,894	4,753	5,340	5,340

TABLE 6. PUBLIC SECTOR TRANSACTIONS BY ECONOMIC CATEGORY AND SUB-SECTOR

£ million

Receipts positive/payments negative	1969-70 Provisional outturn				1970-71 Estimate after Budget changes			
	Central government	Local authorities	Public corporations ⁽¹⁾	Total	Central government	Local authorities	Public corporations ⁽¹⁾	Total
A. RECEIPTS								
Taxes on income	6,578	5	-8	6,575	7,510	3	-9	7,504
National insurance contributions, etc. ...	2,321	—	—	2,321	2,700	—	—	2,700
Taxes on expenditure	6,292	1,709 ⁽²⁾	—	8,001	6,678	1,854 ⁽²⁾	—	8,532
Gross trading surplus ⁽³⁾	42	73	1,465	1,580	54	78	1,629	1,761
Rent ⁽³⁾ , interest and dividends, etc. ...	205	1,000	138	1,343	218	1,085	150	1,453
Taxes on capital and other capital transfers	762	—	20	782	854	—	22	876
Other financial transactions ⁽⁴⁾	233	18	-116	135	-536	15	-64	-585
Borrowing by Northern Ireland central government	3	—	—	-598	17	—	—	-244
Borrowing requirement	-915	450	-136	—	-611	295	55	—
TOTAL RECEIPTS	15,521	3,255	1,363	20,139	16,884	3,330	1,783	21,997
B. EXPENDITURE								
Current expenditure on goods and services	-4,955	-3,332	—	-8,287	-5,377	-3,750	—	-9,127
Debt interest	-1,278	-600	-121	-1,999	-1,279	-640	-126	-2,045
Current grants to personal sector	-3,902	-159	—	-4,061	-4,211	-168	—	-4,379
Other current expenditure	-944	-95	—	-1,039	-1,011	-95	—	-1,106
Gross domestic fixed capital formation ...	-498	-1,698	-1,534	-3,730	-610	-1,790	-1,716	-4,116
Increase in value of stocks	-34	—	12	-22	-58	—	29	-29
Capital transfers	-774	-24	—	-798	-812	-29	—	-841
Lending, etc.	-133	29	-99	-203	-145	-49	-160	-354
TOTAL EXPENDITURE	-12,518	-5,879	-1,742	-20,139⁽⁵⁾	-13,503	-6,521	-1,973	-21,997⁽⁶⁾
C. TRANSACTIONS WITHIN PUBLIC SECTOR								
Interest on loans	888	-287	-601	—	1,033	-344	-689	—
Current grants	-2,226	2,226	—	—	-2,602	2,602	—	—
Capital grants	-185	132	53	—	-222	167	55	—
Net lending	-1,480	553	927	—	-1,590	766	824	—
TOTAL	-3,003	2,624	379	—	-3,381	3,191	190	—

(1) Excludes transactions on operating account, i.e., receipts from sales and subsidies, and payments for current goods and services.

(2) Local rates.

(3) Before allowing for depreciation and stock appreciation.

(4) Includes unidentified items.

(5) The comparable figure in the December White Paper (Cmnd. 4234), after including imputed rents, was £20,395 million.

(6) The comparable figure in the December White Paper (Cmnd. 4234), after including imputed rents and adjustment to 1970-71 outturn prices, was £22,250 million.

TABLE 7. PUBLIC SECTOR FINANCIAL SURPLUS AND BORROWING

£ million

	1969-70		1970-71 Estimate	
	Budget estimate	Provisional outturn	Before Budget changes	After Budget changes
TOTAL PUBLIC SECTOR				
Saving ⁽¹⁾	4,540	4,434	5,443	5,293
Capital transfers (net)	74	-16	29	35
Less: Gross domestic fixed capital formation	-4,034	-3,730	-4,116	-4,116
Increase in value of stocks	-42	-22	-29	-29
FINANCIAL SURPLUS	538	666	1,327	1,183
Financial transactions:				
Increase (-) in assets, etc. ⁽²⁾	-295	-68	-904	-939
Borrowing requirement	-243	-598	-423	-244
CENTRAL GOVERNMENT				
Saving ⁽¹⁾	3,063	3,021	3,863	3,713
Capital transfers (net)	-130	-197	-186	-180
Less: Gross domestic fixed capital formation	-534	-498	-610	-610
Increase in value of stocks	-31	-34	-58	-58
FINANCIAL SURPLUS	2,368	2,292	3,009	2,865
Financial transactions:				
Net lending to local authorities and public corporations	-1,579	-1,480	-1,590	-1,590
Increase (-) in other assets, etc. ⁽²⁾	-213	100	-646	-681
Borrowing requirement ⁽³⁾	-392	-915	-790	-611
Borrowing by Northern Ireland central government ...	16	3	17	17
LOCAL AUTHORITIES				
Saving ⁽¹⁾	558	540	625	625
Capital transfers (net)	126	108	138	138
Less: Gross domestic fixed capital formation	-1,820	-1,698	-1,790	-1,790
FINANCIAL DEFICIT	-1,136	-1,050	-1,027	-1,027
Financial transactions:				
Decrease in assets, etc. ⁽²⁾	112	47	-34	-34
Borrowing from public sector	581	553	766	766
Borrowing from other sources	443	450	295	295
PUBLIC CORPORATIONS				
Saving ⁽¹⁾	919	873	955	955
Capital transfers	78	73	77	77
Less: Gross domestic fixed capital formation	-1,680	-1,534	-1,716	-1,716
Increase in value of stocks	-11	12	29	29
FINANCIAL DEFICIT	-694	-576	-655	-655
Financial transactions:				
Increase (-) in assets, etc. ⁽²⁾	-206	-200	-224	-224
Borrowing from central government	1,010	912	824	824
Borrowing from other sources ⁽³⁾	-110	-136	55	55

(1) This is the current surplus in the current account of the central government and local authorities, and the undistributed income (including additions to interest and tax reserves) in the appropriation account of public corporations. Saving is measured before allowing for depreciation and stock appreciation.

(2) Includes unidentified items.

(3) Includes borrowing of £215 million in 1969-70 and £8 million in 1970-71 to finance redemption of nationalised industries' stock.

(4) Includes lending to local authorities.

(5) Includes redemption of stock.

PART III CENTRAL GOVERNMENT TRANSACTIONS

TABLE 8. SUMMARY OF CONSOLIDATED FUND RECEIPTS AND ISSUES

£ million				
	1969-70		1970-71 Estimate	
	Budget Estimate	Outturn	Before Budget changes	After Budget changes
REVENUE (Table 9)				
Taxation	14,464	14,733	15,761	15,582
Miscellaneous Receipts	544	533	542	542
TOTAL	15,008	15,266	16,303	16,124
EXPENDITURE (Table 10)				
Supply Services	11,800	12,016	12,933	12,933
Consolidated Fund Standing Services	751	806	593	593
TOTAL	12,551	12,822	13,526	13,526
SURPLUS TRANSFERRED TO THE NATIONAL LOANS FUND (Table 11)	2,457	2,444	2,777	2,598

TABLE 9. TAXATION AND MISCELLANEOUS RECEIPTS

£ million

	1969-70		1970-71 Estimate	
	Budget Estimate	Outturn	Before Budget changes	After Budget changes
TAXATION				
Inland Revenue—				
Income Tax	4,881	4,900	5,800	5,653
Surtax	240	255	280	277
Corporation Tax	1,805	1,687	1,900	1,900
Capital Gains Tax	136	127	150	150
Death Duties	380	365	365	371
Stamp Duties	120	120	120	119
Special Charge	25	20	4	4
Other	3	2	1	1
Total Inland Revenue	7,590	7,476	8,620	8,475
Customs and Excise—				
Tobacco	1,125	1,143	1,160	1,160
Purchase Tax	1,101	1,110	1,260	1,260
Oil	1,309	1,302	1,380	1,380
Spirits, Beer and Wine	844	862	905	905
Betting and Gaming	109	119	119	120
Other Revenue Duties	10	10	10	10
Protective Duties	220	228	230	230
Import Deposits	—175	189*	—390	—425
Less: Export Rebates, etc.	—9	—11	—5	—5
Total Customs and Excise	4,534	4,952	4,669	4,635
Motor Vehicle Duties	422	419	431	431
Less: Export Rebates, etc.	—2	—2	—1	—1
	420	417	430	430
Selective Employment Tax (gross)†	1,920	1,888	2,042	2,042
TOTAL TAXATION	14,464	14,733	15,761	15,582
MISCELLANEOUS RECEIPTS				
Broadcast Receiving Licences	102	101	102	102
Interest and Dividends	87	92	100	100
Other	355	340	340	340
Total	15,008	15,266	16,303	16,124

* Import deposits were extended for a further period of 12 months from 5 December, 1969.

† Net yield of Selective Employment Tax from the private sector and public corporations (see note (2) on page 24) 606 527 588 588

TABLE 10. SUPPLY SERVICES AND CONSOLIDATED FUND
STANDING SERVICES

	1969-70		1970-71 Estimate	
	Budget Estimate	Outturn	Before Budget changes	After Budget changes
Supply Services				
<i>Civil Supply—</i>				
I. Government and Finance	200	198	195	
II. Commonwealth and Foreign	295	305	305	
III. Home and Justice	256	265	291	
IV. Communications, Trade and Industry	2,461	2,816	2,899	
V. Agriculture	413	386	431	
VI. Local Government, Housing and Social Services	4,876	5,043	5,507	
VII. Education and Science	449	451	485	
VIII. Museums, Galleries and the Arts	17	17	21	
IX. Public Buildings and Common Governmental Services	292	281	324	
X. Other Public Departments	17	22	26	
XI. Miscellaneous	29	28	28	
Total Civil Supply	9,305	9,812	10,512	10,512
<i>Defence Budget—</i>				
XII. Defence	1,872	1,830	1,912	
Ministry of Technology	214	200	187	
Ministry of Public Building and Works	180	174	181	
Total Defence Budget	2,266	2,204	2,280	2,280
Supplementary provision	229	—	141*	141*
Total Supply Services	11,800	12,016	12,933	12,933
CONSOLIDATED FUND STANDING SERVICES				
Payment to the National Loans Fund in respect of service of the National Debt	478	513	288	288
Northern Ireland—share of reserved taxes, etc.	238	252	272	272
Civil Contingencies Fund	—	8	—	—
Other Services	35	33	33	33
Total	12,551	12,822	13,526	13,526

* This is the estimated addition to Supply Votes in 1970-71 to take account of the following changes:

<i>Defence Budget—</i>				
Service pay awards and associated expenditure	...	...	...	£ million
<i>Agricultural Price Review—</i>				
Net increase in the cost of agricultural support as determined by the Annual Review 1970 (Cmnd. 4321)	...	...	...	38
<i>Civil Service Pay—</i>				
Increase as a result of central pay settlement (agreed 19 March, 1970)	...	...	...	46
<i>National Health Service—</i>				
Increase in employer's contribution	...	...	...	—38
Total	...	...	...	141

TABLE 11. NATIONAL LOANS FUND
Summary of Receipts and Payments

	Receipts		Payments		£ million			
	1969-70		1970-71 Estimate		1969-70		1970-71 Estimate	
	Budget Estimate	Outturn	Before Budget changes	After Budget changes	Budget Estimate	Outturn	Before Budget changes	After Budget changes
INTEREST, ETC.								
Interest on loans, profits of the Issue Department of the Bank of England, etc. ...	890	945	1,135	1,135				
Service of the National Debt—balance met from the Consolidated Fund ...	478	513	288	288				
TOTAL ...	1,368	1,458	1,423	1,423	1,368	1,458	1,423	1,423
CONSOLIDATED FUND SURPLUS	2,457	2,444	2,777	2,598				
Change in balances, etc. ...	—	6	—	—				
Exchange Equalisation Account: changes in sterling capital ...	—	—50	—	—				
BORROWING:								
To finance issues for redemption of nationalised industries stocks	215	215	8	8				
Other (net)§ ...	—1,041	—1,176	—1,241	—1,062				
TOTAL ...	2,999	2,897	2,967	2,967	2,999	2,897	2,967	2,967
SERVICE OF THE NATIONAL DEBT								
Interest ...	1,320	1,412	1,385	1,385				
Management and expenses	48	46	38	38				
TOTAL ...	1,368	1,458	1,423	1,423	1,368	1,458	1,423	1,423
LOANS (NET)*								
To nationalised industries:								
(i) Redemption of maturing stocks	215†	215†	8†	8†				
(ii) Other ...	624	519	528	528				
To other public corporations	168	148	186	186				
To local and harbour authorities ...	540	545	790	790				
To private sector ...	4	—5	—1	—1				
Within central government	80	17	33	33				
TOTAL ...	1,631	1,439	1,544	1,544	1,631	1,439	1,544	1,544

* Details in Table 12.

† See note * on page 22.

‡ See note † on page 22.

§ Minus sign indicates a net repayment of debt.

TABLE 12. LOANS FROM THE NATIONAL LOANS FUND
(Net issues)

		1969-70		1970-71 Estimate
	Budget Estimate	Outturn		
LOANS TO NATIONALISED INDUSTRIES:				
Post Office ...	211	240	284	
National Coal Board ...	3	-11	-49	
Electricity Council ...	320*	284*	80	
North of Scotland Hydro-Electric Board	5	1	18†	
South of Scotland Electricity Board	43*	35*	37	
Gas Council ...	192	158	263	
British Steel Corporation ...	80	31	-22	
British Overseas Airways Corporation	-3	-3	-3	
British European Airways Corporation	14	-18	35	
British Airports Authority	5	1	4	
British Railways Board ...	15	-15	15	
London Transport Board ...	10	11	7	
British Transport Docks Board	11	10	1	
British Waterways Board ...	1	—	—	
Transport Holding Company	—	—	—	
National Freight Corporation	15	10	15	
National Bus Company ...	—	—	1	
Scottish Transport Group ...	2	—	—	
Less: Estimated shortfall on borrowing ...	-85	—	-150	
TOTAL	839*	734*	536†	
LOANS TO OTHER PUBLIC CORPORATIONS:				
New Towns—Development Corporations and Commission	109	97	119	
Scottish Special Housing Association	15	13	17	
Housing Corporation	9	13	10	
Covent Garden Market Authority	5	2	2	
Sugar Board	—	—	—	
Industrial Reorganisation Corporation	30	23	38	
TOTAL	168	148	186	
LOANS TO LOCAL AND HARBOUR AUTHORITIES:				
Local Authorities ...	520	525	735	
Harbour Authorities	20	20	55	
TOTAL	540	545	790	
LOANS TO PRIVATE SECTOR:				
Shipbuilding Industry Board	12	4	7	
Shipowners (Ship Credit Scheme)	-6	-6	-5	
Housing Associations	1	—	—	
Building Societies ...	-3	-3	-3	
TOTAL	4	-5	-1	
LOANS WITHIN CENTRAL GOVERNMENT:				
Purchases of United States military aircraft	56	-3	-10	
Married quarters for armed forces	—	—	—	
Town and Country Planning compensation	-3	-3	-4	
Redundancy Fund	-9	-14	-4	
Land Commission	9	3	12	
Northern Ireland Exchequer	27	34	39	
TOTAL	80	17	33	
Total—Net Lending	1,631*	1,439*	1,544†	

* Includes advances to repay £200 million of 4½ per cent British Electricity Guaranteed Stock 1967-69 and £15 million of 4½ per cent South of Scotland Electricity Guaranteed Stock 1967-69.
† Includes advances to repay £8 million of 3 per cent of North of Scotland Guaranteed Stock 1968-70.
Further details of these items are contained in the White Paper on Loans from the National Loans Fund (Cmd. 4333).

TABLE 13. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY⁽¹⁾

£ million

	1969-70		1970-71 Estimate	
	Budget estimate ⁽²⁾	Provisional outturn	Before Budget changes	After Budget changes
CURRENT RECEIPTS				
Taxes on income ...	6,727	6,578	7,660	7,510
National insurance contributions ...	2,110	2,085	2,425	2,425
National health contributions ...	187	184	223	223
Redundancy fund contributions ...	53	52	52	52
Taxes on expenditure ⁽³⁾ ...	6,284	6,292	6,678	6,678
Gross trading surplus ⁽⁴⁾ ...	44	42	54	54
Rent ⁽⁵⁾ ...	98	98	97	97
Interest on loans to—				
Local authorities ...	289	287	344	344
Public corporations ...	597	601	689	689
Other interest, dividends, etc. ...	107	107	121	121
TOTAL ...	16,496	16,326	18,343	18,193
CAPITAL RECEIPTS				
Current surplus ⁽⁶⁾ ...	3,063	3,021	3,863	3,713
Taxes on capital ...	718	762	848	854
Loan repayments from overseas governments ...	30	30	26	26
Receipts from certain pension "funds" (net) ...	40	41	52	52
Adjustments for accruals of—				
Taxes on expenditure ...	-4	-36	-40	-40
Subsidies ...	5	13	-	-
Import deposits ...	-173	187	-387	-422
Miscellaneous capital transactions (net) ⁽⁷⁾ ...	33	24	-152	-152
Net borrowing by Northern Ireland central government ...	16	3	17	17
Borrowing requirement (net balance)—				
Redemption of nationalised industries' stock ...	215	215	8	8
Other—				
Increase in net indebtedness to Bank of England Banking Department ...	-	-184	-	-
Increase in notes and coin in circulation ...	-	211	-	-
Increase of non-marketable debt—				
National savings ...	-807	-240	-798	-619
Tax reserve certificates ...	-	-48	-	-
Net receipts from market transactions ...	-	-774	-	-
Direct borrowing (net) from overseas governments and institutions ...	-	-166	-	-
Net change in official reserves (increase -) ⁽⁸⁾ ...	-	71	-	-
TOTAL ...	-807	-1,130	-798	-619
Total borrowing requirement ...	-592	-915	-790	-611
TOTAL ...	3,136	3,104	3,437	3,437
CURRENT EXPENDITURE				
Current expenditure on goods and services ...	5,038	4,955	5,377	5,377
Subsidies ...	809	768	831	831
Debt interest ...	1,313	1,278	1,279	1,279
Current grants to—				
Local authorities ...	2,206	2,226	2,602	2,602
Personal sector ...	3,896	3,902	4,211	4,211
Abroad ...	171	176	180	180
Total current expenditure ...	13,433	13,305	14,480	14,480
Current surplus⁽⁴⁾ ...	3,063	3,021	3,863	3,713
TOTAL ...	16,496	16,326	18,343	18,193
CAPITAL EXPENDITURE				
Gross domestic fixed capital formation ...	534	498	610	610
Increase in value of stocks ...	31	34	58	58
Capital grants to—				
Local authorities ...	150	132	167	167
Public corporations ...	58	53	55	55
Private sector ...	640	774	812	812
Net lending to—				
Local authorities ...	569	568	766	766
Public corporations—				
Redemption of nationalised industries' stock ...	215	215	8	8
Other ⁽⁹⁾ ...	795	697	816	816
Private sector ...	39	29	30	30
Loans to overseas governments ...	93	92	96	96
Drawings from United Kingdom subscriptions to international lending bodies ...	16	13	17	17
Other net lending and investment abroad ...	-4	-6	-	-
Cash expenditure on company securities (net) ...	-	5	2	2
TOTAL ...	3,136	3,104	3,437	3,437

(1) All the figures are measured at outturn or estimated outturn prices.
(2) Differences from the figures given in Table 16 of the Financial Statement and Budget Report 1969-70 (H.C. 211—15 April, 1969) reflect changes of classification.
(3) Includes selective employment tax—see Table 14.
(4) Before allowing for depreciation and stock appreciation.
(5) Includes re-financable export credits and unidentified items.
(6) Includes lending to the proposed National Ports Authority.
(7) Net change other than the increase arising from the initial allocation of I.M.F. Special Drawing Rights.

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1969-70 provisional outturn

£ million

Receipts positive/payments negative	Consolidated Fund			National Loans Fund		Other central government funds and accounts ⁽¹⁾	Total central government
	Taxation and other receipts	Supply services	Standing services and surplus	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 6)							
Taxes on income	6,613	-35	—	—	—	—	6,578
National insurance contributions, etc.	—	176	—	—	—	2,145	2,321
Taxes on expenditure: Selective employment tax	1,888	-1,086	—	—	—	34	836 ⁽²⁾
Other	5,340	62	—	—	—	54	5,456
Other current receipts	65	93	—	8	—	81	247
Taxes on capital and other capital transactions (net)	993	31	—	—	—	-26	998
Borrowing requirement (net balance) ⁽³⁾	—	87	—	-1,011	—	9	-915
TOTAL	14,899	-672	—	-1,003	—	2,297	15,521
(ii) Interest received from local authorities and public corporations	22	—	—	853	—	13	888
TOTAL RECEIPTS	14,921	-672	—	-150	—	2,310	16,409 ⁽⁴⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 6)							
Current expenditure on goods and services	13	-4,679	-4	—	-13	-272	-4,955
Debt interest	—	—	—	—	-1,168	-101	-1,278
Current grants to personal sector	—	-1,271	-18	—	—	-2,613	-3,902
Other current expenditure	—	-922	—	—	—	-22	-944
Gross domestic fixed capital formation	4	-483	—	—	—	-19	-498
Other capital expenditure	35	-928	-7	—	5	-46	-941
TOTAL	52	-8,292	-29	—	-1,176	-3,073	-12,518
(ii) Grants and net lending to local authorities and public corporations	4	-2,375	—	—	-1,427	-93	-3,891
TOTAL EXPENDITURE	56	-10,667	-29	—	-2,603	-3,166	-16,409 ⁽⁴⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-371	—	—	—	371	—
Northern Ireland central government: transfers and loans	—	-2	-252	—	-34	288	—
Purchase of United States military aircraft	—	-3	—	—	3	—	—
Other loans and advances	—	5	-12	—	14	-7	—
Debt interest (including profits of Issue Department)	6	-24	-513	597	-277	211	—
B.B.C. licence revenue	101	-101	—	—	—	—	—
Surplus receipts for surrender, etc.	182	-181	—	6	—	-7	—
Surplus on Consolidated Fund	—	—	-2,444	2,444	—	—	—
TOTAL INTERNAL TRANSACTIONS	289	-677	-3,221	3,047	-294	856	—
Grand Total (A, B and C)	15,266 ⁽⁵⁾	-12,016 ⁽⁶⁾	-3,250 ⁽⁶⁾	2,897 ⁽⁷⁾	-2,897 ⁽⁸⁾	—	—

⁽¹⁾ Includes National Insurance Funds and the Northern Ireland central government: also includes receipts of and expenditure on imputed rent and sundry adjustments (timing, etc.).

⁽²⁾ This figure includes, in accordance with the national income accounts treatment, the net yield from the private sector and public corporations (as shown in the footnote to Table 9) together with payments of tax by the central government and local authorities.

⁽³⁾ The borrowing requirement of the central government comprises the borrowing requirement of the National Loans Fund (i.e., the Fund's net borrowing together with the changes in Exchange Equalisation Account sterling capital) less (or plus) any surplus (or deficit) on the National Insurance Funds and in departmental balances, etc.

⁽⁴⁾ As included within Table 13.

⁽⁵⁾ As included in Table 8.

⁽⁶⁾ As included in Table 11.

TABLE 14. CENTRAL GOVERNMENT TRANSACTIONS BY ECONOMIC CATEGORY
Analysis and reconciliation by fund—1970-71 estimate after Budget changes

£ million

Receipts positive/payments negative	Consolidated Fund			National Loans Fund		Other central government funds and accounts ⁽¹⁾	Total central government
	Taxation and other receipts	Supply services	Standing services and surplus	Receipts	Payments		
A. RECEIPTS							
(i) Items entering into public sector receipts (see Table 6)							
Taxes on income	7,537	-27	—	—	—	—	7,510
National insurance contributions, etc.	—	217	—	—	—	2,483	2,700
Taxes on expenditure: Selective employment tax	2,042	-1,151	—	—	—	26	917 ⁽²⁾
Other	5,648	55	—	—	—	58	5,761
Other current receipts	72	104	—	8	—	88	272
Taxes on capital and other capital transactions (net)	470	54	—	—	—	-189	335
Borrowing requirement (net balance) ⁽³⁾	—	70	—	-1,054	—	373	-611
TOTAL	15,769	-678	—	-1,046	—	2,839	16,884
(ii) Interest received from local authorities and public corporations	23	—	—	995	—	15	1,033
TOTAL RECEIPTS	15,792	-678	—	-51	—	2,854	17,917 ⁽⁴⁾
B. EXPENDITURE							
(i) Items entering into public sector expenditure (see Table 6)							
Current expenditure on goods and services	13	-5,040	-7	—	-2	-341	-5,377
Debt interest	—	-35	—	—	-1,140	-104	-1,279
Current grants to personal sector	—	-1,335	-18	—	—	-2,858	-4,211
Other current expenditure	—	-952	—	—	—	-59	-1,011
Gross domestic fixed capital formation	3	-550	—	—	—	-63	-610
Other capital expenditure	32	-965	-4	—	1	-79	-1,015
TOTAL	48	-8,877	-29	—	-1,141	-3,504	-13,503
(ii) Grants and net lending to local authorities and public corporations	5	-2,613	—	—	-1,512	-294	-4,414
TOTAL EXPENDITURE	53	-11,490	-29	—	-2,653	-3,798	-17,917 ⁽⁴⁾
C. TRANSACTIONS WITHIN CENTRAL GOVERNMENT							
Grant to National Insurance Funds	—	-427	—	—	—	427	—
Northern Ireland central government: transfers and loans	—	-2	-272	—	-39	313	—
Purchase of United States military aircraft	—	-10	—	—	10	—	—
Other loans and advances	—	-4	-4	—	-4	12	—
Debt interest (including profits of Issue Department)	6	-25	-288	420	-281	168	—
B.B.C. licence revenue	102	-102	—	—	—	—	—
Surplus receipts for surrender, etc.	171	-195	—	—	—	24	—
Surplus on Consolidated Fund	—	—	-2,598	2,598	—	—	—
TOTAL INTERNAL TRANSACTIONS	279	-765	-3,162	3,018	-314	944	—
Grand Total (A, B and C)	16,124 ⁽⁵⁾	-12,933 ⁽⁶⁾	-3,191 ⁽⁶⁾	2,967 ⁽⁷⁾	-2,967 ⁽⁸⁾	—	—

⁽¹⁾ Includes National Insurance Funds and the Northern Ireland central government: also includes receipts of and expenditure on imputed rent and sundry adjustments (timing, prices and shortfall).

⁽²⁾ This figure includes, in accordance with the national income accounts treatment, the net yield from the private sector and public corporations (as shown in the footnote to Table 9) together with payments of tax by the central government and local authorities.

⁽³⁾ The borrowing requirement of the central government comprises the borrowing requirement of the National Loans Fund (i.e., the Fund's net borrowing together with the changes in Exchange Equalisation Account sterling capital) less (or plus) any surplus (or deficit) on the National Insurance Funds and in departmental balances, etc.

⁽⁴⁾ As included within Table 13.

⁽⁵⁾ As included in Table 8.

⁽⁶⁾ As included in Table 11.

ANNEX

TABLE 15. PROPOSED CHANGES IN TAXATION

INLAND REVENUE

Income tax

It is proposed to increase the single allowance and the maximum wife's earned income allowance from £255 to £325 and the married allowance from £375 to £465.

It is proposed to abolish the reduced rate of income tax (now 30 per cent on the first £260 of taxable income).

It is proposed to extend the additional personal allowance of £100 to all single (including divorced and separated) women who are entitled to child allowance for a young child resident with them.

It is proposed to increase the age exemption limits for persons aged 65 and over from £425 to £475 for single persons and from £680 to £740 for married couples.

It is proposed to increase the income limit for the dependent relative allowance so that the full allowance will be given where the relative's income does not exceed £260 (instead of £245 as at present).

Effect will be given to these proposals for PAYE purposes on the first pay day after 5 July, 1970.

It is proposed to amend the law relating to retirement benefit schemes for employees so as to provide a uniform code of relief for all schemes which satisfy the conditions for approval. It is intended that the new code shall replace the existing provisions on the introduction of the National Superannuation Scheme.

It is proposed that contractors in the construction industry who make payments under sub-contracts to persons not on a register which is to be established by the Minister of Public Building and Works shall be required, as from 6 April, 1971, to deduct and pay to the Inland Revenue a sum equal to 32 per cent of those payments; and that the tax so suffered by

the sub-contractor should be treated as an advance payment of his tax liability on his profits. This provision will not apply to Northern Ireland.

Surtax

It is proposed to exempt from surtax, persons whose income assessable to surtax does not exceed £2,500. Where the surtaxable income slightly exceeds £2,500 the surtax will be limited to 40 per cent of the excess.

Income tax and corporation tax

It is proposed to increase the rate of initial allowance for capital expenditure incurred after 5 April, 1970, and before 6 April, 1972, on industrial buildings and structures. For buildings and structures in the development areas, in intermediate areas and in Northern Ireland the rate will be increased temporarily from 15 per cent to 40 per cent. For buildings elsewhere the rate will be increased temporarily from 15 per cent to 30 per cent.

Interest on estate duty

It is proposed to increase the rate of interest on unpaid estate duty from 2 per cent to 3 per cent. The new rate will apply to interest accruing after the passing of the Finance Act.

Stamp duties

It is proposed to abolish the 2d. duties on bills of exchange (mainly cheques) and receipts with effect from 15 February, 1971.

It is proposed to abolish the 6d. duties on agreements, and on non-life insurance policies, to exempt policies of life assurance up to £50 and to reduce the duty on mortgage deeds from 2s. 6d. to 2s. per £100. These changes will take effect from 1 August, 1970.

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

CUSTOMS AND EXCISE

Betting

It is proposed that with effect from 27 April, 1970:

(a) the rate of general betting duty shall be increased to 6 per cent of the amount staked except in respect of on course bets for which it will remain at 5 per cent;

(b) hedging bets made by on course bookmakers shall be relieved of the general betting duty;

(c) the betting premises licence duty shall be repealed.

Gaming

It is proposed to revise the structure of the gaming licence duty with effect from 1 October, 1970. The existing and proposed duty rates are as shown below.

It is also proposed to restrict the number of gaming machine licences that may be issued for the same premises; and to allow holiday season licences to be available for gaming machines played by the insertion of a single new halfpenny or a single new penny.

Decimalisation of rates

It is proposed that the Treasury shall be empowered to make by Order small reductions in rates of Customs and Excise revenue duties, drawbacks and allowances so as to introduce from 15 February, 1971, certain suitable and convenient decimal equivalents.

Tobacco

It is proposed to allow the use of tobacco substitutes in the manufacture of cigarettes and other products for smoking and to charge tobacco duty on such substitutes; to allow duty-free use of tobacco and tobacco substitutes for certain research purposes; and also to permit the manufacture in this country of tobacco substitutes under the authority of a licence bearing an excise duty of £10 a year.

Import deposits

It is proposed that with effect from 1 May, 1970, the rate of import deposits shall be reduced from 40 per cent to 30 per cent.

Surcharges and rebates in respect of revenue duties and purchase tax

It is proposed to extend for a further year the existing powers under Section 9 of the Finance Act 1961 which enable the Treasury by Order to impose a surcharge or allow a rebate in respect of the main revenue duties of Customs and Excise and the purchase tax.

GAMING LICENCE DUTY

Existing annual duty rates

Rateable value of premises	Charge on rateable value only £ per annum
Not exceeding £1,000	750
Exceeding £1,000 but not £1,500	7,500
Exceeding £1,500 but not £2,250	20,000
Exceeding £2,250 but not £3,000	40,000
Exceeding £3,000	100,000

Proposed half-yearly duty rates

Rateable value of premises	Minimum charge £ per six months	Extra charge for each table in excess of two but not exceeding five £ per six months	Extra charge for each table in excess of five £ per six months
Not exceeding £1,000*	750	500	750
Exceeding £1,000 but not £2,500†	6,250	1,500	2,000
Exceeding £2,500	20,000	4,000	5,000

* Applies also to premises having no rateable value (other than vessels).

† Applies also to vessels.

TABLE 15. PROPOSED CHANGES IN TAXATION—continued

MOTOR VEHICLE DUTIES

Decimalisation of rates

It is proposed that from 15 February, 1971, payments and refunds of duty shall be rounded down to the nearest new penny.

SELECTIVE EMPLOYMENT TAX

Theatres

It is proposed to exempt the production of plays for public performance from the scope of Selective Employment Tax.

TABLE 16. ESTIMATED EFFECTS OF CHANGES IN TAXATION

£ million

	Estimate for 1970-71	Estimate for a full year
INLAND REVENUE		
<i>Income tax—</i>		
Increase of the single allowance to £325 and the married allowance to £465	-139	-175
Abolition of the reduced rate		
Extension of the additional personal allowance of £100 to all single women with sole responsibility for a young child	-2	-3½
Increase of age exemption limits to £475 for single persons and £740 for married couples	-5	-7½
Extension of relief for retirement benefit schemes	-1	-8 (a)
Deduction of tax from building sub-contractors	Nil	+8 (a)
<i>Income tax and corporation tax—</i>		
Increase of initial allowances on expenditure in two years from 6 April, 1970, to 5 April, 1972, on industrial buildings from 15 per cent to 40 per cent in development and intermediate areas and Northern Ireland and to 30 per cent elsewhere	Nil	(b)
<i>Surtax—</i>		
Introduction of exemption limit of £2,500	-3	-5
<i>Interest on estate duty—</i>		
Increase of interest rate on estate duty from 2 per cent to 3 per cent	+6 (c)	+1½
<i>Stamp duties—</i>		
Abolition of cheque duty	Negligible Nil -1	-11 -1 -1½
Abolition of receipt duty		
Abolition of 6d. duty on agreements and non-life policies		
Exemption of life policies up to £50		
Reduction of duty on mortgage deeds from 2s. 6d. to 2s. per £100	-1	-1½
TOTAL INLAND REVENUE	-145	...
CUSTOMS AND EXCISE		
Decimalisation of rates	Negligible	Negligible
Tobacco substitutes	Nil	Nil
Betting and gaming	+1	+1
Import deposits	-35	Nil
TOTAL CUSTOMS AND EXCISE	-34	+1
MOTOR VEHICLE DUTIES		
Decimalisation of rates	Negligible	Negligible
SELECTIVE EMPLOYMENT TAX		
Reclassification of production of theatre plays	-½ (d)	-½ (d)
Total	-179½	...

(a) This is the estimated effect for future years.

(b) The total cost is estimated at about £60 million spread over about four years.

(c) Includes £5 million of estate duty that would have been paid in later years.

(d) Refunds, borne on Supply Votes.

TABLE 17. INCOME TAX AND SURTAX

Amount of tax and effective rate for specimen incomes

These tables show the tax payable for 1969-70 and the tables show the effect of the proposals, i.e., the 1970-71 including any surtax payable in those years difference between the charges for 1969-70 and 1970-71, on the basis of the previous year's income. The for single persons and married couples entitled to the effective rate of tax, i.e., the average rate over the single or married personal allowance. A taxpayer whole income, is shown as a percentage. may be entitled to further reliefs which reduce the The earned income of a married couple is assumed tax below that shown. to be the husband's.

PERSONS WITHOUT CHILDREN—INCOME UP TO £16 A WEEK—ALL EARNED

Income £	Charge for 1969-70				Proposed charge for 1970-71			
	Income tax		Effective rate		Income tax		Effective rate	
	£ s. d.	Per cent	£ s. d.	Per cent	£ s. d.	Per cent	£ s. d.	Per cent
Single Persons								
364 (£7 a week)	8	2.3	—	—	—	—	—	—
416 (£8 a week)	20 11 4	4.9	—	—	—	—	—	—
468 (£9 a week)	32 14 0	7.0	—	—	—	—	—	—
520 (£10 a week)	44 16 8	8.6	—	—	—	—	—	—
572 (£11 a week)	56 19 4	10.0	—	—	—	—	—	—
624 (£12 a week)	69 2 0	11.1	—	—	—	—	—	—
676 (£13 a week)	82 8 11	12.2	—	—	—	—	—	—
728 (£14 a week)	99 2 7	13.6	—	—	—	—	—	—
780 (£15 a week)	115 16 3	14.8	—	—	—	—	—	—
832 (£16 a week)	132 9 11	15.9	—	—	—	—	—	—
Married Couples								
520 (£10 a week)	8	1.7	—	—	—	—	—	—
572 (£11 a week)	16 19 4	3.7	—	—	—	—	—	—
624 (£12 a week)	33 2 0	5.3	—	—	—	—	—	—
676 (£13 a week)	45 4 8	6.7	—	—	—	—	—	—
728 (£14 a week)	57 7 4	7.9	—	—	—	—	—	—
780 (£15 a week)	69 10 0	8.9	—	—	—	—	—	—
832 (£16 a week)	82 19 11	10.0	—	—	—	—	—	—

Above these levels there will be an increase in tax of single persons of 7s. 6d. a year and a decrease in tax of married couples of £7 17s. 6d. a year.

TABLE 17. INCOME TAX AND SURTAX—continued

Amount of tax and effective rate for specimen incomes of persons without children

Income £	SINGLE PERSONS				MARRIED COUPLES			
	Charge for 1969-70		Proposed charge for 1970-71		Charge for 1969-70		Proposed charge for 1970-71	
	Income tax (and Surtax if any)	Effective rate	Income tax (and Surtax if any)	Effective rate	Income tax (and Surtax if any)	Effective rate	Income tax (and Surtax if any)	Effective rate
	£ s. d.	Per cent	£ s. d.	Per cent	£ s. d.	Per cent	£ s. d.	Per cent
Income all earned								
400	16 16 8	4.2	—	—	—	—	—	—
500	40 3 4	8.0	26 7 1	5.3	4 3 4	0.8	—	—
600	63 10 0	10.6	58 8 9	9.7	27 10 0	4.6	13 9	0.1
700	90 2 11	12.9	90 10 5	12.9	50 16 8	7.3	32 15 5	4.7
800	122 4 7	15.3	122 12 1	15.3	74 3 4	9.3	64 17 1	8.1
900	154 6 3	17.2	154 13 9	17.2	104 16 3	11.7	96 18 9	10.8
1,000	186 7 11	18.6	186 15 5	18.7	136 17 11	13.7	129 0 5	12.9
2,000	507 4 7	25.4	507 12 1	25.4	457 14 7	22.9	449 17 1	22.5
5,000	1,515 6 8	30.3	1,515 14 2	30.3	1,465 16 8	29.3	1,457 19 2	29.2
5,500	1,743 1 1	31.7	1,699 0 10	30.9	1,681 11 1	30.6	1,641 5 10	29.8
5,600	1,789 8 8	32.0	1,748 16 4	31.2	1,727 2 3	30.8	1,677 19 2	30.0
5,700	1,837 4 2	32.2	1,821 0 10	31.9	1,772 14 2	31.1	1,715 5 10	30.1
5,900	1,932 15 3	32.8	1,933 2 9	32.8	1,868 5 3	31.7	1,859 14 9	31.5
6,000	1,980 10 10	33.0	1,980 18 4	33.0	1,916 0 10	31.9	1,908 3 4	31.8
10,000	4,284 18 9	42.8	4,285 6 3	42.9	4,196 8 9	42.0	4,188 11 3	41.9
Income all from investments								
350	5 3 4	1.5	—	—	—	—	—	—
400	16 16 8	4.2	—	—	—	—	—	—
500	53 10 0	10.7	37 16 3	7.6	25 0 0	5.0	14 7 6	2.9
600	103 10 0	17.2	92 16 3	15.5	67 10 0	11.2	55 13 6	9.3
700	153 10 0	21.9	147 16 3	21.1	104 16 3	15.0	96 18 9	13.8
800	195 11 3	24.4	195 18 9	24.5	146 1 3	18.3	138 3 9	17.3
900	236 16 3	26.3	237 3 9	26.4	187 6 3	20.8	179 8 9	19.9
1,000	278 1 3	27.8	278 8 9	27.8	228 11 3	22.9	220 13 9	22.1
2,000	690 11 3	34.5	690 18 9	34.5	641 1 3	32.1	633 3 9	31.7
2,250	818 13 9	36.4	794 1 3	35.3	757 3 9	33.7	736 6 3	32.7
2,500	946 16 3	37.9	897 3 9	35.9	885 6 3	35.4	839 8 9	33.6
2,600	1,000 11 3	38.5	978 8 9	37.6	936 11 3	36.0	880 13 9	33.9
2,700	1,054 6 3	39.0	1,054 13 9	39.1	989 16 3	36.7	953 18 9	35.3
2,900	1,161 16 3	40.1	1,162 3 9	40.1	1,097 6 3	37.8	1,089 8 9	37.6
5,000	2,440 11 3	48.8	2,440 18 9	48.8	2,364 1 3	47.3	2,356 3 9	47.1
10,000	6,178 1 3	61.8	6,178 8 9	61.8	6,083 11 3	60.8	6,075 13 9	60.8

Where the effect of the proposals is the same for two successive entries in the table (e.g. earnings of £2,000 and £5,000 or income from investment of £2,900 and £5,000) the same effect applies to all incomes in between.