



NATIONAL INCOME
AND EXPENDITURE
OF THE
UNITED KINGDOM
1946 to 1950



*Presented by the Financial Secretary to the Treasury to Parliament
by Command of His Majesty
April 1951*

LONDON
HIS MAJESTY'S STATIONERY OFFICE

PRICE 1s. 9d. NET

Cmd. 8203

FOREWORD

This paper gives estimates of the national product, income and expenditure of the United Kingdom of Great Britain and Northern Ireland for the calendar years 1938 and 1946 to 1950.

On two subjects the paper contains more detailed information than has been given in previous papers in this series. Table 8 gives an analysis of company profits by industry, based on data collected by the Commissioners of Inland Revenue in the course of assessing profits to income tax. The scope of these figures, and their relation to the statistics published by the Commissioners of Inland Revenue in their Annual Reports, are described in the notes to the table. Secondly, tables 30 and 31 give an analysis of fixed capital formation by type of capital asset and by the industry or service in which the capital formation took place, while table 32 gives a more detailed analysis for capital expenditure in manufacturing industry.

The improvement of basic statistical information has made it possible in some cases to improve the reliability of the estimates. Thus, the figures for gross output of various industrial groups given in tables 1 and 5 are believed to be considerably more accurate than the corresponding figures in last year's National Income White Paper (Cmd. 7933). They are now given for a considerably larger number of separate industrial groups. Secondly, estimates of wages paid have been revised in the light of new information and are now more firmly based than before. Thirdly, recent changes in the basis and methods employed in the Balance of Payments White Paper have made it easier to cover this part of the field in a manner consistent with the treatment adopted elsewhere in this paper. Fourthly, the estimates of some items of personal consumption expenditure have been considerably revised. In particular, the estimates of expenditure on private motoring and on the services of hotels and catering establishments have been substantially raised.

A small number of changes of treatment and terminology have been made. The gross national product has been redefined so as to include net income from abroad. Employers' national insurance contributions have been treated as a direct tax and included for the first time in the national income. Both these changes have been made in the interests of international comparability. Thirdly, there has been a change in the treatment of the item which in last year's White Paper was called "inventory revaluation" (renamed "stock appreciation" in the present paper). This item was there excluded from the gross national product, though not from the national income or expenditure. In this paper, it has been excluded from gross national expenditure and from disposable income; the figures of national income are so presented as to make it possible to adopt whichever treatment is most convenient for the purpose in hand. Fourthly, the scope of the first table in the Social Accounts, formerly limited to the operating accounts of enterprises, has been extended to cover all the productive activities of the United Kingdom; its field is now coterminous with that of the gross domestic product as defined in this paper. Further details on these and other changes are given in the notes to the tables (Appendix).

It must once again be emphasised that almost all the figures given in this paper are based on information collected by Government departments or private organisations for purposes other than the preparation of estimates of national income and expenditure. In some cases the information is very incomplete and in others is available only after considerable delay. For

example, it is impossible to give final estimates of traders' profits until their tax assessments have been agreed, and this may not be until several years after the profits have been earned. For reasons of this kind, many of the figures are provisional and may have to be revised later. This applies particularly, of course, to the figures for 1950. Further, in some cases, the direct information on which an estimate can be based is so scanty—even for earlier years—that the figure remains subject to a very wide margin of error. Important examples are the figures for personal savings, the profit on stock appreciation, and the value of the physical increase in stocks. All these figures should be used with caution, and no significance should be attached to small changes from year to year in any of them.

The estimates have been prepared in the Central Statistical Office in collaboration with other Government departments.

April 1951

The following symbols have been used :

... not available.

— nil or less than half the final digit shown.

CONTENTS

	<i>Table Number</i>	<i>Page Number</i>
Introduction		7
I. National Product, Income and Expenditure: Summary		
Gross national product	1	12
National income and depreciation	2	13
Disposable income and depreciation	3	14
Gross national expenditure	4	15
II. Gross Domestic Product		
Gross domestic product... ..		16
III. The Composition of the National Income		
National income and depreciation by distributive shares	6	17
National wage bill	7	18
Company profits	8	19
Company income and its appropriation	9	20
Income of public corporations and its appropriation	10	20
IV. Personal Income and its Distribution		
Personal income from work and property before and after tax	11	21
Distribution of personal income by ranges of income	12	22
Proportion of personal income required to meet taxation	13	23
Personal expenditure and saving	14	23
V. Personal Expenditure		
Personal expenditure on consumers' goods and services at current market prices	15	24
Personal expenditure on consumers' goods and services revalued at 1948 prices	16	26
Personal expenditure on consumers' goods and services as a percentage of expenditure in 1948	17	28
Personal expenditure in 1938 and 1948 at 1938 prices	18	29
Personal expenditure after adjustment for indirect taxes and subsidies	19	29
VI. Revenue, Borrowing and Expenditure of Public Author- ities		
Central government: revenue account	20	30
Central government: capital account	21	32
Local authorities: revenue account	22	34
Local authorities: capital account	23	34
National insurance funds; revenue account	24	36
Subsidies	25	38
Transfer incomes	26	39
Direct taxes paid in respect of different types of income and property	27	40
Allocation of indirect taxes and subsidies	28	41

VII. Capital Formation

The financing of gross capital formation	...	...	29	42
Gross domestic capital formation	...	...	30	43
Capital expenditure on fixed assets	...	...	31	44
Capital expenditure by manufacturing industry	...	...	32	45

VIII. The Social Accounts of the United Kingdom

Production account of the United Kingdom	...	...	33	46
Corporate income appropriation account	...	...	34	46
Current account of persons	...	...	35	48
Current account of public authorities...	...	...	36	48
Combined capital account	...	...	37	50
Current account of rest of the world with the United Kingdom	...	...	38	50

Appendix

Notes on the tables	52
---------------------	-----	-----	-----	-----	----

INTRODUCTION

This paper presents estimates of the national output, income and expenditure of the United Kingdom in 1938 and each of the years 1946 to 1950. The tables are arranged in sections presenting statistics for the gross domestic product, the composition of the national income, personal income and its distribution, personal expenditure, the revenue, borrowing and expenditure of public authorities, and gross capital formation, with a final section presenting the social accounts of the United Kingdom.

The main figures for 1948, 1949 and 1950 are summarised in tables 1 to 4. By way of introduction to the paper, these paragraphs describe the contents of these four tables, explain the relations between them and point briefly to some of the more important movements in the figures in recent years.

Gross National Product (Table 1)

The gross national product is a measure of the work done by the factors of production owned by the residents of the United Kingdom. About seven-eighths of the total consists of the output of a number of industries which may together be described as covering the field of production and trade in a broad sense, the remainder being services of public authorities, domestic services, work for charities and other non-profit-making bodies and net income from abroad (interest on overseas investments and the like). For the purpose of this table, the gross value of output of an industry is measured by the "value added", that is, the difference between the total value of the goods and services it produces for sale outside itself and the value of the goods and services bought from other industries or from abroad which it uses up in production. It is called "gross" because no deduction is made, in reckoning output, for the depreciation of the fixed capital assets of the industry. It is from this sum that the remuneration of the various factors of production engaged in the industry—wages, salaries, rents and profits—together with the money set aside to provide for the replacement of its plant and other fixed assets, has to be found. The way in which the output of each field of activity is divided up between wages and salaries on the one hand, and profits, rent and depreciation on the other, is shown in table 5.

It is estimated that the gross national product rose from £10,652 millions in 1948 to £11,453 millions in 1949, or by 7·5 per cent., and to £11,896 millions (or by 4·5 per cent.) from 1949 to 1950. All the main industrial groups shared in the rise over the two years, though by no means equally. The rate of growth was greatest in manufacturing industry, public utilities and distribution. Outside the field of production and trade, there has been a sharp rise in the public health and educational services, a consequence chiefly of the taking over of the voluntary hospitals by the Government on the institution of the National Health Service in 1948. Domestic service and work for private non-profit-making bodies have been declining.

National Income and Depreciation (Table 2)

Table 2 shows how the receipts which constituted the gross national product in each year were divided between the various factors of production and provision for depreciation. The first section of the table gives the division of incomes generated in production and trade. All profits are earned in this part of the national economy, and the ratio of pure labour incomes (wages and salaries) to other kinds of income (profits, rents, and incomes such as those of farmers and professional men which have some of the characteristics both of labour incomes and of profits) is best calculated over this field.

The figures show that the growth from year to year of the rewards of different factors of production has been far from uniform. While wages, salaries and professional earnings have been increasing from 1948 to 1950 at a very steady rate, and rents have been almost constant, company profits showed a distinct fall in 1949 and a sharp rise in 1950. These movements in company profits have, however, been affected by two special influences.

One of these was a change in the laws governing the allowances for depreciation of fixed assets granted by the Inland Revenue in the reckoning of profits for tax purposes. The profit figures given in table 2 are measured after deduction of these allowances. One element in them, the "initial allowances" granted on the installation of new industrial plant and machinery and on new industrial building, rose very sharply between 1948 and 1949 owing to the doubling, under the Finance Act of 1949, of the rate of allowance on plant and machinery. The effect of this change on profits can be gauged from the figures of the total of initial allowances, which, as shown in table 2 (item 10), rose by over £100 millions between 1948 and 1949.

Another important factor in these years has been the changing total value of stocks and work in progress. In striking a figure of profits, normal accounting practice includes an increase in a firm's stocks and work in progress as equivalent to a cash receipt. An increase in the value of stocks may be due to an increase in the physical volume of stocks. In a time of rising prices, it may also be due to the replacement of the stocks held at the beginning of the accounting period by goods or materials bought at higher prices. The figures given for income from farming, profits of other sole traders and partnerships, and trading profits of companies and public enterprises include the latter element, which in this paper is called "stock appreciation". For some purposes, however, it is desirable to have an alternative measure of income in which this element of "stock appreciation" does not appear. Such a measure is given in item 13 of table 2.

Disposable Income and Depreciation (Table 3)

The figures for payments to factors of production and depreciation provision given in table 2 cannot be brought directly into relation with figures of expenditure on goods and services. The sums available for expenditure on goods and services do not depend only on factor earnings but are also affected by transfers of various kinds. It is convenient, for example, to relate the current expenditure of persons on goods and services to a total of personal disposable income which takes into account not only the earnings of persons from productive activity (wages, salaries, professional and farm incomes and profits of non-corporate enterprises, less any sums absorbed in stock appreciation) but also the receipts by persons of rent, dividends and interest, of social security benefits and other similar transfers from public authorities, and (as a negative item) the amount of taxes on income paid by persons. Table 3 shows the various items which go to make up the disposable income of (a) persons, (b) companies and public corporations, and (c) public authorities.

The disposable income of persons, defined as described, is available for current expenditure on goods and services. Of the balance not so spent, a part may have to be set aside to meet future taxes if current payments fall below the rate at which liabilities are being incurred; the rest constitutes gross personal saving (gross, because no allowance has been made for death duties and other capital taxes). Personal disposable income so defined has increased by about £450 millions in each of the last two years—about 5 per cent. per annum. The chief factor in the increase has been the growth in receipts from economic activity of one kind and another.

The second section of table 3 gives the sources of income of companies and public corporations and shows how they dispose of it. Their main source of income is trading profit. They also receive income from property, e.g. their holdings of government securities. Part of the total of income so arrived at is transferred to the debenture holders and share holders, part is paid to the government in direct taxes and part is absorbed in stock appreciation. The remainder constitutes the disposable income of companies and public corporations. Since sales from one enterprise to another are eliminated as self-balancing in measuring the national expenditure, there is no current expenditure on goods and services out of the disposable income of companies. The whole sum is available for adding to reserves, though some of it may be absorbed in reserves against future taxation.

Trading profits of companies and public corporations fell by about £80 millions in 1949 and rose by over £200 millions in 1950. The amount of other corporate income has been more stable, showing a moderate rise with each year. The total of dividends paid showed a small rise in 1949 and a somewhat larger one in 1950, while payments of direct taxes, after a big increase in 1949, remained at almost the same figure in 1950. The residual sums put into reserve were largest in 1948, fell sharply in 1949 and rose a little in 1950. Not all of these sums were available for addition to free reserves, however, since in some years (most markedly in 1948) the taxes actually paid fell considerably short of what would have had to be put aside to meet the accumulating liabilities. Further details on this and other points may be found in tables 9 and 10, which give the appropriation accounts of companies and public corporations respectively.

The third section of table 3 shows the various receipts of, and payments by, public authorities which determine their disposable revenue. Public authorities receive money in direct taxes, indirect taxes, and income from property (rents, interest, etc.); they pay out transfers in the form of social security benefits, etc., subsidies and debt interest (death duties and other taxes falling on capital accounts are left out on the receipts side, as are transfers to capital accounts, such as war damage compensation, on the expenditure side). Their property income must be reduced by the amounts absorbed in appreciation of the stocks of government trading departments. The balance is available for current expenditure on goods and services, and what is not spent in this way contributes to the surplus of public authorities (which also includes the excess of the receipts from capital taxes over capital transfers). These and the other ways in which action by public authorities causes sums to be set aside from current expenditure are shown in table 29 on the financing of gross capital formation.

Most of the items in the public authorities' section of table 3 have been fairly stable in the last two years. From 1948 to 1949 there was a rise of about £280 millions in payments of direct tax, and a roughly corresponding rise in disposable revenue, but between 1949 and 1950 there were no large changes. The total of disposable revenue showed a small further increase.

In adding up the total of disposable incomes, the various transfers which are counted as income to those who receive them but as negative income to those who pay them cancel one another out. The only transfer items which do not cancel in this way are indirect taxes and subsidies, which are entered as revenue (positive and negative) of public authorities although they have not been reckoned in the opposite direction in the other sectors. For this reason the total of disposable incomes exceeds the total of incomes of factors of production (after deduction of stock appreciation) by the amount of indirect taxes *less* subsidies.

Gross National Expenditure (Table 4)

Table 4 gives the gross national expenditure divided between personal consumption, public authorities' current expenditure on goods and services, gross domestic capital formation and the overseas surplus or deficit (net investment abroad *less* net grants from abroad). Personal consumption represents current expenditure out of the personal disposable income measured in table 3, and the balance represents gross personal saving together with any excess of tax provision over tax payments. Similarly, the public authorities' current expenditure on goods and services is made out of their disposable revenue as defined in table 3, and the residue represents the combined surplus or saving of public authorities *less* any net transfer from private capital accounts. These two residues, together with depreciation provision and the additions to reserves of companies and public corporations as shown in table 3, constitute the funds from which, directly or indirectly, the gross capital formation of the nation is financed. Gross domestic capital formation is divided into two parts, one consisting of the replacement of and additions to the stock of fixed capital assets (fixed capital formation) and the other of the physical increase in stocks and work in progress. The foreign balance is the excess of the United Kingdom net investment abroad over the net gifts received from abroad. Net investment abroad represents a form of disposal of savings alternative to domestic capital formation. Gifts from abroad enter as a negative item because the object of the table is to show the way in which the nation's disposable income is spent, and gifts from abroad make it possible for expenditure to exceed total disposable income.

The figures in table 4 show personal consumption rising by £363 millions between 1948 and 1949 and by £474 millions between 1949 and 1950. Current purchases of goods and services by public authorities, after rising by over £200 millions from 1948 to 1949, remained practically constant in 1950. Fixed capital formation increased by £162 millions from 1948 to 1949, but by only £80 millions from 1949 to 1950. The increase of physical stocks is estimated as £100 millions less in 1950 than in 1949. The foreign balance, on the other hand, which was a small deficit in 1948 and a small surplus in 1949, rose by almost £200 millions in 1950, the chief factor in the changes being net investment abroad. Thus the increase in gross national expenditure, which from 1948 to 1949 was shared mainly between personal consumption, public authorities' consumption and domestic capital formation, from 1949 to 1950 was shared between consumption and the foreign balance, while the total of domestic capital formation fell slightly.

The tables following in later sections can all be regarded as a further development or detailed subdivision of some item or items contained in tables 1-4. Section II analyses the gross domestic product by industry and type of income payment, expanding table 1. Section III gives further details on the composition of the national income, expanding table 2, and in particular gives figures for the wages and profits paid by different industries (though unfortunately the bases of the industrial classifications are somewhat different). Section IV deals with the sources and distribution of personal income and shows how it is affected by taxation, carrying further one of the subjects covered by table 3. Section V gives a detailed account of personal consumption expenditure (the first group of items in table 4) including estimates of expenditure in various years revalued at constant prices. Section VI describes in some detail the revenue, borrowing and expenditure of public authorities, elaborating the figures which occur in each of the first four tables; it also contains tables illustrating the incidence of taxation. Section VII deals

with capital formation (the third group of items in table 4), giving analyses of capital expenditure on fixed assets by industrial sectors, social services, etc. Finally, in the Social Accounts which constitute the last section of the paper the figures are again summarised in a series of interlocking accounts for different sectors of the economy. The aim of these tables is to present in the style of double-entry book-keeping all the most important of the money flows which form the subject of this paper.

1. NATIONAL PRODUCT, INCOME AND EXPENDITURE : SUMMARY

GROSS NATIONAL PRODUCT⁽¹⁾

TABLE 1

£ million

	1948	1949	1950
<i>Gross output, at factor cost⁽²⁾, of:</i>			
1. Agriculture, forestry and fishing	557	621	610
2. Mining and quarrying	383	404	393
3. Manufacturing	3,835	4,159	4,418
4. Building and contracting	566	598	624
5. Gas, electricity and water	206	237	251
6. Transport and communication	915	958	976
7. Distributive trades	1,356	1,505	1,561
8. Other services	1,153	1,201	1,239
9. Ownership of dwelling-houses	423	438	448
10. Total production and trade	9,394	10,121	10,520
11. Public administration and defence	823	856	881
12. Public health and educational services	259	299	346
13. Domestic services to households	108	99	96
14. Services to private non-profit-making bodies	69	51	53
15. Gross domestic product at factor cost	10,653	11,426	11,896
16. Net income from abroad	-1	27	74
17. Gross national product at factor cost	10,652	11,453	11,970

(1) For notes on the items of this table see p. 52.

(2) Factor cost excludes 'stock appreciation' (item 12 of table 2).

NATIONAL INCOME AND DEPRECIATION

TABLE 2

£ million

	1948	1949	1950
<i>Production and trade</i>			
1. Wages	3,678	3,879	4,101
2. Salaries	1,654	1,770	1,877
3. Employers' insurance contributions	132	164	166
4. Professional earnings	161	172	182
5. Income from farming	261	304	302
6. Profits of other sole traders and partnerships ...	810	815	845
7. Trading profits of companies	1,580	1,488	1,692
8. Operating profits of public enterprises	148	156	187
9. Rent of land and buildings	470	483	496
10. Depreciation: a. Initial allowances	121	225	260
b. Other allowances	629	705	762
11. Total	9,644	10,161	10,870
12. less Profit on appreciation of stocks included in items 5, 6, 7 and 8	—250	—40	—350
13. Production and trade after deduction of stock appreciation	9,394	10,121	10,520
<i>Services to public authorities</i>			
14. Wages	230	249	269
15. Salaries	492	537	579
16. Pay and allowances of the Armed Forces	246	246	250
17. Employers' insurance contributions	19	26	27
18. Depreciation	95	97	102
19. Total	1,082	1,155	1,227
<i>Services to households and private non-profit-making bodies</i>			
20. Wages and salaries	171	145	144
21. Employers' insurance contributions	6	5	5
22. Total	177	150	149
23. Net income from abroad	—1	27	74
24. National income and depreciation after deduction of stock appreciation	10,652	11,453	11,970

For notes on the items of this table see p. 53.

DISPOSABLE INCOME AND DEPRECIATION

TABLE 3

£ million

	1948	1949	1950
<i>Persons</i>			
1. Wages	4,025	4,230	4,470
2. Salaries	2,200	2,350	2,500
3. Pay and allowances of the Armed Forces	246	246	250
4. Employers' insurance contributions	157	195	198
5. Mixed incomes	1,232	1,291	1,329
6. Rent, dividends and interest received by persons ...	1,433	1,458	1,532
7. Transfer incomes	706	737	763
8. less Direct taxes paid	-1,420	-1,531	-1,563
9. less Provision for appreciation of stocks	-65	-23	-80
10. Personal disposable income (including excess of tax liabilities over payments)	8,514	8,953	9,399
<i>Companies and public corporations</i>			
11. Trading profits	1,649	1,572	1,795
12. Other corporate income	430	455	469
13. less Dividends and interest paid	-874	-891	-918
14. less Direct taxes paid	-520	-692	-685
15. less Provision for appreciation of stocks	-135	-7	-205
16. Additions to free reserves and tax reserves of companies	550	437	456
<i>Public authorities</i>			
17. Revenue from direct taxes	1,940	2,223	2,248
18. less Transfers to persons	-706	-737	-763
19. Revenue from indirect taxes	2,036	1,999	2,081
20. less Subsidies	-564	-519	-479
21. Income from property	160	161	182
22. less Provision for appreciation of stocks	-50	-10	-65
23. less Debt interest	-601	-601	-611
24. Disposable revenue	2,215	2,516	2,593
25. Total of disposable incomes	11,279	11,906	12,448
26. Depreciation	845	1,027	1,124
27. Disposable income and depreciation	12,124	12,933	13,572

For notes on the items of this table see p. 55.

GROSS NATIONAL EXPENDITURE

TABLE 4

£ million

	1948	1949	1950
<i>Personal consumption</i>			
1. Food	2,215	2,396	2,608
2. Drink and tobacco... ..	1,535	1,483	1,505
3. Rent, rates and water charges	598	613	629
4. Fuel and light	339	346	376
5. Household goods	518	596	676
6. Clothing	853	952	1,005
7. All other goods	557	576	588
8. Private motoring and travel	445	482	528
9. All other services, etc.	1,144	1,123	1,126
10. Total	8,204	8,567	9,041
<i>Public authorities' current expenditure</i>			
11. Central government	1,290	1,502	1,468
12. Local authorities	502	509	531
13. National insurance funds	38	28	26
14. Total	1,830	2,039	2,025
<i>Gross domestic capital formation</i>			
15. Plant and machinery and passenger cars	531	603	641
16. Other vehicles, ships and aircraft	224	248	239
17. New buildings and works	605	631	697
18. Repairs to buildings and works	560	600	585
19. Total fixed capital formation	1,920	2,082	2,162
20. Value of physical increase in stocks and work in progress	200	215	115
<i>Overseas surplus or deficit</i>			
21. Net investment abroad	108	184	368
22. less Net grants, etc., from abroad	-138	-154	-139
23. Total	-30	30	229
24. Gross national expenditure at current market value ...	12,124	12,933	13,572

For notes on the items of this table see p. 58.

II. GROSS DOMESTIC PRODUCT

GROSS DOMESTIC PRODUCT⁽¹⁾

TABLE 5

£ million

					Wages and salaries ⁽²⁾	Profits, rents and depreciation	Total incomes and depreciation ⁽³⁾
Agriculture, forestry and fishing	...	...	1948	240	317	557
			1949	250	371	621	
			1950	248	362	610	
Mining and quarrying	...	...	1948	344	39	383
			1949	348	56	404	
			1950	350	43	393	
Manufacturing	...	...	1948	2,520	1,315	3,835
			1949	2,720	1,439	4,159	
			1950	2,929	1,489	4,418	
Building and contracting	...	...	1948	425	141	566
			1949	442	156	598	
			1950	465	159	624	
Gas, electricity and water	...	...	1948	112	94	206
			1949	120	117	237	
			1950	131	120	251	
Transport and communication	...	...	1948	596	319	915
			1949	629	329	958	
			1950	652	324	976	
Distributive trades	...	...	1948	589	767	1,356
			1949	638	867	1,505	
			1950	675	886	1,561	
Other services	...	...	1948	638	515	1,153
			1949	666	535	1,201	
			1950	694	545	1,239	
Ownership of dwelling-houses	...	...	1948	—	423	423
			1949	—	438	438	
			1950	—	448	448	
Services of public authorities (including public health and educational services).			1948	987	95	1,082	
			1949	1,058	97	1,155	
			1950	1,125	102	1,227	
Domestic services to households	...	...	1948	108	—	108
			1949	99	—	99	
			1950	96	—	96	
Services to private non-profit-making bodies			1948	69	—	69	
			1949	51	—	51	
			1950	53	—	53	
All activities	...	...	1948	6,628	4,025	10,653
			1949	7,021	4,405	11,426	
			1950	7,418	4,478	11,896	

(1) For notes on the items of this table see p. 58.

(2) Includes employers' insurance contributions. Includes under "Services to public authorities" the pay and allowances of the Armed Forces.

(3) Excluding stock appreciation.

III. THE COMPOSITION OF THE NATIONAL INCOME

NATIONAL INCOME AND DEPRECIATION BY DISTRIBUTIVE SHARES

TABLE 6

£ million

	1938	1946	1947	1948	1949	1950
1. Wages	1,735	3,140	3,580	4,025	4,230	4,470
2. Salaries	1,110	1,790	1,960	2,200	2,350	2,500
3. Pay and allowances of the Armed Forces	78	530	347	246	246	250
4. Employers' insurance contributions	54	84	113	157	195	198
5. Professional earnings	84	133	150	161	172	182
6. Income from farming	64	190	205	261	304	302
7. Profits of other sole traders and partnerships	440	765	800	810	815	845
8. Trading profits of companies ...	536	1,224	1,527	1,580	1,488	1,692
9. Trading profits of public corporations	7	13	3	69	84	103
10. Profits of other public enterprises	29	53	87	79	72	84
11. Rent of land and buildings ...	416	438	456	470	483	496
12. Income arising in the United Kingdom	4,553	8,360	9,228	10,058	⁰ 11,439	11,122
13. Net income from abroad ...	163	51	-2	-1	27	74
14. National income including stock appreciation	4,716	8,411	9,226	10,057	10,466	11,196
15. less Provision for appreciation of stocks	80	-100	-350	-250	-40	-350
16. Depreciation:						
a. Initial allowances	—	143	130	121	225	260
b. Other allowances	457	567	655	724	802	864
17. National income and depreciation after deduction of stock appreciation	5,253	9,021	9,661	10,652	11,453	11,970

For notes on the items of this table see p. 59.

NATIONAL WAGE BILL⁽¹⁾

TABLE 7

£ million

	1948	1949	1950
Agriculture, forestry and fishing	222	229	226
Mining and quarrying	320	324	326
Manufacturing industries:			
Bricks, pottery, glass	78	84	91
Chemicals and allied trades	92	100	110
Metal manufacture	153	169	179
Engineering, shipbuilding, and electrical goods ...	447	470	505
Vehicles	254	266	290
Other metal goods	118	122	128
Textiles	191	214	240
Clothing	115	127	134
Food, drink and tobacco	135	149	158
Manufactures of wood and cork	66	72	77
Paper and printing	103	114	125
Other manufacturing ⁽²⁾	98	103	113
All manufacturing industries	1,850	1,990	2,150
Building and contracting	365	380	400
Gas, electricity and water	78	83	90
Transport and communication	438	458	476
Public administration ⁽³⁾	173	182	188
Distributive trades	145	157	167
Other services ⁽⁴⁾	434	427	447
Total	4,025	4,230	4,470

(1) For notes on the items of this table see p. 59.

(2) Including precision instruments, jewellery, etc. and leather, leather goods and fur.

(3) Excluding wages paid in public health and educational services, and the pay and allowances of the Armed Forces.

(4) Including wages paid in public health and educational services and the wages of domestic servants.

COMPANY PROFITS⁽¹⁾

TABLE 8

£ million

	1947	1948	1949
Forestry and fishing	9	9	4
Mining and quarrying	4	4	5
Manufacturing industries:			
Bricks, pottery, glass	29	36	34
Chemicals and allied trades	79	75	69
Metal manufacture	71	77	75
Engineering, shipbuilding and electrical goods	125	157	171
Vehicles	56	63	71
Other metal goods	46	47	45
Textiles	112	145	157
Clothing	38	44	48
Food, drink and tobacco	190	169	148
Wood and cork manufactures	17	19	17
Paper and printing	71	74	68
Other manufacturing ⁽²⁾	57	57	51
All manufacturing industries	891	963	954
Building and contracting	25	34	36
Gas, electricity and water	13	8	5
Transport and communication	115	90	41
Distributive trades	385	398	366
Other services	85	74	77
Total	1,527	1,580	1,488

(1) The figures are for company profits only ; profits of non-corporate enterprises are excluded. Profits of public corporations are also excluded. The industrial classification has a different basis from that of table 7. For notes on the items of the table see p. 60.

(2) Including precision instruments, jewellery, etc. and leather, leather goods and fur.

COMPANY INCOME AND ITS APPROPRIATION

TABLE 9

£ million

	1938	1946	1947	1948	1949	1950
1. Trading profits	536	1,224	1,527	1,580	1,488	1,692
2. Other income	292	374	406	415	441	455
3. Total income of companies ...	828	1,598	1,933	1,995	1,929	2,147
4. less Payments of dividends and interest	-560	-755	-824	-796	-803	-827
5. less Provision for taxation:						
a. Payments	-92	-577	-434	-518	-690	-679
b. Additions to tax reserves ...	-5	32	-205	-161	49	-82
6. Undistributed profits	171	298	470	520	485	559

For notes on the items of this table see p. 61.

INCOME OF PUBLIC CORPORATIONS AND ITS APPROPRIATION

TABLE 10

£ million

	1938	1946	1947	1948	1949	1950
1. Trading profits	7	13	3	69	84	103
2. Other income	3	4	8	15	14	14
3. Total income of public corporations	10	17	11	84	98	117
4. less Payments of interest ...	-9	-12	-29	-78	-88	-91
5. less Provision for taxation ...	—	-2	-2	-2	-8	-16
6. Undistributed profits	1	3	-20	4	2	10

For notes on the items of this table see p. 61.

IV. PERSONAL INCOME AND ITS DISTRIBUTION

PERSONAL INCOME FROM WORK AND PROPERTY BEFORE AND AFTER TAX⁽¹⁾

TABLE 11

£ million

	1938	1946	1947	1948	1949	1950
<i>Before provision for taxes on income</i>						
Wages	1,785	3,197	3,671	4,140	4,370	4,611
Salaries	1,114	1,815	1,981	2,238	2,400	2,552
Pay of the Armed Forces ...	78	532	348	250	251	255
Rent, dividends and interest ⁽²⁾	1,699	2,542	2,610	2,665	2,749	2,861
Personal income from work and property before tax ⁽³⁾	4,676	8,086	8,610	9,293	9,770	10,279
<i>After provision for taxes on income</i>						
Wages	1,682	2,857	3,295	3,700	3,862	4,096
Salaries	1,054	1,507	1,702	1,904	2,021	2,164
Pay of the Armed Forces ...	77	512	324	227	228	233
Rent, dividends and interest ⁽²⁾	1,448	1,969	1,989	2,049	2,100	2,197
Personal income from work and property after tax	4,261	6,845	7,310	7,880	8,211	8,690

(1) For notes on the items of this table see p. 62.

(2) Including professional earnings, income from farming and profits of other sole traders and partnerships.

(3) Including employers' insurance contributions.

DISTRIBUTION OF PERSONAL INCOME BY RANGES OF INCOME

TABLE 12

Range of income before tax	Number of incomes ⁽¹⁾	Total income before tax ⁽²⁾	Total income after income tax and surtax ⁽³⁾ at		Proportion of income before tax retained after deduction of taxes at	
			1938-39 rates	1949-50 rates	1938-39 rates	1949-50 rates
			000's	£ million	£ million	Per cent.
1938						
Personal income which can be allocated to different ranges:—						
Under £250 ⁽⁴⁾	2,559	2,555	2,553	99.8	99.8
£250-499 ...	1,890	631	611	604	96.8	95.7
£500-999 ...	539	361	322	301	89.2	83.4
£1,000-1,999 ...	183	247	202	175	81.8	70.9
£2,000-9,999 ...	98	361	256	193	70.9	53.5
£10,000—and over	8	163	69	33	42.3	20.2
1949						
Personal income which can be allocated to different ranges:—						
Under £250 ⁽⁴⁾	2,209	2,192	2,185	99.2	98.9
£250-499 ...	10,310	3,546	3,393	3,360	95.7	94.7
£500-999 ...	2,443	1,614	1,435	1,375	88.9	85.2
£1,000-1,999 ...	545	728	598	539	82.1	74.0
£2,000-9,999 ...	219	760	547	436	72.0	57.4
£10,000—and over	11	190	87	44	45.8	23.2

(1) A married couple is for income tax purposes counted as one individual.

(2) In addition to the income shown in the table there are amounts accruing to persons that cannot be allocated to particular ranges of income. These are estimated to have been £630 million in 1938 and £1,460 million in 1949. They consist of income not subject to tax (e.g. interest on National Savings Certificates, dividends on co-operative societies' sales, certain allowances of the Armed Forces, income in kind, the investment income of charities), the investment income of life assurance funds, certain other incomes not assessed to tax and that part of employees' incomes which is allowed as a deduction before assessment to tax (e.g. for national insurance contributions and expenditure on tools).

(3) The estimates of income in this table relate to calendar years; the tax rates used are those that were current in the fiscal years 1938-39 and 1949-50.

(4) All allocable transfer incomes have been included in incomes under £250.

PROPORTION OF PERSONAL INCOME REQUIRED TO MEET TAXATION

TABLE 13

£ million

	1938	1946	1947	1948	1949	1950
Personal income	4,952	8,989	9,351	9,999	10,507	11,042
Provision for taxes on income and national insurance contributions	415	1,241	1,300	1,413	1,559	1,589
Indirect taxes on consumption ...	578	1,459	1,655	1,919	1,852	1,904
less Subsidies to consumption ...	-35	-358	-450	-553	-506	-468
Total tax liabilities in respect of personal income	958	2,342	2,505	2,779	2,905	3,025
Tax liabilities as a percentage of personal income	19	26	27	28	28	27

For notes on the items of this table see p. 62.

PERSONAL EXPENDITURE AND SAVING

TABLE 14

£ million

	1938	1946	1947	1948	1949	1950
Personal income	4,952	8,989	9,351	9,999	10,507	11,042
less Provision for taxes on income and national insurance contributions	-415	-1,241	-1,300	-1,413	-1,559	-1,589
less Provision for stock appreciation	20	-20	-35	-65	-23	-80
Personal disposable income	4,557	7,728	8,016	8,521	8,925	9,373
less Personal expenditure	4,335	6,886	7,622	8,204	8,567	9,041
Gross personal saving	222	842	394	317	358	332

For notes on the items of this table see p. 62.

V. PERSONAL EXPENDITURE

PERSONAL EXPENDITURE ON CONSUMERS' GOODS AND SERVICES AT CURRENT MARKET PRICES⁽¹⁾

TABLE 15

£ million

	1938	1946	1947	1948	1949	1950
1. Food—						
a. Household expenditure:						
Bread and cereals	162	286	331	352	372	373
Meat and bacon	327	324	329	322	382	516
Fish	54	84	89	89	77	71
Oils and fats	78	62	61	71	87	110
Sugar, preserves and confectionery	107	119	157	190	205	210
Dairy products	179	257	259	318	364	388
Fruit	85	90	160	176	169	170
Potatoes and vegetables	99	190	253	267	281	289
Beverages	62	86	93	99	104	109
Other manufactured food	36	88	94	82	82	81
Total	1,189	1,586	1,826	1,966	2,123	2,317
b. Other personal expenditure	116	198	237	249	273	291
Total food	1,305	1,784	2,063	2,215	2,396	2,608
2. Alcoholic drink—						
a. Beer	195	510	481	525	497	488
b. Wines, spirits, cider, etc.	90	168	197	237	222	239
3. Tobacco—						
a. Cigarettes	144	512	583	642	632	654
b. Pipe tobacco, cigars and snuff	33	92	108	131	132	124
4. Rent, rates and water charges	491	550	579	598	613	629
5. Fuel and light—						
a. Coal	108	120	127	141	140	152
b. Electricity	35	66	70	80	82	89
c. Gas	38	75	81	85	90	98
d. Other	16	29	31	33	34	37
6. Durable household goods—						
a. Furniture and furnishings	152	176	243	285	347	412
b. Hardware	82	125	150	150	149	155
7. Other household goods—						
a. Matches	10	11	13	14	20	20
b. Soap	30	28	35	40	45	48
c. Other cleaning materials, etc.	14	23	25	29	35	41
8. Clothing—						
a. Footwear	73	108	131	168	170	174
b. Other clothing—						
(i) Men's and boys' wear	127	157	180	225	261	290
(ii) Women's, girls' and infants' wear	246	346	392	460	521	541
9. Books, newspapers and magazines—						
a. Books	10	28	31	33	33	35
b. Newspapers	36	51	58	60	65	66
c. Magazines	18	26	30	33	39	48
10. Private motoring	127	129	147	105	140	182

TABLE 15—continued

£ million

	1938	1946	1947	1948	1949	1950
11. Travel—						
a. Railway	55	104	101	107	101	95
b. Other	108	182	211	233	241	251
12. Communication services—						
a. Postal	18	32	32	32	33	34
b. Telephone and telegraph	11	22	24	25	26	28
13. Entertainments—						
a. Cinemas	64	121	108	112	105	107
b. Other		62	66	68	69	68
14. Domestic service	121	77	88	95	91	87
15. Other services	393	644	708	750	738	749
16. Other goods	177	309	369	392	407	407
17. Income in kind of the Armed Forces ...	17	111	58	39	32	32
18. less Foreign tourists' expenditure in the United Kingdom	(2) -43	-13	-21	-33	-44	-58
19. Personal expenditure in the United Kingdom	4,301	6,765	7,499	8,109	8,462	8,930
20. Personal expenditure abroad	34	121	123	95	105	111
21. Total	4,335	6,886	7,622	8,204	8,567	9,041

(1) For notes on the items of this table see p. 62.

(2) Including an allowance for net remittances sent to the United Kingdom.

PERSONAL EXPENDITURE ON CONSUMERS' GOODS AND SERVICES REVALUED AT 1948 PRICES

TABLE 16

	1946	1947	1948	1949	1950	Price index in 1950 1948=100
	£ million					
1. Food—						
a. Household expenditure :						
Bread and cereals	321	340	352	333	313	119
Meat and bacon	373	342	322	343	430	120
Fish	89	93	89	78	62	115
Oils and fats	60	61	71	82	91	121
Sugar, preserves and confec- tionery	159	197	190	217	219	96
Dairy products	298	291	318	345	356	109
Fruit	109	160	176	181	173	98
Potatoes and vegetables ...	241	276	267	272	281	103
Beverages	94	98	99	103	105	104
Other manufactured food ...	87	89	82	83	83	98
Total	1,831	1,947	1,966	2,037	2,113	110
b. Other personal expenditure ...	228	253	249	262	266	109
Total food	2,059	2,200	2,215	2,299	2,379	110
2. Alcoholic drink—						
a. Beer	571	541	525	508	521	94
b. Wines, spirits, cider, etc. ...	213	239	237	220	240	100
3. Tobacco—						
a. Cigarettes	770	674	642	621	635	103
b. Pipe tobacco, cigars and snuff ...	140	124	131	130	122	102
4. Rent, rates and water charges ...	574	585	598	609	618	102
5. Fuel and light—						
a. Coal	138	140	141	138	145	105
b. Electricity	69	76	80	81	90	99
c. Gas	83	88	85	87	91	108
d. Other	32	34	33	33	35	106
6. Durable household goods—						
a. Furniture and furnishings ...	205	265	285	340	387	106
b. Hardware	137	154	150	151	153	101
7. Other household goods—						
a. Matches	11	13	14	16	15	133
b. Soap	41	40	40	45	47	102
c. Other cleaning materials, etc.	23	25	29	35	40	103
8. Clothing—						
a. Footwear	122	146	168	175	179	97
b. Other clothing:						
(i) Men's and boys' wear ...	177	197	225	239	260	112
(ii) Women's, girls' and infants' wear	391	433	460	495	506	107
9. Books, newspapers and magazines—						
a. Books	30	31	33	32	34	103
b. Newspapers	52	58	60	65	65	101
c. Magazines	27	30	33	39	46	104
10. Private motoring	140	153	105	133	158	115

TABLE 16—continued

	1946	1947	1948	1949	1950	Price index in 1950 1948=100
	£ million					
11. Travel—						
a. Railway	125	111	107	101	95	100
b. Other	207	217	233	241	248	101
12. Communication services—						
a. Postal	33	32	32	31	32	106
b. Telephone and telegraph ...	22	24	25	26	27	104
13. Entertainments—						
a. Cinemas	121	108	112	105	107	100
b. Other	65	66	68	69	68	100
14. Domestic service	81	90	95	88	83	105
15. Other services	715	748	750	713	709	106
16. Other goods	334	382	392	407	405	100
17. Income in kind of the Armed Forces	128	62	39	31	29	110
18. less Foreign tourists' expenditure in the United Kingdom	—15	—23	—33	—43	—55	105
19. Personal expenditure in the United Kingdom	7,821	8,063	8,109	8,260	8,514	105
20. Personal expenditure abroad ...	125	124	95	100	96	116
21. Total	7,946	8,187	8,204	8,360	8,610	105

For notes on the items of this table see p. 62.

PERSONAL EXPENDITURE ON CONSUMERS' GOODS AND SERVICES (1948 = 100)

TABLE 17

Percentages

	At current market prices				Revalued at 1948 prices			
	1946	1947	1949	1950	1946	1947	1949	1950
Food	81	93	108	118	93	99	104	107
Alcoholic drink	89	89	94	95	103	102	96	100
Tobacco	78	89	99	101	118	103	97	98
Rent, rates and water charges	92	97	103	105	96	98	102	103
Fuel and light	86	91	102	111	95	100	100	106
Durable household goods	69	90	114	130	79	96	113	124
Other household goods ...	75	88	120	131	90	94	116	123
Clothing	72	82	112	118	81	91	107	111
Books, newspapers and magazines	83	94	109	118	87	94	108	115
Private motoring	123	140	133	173	133	146	127	150
Travel	84	92	101	102	98	96	101	101
Communication services ...	95	98	104	109	96	98	100	104
Entertainments	102	97	97	97	103	97	97	97
Domestic service	81	93	96	92	85	95	93	87
Other services	86	94	98	100	95	100	95	95
Other goods	79	94	104	104	85	97	104	103
Total personal expenditure	84	93	104	110	97	100	102	105

The various groups of expenditure are defined in the notes on p. 62.

PERSONAL EXPENDITURE IN 1938 AND 1948 AT 1938 PRICES

TABLE 18

	1938	1948	1948 as a percentage of 1938	Price index in 1948 1938=100
	£ million			
1. Food	1,305	1,334	102	166
2. Alcoholic drink	285	264	93	289
3. Tobacco	177	199	112	388
4. Rent, rates and water charges	491	534	109	112
5. Fuel and light	197	235	119	144
6. Durable household goods	234	184	79	236
7. Other household goods	54	50	93	166
8. Clothing	446	407	91	210
9. Books, newspapers and magazines	64	105	164	120
10. Private motoring	127	53	42	198
11. Travel	163	258	158	132
12. Communication services	29	43	148	133
13. Entertainments	64	105	164	171
14. Domestic service	121	44	36	216
15. Other services	393	488	124	154
16. Other goods	177	169	95	232
17. Income in kind of the Armed Forces	17	23	135	170
18. less Foreign tourists' expenditure in the United Kingdom	-43	-18	42	183
19. Personal expenditure in the United Kingdom	4,301	4,477	104	181
20. Personal expenditure abroad	34	37	109	257
21. Total	4,335	4,514	104	182

For notes on the items of this table see p. 62.

PERSONAL EXPENDITURE AFTER ADJUSTMENT FOR INDIRECT TAXES AND SUBSIDIES

TABLE 19

£ million

	1938	1946	1947	1948	1949	1950
<i>Personal expenditure after adjustment for taxes and subsidies</i>						
1. Food	1,269	2,001	2,325	2,584	2,758	2,941
2. Alcoholic drink	177	323	321	341	327	353
3. Tobacco	90	159	169	152	152	163
4. Rent, rates and water charges	366	401	416	444	459	469
5. Fuel and light	196	293	313	341	347	376
6. Durable household goods	231	260	336	348	426	475
7. Other household goods	50	54	64	74	86	95
8. Clothing	438	578	669	787	869	926
9. Books, newspapers and magazines	64	105	119	126	137	149
10. Private motoring	94	96	109	80	107	139
11. Travel	151	274	299	326	328	323
12. Communication services	26	45	49	52	54	58
13. Entertainments	52	120	114	120	118	118
14. Domestic service	121	77	88	95	91	87
15. Other services	385	630	689	707	690	702
16. Other goods	173	249	293	295	311	311
17. Income in kind of the Armed Forces	17	116	61	43	35	35
18. less Foreign tourists' expenditure in the United Kingdom	-43	-13	-21	-33	-44	-58
less Unallocated net indirect taxes	-99	-104	-119	-139	-135	-168
19. Personal expenditure in the United Kingdom after adjustment for all indirect taxes and subsidies	3,758	5,664	6,294	6,743	7,116	7,494
20. Personal expenditure abroad	34	121	123	95	105	111
21. Total	3,792	5,785	6,417	6,838	7,221	7,605

For notes on the items of this table see p. 62.

VI. REVENUE, BORROWING AND

CENTRAL GOVERNMENT:

TABLE 20

	1938	1946	1947	1948	1949	1950
<i>Direct taxes on income</i>						
1. Income tax	312	1,262	1,141	1,227	1,385	1,420
2. Surtax	59	75	81	99	110	116
3. Profits tax	15	35	31	154	257	264
4. Excess profits tax	—	356	255	129	43	13
5. Miscellaneous	—	—5	—5	—4	—5	—5
6. Total	386	1,723	1,503	1,605	1,790	1,808
<i>Direct taxes on capital</i>						
7. Death duties	78	142	163	180	189	182
8. Special contribution	—	—	—	33	64	6
9. War damage premiums... ..	—	2	1	1	—	—
10. Total	78	144	164	214	253	188
<i>Indirect taxes</i>						
11. Customs and excise duties :						
a. Beer	66	276	261	305	286	266
b. Wines and spirits	41	88	95	121	115	121
c. Tobacco	84	438	542	606	610	613
d. Purchase tax	—	161	217	300	282	299
e. Entertainments	8	55	49	49	44	44
f. Betting	—	—	—	20	26	25
g. Other	138	147	179	171	166	229
12. Motor vehicle duties	35	44	50	49	53	57
13. Broadcast receiving licences	4	8	11	11	12	13
14. Stamp duties	21	35	50	58	53	52
15. Post Office surplus	11	27	21	16	14	13
16. Miscellaneous	4	10	11	13	12	11
17. Total	412	1,289	1,486	1,719	1,673	1,743
18. Total tax revenue	876	3,156	3,153	3,538	3,716	3,739
<i>Transfers from other public authorities</i>						
19. Contribution from the National Insurance Fund towards the cost of the National Health Service	—	—	—	17	42	41
<i>Income from property</i>						
20. Profits and other income from property	28	29	90	120	124	138
21. Total revenue	904	3,185	3,243	3,675	3,882	3,918

For notes on the items of this table see p. 66.

EXPENDITURE OF PUBLIC AUTHORITIES

REVENUE ACCOUNT

£ million

	1938	1946	1947	1948	1949	1950
22. Current expenditure on goods and services	433	1,953	1,538	1,290	1,502	1,468
<i>Transfers to trading account of enterprises</i>						
23. Subsidies	14	347	438	534	486	444
<i>Transfers to private current accounts</i>						
24. Social security payments	82	182	165	160	182	194
25. Other transfers	45	553	262	172	144	137
26. National debt interest	223	530	545	538	533	544
<i>Current transfers to other public authorities</i>						
27. Grants to local authorities	162	280	301	319	336	352
28. Exchequer contributions to national insurance funds	47	60	136	148	148	153
<i>Transfers to capital accounts</i>						
29. Payments in respect of war damage claims	—	131	266	161	193	105
30. Excess profits tax post-war refunds	—	167	40	15	14	11
31. Capital grants to local authorities	7	3	10	20	15	7
32. Other capital grants	—	1	2	3	5	10
33. Payments of compensation, etc.	—	2	1	5	11	12
34. Total current expenditure	1,013	4,209	3,704	3,365	3,569	3,437
<i>Saving</i>						
35. Surplus on current account	—109	—1,024	—461	310	313	481
36. Current expenditure and surplus	904	3,185	3,243	3,675	3,882	3,918

TABLE 21

CENTRAL GOVERNMENT

	1946	1947	1948	1949	1950
37. Surplus on current account	-1,024	-461	310	313	481
38. Provision for maintenance	31	35	36	38	40
39. Gross saving	-993	-426	346	351	521
<i>Public borrowing in the United Kingdom</i>					
40. Post Office and Trustee Savings Banks	270	30	71	47	33
41. National Savings Certificates	61	131	52	24	-9
42. Defence Bonds	194	-28	-87	-12	-34
43. Other public issues (net)	-2	-305	-305	-247	-316
44. Increase in fiduciary issue	50	—	-125	25	25
45. Increase in Treasury Bills held outside govern- ment departments and in Bank Ways and Means	321	114	-199	555	661
46. Treasury deposit receipts	40	-274	109	-639	-347
47. Tax reserve certificates	-132	-125	-23	-50	39
48. Total	802	-457	-507	-297	52
<i>Borrowing from government agencies</i>					
49. National insurance funds	81	80	115	162	169
50. Local Loans Fund	-53	-3	-9	-7	-5
51. Other extra-budgetary receipts, etc.	-203	116	84	64	-508
52. less Sinking funds	-17	-17	-23	-23	-19
53. Total	-192	176	167	196	-363
<i>Receipts from abroad (net)</i>					
54. Gifts from the Governments of Australia and New Zealand	—	30	—	16	—
55. Net receipts from war disposals, settlements, etc.	201	129	96	36	29
56. Canadian Government interest-free loan	-21	-26	-16	-1	-14
57. Newfoundland Government interest-free loan	—	—	—	—	-3
58. Reconstruction Finance Corporation loan	-9	-9	-8	-10	-18
59. Drawings on the United States Government line of credit	149	707	74	—	-1
60. Drawings on the Canadian Government line of credit	130	105	13	33	16
61. South African gold loan	—	—	80	-80	—
62. Loan from the Portuguese Government	—	—	—	21	-1
63. Receipts under the European Recovery Programme :	—	—	82	198	174
a. Grant	—	—	20	58	3
b. Loan	—	—	7	61	82
c. Conditional Aid	—	—	55	-16	-21
d. Unallocated	—	—	—	—	—
64. Receipts under the Intra-European Payments Agreement	—	—	5	12	-4
65. less Payments under the Intra-European Payments Agreement	—	—	-12	-58	-38
66. Liquidation of initial debit balances in the European Payments Union	—	—	—	—	-54
67. Credit granted to the European Payments Union	—	—	—	—	-80
68. Drawings on the International Monetary Fund	—	60	15	—	—
69. Devaluation payments	—	—	—	-60	-2
70. less Subscriptions under the Bretton Woods Agreement Act	-33	-354	—	-173	—
71. Borrowing from the International Monetary Fund and Bank	25	328	9	159	42
72. Total	442	970	420	196	110
73. Receipts available for capital formation and lending at home	59	263	426	446	320

For notes on the items of this table see p. 69.

CAPITAL ACCOUNT

£ million

	1946	1947	1948	1949	1950
<i>Gross capital formation at home</i>					
74. Fixed capital formation:					
a. Trading services	19	28	37	44	44
b. Others	157	142	121	99	103
75. Value of physical change in trading stocks ...	-107	-37	-37	-19	-132
76. less Sales of surplus stores	-165	-141	-79	-46	-33
77. Purchases of existing assets from private owner- ship	58	—	—	—	—
78. Total	-38	-8	42	78	-18
<i>Government lending at home (net)</i>					
79. Loans to local authorities	8	202	243	283	252
80. Advances for coal nationalisation	10	38	31	7	5
81. Advances under various Acts:					
Cotton (Centralised Buying) Act	—	—	46	10	16
Overseas Resources Development Act	—	—	18	16	16
Cinematograph Film Production (Special Loans) Act	—	—	—	4	1
New Towns Act	—	—	—	4	3
Other Acts	—	—	—	—	6
82. Loans, etc., included in Ordinary Expenditure ...	29	31	46	44	39
83. Issues to the National Land Fund	50	—	—	—	—
84. Total	97	271	384	368	338
85. Gross capital formation and lending at home ...	59	263	426	446	320

LOCAL AUTHORITIES :

TABLE 22

	1938	1946	1947	1948	1949	1950
1. Indirect taxes	211	269	307	317	326	338
2. Grants from the central government...	162	280	301	319	336	352
3. Income from property :						
a. Trading profits	22	15	16	11	8	5
b. Other	3	5	5	5	5	6
4. Revenue	398	569	629	652	675	701

For notes on the items of this table see p. 70.

LOCAL AUTHORITIES:

TABLE 23

	1938	1946	1947	1948	1949	1950
13. Surplus on current account	12	4	-4	18	27	24
14. Depreciation allowances	84	93	100	91	90	95
15. Capital grants from the central government	7	3	10	20	15	7
16. Net borrowing	87	81	224	264	268	288
17. Receipts available for capital formation	190	181	330	393	400	414

For notes on the items of this table see p. 71.

REVENUE ACCOUNT

£ million

	1938	1946	1947	1948	1949	1950
5. Current expenditure on goods and services	272	444	501	502	509	531
6. Housing subsidies	21	24	27	30	33	35
Transfers to private current accounts						
7. Outdoor relief	23	15	16	8	—	—
8. School meals	—	15	19	23	29	34
9. Scholarships	2	5	7	8	9	10
10. Debt interest	68	62	63	63	68	67
Saving						
11. Surplus on current account	12	4	—4	18	27	24
12. Current expenditure and surplus ...	398	569	629	652	675	701

CAPITAL ACCOUNT

£ million

	1938	1946	1947	1948	1949	1950
18. Gross capital formation:						
a. Trading services	46	40	59	44	34	33
b. Other	144	141	271	349	366	381
19. Gross capital formation	190	181	330	393	400	414

NATIONAL INSURANCE

TABLE 24

	1938	1946	1947	1948	1949	1950
1. Contributions from employers ...	54	84	113	157	195	198
2. Contributions from employees and others ...	55	86	119	178	238	242
3. Grants from the central government	47	60	136	148	148	153
4. Income from property ...	9	20	22	24	24	33
5. Revenue ...	165	250	390	507	605	626

For notes on the items of this table see p. 71.

FUNDS : REVENUE ACCOUNT

£ million

	1938	1946	1947	1948	1949	1950
<i>Current expenditure on goods and services</i>						
6. Medical benefit	12	19	21	12	—	—
7. Expenses of administration	14	15	17	26	28	26
<i>Transfers to private current account</i>						
8. Contributory pensions and allowances	47	75	213	261	267	275
9. Sickness and maternity benefit ...	22	32	31	48	73	77
10. Unemployment benefit	55	26	28	23	20	20
11. Industrial injuries benefit	—	—	—	3	12	14
12. Death grant	—	—	—	—	1	2
<i>Transfers to other public authorities</i>						
13. Contribution to the cost of the National Health Service	—	—	—	17	42	41
<i>Saving</i>						
14. Surplus on current account	15	83	80	117	162	171
15. Current expenditure and surplus ...	165	250	390	507	605	626

SUBSIDIES

TABLE 25

£ million

	1938	1946	1947	1948	1949	1950
Food—						
Ministry of Food's trading losses ...	—	285	348	443	409	382
Acreage payments ...	—	19	18	19	16	13
Subsidies on fertilisers and molasses	—	6	7	11	12	10
Total food subsidies ...	—	310	373	473	437	405
less Cost of milk and welfare schemes ...	—	—28	—34	—35	—35	—36
	—	282	339	438	402	369
Other—						
Subsidies to agriculture ...	14	9	10	18	25	26
Trading losses :						
Board of Trade ...	—	11	14	2	—	—
Ministry of Supply ...	—	8	5	15	10	5
Utility cloth rebates ...	—	8	16	7	—	—
Assistance to industry by Ministry of Supply ...	—	7	8	7	4	3
Subsidies on fuel ...	—	4	7	4	2	1
Subsidies to civil aviation corporations ...	—	5	14	11	9	7
Subsidies on training and employment ...	—	2	3	4	4	3
Housing subsidies :						
Central government ...	—	11	22	28	30	30
Local authorities... ..	21	24	27	30	33	35
Total subsidies ...	35	371	465	564	519	479
Subsidies paid by the central government ...	14	347	438	534	486	444

For notes on the items in this table see p. 72.

TRANSFER INCOMES

TABLE 26

£ million

	1938	1946	1947	1948	1949	1950
<i>Social security benefits</i>						
1. Pensions :						
a. Contributory pensions ...	47	75	213	250	245	252
b. Widows' benefits and guardians' allowances ...	—	—	—	11	22	23
c. Non-contributory pensions ...	47	80	58	27	26	25
d. Tobacco coupons spent by old age pensioners ...	—	—	1	8	10	11
e. Other assistance ...	—	51	11	29	48	58
Total ...	94	206	283	325	351	369
2. Health :						
a. Sickness benefit ...	22	32	31	44	64	69
b. Maternity benefit ...	—	—	—	4	9	8
c. Death grant ...	—	—	—	—	1	2
d. Industrial injuries benefit ...	—	—	—	3	12	14
Total ...	22	32	31	51	86	93
3. Unemployment :						
a. Unemployment benefit ...	55	26	28	23	20	20
b. Outdoor relief ...	23	15	16	8	—	—
c. Other ...	35	4	3	—	—	—
Total ...	113	45	47	31	20	20
4. Other :						
a. Family allowances ...	—	19	58	61	63	64
b. Milk and welfare foods ...	—	28	34	35	35	36
c. School meals ...	—	15	19	23	29	34
Total ...	—	62	111	119	127	134
5. Total ...	229	345	472	526	584	616
<i>Other transfer incomes</i>						
6. War gratuities and pay credits ...	—	229	58	1	—	—
7. Pay and allowances of members of the Armed Forces on release leave ...	—	162	35	27	5	1
8. War pensions and service grants ...	38	82	82	82	81	79
9. Post-war income tax credits ...	—	54	51	23	18	17
10. Training allowances ...	—	9	11	9	6	5
11. Scholarships and maintenance allowances	2	11	19	24	25	24
12. Grants for Universities, sciences and the arts ...	3	7	9	12	15	18
13. Miscellaneous ...	4	4	4	2	3	3
14. Total ...	47	558	269	180	153	147
15. Total transfer incomes ...	276	903	741	706	737	763

For notes on the items of this table see p. 72.

ALLOCATION OF TAXES

DIRECT TAXES PAID IN RESPECT OF DIFFERENT TYPES OF INCOME AND PROPERTY⁽¹⁾

TABLE 27

£ million

	1938	1946	1947	1948	1949	1950
<i>Taxes on income</i>						
Rent of land and buildings:						
Income tax	59	122	108	113	115	114
Surtax	7	8	8	10	11	11
Interest and profits:						
Income tax ⁽²⁾	207	657	604	664	791	821
Surtax	43	52	55	67	75	79
Profits tax and excess profits tax ⁽²⁾	15	391	286	283	300	277
Self-employed persons' national insurance contributions ...	—	—	—	10	26	26
Salaries:						
Income tax	43	262	228	233	250	254
Surtax	9	15	18	22	24	26
National insurance contributions	8	31	33	79	105	108
Wages:						
Income tax	2	205	179	202	216	219
Surtax	—	—	—	—	—	—
National insurance contributions	101	135	197	238	292	296
Pay of the Armed Forces:						
Income tax	1	16	22	15	13	12
National insurance contributions	—	4	2	8	10	10
Miscellaneous	—	—5	—5	—4	—5	—5
<i>Taxes on property</i>						
Land and buildings:						
Death duties, corporation and land tax	10	19	21	23	25	24
War damage contributions ...	—	2	1	1	—	—
Interest-bearing securities: ⁽³⁾						
Death duties and corporation duty	20	35	40	44	45	42
Other stocks and shares:						
Death duties and corporation duty	33	59	68	75	78	76
Other forms of property:						
Death duties	15	29	34	38	41	40
Special contribution	—	—	—	33	64	6
Total direct taxes	573	2,037	1,899	2,154	2,476	2,436

(1) It will be understood that in the case of mixed incomes the allocation of tax can only be arbitrary. Thus, if, for example, an individual's income is derived both from wages and from interest-bearing securities, the tax payable depends partly on the size of his tax-free allowances and these are calculated with reference to his total income and not with reference to its separate component parts.

(2) Excess profits tax post-war refunds and the income tax thereon are excluded from these figures.

(3) Government and municipal stocks, bonds, mortgages and debentures.

ALLOCATION OF INDIRECT TAXES AND SUBSIDIES⁽¹⁾

TABLE 28

£ million

	1938	1946	1947	1948	1949	1950
Indirect taxes on personal consumption	578	1,459	1,655	1,919	1,852	1,904
less Subsidies on personal consumption	-35	-358	-450	-553	-506	-468
Net indirect taxes on:						
Personal consumption	543	1,101	1,205	1,366	1,346	1,436
Government current expenditure	11	29	27	26	27	32
Gross domestic capital formation	16	35	70	42	68	78
Exports of goods and services ...	18	22	26	38	39	56
Total indirect taxes less subsidies ...	588	1,187	1,328	1,472	1,480	1,602

(1) The allocation of indirect taxes and subsidies over the four categories of expenditure (personal consumption, government current expenditure, exports and gross capital formation) is inevitably to some extent arbitrary. The method followed has been to adjust each of the four categories of expenditure for taxes and subsidies known to be specific to them; components of expenditure known to contain no general indirect taxes (e.g. expenditure on domestic service, personal and government expenditure abroad, government expenditure on the wages and salaries of civil servants and the Armed Forces) were then deducted and the general taxes and subsidies spread *pro rata* over the remaining parts of gross national expenditure.

VII. CAPITAL FORMATION

THE FINANCING OF GROSS CAPITAL FORMATION

TABLE 29

£ million

	1938	1946	1947	1948	1949	1950
1. Surpluses of public authorities:						
a. Central government	-109	-1,024	-461	310	313	481
b. Local authorities	12	4	-4	18	27	24
c. National insurance funds	15	83	80	117	162	171
Total	-82	-937	-385	445	502	676
2. less Provision for stock appreciation by non-corporate public enterprises ...	—	-25	-65	-50	-10	-65
3. plus Transfers to capital accounts ...	7	304	319	204	238	145
4. less Taxes on capital	-78	-144	-164	-214	-253	-188
5. Public authorities' provision for depreciation and maintenance	90	87	95	95	97	102
6. Additions to reserves for taxes on income	17	-105	206	154	-15	118
7. Total sums set aside through the action of public authorities	-46	-820	6	634	559	788
8. Provision for depreciation by enterprises	367	623	690	750	930	1,022
9. Undistributed profits of companies and public corporations	172	301	450	524	487	569
10. less Provision for stock appreciation by companies and public corporations ...	60	-55	-250	-135	-7	-205
11. Gross personal saving	222	842	394	317	358	332
12. Total sums set aside out of domestic receipts... ..	775	891	1,290	2,090	2,327	2,506
13. Gifts and loans from abroad and sums realised by sale of foreign assets ...	70	344	545	30	-30	-229
14. Gross domestic capital formation ...	845	1,235	1,835	2,120	2,297	2,277

For notes on the items of this table see p. 73.

GROSS DOMESTIC CAPITAL FORMATION⁽¹⁾

TABLE 30

£ million

	1946	1947	1948	1949	1950
Capital expenditure on fixed assets:					
Public service vehicles	14	25	34	42	41
Road goods vehicles	72	75	71	75	75
Railway rolling stock	22	26	30	31	30
Ships	77	83	75	75	81
Aircraft	350	16	14	25	12
Plant and machinery and passenger cars		440	531	603	641
Buildings and works	865 ⁽²⁾	1,030 ⁽²⁾	605	631	697
Total			1,360	1,482	1,577
Repair expenditure on buildings and works ⁽²⁾	560	600	585
Total fixed capital formation	1,400	1,695	1,920	2,082	2,162
Value of physical increase in stocks and work in progress	-165	140	200	215	115
Gross domestic capital formation...	1,235	1,835	2,120	2,297	2,277

⁽¹⁾ For notes on the items of this table see p. 74.⁽²⁾ For 1946 and 1947 repair expenditure on buildings and works is included with capital expenditure on buildings and works.

CAPITAL EXPENDITURE ON FIXED ASSETS

TABLE 31

£ million

	1948			1949			1950		
	Plant etc.	Buildings and works	Total	Plant etc.	Buildings and works	Total	Plant etc.	Buildings and works	Total
Agriculture ...	56	20	76	50	23	73	52	25	77
Forestry ...	—	1	1	—	1	1	—	1	1
Fishing ...	—	—	—	—	—	—	—	—	—
Coal mining ...	18	6	24	22	8	30	19	9	28
Manufacturing industry	237	96	333	266	106	372	283	122	405
Gas ...	18	7	25	20	8	28	26	10	36
Electricity ...	69	24	93	80	34	114	91	37	128
Water ...	—	9	9	—	12	12	—	13	13
Railways ...	30	11	41	33	11	44	32	10	42
Public service vehicles	34	—	34	42	—	42	41	—	41
Road goods vehicles	71	—	71	75	—	75	75	—	75
Roads ...	—	6	6	—	6	6	—	7	7
Ships ...	75	—	75	75	—	75	81	—	81
Harbours, docks and canals ...	1	4	5	2	6	8	2	7	9
Air transport ...	15	3	18	26	4	30	13	5	18
Postal, telegraph and wireless communication	31	6	37	37	7	44	37	7	44
Housing ...	—	330	330	—	297	297	—	300	300
Education... ..	1	22	23	2	35	37	2	48	50
Police, prisons, fire service, etc. ...	—	1	1	1	1	2	1	2	3
Health services ...	3	6	9	4	6	10	4	9	13
Sewerage ...	—	8	8	—	11	11	—	12	12
Arterial drainage	—	2	2	—	3	3	—	4	4
Local government building ...	—	5	5	—	6	6	—	7	7
Central government building...	—	13	13	—	11	11	—	11	11
B.B.C. ...	1	—	1	1	—	1	1	1	2
Other ...	95	25	120	115	35	150	120	50	170
Total capital expenditure ...	755	605	1,360	851	631	1,482	880	697	1,577

For notes on the items of this table see p. 75.

CAPITAL EXPENDITURE IN MANUFACTURING INDUSTRY

TABLE 32

£ million

	1948				1949			
	Plant etc.	Vehicles	Buildings and works	Total	Plant etc.	Vehicles	Buildings and works	Total
Great Britain :								
Bricks, pottery, glass, cement etc. ...	14	1	5	20	12	2	5	19
Chemicals and allied trades ...	31	3	10	44	47	4	15	66
Metal manufacture ...	26	1	14	41	33	1	18	52
Engineering, shipbuilding and electrical goods ...	41	6	14	61	41	6	15	62
Vehicles ...	21	3	4	28	19	4	5	28
Metal goods not elsewhere specified ...	15	2	4	21	13	2	5	20
Precision instruments, jewellery etc....	3	—	1	4	2	—	1	3
Textiles ...	30	2	8	40	37	3	11	51
Leather, leather goods and fur ...	2	1	1	4	2	1	1	4
Clothing ...	7	2	3	12	6	2	3	11
Food, drink and tobacco	30	10	9	49	31	10	11	52
Manufactures of wood and cork ...	4	2	1	7	4	2	1	7
Paper and printing ...	19	2	5	26	21	2	3	26
Other manufacturing industries ...	8	1	4	13	8	1	3	12
Government-built factories	—	—	11	11	—	—	6	6
Total ...	251	36	94	381	276	40	103	419
less Second-hand plant and vehicles ...	—18	—8	—	—26	—16	—7	—	—23
Total new capital goods, Great Britain ...	233	28	94	355	260	33	103	396
Northern Ireland ...	4	—	2	6	6	—	3	9
Total ...	237	28	96	361	266	33	106	405

For notes on the items of this table see p. 76.

VIII. THE SOCIAL ACCOUNTS

PRODUCTION ACCOUNT OF

TABLE 33

Payments	1938	1946	1947	1948	1949	1950
1. Payments to factors of production:						
a. Wages and salaries and forces' pay (24)	2,923	5,460	5,887	6,471	6,826	7,220
b. Employers' insurance contributions (25)	54	84	113	157	195	198
c. Mixed incomes of persons (26)	588	1,088	1,155	1,232	1,291	1,329
d. Corporate trading profits (15)	543	1,237	1,530	1,649	1,572	1,795
e. Profits of non-corporate public enterprises... ..	29	53	87	79	72	84
f. Net rent	416	438	456	470	483	496
Total	4,553	8,360	9,228	10,058	10,439	11,122
2. less provision for stock appreciation by:						
a. Persons (21)	20	-20	-35	-65	-23	-80
b. Companies and public corporations (13a)	60	-55	-250	-135	-7	-205
c. Other public enterprises (48)	—	-25	-65	-50	-10	-65
Total	80	-100	-350	-250	-40	-350
3. Provision for depreciation (50)	457	710	785	845	1,027	1,124
4. Indirect taxes (37)	623	1,558	1,793	2,036	1,999	2,081
5. Purchases from abroad (56a) ...	925	1,230	1,740	1,980	2,179	2,584
6. Total	6,638	11,758	13,196	14,669	15,604	16,561

For notes on the items of this table see p. 78.

CORPORATE INCOME

TABLE 34

Payments	1938	1946	1947	1948	1949	1950
11. Dividends and interest	569	767	853	874	891	918
12. Provision for taxation:						
a. Payments (35a)	92	579	436	520	692	685
b. Additions to tax reserves (46a)	5	-32	205	161	-43	92
13. Undistributed profits:						
a. Provision for stock appreciation (2b)	-60	55	250	135	7	205
b. Additions to free reserves (44)	232	246	200	389	480	364
14. Total	838	1,615	1,944	2,079	2,027	2,264

For notes on the items of this table see p. 78.

OF THE UNITED KINGDOM

THE UNITED KINGDOM

£ million

Receipts	1938	1946	1947	1948	1949	1950
7. Sales to:						
a. Persons (18a) ...	4,301	6,765	7,499	8,109	8,462	8,930
b. Public authorities (30a) ...	719	1,958	1,780	1,692	1,911	1,904
c. Capital accounts (40) ...	845	1,235	1,835	2,120	2,297	2,277
Total ...	5,865	9,958	11,114	11,921	12,670	13,111
8. Subsidies (31a) ...	35	371	465	564	519	479
9. Sales abroad (52) ...	738	1,429	1,617	2,184	2,415	2,971
10. Total ...	6,638	11,758	13,196	14,669	15,604	16,561

APPROPRIATION ACCOUNT

£ million

Receipts	1938	1946	1947	1948	1949	1950
15. Corporate trading profits (1d)...	543	1,237	1,530	1,649	1,572	1,795
16. Other corporate income ...	295	378	414	430	455	469
17. Total ...	838	1,615	1,944	2,079	2,027	2,264

TABLE 35

Payments	1938	1946	1947	1948	1949	1950
18. Purchases of goods and services from:						
a. Home production (7a) ...	4,301	6,765	7,499	8,109	8,462	8,930
b. Abroad (56b) ...	34	121	123	95	105	111
Personal consumption	4,335	6,886	7,622	8,204	8,567	9,041
19. National insurance contributions (36) ...	109	170	232	335	433	440
20. Provision for taxes on income:						
a. Payments (35b) ...	294	1,144	1,067	1,085	1,098	1,123
b. Additions to tax reserves (46b) ...	12	-73	1	-7	28	26
21. Provision for stock appreciation (2a) ...	-20	20	35	65	23	80
22. Gross personal saving (45) ...	222	842	394	317	358	332
23. Total ...	4,952	8,989	9,351	9,999	10,507	11,042

For notes on the items of this table see p. 78.

CURRENT ACCOUNT OF

TABLE 36

Payments	1938	1946	1947	1948	1949	1950
30. Purchases of goods and services from:						
a. Home production (7b) ...	719	1,958	1,780	1,692	1,911	1,904
b. Abroad (56c) ...	12	473	297	138	128	121
Public consumption ...	731	2,431	2,077	1,830	2,039	2,025
31. Transfers to private current accounts:						
a. Subsidies (8) ...	35	371	465	564	519	479
b. Social security benefits, etc, (28) ...	276	903	741	706	737	763
c. Debt interest ...	291	592	608	601	601	611
32. Transfers to private capital accounts less taxes on capital (49) ...	-71	160	155	-10	-15	-43
33. Current surplus (47) ...	-82	-937	-385	445	502	676
34. Total ...	1,180	3,520	3,661	4,136	4,383	4,511

For notes on the items of this table see p. 78.

OF PERSONS

£ million

Receipts	1938	1946	1947	1948	1949	1950
24. Wages, salaries and forces' pay (1a)	2,923	5,460	5,887	6,471	6,826	7,220
25. Employers' insurance contributions (1b)	54	84	113	157	195	198
26. Mixed incomes of persons (1c) ...	588	1,088	1,155	1,232	1,291	1,329
27. Rent, dividends and interest received less interest paid ...	1,111	1,454	1,455	1,433	1,458	1,532
28. Social security benefits, etc. (31b)	276	903	741	706	737	763
29. Total	4,952	8,989	9,351	9,999	10,507	11,042

PUBLIC AUTHORITIES

£ million

Receipts	1938	1946	1947	1948	1949	1950
35. Direct taxes on income paid by:						
a. Companies and public corporations (12a)	92	579	436	520	692	685
b. Persons (20a)	294	1,144	1,067	1,085	1,098	1,123
36. National insurance contributions (19)	109	170	232	335	433	440
37. Indirect taxes (4)	623	1,558	1,793	2,036	1,999	2,081
38. Income from property	62	69	133	160	161	182
39. Total	1,180	3,520	3,661	4,136	4,383	4,511

TABLE 37

Payments	1938	1946	1947	1948	1949	1950
40. Purchases of goods and services from home production (gross domestic capital formation) (7c)	845	1,235	1,835	2,120	2,297	2,277
41. Net investment abroad (58) ...	-70	-344	-515	108	184	368
42. less Net grants from abroad (54)	—	—	-30	-138	-154	-139
43. Total	775	891	1,290	2,090	2,327	2,506

For notes on the items of this table see p. 80.

CURRENT ACCOUNT OF REST OF THE WORLD

TABLE 38

Payments	1938	1946	1947	1948	1949	1950
52. Purchases from United Kingdom production (9):						
a. Merchandise	533	905	1,135	1,583	1,818	2,221
b. Shipping services... ..	100	166	198	250	275	305
c. Tourism	28	13	21	33	44	58
d. Other services (net)	77	144	134	222	242	358
e. Payments in respect of war disposals, settlements, etc.	—	201	129	96	36	29
53. Interest, profits, dividends and rent paid to the United Kingdom	205	154	174	179	191	233
54. Net grants etc. to the United Kingdom (42)	—	—	30	138	154	139
55. Total	943	1,583	1,821	2,501	2,760	3,343

For notes on the items of this table see p. 80.

ACCOUNT

£ million

Receipts	1938	1946	1947	1948	1949	1950
44. Additions to corporate free reserves (13b)	232	246	200	389	480	364
45. Gross personal saving (22) ...	222	842	394	317	358	332
46. Additions to tax reserves by:						
a. Companies and public corporations (12b)	5	-32	205	161	-43	92
b. Persons (20b)	12	-73	1	-7	28	26
47. Current surplus of public authorities (33)	-82	-937	-385	445	502	676
48. less Provision for stock appreciation by non-corporate public enterprises (2c)	—	-25	-65	-50	-10	-65
49. Transfers by public authorities to private capital accounts less taxes on capital (32)	-71	160	155	-10	-15	-43
50. Provision for depreciation (3)	457	710	785	845	1,027	1,124
51. Total	775	891	1,290	2,090	2,327	2,506

WITH THE UNITED KINGDOM

£ million

Receipts	1938	1946	1947	1948	1949	1950
56. Sales to the United Kingdom:						
a. Production (5)	925	1,230	1,740	1,980	2,179	2,584
b. Persons (18b)	34	121	123	95	105	111
c. Public authorities (30b)	12	473	297	138	128	121
57. Property income, etc. received from the United Kingdom ...	42	103	176	180	164	159
58. Net investment by the United Kingdom (41)	-70	-344	-515	108	184	368
59. Total	943	1,583	1,821	2,501	2,760	3,343

APPENDIX

NOTES ON THE TABLES

I. NATIONAL PRODUCT, INCOME AND EXPENDITURE

Table I. Gross National Product

The gross output of an industry, in the sense in which the term is used here, is the value added by that industry to the goods and services which it buys. In other words, it consists of the total value of goods and services produced by that industry (free of duplication) *less* purchases from other industries and from abroad. It is thus "gross" only in the sense that it is measured before deduction of provision for depreciation.

The definition of branches of activity is derived from the Standard Industrial Classification, the unit of classification being the establishment in which the work is carried on. In this latter respect the basis of classification is similar to that of table 7 (the national wage bill) but different from that of table 8 (company profits) (see notes to table 8).

1. *Agriculture, forestry and fishing*.—The gross output of agriculture, horticulture and direct retailing of farmers with holdings of one acre or more, together with the gross output of forestry and fishing as defined in the Standard Industrial Classification (Order I).

2. *Mining and quarrying*.—Order II of the Standard Industrial Classification.

3. *Manufacturing*.—Orders III-XVI of the Standard Industrial Classification.

4. *Building and contracting*.—Order XVII of the Standard Industrial Classification.

5. *Gas, electricity and water*.—Order XVIII of the Standard Industrial Classification.

6. *Transport and communication*.—Order XIX of the Standard Industrial Classification.

7. *Distributive trades*.—Order XX of the Standard Industrial Classification. Includes also the gross output, as measured by their trading profits, of British companies engaged in the extraction, refining, and distribution of oil overseas.

8. *Other services*.—Orders XXI, XXIII and XXIV of the Standard Industrial Classification, other than public health and educational services shown separately as item 12, domestic services to households shown separately as item 13 and services to private non-profit-making bodies serving persons, shown separately as item 14.

9. *Ownership of dwelling-houses*.—The services rendered by privately-owned dwelling-houses are measured by their gross rents as assessed to income tax. Those rendered by dwelling-houses owned by public authorities are measured by the sum of rents paid and housing subsidies (see notes to table 25).

11. *Public administration and defence*.—Order XXII of the Standard Industrial Classification.

12. *Public health and educational services*.—Health and educational services provided by the central government and local authorities, valued at the total of wages and salaries and employers' insurance contributions in respect of the staffs employed.

13. *Domestic services to households.*—These services are here measured by the wages paid by persons to domestic servants, together with employers' insurance contributions paid in respect of them.

14. *Services to private non-profit-making bodies.*—The wages and salaries, together with employers' insurance contributions, of the staff employed by private non-profit-making bodies serving persons (e.g. charities, the Universities, social clubs, etc.).

15. *Gross domestic product at factor cost.*—The total of value added, or income and depreciation allowances generated in the United Kingdom. The earnings of British firms in the oil, shipping and insurance industries operating abroad are included in domestic output. In the previous White Paper of this series (Cmd. 7933) this concept was called the gross national product.

16. *Net income from abroad.*—This equals interest, profits, dividends and rent paid by the rest of the world to the United Kingdom less property income, etc., paid by the United Kingdom to the rest of the world (equal to item 53 less item 57 of table 38).

17. *Gross national product at factor cost.*—As defined here, this term includes net income from abroad. In the previous White Paper in this series the term was used to describe what is here called the gross domestic product (item 15).

Table 2. National Income and Depreciation

1. *Wages.*—See note to item 1 of table 3.

2. *Salaries.*—See note to item 2 of table 3.

3. *Employers' insurance contributions.*—See note to item 4 of table 3.

4. *Professional earnings.*—Professional earnings are here defined in the same way as they were in the legislation relating to the excess profits tax. They exclude, that is to say, all the profits of business consisting wholly or mainly in the making of contracts on behalf of others or in the giving of commercial advice relating to contracts. Apart from this exception, they include all the earnings, assessable to income tax under Schedule D of individuals and partnerships from the carrying on of professions where the profits made depend wholly or mainly on personal qualifications.

Thus, this item includes the earnings of doctors, dentists, lawyers, artists and journalists, for example, but excludes the profits of brokers, auctioneers and estate agents.

5. *Income from farming.*—This item consists of the income from agriculture, horticulture and direct retailing of farmers with holdings of one acre or more. It represents the reward of the manual and managerial labour of farmers and their wives and the return on their capital. Income from the ownership of land and buildings is excluded from this item, but forms part of item 9.

It is estimated that in 1938 about £3 million of the total, and in 1950 about £11 million, went to "spare-time" farmers and others not mainly engaged in commercial farming; the remainder was in each year divided between roughly 360,000 full-time farmers.

The figures have been derived by subtracting from the value of the gross product of agriculture (reckoned after the elimination of duplication due to inter-farm sales) the various items of cost: rent of land, wages and salaries, purchases from other industries or from abroad and provision for depreciation of equipment. It is believed that, in the peculiar circumstances of agriculture, this indirect method gives a more accurate answer than any alternative

method. The estimates were made originally for the crop years June to May; the figure given in the table for the calendar year 1948 includes five-twelfths of the income earned in the crop-year 1947-8 and seven-twelfths of the income earned in the crop year 1948-9; similarly for other years.

6. *Profits of other sole traders and partnerships.*—This item includes, in principle, all the profits assessable to income tax under Schedule D and (in 1938 and 1946) to excess profits tax, of unincorporated enterprises, i.e. sole traders and partnerships, other than the profits shown separately in items 4 and 5 above. The estimates published in Cmd. 7933 have been considerably revised.

7. *Trading profits of companies.*—See notes to table 8.

8. *Operating profits of public enterprises.*—The sum of items 9 and 10 of table 6.

9. *Rent of land and buildings.*—The income, before deduction of mortgage interest, from the ownership of land, houses, etc., assessable to income tax under Schedule A, after deduction of allowances for maintenance and repairs, together with excess rents assessed under Schedule D. Incomes not taxable because their recipients are persons below the effective income tax exemption limit or non-profit-making bodies (e.g. charities, colleges) are included. Premises occupied by their owners are treated on the same basis as rented premises. The net rent of dwelling-houses owned by local authorities are defined as the rents received by the authorities, *less* provision for maintenance and amortisation of housing debt, *plus* housing subsidies as defined in the note to table 25. In previous papers the net rent of local authority houses was measured by their net value for income tax under Schedule A.

10. *Depreciation: a. initial allowances.*—The allowances instituted by the Income Tax Act, 1945, in respect of capital expenditure on (a) plant and machinery, and (b) the construction of new industrial buildings. The initial allowance for expenditure on plant and machinery was originally fixed at 20 per cent. of the expenditure and the allowance for expenditure on new industrial buildings at 10 per cent. of the expenditure. In both cases the allowances could be claimed for expenditure subsequent to 6th April, 1944. Under the Finance Act, 1949, the initial allowance for expenditure on plant and machinery was increased from 20 per cent. to 40 per cent. for expenditure incurred on or after 6th April, 1949.

b. Other allowances.—Wear and tear allowances and renewals allowances granted to companies and non-corporate enterprises in the calculation of net income for purposes of taxation; provision for depreciation made by public enterprises; maintenance and repair of way and works on the railways; repairs allowances granted under Schedule A in calculating the net annual value of real property (land and buildings); provision for depreciation by the Post Office; provision for repairs to houses owned by local authorities and the repayment of housing debt, and the provision for amortisation of temporary houses; the estimated depreciation of agricultural plant and machinery; and payments for insurance of fixed assets against damage by fire, etc.

12. *Profit on appreciation of stocks.*—This represents the amount by which the change in value of stocks (i.e. the balance-sheet value of stocks and work in progress at the end of the year *less* the balance sheet value at the beginning of the year) exceeds the value of the physical change in stocks and

work in progress (i.e. the change in value if stocks at the end and at the beginning of the year are valued at constant prices—the mean of the replacement costs at the beginning and at the end of the year).

This amount enters into "profit" as normally understood. The normal accounting practice in reckoning trading profit is to include among the credits to trading account the value, as shown in the balance sheet, of goods in stock and work in progress at the end of the year and to include among the debits the value, as shown in the balance sheet, of goods in stock and work in progress at the beginning of the year. In other words the value of closing stocks is classed as a "sale" to operations in the following year and the value of opening stocks as a "purchase" from operations of the previous year. Trading profit is therefore equal to sales *minus* purchases *plus* any increase (or *minus* any decrease) in the balance sheet values of stocks and work in progress. *at cost price*

The value of closing stocks may exceed the value of opening stocks because the quantity of goods in stock has increased, because the unit value of goods in stock has increased, or because of a combination of both factors. The element of stock appreciation equals the difference between the increase in book value and the value of the additions to goods in stock and work in progress. In making the estimates given in this paper increases in quantity have, in principle, been valued at the mean of the replacement costs at the beginning and end of the year.

The paucity of information on the extent and nature of changes in the value of stocks renders the estimates, both of stock appreciation and of changes in the physical volume of stocks, highly precarious.

14, 15, 16, 17, and 18. *Services to public authorities.*—Wage-earners include industrial staff who cannot be classified under particular branches of production and trade, together with messengers and attendants employed by the central government and operatives and domestic staff employed in the non-trading services of local authorities and by the various bodies operating the National Health Service. Salary-earners include the non-industrial staff of the central government, except for messengers and attendants, and the administrative, technical, professional and clerical staff employed by local authorities and by various bodies operating the National Health Service. Item 18, depreciation, includes provision by local authorities for repayment of debt incurred in respect of Rate Fund (i.e. non-trading) services, and expenditure by local authorities and the central government on road maintenance and the renewal of fixed assets.

20 and 21. *Services to households and private non-profit-making bodies.*—Equal, taken together, to the total of items 13 and 14 of table 1.

24. *National income and depreciation after deduction of stock appreciation.*—Equal to the gross national product at factor cost (item 17 of table 1).

Table 3. Disposable Income and Depreciation

Disposable income is defined as income available for current expenditure on goods and services. The table shows how the distribution of income among factors of production arising from economic activity, which is detailed in table 2, is modified by transfers of income such as taxes and subsidies, dividends and interest payments.

1. *Wages*.—This item, the same as item 1 of table 6, represents gross earnings. A description of the classes of workers covered is given in the notes to table 7. The estimates include an allowance for the income in kind (food, lodging, etc.) of, e.g. domestic servants, farm workers and miners. The estimates of personal expenditure on consumption at market prices (table 15) include a similar allowance.

2. *Salaries*.—This item, the same as item 2 of table 6, includes company directors' fees and, in principle, untaxed allowances of salary-earners. The demarcation of salary-earners from wage-earners is discussed in the notes to table 7.

3. *Pay and allowances of the Armed Forces*.—This item, the same as item 3 of table 6, comprises: (a) the pay and cash allowances of, and the cost of issues of food and clothing to, members of the Armed Forces and auxiliary services, other than those on release leave; (b) the pensions and retired pay of former members of the Armed Forces other than pensions awarded for death or disability attributable to war service.

4. *Employers' insurance contributions*.—The contributions of employers to the National Insurance Fund and the Industrial Injuries Fund and for the period before 5th July, 1948, to the Unemployment Fund, the various National Health Insurance Funds, and the Contributory Pensions Scheme. In previous papers in this series these contributions have been treated as an indirect tax. In this paper they are treated as a direct tax on income and so form part of the national income. This treatment follows the prevailing international practice.

5. *Mixed incomes*.—The total of items 4, 5 and 6 of table 2.

6. *Rent, dividends and interest received by persons*.—The estimated receipts by persons resident in the United Kingdom (including non-profit-making bodies and the life funds of insurance companies) of income from the ownership of land and buildings, dividends on ordinary and preference shares in British companies, debenture interest, co-operative societies' interest and dividends on sales, interest on public authorities' debts (including the increase in interest accrued on National Savings Certificates), dividends and interest on foreign securities, building society and bank deposit interest, less interest paid. It is the same as item 27 of table 35.

7. *Transfer incomes*.—These are shown in detail in table 26.

8. *Direct taxes paid*.—Payments by persons and non-corporate enterprises of income tax, surtax and (in earlier years) excess profits tax, together with employees', employers' and self-employed persons' national insurance contributions. Equal to the sum of items 19 and 20a of table 35.

9. *Provision for appreciation of stocks*.—The estimated share of farmers and other sole traders and partnerships in the profit on appreciation of stocks (item 12 of table 2). The estimate is subject to a considerable margin of error.

10. *Personal disposable income*.—The income available to persons for current expenditure on goods and services. Equals the sum of such expenditure (item 1 of table 4), the excess of tax liabilities over tax payments, and gross personal saving.

11. *Trading profits of companies and public corporations*.—For profits of companies see notes to table 8. Public corporations are defined in the note to item 9 of table 6.

12. *Other corporate income*.—Receipts by companies (including banks) and public corporations of public debt interest, income from the ownership of land and buildings (including an imputed income for owner-occupied premises), interest and dividends from abroad and the profits of British companies (other than those engaged in the insurance, shipping and oil industries) operating abroad. Companies' receipts of dividends or interest from other companies are excluded from this item. Companies' receipts of dividends from public corporations and public corporations' receipts of dividends and interest from companies are included. This item differs in content from the corresponding item in Cmd. 7933 since it now includes mortgage interest and investment income of building societies.

13. *Dividends and interest paid*.—Includes (a) the payments by public corporations of interest on stock and, in the case of the National Coal Board, of interim income; (b) payments (before deduction of income tax) of company dividends, debenture interest, dividends on sales, and deposit interest to persons (including sole traders and partnerships), public authorities or non-residents. Payments by one British company or co-operative society to another British company or co-operative society are excluded from this item as are the corresponding receipts from item 12. This item differs in content from the corresponding item in Cmd. 7933 since it includes interest paid by building societies and also the taxes paid by British companies to foreign governments.

14. *Direct taxes paid*.—Profits tax, excess profits tax and income tax paid by companies and public corporations less income tax deducted at source when dividends and interest are paid.

15. *Provision for appreciation of stocks*.—The estimated share of companies and public corporations in the total profit on stock appreciation (item 12 of table 2).

17. *Direct tax*.—The sum of items 8 and 14.

18. *Transfers to persons*.—The same as item 7.

19. *Indirect taxes*.—Equals item 37 of table 36.

20. *Subsidies*.—These are shown in detail in table 25.

21. *Income from property*.—This item is made up of the amounts transferred from non-corporate public enterprises (see note to item 10 of table 6), direct taxes paid by non-residents of the United Kingdom and receipts of rent, dividends and interest (including national debt interest paid to the national insurance funds and debt interest paid by local authorities to the central government). It is the same as item 38 of table 36.

22. *Provision for appreciation of stocks*.—The share of non-corporate public enterprises in the total profit on stock appreciation (item 12 of table 2).

23. *Debt interest*.—The total national debt interest, whether part of the Permanent Debt Charge or not, and including the increase in interest accrued on National Savings Certificates plus total interest on local authorities' debt. It is the same as item 31c of table 36.

24. *Disposable revenue*.—The amount of revenue available for expenditure by public authorities after payment of current transfers, but before taxes on capital. Equals current expenditure on goods and services (item 30 of table 36), plus net transfers to capital accounts (item 32 of table 36) plus their current surplus (item 33 of table 36) less provision for appreciation of stocks (item 22 of table 3).

26. *Depreciation*.—The sum of items 10 and 18 of table 2.

27. *Disposable income and depreciation.*—Equals national income and depreciation after deduction of stock appreciation (item 24 of table 2) *plus* indirect taxes *less* subsidies.

Table 4. Gross National Expenditure

1-10. *Personal consumption.*—The money value of all consumers' goods and services either bought by individuals and non-profit-making bodies or received by them as income in kind. A further analysis in greater detail is given in table 15. Item 7 equals the sum of items 9, 16 and 17 of table 15. Item 9 equals the sum of items 12, 13, 14, 15, 18 and 20 of table 15.

11-14. *Public authorities' current expenditure.*—These items represent expenditure by the central government, local authorities and the national insurance funds arising from a direct demand for goods and services. They exclude transfer payments, loan repayments and payments to sinking funds, etc., by the central government. Loan repayments and payments to sinking funds by local authorities on rate fund account are included in lieu of depreciation allowances as part of the current cost of providing the services. Payments of subsidies are excluded; so also are the costs of services sold to the public and not made freely available. Expenditure on the formation of new fixed capital assets is excluded and included in gross capital formation below.

Item 14 equals the sum of items 30*a* and 30*b* of table 36. Items 11, 12 and 13 are respectively equal to item 22 of table 20, item 5 of table 22 and items 6 and 7 of table 24.

15-20. *Gross domestic capital formation.*—This item is composed of total expenditure on fixed capital and its upkeep (i.e., new additions and replacements), expenditure on repairs (including war damage repairs) to buildings, highways and bridges, and the value of the increase in quantity of stocks and work in progress. Its content is further defined in the notes to tables 30 and 32. Item 16 is equal to the sum of the first five items of table 30.

21. *Net investment abroad.*—Equal to item 58 of table 38.

22. *Net grants, etc., from abroad.*—Equal to item 54 of table 38.

23. *Overseas surplus or deficit.*—The balance of current transactions of the United Kingdom with the rest of the world, as defined in the White Paper on the Balance of Payments (Cmd. 8201).

II. GROSS DOMESTIC PRODUCT

Table 5. Gross Domestic Product

In this table the estimates of gross output of various branches of activity given in table 1 are divided between (a) wages and salaries and (b) profits, rents and depreciation.

The figures for "wages and salaries" include employers' insurance contributions, directors' fees and (under "services of public authorities") the pay and allowances of the Armed Forces. "Profits, rents and depreciation" excludes the profit on stock appreciation (item 12 of table 2); it includes the whole of the earnings of farmers, professional earnings and the profits of other sole traders and partnerships.

The sums included for wages under the heading "wages and salaries" are equal to those given for the relevant branches of activity in table 7. The sums included for company profits under the heading "profits, rents and depreciation" on the other hand, differ from the figures given in table 8 for the branches of activity bearing the same names, both because of the exclusion of stock appreciation and because of the different basis of the industrial classification (see notes to table 8).

The division of profits, rents and depreciation between the various branches of activity is only an approximate estimate; in particular, the estimates both of the amount of the deduction for stock appreciation and of its allocation between industries are precarious. Further, the distribution of profits in 1950 is less reliably known than for the earlier years.

III. THE COMPOSITION OF THE NATIONAL INCOME

Table 6. National Income and Depreciation by Distributive Shares

Items 1 to 4 are the same as the corresponding items of table 3, and items 5-8 and 11 the same as the corresponding items of table 2.

9. *Trading profits of public corporations.*—The trading profits, after deduction of provision for depreciation but before deduction of interest, provision for taxation or provision for amortisation of debt, of the National Coal Board, the British Electricity Authority and Area Electricity Boards, the Central Electricity Board (before its absorption into the British Electricity Authority), the British Transport Commission, the London Passenger Transport Board (before its absorption into the British Transport Commission), the Gas Council and Area Gas Boards, the North of Scotland Hydro-Electric Board, the British Overseas Airways Corporation, British European Airways, British South American Airways, the Raw Cotton Commission, Cable and Wireless, the Ulster Transport Authority and the Electricity Board for Northern Ireland, together with the annuity paid to the Exchequer by the Bank of England.

10. *Profits of other public enterprises.*—The trading profits of the Board of Trade and the Ministry of Supply, and the interest carried as a notional charge in the commercial accounts of government trading branches, *plus* the trading profits of United Kingdom-Dominions Wool Disposal Limited (Joint Organisation), of local authorities, the Port of London Authority, and the Mersey Docks and Harbour Board.

13. *Net income from abroad.*—The same as item 16 of table 1.

15. *Provision for appreciation of stocks.*—The same as item 12 of table 2.

16a. *Depreciation: initial allowances.*—The same as item 10a of table 2. The figure for 1946 includes initial allowances on expenditure between April 1944 and 1946.

16b. *Depreciation: other.*—The sum of items 10b and 18 of table 2.

Table 7. National Wage Bill

This represents the total gross cash earnings of wage-earners, inclusive of bonuses and paid holidays, together with remuneration in kind (e.g., coal free or at concessionary prices for coal miners, food and lodging for domestic servants) before any deductions are made for income tax or employees' insurance contributions.

For manufacturing industries, mining and quarrying and gas, water and electricity, the definition of wage-earners corresponds to that used for "operatives" in the Census of Production; and for other industries the

division of total numbers employed between wage-earners and salary-earners has been made, as far as is possible with limited data, consistent with this. The term wage-earner thus covers factory workers, operative workers in transport such as drivers and conductors, storemen, warehousemen, porters, messengers, postmen, waiters, cooks and domestic servants.

Conversely, the term salary-earner covers all those engaged in a clerical, technical, professional or managerial capacity, or who are attached to an office, such as commercial travellers and canvassers. All shop-assistants are treated as salary-earners. All policemen and all firemen are also included among salary-earners. Members of the Armed Forces are treated as an entirely separate category. It is emphasised that the distinction between wage-earners and salary-earners is not based on the distinction between employees paid weekly or monthly or on the amount of money earned, but upon occupation.

The industrial grouping in table 7 follows that of the Standard Industrial Classification. As explained in the note to table 8, this grouping is not comparable with that of company profits despite the similarity of titles.

The estimates of the national wage bill given here differ from those in Cmd. 7933 in two respects. First, they have been revised in the light of the revised numbers of insured employees published by the Ministry of Labour and of data published by the Board of Trade for industries covered by the Census of Production. Secondly, estimates of wages paid in public administration have been reduced as the result of a reconsideration of the division of total numbers employed between wage-earners and salary-earners.

Table 8. Company Profits

The term "company profits" as used here covers the trading profits of companies and other corporate bodies operating in the United Kingdom (including the surpluses, before deduction of interest or dividends on sales, of co-operative societies) and the profits of companies in the oil, shipping and insurance industries, whether earned in the United Kingdom or abroad; the profits of other companies operating abroad are excluded. The profits of companies engaged in agriculture are also excluded, as are the profits of public corporations as defined in the note to item 9 of table 6. Profits are reckoned after deduction of depreciation allowances, directors' fees and bank interest, but before deduction of profits tax and debenture interest.

Banks are treated as enterprises whose sale proceeds are charges made to customers and whose trading profit is therefore equal to the difference between charges and management expenses, which is generally negative. This negative item is included in the group "other services".

The classification of company profits by industry is similar to that used for the statistics of trading profits assessed to Schedule D income tax in 1948-49 published in the Ninety-Second Report of the Commissioners of Inland Revenue (Cmd. 8052). This classification corresponds in principle with that of the Standard Industrial Classification, but it must be emphasised that the figures of company profits given here are not comparable with the Ministry of Labour statistics of manpower, or with data from the Census of Production conducted by the Board of Trade, though these also follow the Standard Industrial Classification. The reason is that the latter are based on data for separate establishments, while the profits figures are related to financial units, which often cover more than one establishment (the most important example of the difference between the two series of

statistics is probably that the distributive industries as defined in the profits statistics include a considerable number of productive units which in a classification based on establishments are allocated to manufacturing industry). In particular, it should be noted that the classification of the profits figures by industry is not comparable with that employed in the figures for wages (table 7), or with that of the figures for "profits, rents and depreciation" in table 5, despite the similarity of titles.

The profits of companies engaged in the extraction, refining and distribution of oil abroad are included under the heading "distributive trades".

In respects other than classification there are a number of differences in scope between the figures of table 8 and those given in tables 41-76 of the Ninety-Second Report of the Commissioners of Inland Revenue. The figures in table 8 are before deduction of profits tax, whereas in the Inland Revenue figures profits tax has been deducted. Payments of film royalties remitted abroad and dividends paid by co-operative societies are excluded from the Inland Revenue figures but included in table 8. The profits of industries subsequently nationalised are included in table 8 up to the date of nationalisation, but the Inland Revenue tables (which relate only to assessments made in 1948-9, i.e. substantially to profits earned in 1947) exclude railways and electricity as well as coal.

Table 9. Company Income and its Appropriation

1. *Trading profits*.—The same as item 7 of table 2.
2. *Other income*.—See note to item 12 of table 3.
4. *Payments of dividends and interest*.—See note to item 13 of table 3.
- 5a. *Provision for taxation: Payments*.—See note to item 14 of table 3.
- 5b. *Additions to tax reserves*.—It is assumed that companies set aside as current tax provision sufficient money to pay tax at current rates on current earnings, less any over-provision in the last year due to changes in tax-rates before profits were actually assessed. The present item is, therefore, equal to the difference between the amount set aside on this assumption and the amount of tax actually paid during the same year by companies and public enterprises.
6. *Undistributed profits*.—The excess of item 3 over the sum of items 4 and 5, that is, the amount retained by companies after payment of dividends and interest and full provision of tax on current earnings at current rates. This is equal to the amount available to provide for stock appreciation and to put to reserve, plus any difference, positive or negative, between net dividends declared for the year and net dividends actually paid.

Table 10. Income of Public Corporations and its Appropriation

1. *Trading profits*.—Same as item 9 of table 6.
2. *Other income*.—See note to item 12 of table 3.
4. *Payments of interest*.—See note to item 13 of table 3.
5. *Provision for taxation*.—As recorded in the accounts of the various corporations.
6. *Undistributed profits*.—The excess of item 3 over the sum of items 4 and 5.

IV. PERSONAL INCOME AND ITS DISTRIBUTION

Table 11. Personal Income from Work and Property before and after Tax

Tax on income is here defined as the total of liabilities for income tax, and payments of surtax, employers' and employees' national insurance contributions, and, in earlier years, excess profits tax.

Table 13. Proportion of Personal Income Required to meet Taxation

Personal income.—Same as item 29 of table 35.

Provision for taxes on income and national insurance contributions.—The sum of items 19 and 20 of table 35.

Indirect taxes on consumption.—Taken from table 28.

Subsidies to consumption.—Taken from table 28.

Table 14. Personal Expenditure and Saving

Personal income.—Same as item 29 of table 35.

Provision for taxes on income and national insurance contributions.—The sum of items 19 and 20 of table 35.

Provision for stock appreciation.—Same as item 9 of table 3.

Personal disposable income.—This differs from item 10 of table 3 since it excludes provision for taxes on income, not merely taxes paid.

V. PERSONAL EXPENDITURE

Tables 15-19. Personal Expenditure on Consumers' Goods and Services

The total shown in table 15 relates to expenditure out of personal income, i.e. the income of individuals and of charities and other non-profit-making bodies. The estimates for groups 1 to 16 include purchases by visitors to the United Kingdom. The total of these foreign purchases is deducted in item 18.

Expenditure on consumers' goods and services by business firms and public authorities is as far as possible excluded except in certain cases where the object purchased is resold to persons as part of a composite product or service. Thus, personal expenditure on meals in restaurants and hotels is spread over several categories. The cost to the establishment of the food used appears in item 1, the rent of the building in item 4, the chinaware and cooking utensils in item 6, and the allowance for the pure service and managerial element of expenditure in item 15. The figures represent the expenditure of consumers in the above sense on goods and services of all kinds whether these are provided out of new production or from stock. Second-hand goods are not included but an allowance is made in item 15 for the costs, including profit, of handling and reconditioning them.

The only substantial revisions to the series given in this table are in items 10 and 15, private motoring and other services. Changes in the figures of expenditure on private motoring are due mainly to a revision in the estimated allocation of expenditure on new cars between personal and business users. The share in this expenditure attributed to personal consumption has been increased and a corresponding reduction made to the part included in gross capital formation. The estimate of expenditure on the upkeep of cars has also been raised.

New information obtained since the preparation of the last paper in this series suggests that expenditure on some of the miscellaneous services has in past years been underestimated. A number of revisions have therefore been made, the largest of which affects the estimated expenditure on services of hotels and catering establishments.

The figures given in table 16 have been obtained by revaluing at the appropriate 1948 prices as many individual items as possible within each group of goods and services bought in any year. The resulting products have then been added in order to arrive at a total for each group. The price indices shown in the last column of the table are, formally, current-weighted arithmetic averages. Each has in fact been obtained by dividing the total expenditure on all items of the group at current prices by the corresponding total at 1948 prices.

Table 18 shows personal expenditure in 1938 and 1948 at 1938 prices. In principle the method used for the revaluation has been the same as that used in calculating the figures for the previous table and the price index given in the last column has been obtained in the same way. In interpreting the figures it is essential to bear in mind the following qualifications.

First, although wherever possible an attempt has been made to revalue the goods and services bought in 1948 at appropriate 1938 prices, there is no doubt that it has been impossible to take full account of changes in quality, some of which were in an upward direction but most of which were downward movements between these two years. In calculating expenditure on beer it has been possible to allow fully for changes in quality by using the standard barrel instead of the bulk barrel as the unit of quantity. But in certain cases there is a conceptual difficulty in taking any account of quality changes. For example, the "consumption" of books, newspapers and magazines appears to have been higher in 1948 than in 1938, even though the consumption of e.g. newsprint fell over that period. For the most part this is explained by the fact that no account has been taken of changes in the size of newspapers.

Secondly, the comparison between 1938 and 1948 cannot be interpreted as a measure of the change in total consumers' satisfactions, as no allowance is made for restrictions on consumers' choice in 1948 due to rationing or shortages of particular commodities. The fact that the 1948 aggregate is higher than the 1938 aggregate does not, therefore, in itself imply that standards of consumption were back at their pre-war level. It means simply that the particular collection of goods and services actually bought in 1948 would, if bought in 1938, have cost rather more than the goods and services that consumers in fact preferred to buy in that year.

Table 15 gave estimates of expenditure on goods and services by consumers. Table 19 shows the amount received by the producers and sellers of these goods and services. This is made up of consumers' expenditure, less indirect taxes paid to public authorities, plus subsidies received from public authorities. The method of allocation of taxes and subsidies used is described in the footnote to table 28.

The individual groups of expenditure in the table have been adjusted only for those taxes and subsidies which are specific to them. That part of general indirect taxes (e.g. duties on commercial motor vehicles) estimated to fall on consumption is shown separately after item 18.

The composition of the expenditure groups shown in tables 15 to 19 is given below.

1. *Food*—purchases of food, including non-alcoholic beverages, by households, together with the value at farm prices of farm produce consumed on farms and the cost to the caterer of food provided in canteens, restaurants and hotels. The full value of the welfare foods provided under the National Milk, milk-in-schools and vitamin schemes is included in this item.

The composition of the sub-groups of household expenditure is shown in greater detail below :

Bread and cereals	Bread, flour, cakes, biscuits, cereal breakfast foods, oatmeal, rice, barley products, semolina, macaroni, sago, tapioca, arrowroot, cornflour, custard and blancmange powders.
Meat and bacon	Meat, offal, canned meat, bacon and ham, sausages and other meat products, rabbits, game and poultry.
Fish	Fresh and canned fish.
Oils and fats	Butter, margarine, lard and other edible fats.
Sugar, preserves and confectionery	Sugar, syrup and treacle, jam, marmalade, fruit curd, honey, chocolate and sugar confectionery and table jellies.
Dairy products	Liquid, dried and condensed milk, cheese, eggs in shell, dried, liquid and frozen eggs.
Fruit	Fresh, canned and frozen fruit, dried fruit, crystallized fruit and nuts.
Potatoes and vegetables ...	Potatoes and potato products, fresh canned and frozen vegetables, pulses, pickles and sauces.
Beverages	Tea, cocoa, coffee, coffee essence and soft drinks.
Other manufactured food ...	Infants' and invalids' foods, welfare foods (e.g. cod-liver oil, orange juice), and miscellaneous manufactured foods of which the most important are condiments, canned soup and ice cream.

2. *Alcoholic drink*—

a. Beer, ale, stout and porter.

b. Imported wines, British wines, spirits, cider and perry.

3. *Tobacco*—All tobacco bought since the introduction, in October, 1947, of the coupon scheme for old age pensioners has been valued at its full retail price and the value of the coupons surrendered has been included in transfer incomes.

a. Home-produced cigarettes.

b. Home-produced pipe tobacco, cigars, snuff and all imports of finished tobacco products.

4. *Rent, rates and water charges*—includes an allowance for buildings occupied by non-profit-making bodies and for hotels, boarding houses, etc., in addition to private dwelling houses. The figures are probably too low since they do not take adequate account of rents in excess of Schedule A income tax valuations.

5. *Fuel and light*—includes the value of the fuel and power only. The cost of the hire of equipment is included in item 15.

a. Coal—includes miners' coal valued at pithead prices.

b. Electricity.

c. Gas.

d. Coke, oil fuels and firewood.

6. *Durable household goods*—

a. Furniture, furnishings, household textiles, floor coverings, and musical instruments (including wireless and television sets, gramophones and accessories).

b. Pottery and glassware, ironmongers' goods, electrical goods, heating and cooking appliances, sewing machines and refrigerators.

7. *Other household goods*—

a. Matches.

b. Toilet, shaving and household soap, scourers, etc.

c. Polishes, candles and nightlights, soapless detergents, miscellaneous cleaning materials, etc.

8. *Clothing*—

a. Footwear covers all new boots, shoes, slippers, etc., but not socks and stockings, repairs or repair materials.

b. Other clothing covers all kinds of garments, dress materials, millinery, haberdashery, etc. An allowance for the making-up of customers' materials is included but expenditure on alterations and repairs appears in item 15.

All dress materials, knitting wool and general haberdashery are allocated to 8b (ii).

9. *Books, newspapers and magazines*—

a. Books.

b. Newspapers.

c. Magazines—includes time-tables, programmes and miscellaneous printed papers.

10. *Private motoring*—comprises an estimate of the purchases by persons of motor-cars, motor-cycles and motor accessories and the running expenses incidental to their use, together with an allowance for dealers' margins on second-hand vehicles.

11. *Travel*—travel in public conveyances paid for out of personal income and therefore including the travel of members of the Armed Forces when at their own expense.

a. Main line, joint line and London Transport railways.

b. Buses, coaches, trams, trolley-vehicles, taxis, etc., and sea and air transport.

12. *Communication services*—

a. Postage on letters, parcels, etc., and the poundage on postal and money orders.

b. Telephone rentals, local and trunk calls and telegrams.

13. *Entertainments*—

a. Admissions to cinemas.

b. Admissions to theatres, concert-halls, music-halls, sporting events, dance-halls, skating rinks and all other places of public amusement, the hire of radio rediffusion equipment and expenditure on broadcast licences.

14. *Domestic service*—expenditure out of personal income on the wages, in cash and kind, and the national insurance contributions of indoor and outdoor domestic servants. Expenditure by doctors and dentists is, in principle, not included since it ranks as a business expense for income tax purposes.

15. *Other services*—includes expenditure out of personal income on medical services not provided under the National Health Scheme (or, before 5th July, 1948, under national health insurance), undertaking, hairdressing, hotel and restaurant services, repairs to furniture, clothing, footwear, watches, etc., dealers' margins on secondhand goods (other than motor vehicles), all forms of assurance (the expenses and profits of insurance companies), charges and stamp duties on property transfers, net expenditure on betting (i.e. amounts staked less winnings), the hire of domestic heating and cooking equipment, and other miscellaneous services.

16. *Other goods*—includes stationery, fancy goods, jewellery, bicycles, travel goods, toys and sports goods, chemists' wares other than drugs and medicines provided under the national health insurance scheme, flowers, garden seeds, domestic pets, etc., and dog and gun licences.

17. *Income in kind of the Armed Forces*—cost of providing members of H.M. Forces and auxiliary services with food and clothing, including civilian clothing issued on release from the services.

18. *Foreign tourists' expenditure in the United Kingdom*—expenditure by foreign visitors, whether tourists, commercial travellers or employees of foreign governments.

20. *Personal expenditure abroad*—expenditure abroad by British tourists and government employees. Expenditure out of business expense allowances is excluded.

VI. REVENUE, BORROWING AND EXPENDITURE OF PUBLIC AUTHORITIES

Table 20. Central Government : Revenue Account

The figures given here of the current revenue and expenditure of the central government differ considerably from the figures of cash receipts and payments by the Exchequer given in the Financial Statement and the Exchequer Returns. There are several reasons for this difference. Only the receipts which represent revenue from taxes, trading profits or income from property are included in current revenue ; receipts from the sale of surplus stores, repayments of principal included in Receipts from Sundry Loans, receipts from trading arising from the running down of stocks or other current assets, and certain items included in Miscellaneous Receipts are treated as capital receipts. Payments which represent expenditure on the formation of new assets, the building up of stocks, the making of loans or the repayment of liabilities are excluded from current expenditure. On the other hand, expenditure financed by trading departments from cash received from the running down of stocks or of debtors less creditors is included. Similarly expenditure financed by departments running down the cash balances held by them with the Paymaster is included. For this adjustment account is taken of the fact that the balances of departments may fall not only through current expenditure on their part but also because of the mere surrender of balances to the Exchequer. Services received by departments from the Post Office without cash reimbursement are included in

current expenditure; conversely services debited to the trading accounts of the Ministry of Food, the Board of Trade and the Ministry of Supply, but provided without cash adjustment, are excluded.

Account is also taken of the amounts received by departments from the public which they are authorised to spend (appropriations-in-aid). These amounts are included in current revenue if they are in the nature of taxes or income from property or current transfers. A special case is the amount received from the National Insurance Fund towards the cost of the National Health Service. This is shown as a separate item (item 19). When appropriations-in-aid represent receipts from the re-sale of goods or the recovery of expenditure on the provision of services sold to the public and not made freely available, the amounts are not included either in revenue or expenditure. Similarly appropriations-in-aid which merely represent transfers between departments within the central government as a whole are excluded from both sides. Appropriations-in-aid of a capital nature are treated as financing a corresponding amount of current expenditure.

Other reasons for the difference between the Exchequer Returns and the figures given in table 20 are that the current receipts, including investment income, and payments of the various war damage and war risks funds and of all extra-budgetary funds, except the national insurance funds treated separately in table 24, are here included. Finally the figures of tax receipts given here represent the amounts collected from the public, which may differ to a small extent from the amounts paid over by the Inland Revenue and Customs and Excise to the Exchequer during the same period. They also include certain taxes retained by local authorities and the Government of Northern Ireland and not paid over to the Exchequer at all. Expenditure set off against these amounts is included in full.

Direct taxes.—Items 1 to 4, 7 and 9 represent net receipts by the Board of Inland Revenue, as distinct from payments into the Exchequer.

1. *Income tax.*—This item excludes income tax on post-war refunds of excess profits tax: correspondingly, these refunds are shown on the other side of the account (item 30) after deduction of income tax.

3. *Profits tax.*—This tax was called the national defence contribution before 1947.

4. *Excess profits tax.*—This item represents net receipts of excess profits tax, but without deduction of post-war refunds, which have been treated as an item of expenditure (item 30).

5. *Miscellaneous.*—Inland Revenue duties other than stamp duties and those shown above, *plus* direct taxes levied by the Government of Northern Ireland, *plus* certain components of miscellaneous revenue and appropriations-in-aid of Votes (e.g. fines and gifts), *less* an estimate of direct taxes paid by foreigners (which have been treated as government income from property).

Indirect taxes.—Items 11 and 14 represent net receipts by H.M. Customs and Excise and by the Board of Inland Revenue respectively, as distinct from payments into the Exchequer.

11c. *Tobacco.*—Includes receipts of duty, subsequently refunded, on tobacco sold to old-age pensioners at reduced prices. An equal amount is included in item 25 on the payments side of the account.

15. *Post Office surplus.*—The surplus shown in the Post Office commercial accounts.

16. *Miscellaneous.*—Excise licences not collected by H.M. Customs and Excise, *plus* indirect taxes levied by the Government of Northern Ireland, *plus* certain appropriations-in-aid of Votes, *plus* war risks insurance premiums.

20. *Profits and other income from property.*—The profits of the trading branches of the Board of Trade and Ministry of Supply (as shown in their commercial accounts), *plus* interest charged against trading branches' operating accounts, *plus* the United Kingdom share of the profits earned by the United Kingdom—Dominions Wool Disposals Ltd. (Joint Organisation) *less* the loss under the Railway Agreement (before nationalisation), *less* the loss incurred by the Exchequer in 1946 as a result of illicit trading by British troops and Government employees abroad, *plus* receipts from crown Lands, *plus* the interest component of receipts from Sundry Loans, *plus* interest and dividends included in miscellaneous revenue, taxes paid by foreigners, *plus* investment income received by the war risks insurance funds and other extra-budgetary accounts managed by the National Debt Commissioners, *plus* the excess of interest received by the Local Loans Fund over interest paid on Local Loans Stock, *plus* receipts applicable to national debt interest. These receipts consist of (a) interest on Exchequer advances to the Local Loans Fund, to the Building Materials and Housing Fund and to various nationalised undertakings, (b) amounts received from the Bank of England, the National Coal Board and Cable and Wireless to cover interest on compensation stock, (c) interest on advances made to enable the Board of Trade to take over commercial debts to British exporters. [The Acts which lay down that these receipts shall be used to pay interest on the National Debt are: the Overseas Trade Guarantees Act, 1939; Housing (Scotland) Act, 1944 (section 4); Local Authorities Loans Act, 1945 (section 3 (1)); Building Materials and Housing Act, 1945 (section 4 (1)); Bank of England Act, 1946 (section 1 (4)); Housing (Financial Provisions) (Scotland) Act, 1946 (section 14); Cable and Wireless Act, 1946 (section 3 (5)); Coal Industry Nationalisation Act, 1946 (section 28 (2)); Cotton (Centralised Buying) Act, 1947 (section 21 (3)) and Export Guarantees Act, 1949.]

22. *Current expenditure on goods and services.*—This item has been obtained as a residual by deducting the sum of items 24 to 33 from item 34.

23. *Subsidies.*—Total subsidies paid by the central government as shown in table 25.

24. *Social security payments.*—This consists of the following items from table 26:—1c (non-contributory pensions); 1d (tobacco coupons spent by old-age pensioners); 1e (other assistance); 3c (other unemployment benefit); 4a (family allowances); 4b (milk and welfare foods).

25. *Other transfers.*—This consists of other transfer incomes paid by the central government and is equal to item 14 of table 26 *less* the part of scholarship and maintenance allowances paid by local authorities (item 9 of table 22).

26. *National debt interest.*—Total payments of interest on the national debt, whether part of the Permanent Debt Charge or not, *plus* increases in interest accrued on National Savings Certificates.

27. *Grants to local authorities.*—The same as item 2 of table 22.

28. *Exchequer contributions to national insurance funds.*—The same as item 3 of table 24.

29. *War damage claims.*—Payments in respect of claims under the commodities and marine war risks insurance schemes, the War Damage Act, and the War Damage (Public Utility Undertakings, etc.) Act, 1949.

30. *Excess profits tax post-war refunds.*—These payments are shown after deduction of income tax.

31. *Capital grants to local authorities.*—Those of the grants by the central government to local authorities which are treated by the latter as capital receipts.

32. *Other capital grants.*—Capital grants to universities and other educational bodies and capital assistance to the cotton spinning industry.

33. *Payments of compensation, etc.*—Compensation to doctors and dentists for loss of right to sell practices, compensation for war losses in the Far East, compensation for losses and injury grants paid by the Service departments and royalties and awards.

Table 21. Central Government : Capital Account

37. *Surplus on current account.*—The same as item 35 of table 20.

38. *Provision for maintenance.*—The amount provided for maintenance work on buildings and roads *plus* the provision for depreciation by the Post Office. The latter was omitted from the corresponding item in Cmd. 7933.

40. *Post Office and Trustee Savings Banks.*—The increase in investments from the net deposits in the Post Office and Trustee Savings Banks.

41 and 42. *National Savings Certificates and Defence Bonds.*—Receipts less repayments.

43. *Other public issues (net).*—Receipts from public issues, e.g. National War Bonds and Savings Bonds and Other Debt (net), *less* securities redeemed (including, in 1947, Local Loans Stock) and excluding purchases of government securities (war or pre-war issues) by public departments and by the National Land Fund.

44. *Increase in Treasury Bills, etc.*—The increase in Treasury Bills held by the market, the governments of India and Pakistan and certain foreign governments, offset by payments of the sterling pension and railway annuities of the governments of India and Pakistan, and the increase in Bank of England Ways and Means advances.

46. *Treasury deposit receipts.*—Receipts *less* repayments.

47. *Tax reserve certificates.*—The increase in the amount of certificates outstanding.

49 and 50. *National insurance funds and Local Loans Fund.*—The net increase in these funds available for loan to the Exchequer, *less* the excess of interest received over interest paid by the Local Loans Fund, which has been included in central government revenue.

51. *Other extra-budgetary receipts, etc.*—The net increase in government securities held by the Exchange Equalisation Account, *plus* the reduction in the Exchequer balance, *plus* repayments of principal included in receipts from Sundry Loans, *plus* the decrease in the balances held by Departments with the Paymaster on Vote accounts, *less* the decrease in balances with the Paymaster on all accounts *plus* the decrease in net debts owed to trading departments, *less* provision for stock appreciation on stocks held by them, *plus* appropriations-in-aid of a capital nature *plus* capital items in Miscellaneous Receipts other than those included in item 55 below. The item also includes an allowance for the increase or decrease in government liabilities to industry and, in 1946, the amount of 3 per cent. Treasury Stock issued on the occasion of the nationalisation of the Bank of England (to balance item 77).

55. *Net receipts from war disposals, settlements, etc.*—Net cash receipts arising from the disposal of surplus stores abroad and the settlements in respect of wartime government transactions.

63. *Receipts under the European Recovery Programme.*—The total of receipts under the European Recovery Programme, as shown here, differs from the figures given in the latest White Paper on the Balance of Payments for two reasons. In this paper receipts by the Irish Republic are excluded and item 63a is shown after deduction of 5 per cent., the amount allocated to the use of the United States Government in the United Kingdom.

70. *Subscriptions under the Bretton Woods Agreement Act.*—This item includes the extra sterling payments made in 1949 in consequence of devaluation. The re-lending of subscriptions to the United Kingdom Government is shown in item 71.

74a. *Fixed capital formation: Trading services.*—Post Office loan expenditure *plus* expenditure on renewals. The latter was omitted from the corresponding item in Cmd. 7933.

74b. *Other.*—Road Fund expenditure on improvements and new construction, expenditure on the manufacture of prefabricated houses, and expenditure on maintenance of roads and buildings.

76. *Sales of surplus stores.*—Total sales at home of surplus war stores, whether or not the proceeds have been paid into the Exchequer. This item differs from the corresponding item of Cmd. 7933 because of the exclusion of all sales abroad. The latter form part of item 55.

77. *Purchases of existing assets from private ownership.*—The State's expenditure on acquiring the assets of the Bank of England. The nationalisation of the coal mines is not yet reflected in the figures since no stock has yet been issued to the former owners. Logically, this item should include also purchases of land and buildings, which have been included in item 74b.

79. *Loans to local authorities.*—Issues under the Local Authorities Loans Act, 1945, Section 3 (1).

80. *Advances for coal nationalisation.*—Issues under the Coal Industry Nationalisation Act, 1946, Section 34 (1).

81. *Advances under various Acts.*—The other Acts are Land Settlement (Facilities) Acts, 1919 and 1921, North Atlantic Shipping Act, 1934, Tithe Act, 1936, Overseas Trade Guarantees Act, 1939, Export Guarantees Act, 1949.

82. *Loans, etc., included in Ordinary Expenditure.*—Advances to Allies and other loans, repayment of liabilities transferred to the government with the inauguration of the National Health Service *plus* payment of pensions in respect of local authority teachers and employees under the National Health Service. Employers' superannuation contributions paid by local authorities and by bodies operating the National Health Service, received as appropriations-in-aid, are treated as capital receipts.

Table 22. Local Authorities: Revenue Account

1. *Indirect taxes.*—Composed of local rates and contributions in lieu of rates by the central government, the British Transport Commission and the British Electricity Authority. Water rates are excluded as they are treated as current receipts from a trading service.

2. *Grants from the central government.*—Equal to item 27 of table 20.

3a. *Income from property: trading profits.*—An estimate of the profits, before deduction of interest, of local authorities' trading services and corporation estates, the Port of London Authority and the Mersey Docks and Harbour Board.

3b. *Income from property: other.*—The investment income of special funds.

5. *Current expenditure on goods and services.*—This item consists of all local authorities' expenditure on revenue account other than that recouped from the private sector of the economy in the form of fees, rents, etc., less the housing subsidies shown separately in item 6, less transfers to private current account (items 7, 8, 9) and less debt interest (item 10).

6. *Housing subsidies.*—See note to table 25.

7. *Outdoor relief.*—Public assistance (out-relief) in cash and kind. Nil since 5th July, 1948. Equal to item 3b of table 26.

8. *School meals.*—Equal to item 4c of table 26.

9. *Scholarships.*—Equal to the part of item 11 of table 26 paid by local authorities.

Table 23. Local Authorities: Capital Account

13. *Surplus on current account.*—The same as item 11 of table 22.

14. *Depreciation allowances.*—Sums provided for the maintenance of highways and bridges plus sums repaid to lenders and transferred to sinking funds. The latter are in respect of debt incurred to finance both rate-fund and trading services and are treated here as the equivalent of depreciation allowances.

15. *Capital grants from the central government.*—The same as item 31 of table 20.

18. *Gross capital formation.*—Capital expenditure on works, less receipts from the sale of assets, plus maintenance of highways and bridges.

Table 24. National Insurance Funds: Revenue Account

This table sets out the revenue account of the National Insurance Fund and the Industrial Injuries Fund and for the period before 5th July, 1948, of the Unemployment Fund, the various national health insurance funds, and the contributory pensions scheme.

2. *Other contributions.*—Contributions of employees, self-employed and unoccupied persons and, until 5th July, 1948, voluntary contributors.

3. *Grants from the central government.*—Exchequer contributions to the National Insurance Fund and, before 5th July, 1948, to the Unemployment Fund, national health insurance funds and Treasury Pensions and Special Pensions Accounts. Equal to item 28 of table 20.

4. *Income from property.*—Investment income, mainly national debt interest.

6. *Medical benefit.*—The payment of doctors and purchases of drugs, etc., by the national health insurance funds. The figure for 1948 relates only to the first half of the year; since the introduction of the National Health Scheme on 5th July, 1948 such expenditure has been borne by the central government and forms part of item 22 of table 20.

8. *Contributory pensions and allowances.*—This item and item 3 on the other side of the account both rose sharply in 1947 partly because of a change of administrative practice. Payments by the central government (item 1c of table 26) were reduced below the level of previous years for the same reason.

13. *Contribution to the cost of the National Health Service.*—The same as item 19 of table 20.

Table 25. Subsidies

Subsidies to agriculture.—Subsidies paid by the Agricultural Departments and consisting of grants or payments for grassland ploughing, hill sheep and cattle, rehabilitation of farming land, cost of lime, artificial insemination, the rearing of calves, farrowing sows, diseases of animals, improvement of livestock, grass conservation, bracken destruction, flood emergency services, grassland fertilisers and petrol-driven machines, etc.

Trading losses of the Board of Trade.—Losses on trading in wool, leather and molasses and loss on home flax production.

Trading losses of the Ministry of Supply.—Losses (*less* profits) on trading in iron and steel, non-ferrous metals, abrasives and refractories, ethyl chloride and silicon.

Utility cloth rebates.—Subsidies to the manufacturers of utility cotton and wool cloth.

Assistance to industry by the Ministry of Supply.—Cost of abnormal freight on iron ore, assistance to home producers of iron ore, losses on sale of certain high cost steel, excess cost of home manufacture of ferro-chrome, assistance to the watch-making industry and, until 1948, payments to cover the loss on sales of magnesium and home-produced aluminium.

Subsidies on fuel.—Subsidies on indigenous oil, coal transport, opencast coal production and the coal stocking bonus paid to merchants.

Housing subsidies.—This item, and therefore the total of subsidies, differ from the corresponding estimates in Cmd. 7933. Housing subsidies paid by the central government are now defined as the excess of the housing annuities paid out of the Ministry of Health Vote and the repayment annuities paid out of the Ministry of Education Vote over the amounts paid to the Ministries by local authorities for the use of temporary houses and schools *plus* the excess of payments for emergency housing services over recoveries, *plus* payments into the Building Materials and Housing Fund under the Building Materials and Housing Act, 1945. The annuity payments represent the amortisation of capital expenditure on temporary houses and schools built by the Ministry of Works. Housing subsidies of local authorities have now been defined as the total of grants made by local authorities to their housing revenue accounts whether paid from their rate fund accounts or financed by grants from the central government. The housing revenue accounts are thus treated as equivalent to the operating account of an enterprise.

Table 26. Transfer Incomes

1a, and 1b. *Contributory pensions and widows' benefits and guardian allowances.*—Pensions paid out of the National Insurance Fund and, before 5th July, 1948, from the Treasury Pensions and Special Pensions Accounts.

1c. *Non-contributory pensions.*—Old age pensions paid by the central government. The fall in the amounts paid under this head in 1947 was due to a change in administrative practice; the Exchequer contributions to the national insurance funds (item 3 of table 24) and the pensions paid by these funds (item 1a) show counterbalancing rises.

1d.—*Tobacco coupons spent by old age pensioners.*—The estimated value of coupons exchanged for tobacco by old age pensioners; an equivalent amount is included in tax revenue (item 11c of table 20).

1e. *Other assistance.*—Supplementary pensions and allowances paid by the National Assistance Board.

2. *Health.*—Cash payments from the National Insurance and Industrial Injuries Funds and, before 5th July, 1948, from the National Health Insurance Funds.

3a. *Unemployment benefit*.—Unemployment benefit paid by the National Insurance Fund and, before 5th July, 1948, by the Unemployment Fund.

3b. *Outdoor relief*.—Public assistance (out-relief) in cash and kind paid by local authorities. This payment ceased at 5th July, 1948.

3c. *Other*.—Unemployment allowances paid by the Assistant Board until 5th July, 1948.

4a. *Family allowances*.—Includes family allowances paid by the Government of Northern Ireland.

4b. *Milk and welfare foods*.—The Ministry of Food's contributions to the cost of milk provided under the National Milk and milk-in-schools schemes and of orange juice, cod-liver oil and vitamin tablets provided under the vitamin schemes.

4c. *School meals*.—The net cost to local authorities of meals provided in schools. The cost of administering the milk-in-schools scheme is also included in this item.

8. *War pensions and service grants*.—Pensions and grants awarded for death or disability due to war service.

10. *Training allowances*.—Travelling and lodging allowances of transferred workers and trainees' wages and lodging allowances.

11. *Scholarships and maintenance allowances*.—Includes grants by both the central government and local authorities.

13. *Miscellaneous*.—Free legal aid, assistance to migrants, merchant seamen's war pensions, widows' pensions paid by the Service departments and transfer payments made by the Government of Northern Ireland which have not been allocated to specific items.

VII. CAPITAL FORMATION

Table 29. The financing of Gross Capital Formation

This table is a rearrangement, with some additional detail, of the combined capital account in the Social Accounts (table 37). It is designed to bring out the extent to which public authorities have contributed directly or indirectly to the finance of investment.

1. *Surpluses of public authorities*.—The total is the same as item 47 of table 37.

a. *Central government*.—The same as item 35 of table 20.

b. *Local authorities*.—The same as item 11 of table 22.

c. *National insurance funds*.—The same as item 14 of table 24.

2. *Provision for stock appreciation by non-corporate public enterprises*.—Same as item 48 of table 37.

3. *Transfers to capital accounts*.—The sum of items 29 to 33 of table 20. See also note to item 4.

4. *Taxes on capital*.—Same as item 10 of table 20. The sum of items 3 and 4 is the same as item 49 of table 37.

5. *Public authorities' provision for depreciation and maintenance*.—Same as item 18 of table 2. See also note to item 8.

6. *Additions to reserves for taxes on income*.—The sum of items 46a and 46b of table 37.

8. *Provision for depreciation by enterprises*.—The same as item 10 of table 2. The sum of items 5 and 8 is the same as item 50 of table 37.

9. *Undistributed profits of companies and public corporations.*—Item 13 of table 34.

10. *Provision for stock appreciation by companies and public corporations.*—Item 13a of table 34. Item 9 less item 10 equals item 13b of table 34 and also to item 44 of table 37.

11. *Gross personal saving.*—The same as item 45 of table 37.

13. *Gifts and loans from abroad and sums realised by sale of foreign assets.*—Item 54 less item 58 of table 38. Equal to the sum of items 41 and 42 of table 37, with the signs reversed.

14. *Gross domestic capital formation.*—Same as item 40 of table 37.

Table 30. Gross Domestic Capital Formation

Gross domestic capital formation is subdivided between fixed capital formation, on the one hand, and the physical increase in stocks and work in progress, on the other.

Fixed capital formation comprises expenditure on the maintenance and replacement of, and additions to, the stock of fixed capital assets located in the United Kingdom, including all ships and aircraft of United Kingdom ownership.

As regards capital formation in the industrial and commercial field, the definitions of fixed capital assets agreed between business and the taxation authorities have been adopted, in principle, for the purpose of the estimates in this paper. Fixed capital assets thus include buildings; civil engineering works (e.g. roads, reservoirs); vehicles, ships and aircraft; most items of plant and machinery costing a substantial sum and having more than a few years' life; and such items as office machinery and furniture, if of a costly and durable character.

All expenditure on the maintenance and repair of buildings and works is included in gross fixed capital formation, but a considerable part of the expenditure on the maintenance and repair of plant and vehicles is excluded. The part so excluded is determined by the accounting practices accepted by the taxation authorities in allocating business expenses between current and capital expenditure. Thus the estimates would include extensive repairs to plant and vehicles amounting to reconstruction of the equipment, but would exclude day-to-day repairs and the replacement of minor spare parts. The estimates of gross fixed capital formation include expenditure on the renewal of fixed capital assets in cases in which special arrangements have been made with the taxation authorities to treat such renewals as current expenditure.

Purchases of land and existing buildings are excluded from the estimates of gross fixed capital formation appearing in table 30, and no deduction is made in respect of sales. Purchases and sales of used plant and vehicles are similarly treated, so far as practicable, except that purchases which result in a net increase in the nation's stock of fixed capital assets are included (e.g. purchases of used equipment from abroad) and sales which result in a net decrease in the stock of fixed capital assets (e.g. sales of passenger cars to private consumers) are deducted.

Expenditure on the construction of new houses and flats, etc. is included in gross fixed capital formation, even when a house is bought by a private individual for his own use; expenditure on house repairs is similarly included. Passenger cars, if used mainly for business purposes, are regarded as fixed capital assets, but other consumers' durable goods (e.g. passenger cars for private use, household equipment) are not so regarded. New buildings for private institutions (e.g. new churches, university buildings) and repairs to such buildings are included in gross fixed capital formation.

Expenditure on the maintenance and replacement of, and additions to, the fixed capital assets of public bodies (i.e. the central government, local authorities, nationalised industries and other public authorities such as the B.B.C.) is included in gross fixed capital formation. The principle followed in deciding what expenditure in the public sector is to be included is that each item of expenditure shall be treated so far as possible in the same way as a similar item of expenditure would be treated in estimating gross fixed capital formation in the private sector; this involves in some cases departing from the definitions adopted for accounting purposes by the particular public authority. Expenditure on the defence and civil defence services is however excluded, other than expenditure on the construction and maintenance of houses (e.g. married quarters for members of the Armed Forces).

Gross fixed capital formation defined in the manner described above is divided in table 30 between, on the one hand, "capital expenditure" (that is, gross fixed capital formation excluding expenditure on the repair and maintenance of buildings and works) and, on the other hand, expenditure on the repair and maintenance of buildings and works. The estimates for the latter are subject to a considerable margin of error.

Table 31. Capital Expenditure on Fixed Assets

This table analyses the estimate of total fixed capital expenditure (that is, gross fixed capital formation excluding expenditure on the repair and maintenance of buildings and works) between the different industries and services.

Expenditure on road goods vehicles, ships and houses appear under separate headings and are excluded from other headings. Expenditure on passenger cars for business users is included under the heading "other", irrespective of the industry or service in which they are employed.

The classification of industries and services follows, so far as practicable, the Standard Industrial Classification.

Forestry.—Forestry Commission expenditure only.

Coal mining.—Plant for civil engineering contractors engaged in the raising of opencast coal is included with other expenditure of buildings and contracting firms under the item "other".

Manufacturing industry.—Expenditure at establishments classified to Orders III to XVI inclusive of the Standard Industrial Classification. Railway-owned establishments are however included under the item "railways and Royal Ordnance Factories" and government-owned factories managed by private firms on an agency basis appear under the item "other". Expenditure on Service Departments' dockyards and repair depots, etc. is excluded entirely from capital formation.

Railways.—Expenditure at railway-owned establishments manufacturing and repairing rolling stock, etc. is included.

Public service vehicles.—Estimated expenditure on new vehicles, including trackless trolley vehicles. Expenditure on plant and buildings for vehicle operators is included under the item "other".

Road goods vehicles.—Estimated expenditure on all new road goods vehicles, irrespective of the industry or service in which they are employed. Thus "C" licence vehicles are included. Expenditure on plant and buildings for vehicle operators is included under the item "other".

Roads.—Expenditure on highway authorities' plant for road construction and maintenance work is included under the item "other".

Ships.—Estimated expenditure on all ships of United Kingdom ownership, irrespective of the industry or service in which they are employed. Expenditure on plant and buildings for shipping companies is included under the item "other".

Housing.—Expenditure on the construction of new houses and flats, both permanent and temporary, is included under this heading irrespective of the purchasers i.e. irrespective of whether a house is bought by a private individual, a local authority, a Government Department or an industrial undertaking. Expenditure on conversions and adaptations is excluded from this table, but appears under the item "repair expenditure on buildings and works", in table 30.

Police, prisons, fire service, etc.—This item includes also expenditure on approved schools, remand homes and court buildings.

Local government buildings.—This includes expenditure on local government offices, community centres, local authorities' children's homes, libraries, museums, parks and playing fields, baths, markets, etc., and in connection with public cleansing and refuse disposal services. Expenditure on office equipment and plant and machinery is included under the item "other".

Central government building.—Expenditure on Government offices (including those built by commercial institutions for subsequent lease to Government Departments); Parliament buildings; Royal palaces; Royal parks; national libraries, museums and art galleries; Agricultural Research Council buildings; research establishments of the Department of Scientific and Industrial Research; Ministry of Pensions hospitals; State Institutions; Remploy factories; Government hostels; etc. Expenditure on office equipment and plant and machinery is included under the item "other".

Other.—This item covers expenditure excluded from other headings, including capital expenditure in the following industries and services; mining and quarrying (other than coal); building and contracting; road passenger transport and road goods transport (other than expenditure on vehicles); shipping (other than expenditure on ships); warehousing; the distributive trades; insurance, banking and finance; professional services; entertainment and sport; catering and hotels; laundries and dry cleaning, etc.; and miscellaneous service industries.

In addition there is included: expenditure at Royal Ordnance Factories and government-owned factories managed by private firms on an agency basis, and at Ministry of Supply research and development establishments; highway authorities' expenditure on plant for road construction and maintenance; expenditure on office equipment and plant for local government and central government buildings; expenditure on new buildings such as churches, voluntary children's homes; and expenditure on passenger cars for business users irrespective of the industry or service in which they are engaged.

The estimates for this item have a considerable margin of error.

Table 32. Capital Expenditure in Manufacturing Industry

This table shows an analysis by industry of the estimates for manufacturing industry which appear in table 31. Expenditure on government-financed factory buildings (which include, for example, a number of factories in Development Areas) is not analysed by industry; nor is an analysis given of expenditure in Northern Ireland.

The table also shows expenditure on vehicles (including vessels). In table 31 such expenditure appears under other headings, namely road goods vehicles, ships and, in the case of expenditure on passenger cars, the heading "other".

The estimates in table 32 for expenditure in the different industries, unlike those appearing in tables 30 and 31, include expenditure on used plant and

vehicles. A deduction is made at the foot of table 32 in respect of second-hand plant and vehicles in order to arrive at the figures appearing in table 31.

The classification of industries follows the Standard Industrial Classification.

The estimates in table 32 are based mainly on a special sample enquiry undertaken in 1950 in which a sample of some 3,000 establishments in manufacturing industry gave information on capital expenditure incurred in the years 1948 and 1949. An article describing the inquiry and giving the results in more detail is to appear in the Board of Trade Journal for 21st April, 1951.

VIII. THE SOCIAL ACCOUNTS OF THE UNITED KINGDOM

Tables 33-38 show the inter-relations between the various estimates contained in the earlier part of the paper. They summarise in accounting form the money flows of the British economy.

The general principle is that of normal double-entry book-keeping: every receipt by an account appears also as a payment or a negative receipt by that account or some other.

In most cases a receipt by one account is explicitly shown as a payment out of another account and a reference is given to the *contra* item in the bracketed number after the item. The exceptional items which appear only once in the tables are related as follows:

$$\text{items } (1e + 1f + 11 + 31c + 53) = \text{items } (16 + 27 + 38 + 57).$$

Table 33 sets out the consolidated operating account of all agencies engaged in economic activity of any kind, i.e., in production in its widest sense. These include companies and non-corporate enterprises, public corporations and other public enterprises, domestic servants and persons rendering services to public authorities and to private non-profit-making bodies. Their combined output is equal to the gross domestic product as defined in table 1. On the receipts side appear the proceeds of sales to different classes of purchaser together with subsidies received from public authorities. On the payments side appear outgoings on purchases of imported goods and services, provision for depreciation, and indirect taxes together with labour costs, net rents and trading profits. Profits include an element (which may in some years be negative) arising from the fact that stocks at start of year have been replaced at higher or lower prices during the year; the sums so absorbed are separately entered as adjusting items.

The trading profit of companies and public corporations is carried down to the corporate income appropriation account, table 34. To corporate trading profits is added other income from holdings of public authorities' debt and foreign securities and ownership of land and buildings. Part of the total income is distributed to shareholders at home and abroad in the form of dividends and interest; part is paid to the government in taxes on profits; part is absorbed in replacing stocks at higher prices; the remainder is carried to capital account as additions to tax reserves or to free reserves.

Table 35 shows on the receipt side the earned income of persons, their income from the ownership of land and buildings, stocks and shares and government securities together with income in the form of social security benefits. This income is spent at home and abroad on consumers' goods and services, paid in taxes to the government or saved, i.e. put to capital account.

Table 36 shows the current receipts of public authorities (central government, local authorities and national insurance funds) and their disposal. Any surplus, whether positive or negative, is carried down to capital account.

Table 37 consolidates the capital account of the whole economy. On the receipts side appear the various sums saved out of current receipts by persons, business enterprises and government, together with the sums set aside to provide for replacement of worn-out assets. All these sums are available to finance replacement of, and additions, to, the national stock of assets at home and abroad.

Table 38 summarises the relations of other countries to this country. It is, in fact, this country's balance of payments on current account looked at from the point of view of the outside world. Hence, imports appear as a receipt of money (by the outside world), exports as a payment, and so on.

Table 33. Production Account of the United Kingdom

Items 1*a*—*f* and 2*a*—*c* have been defined in the notes to tables 2, 3 and 6. Items 1, 2 and 3 together measure the value of the gross output of productive agencies in the United Kingdom, i.e. the gross domestic product.

9. *Sales abroad*.—Includes receipts in respect of war disposals, settlements, etc. (item 52*e* of table 38).

Table 34. Corporate Income Appropriation Account

This table combines the appropriation account of companies (as defined in the notes to table 8) and public corporations (as defined in the notes to table 6). The items of the table have been defined in the notes to tables 3, 6, 8 and 10.

Table 35. Current Account of Persons

18*a*. *Purchases of goods and services from home production*.—The same as item 19 of table 15.

18*b*. *Purchases of goods and services from abroad*.—The same as item 20 of table 15.

19. *National insurance contributions*.—The same as items 1 and 2 of table 24.

20. *Provision for taxes on income* :

a. Payments.—The total of payments by persons and non-corporate enterprises of income tax and surtax, and, in earlier years, of excess profits tax.

b. Additions to tax reserves.—The difference between current liabilities and payments of income tax by persons subject to tax under Schedule D. No allowance has been made for the difference between current liabilities to, and payment of, surtax.

21. *Provision for stock appreciation*.—The same as item 9 of table 3.

22. *Gross personal saving*.—The same as the last item of table 14.

24. *Wages, salaries and Forces' pay*.—The same as items 1 to 3 in table 3.

25. *Employers' insurance contributions*.—Item 4 of table 3.

26. *Mixed incomes of persons*.—Item 5 of table 3.

27. *Rent, dividends and interest received less interest paid*.—Item 6 of table 3.

28. *Social security benefits, etc.*—Item 7 of table 3.

Table 36. Current Account of Public Authorities

This table summarises the income and current expenditure of public authorities in the United Kingdom. The term "public authorities" covers the central government together with all extra-budgetary funds (in particular the National Insurance Fund, the Industrial Injuries Fund and for

the period before 5th July, 1948, the Unemployment Fund and various national health insurance and pensions funds) and local authorities. Transfers between one public authority and another, such as Exchequer grants to local authorities and similar contributions to the national insurance funds, are excluded from both sides of the account. In the separate accounts for the central government, the local authorities and the national insurance funds shown in Section VI, each transfer is shown as a payment by one authority and a receipt by another.

Expenditure by public authorities financed by direct sales to consumers or enterprises is excluded from the left-hand side of the account; correspondingly all sales receipts are excluded from the receipts on the right-hand side and if made to persons, are included as part of personal consumption.

30a. Purchases of goods and services from home production.—Public authorities' current expenditure on goods and services in the United Kingdom.

30b. Purchases of goods and services from abroad.—This item is equal to items A.6a to 6e of the latest White Paper on the Balance of Payments (Cmd. 8201) less the estimated expenditure abroad included in these items on the pay of government employees including the Armed Forces (whose expenditure abroad is treated as part of personal expenditure).

The sum of items 30a and 30b, public authorities' total expenditure on goods and services, is made up of item 23 of table 20, item 6 of table 22 and items 6 and 7 of table 24.

31a. Subsidies.—This item is shown in detail in table 25.

31b. Social security benefits, etc.—Social security benefits and miscellaneous transfers such as war pensions and gratuities, and post-war tax credits. The various constituents of the total are shown separately in table 26.

31c. Debt interest.—Equal to the sum of item 26 of table 20 and item 10 of table 22. This total includes national debt interest paid to the National Insurance Fund and debt interest paid by local authorities to the central government. Part of it is therefore duplicated in item 38, income from property received by public authorities.

32. Transfers to private capital accounts less taxes on capital.—Payments in respect of war damage claims, post-war refunds of excess profits tax, payments of compensation to doctors and dentists, and capital grants to local authorities and other bodies (the various items are shown separately in table 20, items 29 to 33) less death duties, special contribution and war damage premiums (items 7 to 9 of table 20).

35a. Direct taxes on income paid by companies and public corporations.—Profits tax, excess profits tax and income tax paid by companies, less income tax deducted at source when dividends and interest are paid.

37. Indirect taxes.—The various items making up the total are shown separately as items 11 to 16 of table 20 and item 1 of table 22.

38. Income from property.—This item is made up of item 10 of table 6, less the Dominions' share of the accrued profits of the United Kingdom-Dominions Wool Disposals Ltd. (Joint Organisation) together with direct taxes paid by non-residents and receipts of rent dividends, interest (including national debt interest paid to the national insurance funds, interest paid by nationalised undertakings to local authorities, and debt interest on loans from the Public Works Loan Board paid by local authorities to the central government). It is equal to the sum of items 20 of table 20, item 3 of table 22 and item 4 of table 24.

Table 37. Combined Capital Account

All the items of this table are covered in the notes to tables 33 to 36 except those representing transactions between the capital account of the rest of the world (items 41 and 42). These are described in the notes to items 58 and 54 respectively of table 38.

Table 38. Current Account of the Rest of the World with the United Kingdom

This table is essentially the balance of payments of this country looked at from the point of view of the rest of the world. Thus, imports appear on the receipts side, because they represent receipts to the foreign exporter; exports appear on the payments side, because they represent payments by foreign importers.

The figures in the table are derived from table 1 of the latest White Paper on the Balance of Payments (Cmd. 8201).

52. Purchases from United Kingdom production :

a. Merchandise.—Equals item A.8 in the Balance of Payments White Paper.

b. Shipping services.—Equals item A.9 in the Balance of Payments White Paper.

c. Tourism.—Equals item A.11 in the Balance of Payments White Paper.

d. Other services (net).—Equals item A.12 in the Balance of Payments White Paper, *plus* the Dominions' share in the profits of the Joint Wool Organisation, *less* the amount of taxes on undistributed profits paid to foreign Governments by British companies operating abroad whose profits are included in item 1*d* (see notes to table 8), *plus* film royalties.

e. Payments in respect of war disposals, settlements, etc.—Except in 1946, the same as item A.6 (f) of the Balance of Payments White Paper. Here entered as a payment by the rest of the world to the United Kingdom. For 1946 it includes receipts set off against War Office expenditure abroad.

53. *Interest, profits, dividends and rent paid to the United Kingdom.*—Equals item A.10 of the Balance of Payments White Paper.

54. *Net grants, etc. to the United Kingdom.*—Equals item B.I of the Balance of Payments White Paper.

56. Sales to the United Kingdom :

a. Production.—Item A.1 (g) *plus* item A.2 of the Balance of Payments White Paper, *plus* the estimated business expenditure on foreign travel.

b. Persons.—Item A.4 of the Balance of Payments White Paper, *less* estimated business expenditure on foreign travel, *plus* the estimated expenditure abroad by British Government employees, including members of the Armed Forces.

c. Public authorities.—Except in 1946, the same as items A.6 (a) to (e) of the Balance of Payments White Paper, *less* the estimated expenditure abroad by British Government employees. For 1946 includes War Office expenditure offset by receipts included in 52*e*.

57. *Rent, dividends and interest received from the United Kingdom.*—Item A.3 *plus* A.5 of the Balance of Payments White Paper, *plus* the Dominions' share of the profits of the Joint Wool Organisation, *plus* the amount of taxes on undistributed profits paid to foreign Governments by British companies operating abroad whose profits are included in item 1*d*, *plus* film royalties.

58. *Net investment by the United Kingdom.*—The net change in capital account given under B.VI of the Balance of Payments White Paper.

