

# HOUSE OF COMMONS

*Thursday, 20th May, 1965*

*The House met at half-past  
Two o'clock*

## PRAYERS

[Mr. SPEAKER *in the Chair*]

## ORAL ANSWERS TO QUESTIONS

### HOME DEPARTMENT

#### Official Police Signs

1. **Mr. Allason** asked the Secretary of State for the Home Department whether, under his regulations, it is permissible for anyone, other than regular police forces, to display imitations of official police signs; and whether he will take steps to prevent this practice.

**The Secretary of State for the Home Department (Sir Frank Soskice)**: The use of these signs is not prohibited under any regulations made under police legislation. Highway authorities have powers to deal with unauthorised traffic signs and I do not consider that action is necessary on my part.

**Mr. Allason**: Is the Home Secretary aware that these signs go up off the highway on private roads but that they are, nevertheless, imitations of official police signs? In particular, for example, British Railways put them up on British Railways property. Is it not rather defrauding the public to put up imitations of police signs? Will the right hon. and learned Gentleman, therefore, take steps to ensure that there are official police signs that no one else should use?

**Sir F. Soskice**: There are powers already in existence to deal with these signs under Section 56 of the Road Traffic Act, 1960, and Section 124 of the Highways Act, 1959. I have no information before me at the moment to lead me to think that those powers are inadequate, and, in any event, any extension of them would be a matter for my right hon. Friend the Minister of Transport.

**Mr. Snow**: Has my right hon. and learned Friend's attention been drawn to a little bit of private enterprise by some householders who put up imitation police signs outside their houses to discourage parking under the title "Polite Notice"?

**Sir F. Soskice**: I have heard of that sort of thing being done. There are adequate powers under the ordinary law dealing with obstruction to take account of that type of sign. Again, I do not think that any further legislative powers are necessary, because existing powers can be used.

### Metropolitan Area (Removal of Parked Cars)

2. **Mr. Newens** asked the Secretary of State for the Home Department for which makes of cars and goods vehicles ignition keys are supplied to the Metropolitan Police charged with the duty of removing vehicles causing an obstruction in the West End of London.

**The Joint Under-Secretary of State for the Home Department (Mr. George Thomas)**: Vehicle removal crews of the Metropolitan Police are provided with keys to fit the majority of British-made vehicles and some foreign vehicles. Keys for new types of vehicles are issued when it becomes apparent that they are coming into fairly common use in the Metropolis.

**Mr. Newens**: Is my hon. Friend aware that the ignition keys fitted to certain well-known makes of cars normally used by the more affluent members of society are not usually supplied to the police and that this often leads to the erroneous impression that the police are enforcing one law for the rich and another for the poor? Will my hon. Friend take steps to ensure that ignition keys fitting these cars are provided so as to avoid the quite wrong impression that the police are to blame and to show that the blame lies elsewhere?

**Mr. Thomas**: My information is that there is no class distinction in this matter and that the keys are issued according to the types of cars used in the country. This would apply to the more expensive cars as to the sort of car that I have.

**Mr. Fell**: In view of the fact that under Socialism only the wealthy can park their cars in the West End of

London, is it not rather important that these keys should be supplied?

**Mr. Newens** Will my hon. Friend go further into the matter and see if there are certain well-known makes of cars which are excluded, as I have indicated, regarding the supply of ignition keys to the police?

**Mr. Thomas** Certainly, Sir.

### Metropolitan Police (Road Accidents)

3. **Mr. Newens** asked the Secretary of State for the Home Department whether the same standards are applied under the general orders of the Metropolitan Police Force for the prosecution of policemen involved in road accidents when off duty as are applied in the case of private citizens; and whether the same standards are accepted when a decision is made on the prosecution of a member of the public involved in an accident with a policeman who is off duty as would be accepted at all other times.

**Mr. George Thomas**: The answer to the first part of the Question is "Yes", except when a complaint is made by a member of the public; then the case is dealt with under the procedure prescribed by Section 49 of the Police Act, 1964. A member of the public involved in an accident with a Metropolitan police officer would not normally be prosecuted for an offence connected with the manner of his driving, except in certain cases which involve a third party or in exceptional circumstances such as flagrantly reckless or dangerous driving. In all cases the same standards are applied whether the Metropolitan police officer concerned is on or off duty.

**Mr. Newens**: Is my hon. Friend aware that there is a widespread impression among the police and the public that different standards are applied, and that some of the police, for example, think that they do not get the treatment which they should get, while members of the public have a comparable impression? Will he, therefore, make it perfectly clear that the same standards are applied in all cases?

**Mr. Thomas**: This is not an easy matter, because it involves the relationship between the police and the public. Pro-

ceedings are not normally taken against members of the public involved in accidents with a Metropolitan Police officer on or off duty, as it may be felt that the police, being parties to the accident, could not be wholly impartial. This is a long-standing arrangement intended to ensure that the public shall not be at a disadvantage. When a complaint is made by a member of the public against the police officer, the Commissioner of Police, unless satisfied after further investigation that no criminal offence has occurred, must send the report to the Director of Public Prosecutions.

### Commonwealth Immigrants

4. **Mr. Freeson** asked the Secretary of State for the Home Department to what extent the figure of 10,000 for evasion of control under the Commonwealth Immigrants Act relates to certain Commonwealth countries only; what these countries were; and if he will give the evasion figures for other Commonwealth countries during the last two years.

**Sir F. Soskice**: I would refer my hon. Friend to item (5) of the reply that I gave on 22nd March to a Question by my hon. Friend the Member for Dearn Valley (Mr. Wainwright).

**Mr. Freeson**: To the best of my knowledge, the extent to which evasion may or may not be taking place from Commonwealth countries, other than those which have been the main subject of debate in the House on the subject of immigration in recent months, has not been made clear. Could this kind of information be provided?

**Sir F. Soskice**: The figures which I gave in the Answer to which I have referred disclosed all the material from which inferences could be drawn as to whether there was any, and if so the scale of, evasion on the part of immigrants from the old Commonwealth countries.

**Mr. Thorneycroft**: In view of the great anxiety felt about these matters, could not a much fuller statement be made by the Home Secretary at an early date on the subject of evasion and on the rather disquieting figures about immigration which are now available? Does the right hon. Gentleman intend to make an early statement about these matters?



**Sir F. Soskice :** I do not feel that I could usefully embark upon any full statement until the return of the Mountbatten Mission with the information which it will bring back and the conclusions which it will form. Until that time, the matter must rest on the figures which have been published from time to time and, in particular, those to which I have just referred.

### Casement Diaries

**5. Mr. Hector Hughes** asked the Secretary of State for the Home Department, in view of the facts that the literary remains of the late Sir Roger Casement are still in the custody of the British Government and that they are part of the history of Great Britain and Ireland, what arrangements exist to give Irish scholars and historians access to them for perusal and for literary and historical purposes.

**Sir F. Soskice :** The Casement diaries in the Public Record Office may be examined by historians, other responsible persons who have made a study of Casement's life and persons qualified to express an informed opinion on their authenticity. Applications for permission to examine the diaries should be addressed to the Home Office.

**Mr. Hector Hughes :** Does not the Home Secretary realise that the Answer he has given is not the answer to my Question? Would it not be reasonable, logical, politically expedient and academically correct, as well as just, to allow Sir Roger Casement's literary remains to follow his mortal remains to Eire? Is not the administration of the Home Office, which has refused to do this over many years, a disgraceful example? Will my right hon. and learned Friend change it?

**Sir F. Soskice :** The answer to the first part of the question is that I think that my Answer was the answer to the Question. The answer to the second part of the question is that it raises a completely new issue outside the scope of the Question. The answer to the third part of the question is that the administration of the Home Office is not disgraceful.

**Mr. Emrys Hughes :** Is the right hon. and learned Gentleman aware that there are also diaries of Sir Roger Casement in the Dublin National Library and that

I have obtained photostat copies of these diaries from there? Will he consider giving Irish students the same opportunity of getting photostat copies of the entries in the British diaries? Is he aware that in the Irish diaries there are no indecencies at all and that the only indecencies are those which were a long time in the possession of Scotland Yard and the Home Office?

**Sir F. Soskice :** The answer to the first question is that I was not aware that my hon. Friend had obtained photostat copies of the diaries to which he referred. The answer to the second part of the question is that applications from responsible persons made to the Home Office are each considered on their merits and, when it is possible to grant them, they are certainly granted, as it is desired that a legitimate and proper study should be made of these diaries. The answer to the third part of the question is that I was not aware that there were any indecencies in the copy my hon. Friend has, because I have not studied it.

**Mr. Lubbock :** Are not most of the scholars and historians who would like to examine these diaries Irish, and would it not, therefore, be more convenient if they were located in Dublin?

**Sir F. Soskice :** The answer to the first part of the question is that only some of the persons who made the applications were citizens of the Irish Republic. Others were not, and the balance of convenience in that aspect of the matter is therefore in doubt.

### Radar Speed Meters

**6. Mr. Frank Taylor** asked the Secretary of State for the Home Department if he is aware that the use of radar traps, when the equipment is operated by a single policeman, can give misleading readings if not expertly operated; and if he will take steps to bar the use of this equipment in those circumstances.

**Mr. George Thomas :** My right hon. and learned Friend is satisfied that adequate instruction is given to police officers as to the location and use of radar speed meters, and that it would be contrary to practice for a case to be brought to court if there was doubt as to the identification of the vehicle

under observation. It is for the courts to assess the adequacy of the evidence in cases brought before them.

**Mr. Taylor:** Is the hon. Gentleman aware that in a recent case a police officer stated in court that he was an experienced radar operator—"seven years, no other qualification"—but that he went on later to admit that when he was trained he had the "usual half-hour's training at headquarters", presumably, seven years ago? Would not the hon. Gentleman admit that this was apparently his total qualification for calling himself a qualified radar operator? Does not the hon. Gentleman know that there are radar instruments in existence—I have here a brochure—which are made abroad and which identify the car by photographing it while at the same time identifying the speed by photographing the speed counter on the radar instrument, so completely obviating the risk of error by a policeman? Is he not—

**Mr. Speaker:** Order. I think that we had better find out if the hon. Gentleman is "aware" as far as we have got.

**Mr. Thomas:** I am aware of that document and I have a very good answer for it—to a later Question. As for the officer having had half-an-hour's training, I do not know the case. I should think that it was not in Wales or in the Metropolitan area. I should be glad to receive details from the hon. Gentleman and I will certainly look into them.

### Traffic Wardens

7. **Mr. Ioan L. Evans** asked the Secretary of State for the Home Department if he will introduce legislation to lay additional duties on traffic wardens or traffic controllers, with a view to allowing the police forces more time to deal with the prevention of crime.

**Sir F. Soskice:** On 17th May I made the Functions of Traffic Wardens Order, 1965, extending the functions of traffic wardens to include the control and regulation of moving traffic. The Order will come into force on 1st June next, when some 1,200 traffic wardens employed in 36 police areas in England and Wales will, subject to their being suitably trained, be available for these duties in

aid of the police. It is my hope that these numbers will increase substantially in the near future.

**Mr. Evans:** I thank my right hon. and learned Friend for that encouraging reply and for the action which the Government have taken. I hope that he will look at this question because in the magistrates' courts of this country a great deal of the time of the police is wasted through their having to attend court to deal with offences. As has been suggested, if the traffic wardens can regulate and control traffic, this will release police to deal with other duties.

**Sir F. Soskice:** I thank my hon. Friend for what he has said. I entirely agree with him and will most certainly keep the problem of traffic wardens under close review.

**Mr. Sharples:** Can the Home Secretary say what action he is taking about the representations made by the Civil Service union concerning the power of traffic wardens under this Order?

**Sir F. Soskice:** I have said that I will give attention to this matter. However, the question of what powers traffic wardens should have is governed by the 1960 Act which limits them to some extent, but, broadly speaking, it would be useful if they were entrusted with such functions as do not require specialised training which only police officers have.

**Sir D. Renton:** Is the right hon. and learned Gentleman aware that, although the introduction of traffic wardens was originally regarded as a controversial experiment, they have proved their worth and that the limited extension of their duties which he proposes will be generally welcomed?

**Mr. Thorneycroft:** I accept in principle the introduction of traffic wardens for the very sensible purpose set out in the Question. It is important, however, that they should have proper powers and should be properly trained. I hope that the Home Office will not make a complete botch of this advance.

**Sir F. Soskice:** I can assure the right hon. Gentleman that we will try not to make a complete botch of it, or indeed any botch of it. It is important that we should ensure that the traffic wardens are employed on those things which it is appropriate they should undertake with



proper training. Nevertheless, there are functions which must rest with fully trained police officers, which have an important public relations aspect and which people who have not the full experience and full range of training of police officers cannot be expected safely to undertake.

### Prisoners (Work)

9. **Mr. Crawshaw** asked the Secretary of State for the Home Department what plans he has for providing work of a more worthwhile nature for prisoners in local prisons.

**The Minister of State, Home Office (Miss Alice Bacon):** The efficiency of prison industries is being improved to attract more and better work from other Government Departments and private firms. Progress with the prison building programme is making more workshop space available for the organisation of industries on modern lines. Efforts are being made to expand work outside prisons. Detailed plans, based on a pilot study which was recently completed of a typical local prison, are to be made for the provision of work suitable for all types of prisoners.

**Mr. Crawshaw:** I thank my hon. Friend for that reply. Would she agree that even the most industrious man, given a sufficiently lengthy period of imprisonment, will lose the will to work, and that it is vitally important if he is to be rehabilitated that he must have every opportunity of doing worth-while work while serving his sentence?

**Miss Bacon:** I fully agree with everything that my hon. Friend has said. I set very great store by the provision of work for prisoners, but I would remind my hon. Friend, as I said in the Answer, that it is not just a matter of the provision of work from outside prison for prisoners to do. Space in some of our older local prisons is sadly lacking.

**Mr. Sharples:** Can the hon. Lady say what is the average number of hours worked per week in local prisons?

**Miss Bacon:** Not without notice, but it has considerably increased over the last few years. Quite a number of prisoners are working between 40 and 50 hours a

week. Women prisoners seem to work far longer hours than men prisoners because there is no shortage of work for them.

**Mr. Orme:** Would my hon. Friend say what the attitude of the trade unions is to this matter? They have often been abused in the past as being restrictive, and this has not been true. What is my hon. Friend's experience?

**Miss Bacon:** Years ago there were some difficulties, but today there are no difficulties at all. The T.U.C. has representatives on a committee which advises my right hon. and learned Friend about work for prisoners, and representative trade unions sit on similar committees in the localities.

**Mr. Tilney:** Would the hon. Lady consider giving higher pay for such worthwhile work so that money can be put aside to benefit the prisoner when he leaves the prison and possibly to compensate his victim?

**Miss Bacon:** That is being considered as a result of the report which the working party made some time ago. Until we can provide adequate work in all prisons, it might be unfair to prisoners to introduce such a scheme prematurely because the amount earned would depend, not on the prisoner's skill, but on the work available for him in the prison.

### Children in Care (Temporary Accommodation)

10. **Mr. Crawshaw** asked the Secretary of State for the Home Department whether he will issue guidance to local authorities on the danger involved in sending to a remand home a child whose only offence has been that of truancy.

**Miss Bacon:** Local authorities have been reminded by my Department that they should consider other possibilities before having recourse to a remand home for the temporary accommodation of children in care. I do not think there is need for further general guidance, but I am writing to my hon. Friend about a case which he has brought to my attention.

**Mr. Crawshaw:** I thank my hon. Friend for that reply. May I also thank her and the Department for the considerable amount of care which they took over



this case? Is she satisfied that local authorities are trying to segregate these girls, particularly the younger ones, from the older girls who have been earning a living on the streets?

**Miss Bacon :** If it comes to our notice that girls of this kind are put with the more innocent type of girl, we certainly take steps, through our inspectors, to draw the attention of the local authority to it. That has been done in the case of the remand home which my hon. Friend has in mind. I emphasise that local authorities are responsible for the provision and running of remand homes.

### Prisoners (Education Programme)

11. **Mr. Hector Hughes** asked the Secretary of State for the Home Department if he will give figures showing the working of the education programme now in operation in Her Majesty's prisons, indicating the number and nature of prisoners dealt with in this way and the effects on them.

**Miss Bacon :** All inmates of borstals and detention centres attend educational classes. In prisons attendance is voluntary, and some 8,500 prisoners out of 24,000 elect to attend. About 500 take correspondence courses and a few attend further education institutes outside prisons. About 300 prisoners and 300 inmates of borstals and detention centres attend classes for the illiterate or semi-literate. In addition, about 3,500 receive physical education. The effects of education cannot be precisely evaluated, but there is no doubt of its importance in the training of prisoners.

**Mr. Hughes :** I thank my hon. Friend for that Answer. Does the programme referred to in my Question include training in spiritual, moral and social duties to the community in which we live, and has it had any effect on reducing juvenile delinquency, in particular?

**Miss Bacon :** I am sure that inside prisons and borstals there is the kind of training to which my hon. and learned Friend refers. But I cannot say that training in prisons and borstals would have any effect on juvenile delinquency since by the time people get to borstals and prisons they have passed the stage of juvenile delinquency.

### Child Care Officers

12. **Mr. Marten** asked the Secretary of State for the Home Department what proposals he has for increasing the number of child care officers by means of an increase in training facilities.

**Miss Bacon :** As I said in my reply on 13th May to a Question by my hon. Friend the Member for Oldham, East (Mr. Mapp), courses of professional training, which produced 187 qualified child care officers in 1964, are being expanded to an estimated output of 235 in 1965, 300 in 1966 and 400 in 1967.

**Mr. Marten :** I am sure that we are all grateful for that increase, but would not the hon. Lady agree that those figures fall fairly far short of what she and I and many other people would agree are required? First, can she say what money is being spent on publicity to get new entrants into this service? Secondly, is she satisfied with the salary structure of this service in so far as it attracts men, who are more likely to stay in it than girl trainees?

**Miss Bacon :** As the hon. Member knows, the salary structure is a matter for the negotiating machinery. I am anxious that many more people shall be attracted to the child care service, because, looking ahead, particularly concerning the preventive measures, we shall need many more. There are, however, competing demands and a great many social workers are needed in a great many services, and it will be necessary for us to look to the training of more social workers in general.

**Mr. Mapp :** Is my hon. Friend aware of the great backlog—for example, 550 to March last year and towards 400 in the current year—as a result of neglected opportunities in the past? Will she ensure that the specialised agencies *via* the universities and similar bodies are able to meet the expanded programme which she has in mind?

**Miss Bacon :** We are already doing that with regard to the universities and the institutes of training. We are anxious to get as many child care officers as we can. I know that there is a backlog to make up and we are doing everything we can to deal with it.



**Police (Non-lethal Gas)**

13 and 14. **Mr. Rankin** asked the Secretary of State for the Home Department (1) whether the Metropolitan Police are equipped to use non-lethal gas in an emergency;

(2) whether he will call for reports from chief constables as to the extent to which they are equipped to use non-lethal gas in an emergency.

**Sir F. Soskice** : Arrangements are being made to supply police forces in case of need with limited amounts of non-toxic tear smoke, which causes temporary incapacity but has no permanent harmful effects, for use in dealing with armed criminals or violently insane persons in buildings from which they cannot be dislodged without danger of loss of life. The tear smoke would not be used in any other circumstances.

**Mr. Rankin** : Can my right hon. and learned Friend give a little closer indication of the sort of circumstances in which this gas might be used so that it does not affect innocent and non-participating persons?

**Sir F. Soskice** : There might be the case of a violent lunatic who had barricaded himself in a house, possibly holding as hostage a member of the public, in circumstances in which it was quite impossible to approach the house or lay hands upon the lunatic without the lives of police officers and, possibly, bystanders being endangered through the lunatic or armed criminal firing shots at the approaching police officer or at persons within range. It is that sort of situation in which it is thought that much the best thing is to use a harmless tear gas which could not hurt anybody in the vicinity and would do no lasting harm to the lunatic or criminal.

**Mr. W. T. Williams** : What would be the long-term effect of such gas upon an innocent person who was caught in the fumes?

**Sir F. Soskice** : The answer is, none.

**Mr. Thorneycroft** : Is the Home Secretary aware that the House and, I believe, the country will appreciate that this facility is being made available to the police and that we believe that this is the right course to take?

**Debtors (Imprisonment)**

15. **Mr. Shepherd** asked the Secretary of State for the Home Department the average weekly number of debtors in prison for the last available year.

**Miss Bacon** : It is estimated that during 1964 an average of about 159 persons committed by county courts and about 330 civil process prisoners committed by magistrates' courts were in custody at any one time.

**Nazi and Fascist Activities**

16. **Mr. Freeson** asked the Secretary of State for the Home Department what steps are being taken to institute legal proceedings against members of the British Nazi Party, the British National Party, the Greater Britain Movement and the Nazi International who have participated in the daubing of synagogues, the desecration of Jewish cemeteries, and the fly-posting of Fascist and racialist leaflets on property in parts of London and other cities, the names and description of which have been passed to the Chief Commissioner of the Metropolitan Police by the hon. Member for Willesden, East and copies of which have been submitted to the Minister.

**Mr. George Thomas** : The police institute proceedings in suitable cases where adequate evidence is available in time to enable action to be taken. But in this case the documents were supplied by my hon. Friend after the expiration of the statutory time limit for the institution of proceedings.

**Mr. Freeson** : That may be so, but may I ask my hon. Friend to bear closely in mind that not only is this situation persisting in London and in other cities, but that it is getting worse? Will he bear in mind that synagogues are being burnt out, shop windows are being smashed and people are being attacked and beaten up by the thugs belonging to these kinds of organisations and that there is growing concern in certain localities in London and elsewhere that the situation is out of control by the local authorities?

**Mr. Thomas** : I know that the whole House views with contempt the activities of people who desecrate religious places. The evidence available to me from the

Metropolitan Police is that there is not a greater number of offences committed against synagogues than against other places of divine worship. There is no evidence of a marked intensification of Fascist and Nazi activity in our land at the present time. That is the information which is at my disposal. Last year, the police proceeded against 18 Fascists and in the first quarter this year, it is true, they have proceeded against 12.

**Mr. Woodhouse :** Does the list of detestable activities given in the Question include any which will become offences under the Race Relations Bill but which are not offences at the present time?

**Mr. Thomas :** The Question deals with offences at the present time—in the main, the daubing of walls and billposting. These are summary offences that can be proceeded with only if the evidence is presented within six months.

**Mr. Shinwell :** Has my hon. Friend seen leaflets which have been sent to every hon. Member which are calculated to cause a breach of the peace? Are we to understand that we have to wait for a breach of the peace before action is taken? For example, if I am attacked by one of these persons and punch him on the jaw, as I am likely to do, despite my venerable age, am I to understand that only on such an occasion will action be taken against some Nazi—or will it be taken against me?

**Mr. Thomas :** My right hon. Friend has drawn attention to a most offensive leaflet which right hon. and hon. Members have received. [HON. MEMBERS: "Not all of them."] Perhaps there has been selective posting. This is a serious matter. I want my right hon. Friend and the House to know that my right hon. and learned Friend and all of us in the Home Office take this matter seriously, and I believe that the Metropolitan Police take it seriously also. We will keep a very close watch. I assure my right hon. Friend that I will look further into the matter of the leaflet to which he has drawn attention.

**Mr. Speaker :** Mr. George Mackie. Question No. 17.

**Mr. Frank Allaun :** On a point of order. I do not want to delay Question Time, Mr. Speaker, but as these letters

which hon. Members have received threaten them with violence if they support the Race Relations Bill and state that they will be brought to trial by these people, and so on, for this crime, does not this constitute some kind of offence against this House?

**Mr. Speaker :** If the hon. Member likes to make a complaint of breach of Privilege, I will consider it in due course, but not now.

**Mr. Allaun :** I should like to do that, Mr. Speaker.

#### Police Pensions

17. **Mr. George Y. Mackie** asked the Secretary of State for the Home Department to what extent the pensions of police officers, injured in the execution of their duty and compelled to retire prematurely, are affected by the system of averaging recommended by the Oaksey Committee as against the system under the Desborough scheme which was in operation before 1949.

**Mr. George Thomas :** Where a police officer retires prematurely, the extent to which a pension based on his average pay during his last three years of service would be less than a pension calculated on his actual rate of pay at the time of retirement, would vary according to the officer's length of service, the nature of any recent changes in pay scales and the interval between any such changes and the date of the officer's retirement.

**Mr. Mackie :** Is the hon. Gentleman aware that there are a very large number of anomalies in police pensions, particularly about disability, and that an officer who is injured—I have a case in mind—to 100 per cent. disability through injuries received when tackling a house-breaker would have received almost twice the size of pension if he had been injured in an accident covered by the Industrial Injuries Act? This sort of thing has a very grave effect on recruiting. My constituency is an area from which the Metropolitan Police are recruited. I know of several cases, and the whole question requires looking into.

**Mr. Thomas :** There are, unfortunately, anomalies in most pensions schemes and I have no doubt that there are anomalies



[**Mr. THOMAS.**] in this one, but the Royal Commission on the Police, in its interim Report submitted in 1960, made no recommendation that the Regulations to which we work should be changed in relation to injury on duty awards.

**Mr. Mackie:** Surely the hon. Gentleman can recognise injustice and try to put it right, whatever was recommended in a report five years old? Will he take note of that?

**Mr. Thomas:** Obviously, I will give the utmost consideration to what the hon. Gentleman has said, because we are all mindful of our obligations to police officers injured on duty. I can go no further than say that it will be looked into very carefully by myself.

#### Watch Committees (Magistrates)

18. **Mr. Gregory** asked the Secretary of State for the Home Department why he will not seek to repeal that part of the Police Act, 1964, which provides for the inclusion of nominated representatives of magistrates to watch committees; and if he will make a statement.

20. **Mr. Heffer** asked the Secretary of State for the Home Department why he will not seek to amend the Police Act, 1964, in relation to representation on watch committees; and if he will make a statement.

72. **Sir B. Janner** asked the Secretary of State for the Home Department whether he is aware that there is concern about the representation of magistrates on watch committees permitted by the Police Act, 1964; why he will not introduce amending legislation; and if he will not put this part of the Measure into force.

**Sir F. Soskice:** The arguments against the inclusion of magistrates on watch committees were fully discussed during the proceedings on the Police Bill, and as Parliament has so recently expressed its intentions in the matter, I am sure that it is now right to give the Act a fair trial.

**Mr. Gregory:** I thank my right hon. and learned Friend for that reply, but I wonder whether, in view of the continued representations made by many local authorities, and the concern of very many

people throughout the country about the way this is influencing the formation of watch committees, he will in the near future reconsider and make a further statement?

**Sir F. Soskice:** I do not think that I can add to what I have said. I can at the moment hold out no hope of legislation on this matter.

**Mr. Heffer:** Is my right hon. and learned Friend aware that both sides of Liverpool City Council have unanimously expressed great concern on this question and have repeatedly asked that this matter be reconsidered? In view of the statements made by the Home Secretary himself when he was in opposition, when he put the case most cogently against the Bill, could not this be considered again, remembering that this Measure was introduced by the Conservative Party?

**Sir F. Soskice:** I still, in general, hold to the views which I expressed in the course of the discussions on the Police Bill when it was in Committee. The arguments, however, are not all one way; there are considerations on the other side; and, indeed, the Police Act follows the recommendations of the Royal Commission. At the beginning of the year I received representations from the Association of Municipal Corporations and from others and I expressed to it the view I am now putting before the House, that it would be best for the Act to have a chance, to see how it works out. In any event, I am not in a position to hold out any hope of amending legislation at this stage.

**Mr. Speaker:** Mr. Gregory.

**Sir B. Janner:** On a point of order. I have a Question which has been answered with this group. May I not ask a supplementary?

**Mr. Speaker:** I am not accusing the hon. Member of any kind of malpractice. It is merely that it is still desirable to maintain the rule which I announced to the House about late Questions, and there is today a need to get on. Mr. Gregory.

#### Dangerous Substances (Carriage by Road)

19. **Mr. Gregory** asked the Secretary of State for the Home Department whether he has received the report and recommendations of the working parties on the

carriage by road of highly inflammable, explosive, toxic and corrosive substances; when he will introduce legislation for the clear marking of tankers and vehicles as to the nature of the load; if he will advise fire services of the correct action in the event of accident or spillage; and if he will make a statement.

**Mr. George Thomas:** I am sorry that this Answer is a little long. I will read it quickly.

A working party on the marking of road tank vehicles drafted a voluntary scheme of marking, but the introduction of such a scheme was deferred pending the outcome of international negotiations on this and related matters. Certain other committees, including the Working Party on Inflammable Substances, have also from time to time considered problems concerned with dangerous substances. There is no prospect of international agreement on the carriage by road of dangerous substances before next year and in order to avoid further delay, as well as to co-ordinate the various activities to which I have just referred, my right hon. and learned Friend has suggested to the local authority associations and other interested bodies that the Working Party on Inflammable Substances should be reconstituted as the Standing Advisory Committee on Dangerous Substances. The new Committee would advise my right hon. and learned Friend on all questions, falling within his sphere of responsibility, which relate to the control of dangerous substances in the interests of the safety of the public, and he will ask it to examine urgently how best to extend the scope of existing regulations on the carriage of dangerous substances by road.

### OVERSEAS TRADE (MINISTERS' VISITS)

**Q1. Mr. Marten** asked the Prime Minister if he will make arrangements for more Ministers, in addition to those from the Board of Trade, to go overseas on trade promotion visits.

**The Prime Minister (Mr. Harold Wilson):** Such visits will be arranged whenever the circumstances justify them.

**Mr. Marten:** Is the Prime Minister aware that there is a growing feeling that

some of the senior Ministers who ought to be going abroad to help the export drive are in fact detained in this country due to voting in this House? In view of the small margin of the Government, would it not be better to give one party or the other a sensible majority so that it can properly govern and get on with the job, if we had a General Election?

**The Prime Minister:** I always wonder what sort of laboured supplementary we shall get from the hon. Gentleman— [HON. MEMBERS: "It was a very good one."] If he is interested in the export trade, as I thought he was, from his original Question, the position is, of course, that a very large number of senior Ministers have gone abroad and will continue to go abroad on negotiations and on trade promoting visits. When, for example, I was in North America last month, in addition to the other jobs I went to do, I spent a very long time with the importers of British goods there, discussing their problems and British exports to the United States. Wherever this is possible we shall do this.

**Sir A. V. Harvey:** While recognising the necessity that Ministers have to go abroad on occasions, may I ask the Prime Minister whether he does not agree that the Opposition have been reasonable in facilitating most of those visits, and is it not, therefore, unfortunate that a senior Minister should give a quite different version to the British public? Could he not ask his colleagues to be fairer?

**The Prime Minister:** I think there was an awful lot of confusion about who returned from abroad and who did not at that particular time. I am not sure if I have a pair myself yet for a very important visit to Vienna on European economic co-operation next Monday. Perhaps the hon. Gentleman will help.

**Mr. Bryant Godman Irvine:** Will the right hon. Gentleman bear in mind that even when Ministers are in this country there is an important job of promoting trade to be done, and would the right hon. Gentleman investigate why it is that the President of the Board of Trade, who was in this House yesterday, found that he was unable to keep a long-standing engagement to address the Canadian Chamber of Commerce?



**The Prime Minister :** Yes, there was a reason, a very good personal reason, which I do not want to advertise, but which I will be happy to discuss with the hon. Gentleman if he wants me to.

### SERVICE LAND (RELEASE FOR HOUSEBUILDING)

**Q2. Mr. Hamling** asked the Prime Minister which Minister is responsible for the release of Service land for housebuilding and other purposes.

**The Prime Minister :** My right hon. Friend the Secretary of State for Defence.

**Mr. Hamling :** Is my right hon. Friend aware that in one notable case it took the Army 10 years to decide to give land back to civilian use? Will he ask my right hon. Friend the Secretary of State to use a lot more speed than right hon. Members on the other side of the House used when they were in office?

**The Prime Minister :** Yes, and I am sure he will. Of course, the rehousing programme in Woolwich, which my hon. Friend has in mind, is an enormous one, and there are quite a lot of details to be settled, particularly in relation to the Greater London Council, and it will not be possible immediately to work out all the details, but so far as Service control of land is concerned, I am sure that my right hon. Friend will do what he says.

**Mr. Woodburn :** Would my hon. Friend institute an inquiry into the various offices about the sale of public land for development? Much of this land is ripe for development, and it would be a bit of a scandal if public land were handed over to private developers who could proceed to make fortunes by reselling it.

**The Prime Minister :** This has been a problem in recent years. Some changes in the law a few years ago make it more difficult for local authorities to get land within their areas for important developments. This is a question which will come up when we come to the Land Commission Bill. I can assure my right hon. Friend that the point he has in mind will be looked after then.

**Mr. William Hamilton :** Could my right hon. Friend say whether any calculation has been made of the extent of the land

owned by the Service Departments which can be developed for housing? Could he give an indication of the amount which was released by the Departments in each of the last two or three years, for example?

**The Prime Minister :** I should want notice to give my hon. Friend the figures, but a good deal has certainly been done, and done recently, in releasing Service land in the centres of towns for housing and other purposes. Of course, a good deal of land held by Service Departments in the more remote areas would not be relevant to the housing situation.

### BRITISH SUBJECTS ABROAD (FINANCIAL AID)

**Q3. Sir W. Teeling** asked the Prime Minister what forms of financial aid have been given by Her Majesty's Government representatives in France, India and Malta to British subjects resident there over 60 years of age in the last financial year.

**The Prime Minister :** Monthly relief payments were made to 176 British subjects resident in France and to one British subject resident in India. Most of these beneficiaries were over 60 years of age, but precise information is not readily available. No financial aid was given to elderly British residents in Malta.

**Sir W. Teeling :** Could the right hon. Gentleman tell us whether that in any way compares with the amount of public assistance which could be given, if it is decided to do so, to British residents of great age in those parts of the world?

**The Prime Minister :** I am not quite sure what the hon. Member has in mind. It would not be possible for the National Assistance Board to operate overseas: it has no statutory or other powers to do so. Traditionally, it has been the duty of the Foreign Office and the Commonwealth Relations Department to help in cases of destitution of British subjects overseas. Traditionally, this has been done under the sums voted in the Estimates. If the hon. Member has any evidence that this is not being done on a satisfactory scale, perhaps he will let me or the Ministers concerned know about it.

**Sir G. Nicholson :** Is the Prime Minister satisfied that there are not many more cases than those represented by these figures? Most people think that there is a considerable amount of tragic poverty among elderly British subjects abroad which is not dealt with. Will he assure us that it is not shortage of funds which prevents more being done?

**The Prime Minister :** One of the things done by consular officers and by the officers of the Commonwealth Relations Department is to help to repatriate British citizens who are in the acutely strained circumstances to which the hon. Member has referred. Where this is not possible, relief is made available. I have no evidence that there are a number of others who are not getting relief, but I am sure that if hon. Gentlemen know of any cases, they could be looked into. It is not shortage of funds which prevents the relief of destitution or the provision of help to bring them home. But the amounts which can be paid—the amounts—must be limited. I am not aware that people are kept out of the scheme because we have no money for them.

#### GOVERNMENT POLICY (COMMITTEES)

**Q4. Mr. Dean** asked the Prime Minister whether he will institute an inquiry to investigate the role of standing committees which advise Her Majesty's Government on various aspects of policy, with particular reference to the fact that many of the committees report confidentially to Ministers; and whether he will make a statement.

**The Prime Minister :** No, Sir.

**Mr. Dean :** Would the Prime Minister have another look at this? Does he recollect that over 240 of these committees have grown up during the last 60 years or so and that over half report confidentially to Ministers? Is he satisfied that all these committees are still necessary? Would he not agree that there may be some threat to free and open Government in this large number of unpublished reports?

**The Prime Minister :** I think that the last time the hon. Member raised this, I gave him the figure of 251 committees.

Vol. 712

That was the up-to-date figure at that time. I believe that every case must be looked at on its merits. I do not think that we can have a committee to inquire into committees; that would simply be a proliferation of work. It must be the duty of the Government and the Departments concerned to decide in which cases it is desirable to publish—whenever it is possible, we hope to do so—and in which cases the reports should be confidential. Many committees, which were in operation under the last Government and the Governments before them, quite obviously could not do their work if the reports had to be published.

**Mr. Selwyn Lloyd :** Is there available anywhere a list of these committees? Would the Prime Minister consider publishing one?

**The Prime Minister :** I will certainly consider that. I think that there must be, because to have the number of the committees suggests that someone has a list of them. I shall certainly consider that point. If the right hon. and learned Gentleman, who created some of these committees himself, would like to put a Question down, I will see what can be done about answering it.

**Mr. Dean :** In view of the unsatisfactory nature of the reply, I beg to give notice that I shall raise the matter on the Adjournment at the earliest possible moment.

#### AIRCRAFT INDUSTRY

**Q5. Mr. McMaster** asked the Prime Minister what effect the recent changes made in the aircraft industry will have on the restoration of the external and internal balance of the economy.

**The Prime Minister :** They will provide substantial savings in defence expenditure for the next decade and thus release high-quality productive resources for civil work to the benefit of the balance of payments and the domestic rate of economic growth.

**Mr. McMaster :** Is the right hon. Gentleman aware that, because of the cancellations, our aircraft industry has suffered a severe loss of prestige and many of our top aeronautical design staff



[MR. McMASTER.]

have given up in disgust or gone abroad? Is he aware that a high proportion of the increase in taxation which is being raised this year will now have to be spent in the United States to buy American aircraft, and that, because of the cancellations, these will not be paid for by increased exports?

**The Prime Minister :** I am sorry that the hon. Gentleman obviously did not get into the two censure debates on this matter, or we could have had that speech then—and it would have been as inaccurate then as it is now. The threat to the aircraft industry has not been caused by the cancellation of projects which have turned out to be too late to be of service to the Armed Services, and then have escalated too much in cost. The threat to the industry was the over-deployment of that industry on the wrong projects for political reasons.

**Mr. John Hynd :** Can the Prime Minister tell us whether the French Government are aware of this decline in the confidence in our aircraft industry, when they have just agreed to three more co-operative projects?

**The Prime Minister :** It would not seem so. On that point, all the warnings of hon. Gentlemen opposite and the attempts of some Front Benchers opposite to stir up trouble with the French about Concord have proved to be completely wrong.

**Mr. McMaster :** In view of the unsatisfactory nature of that reply, I beg to give notice that I will raise the matter on the Adjournment as soon as possible.

### INDIA, PAKISTAN AND MALAYSIA (PRIME MINISTER'S VISIT)

**Q6. Mr. Jackson** asked the Prime Minister when he proposes to visit India.

**The Prime Minister :** I have accepted invitations in principle to visit India, Pakistan and Malaysia, but no firm dates have yet been fixed.

**Mr. Jackson :** Is the Prime Minister aware that, after his visits to Washington, Bonn, Paris and Rome, his visit to New Delhi will be greatly welcomed as a sign that Britain under a Labour Government

has a vital rôle to play in peace-keeping in the Far East?

**Hon. Members :** Hear, hear.

**The Prime Minister :** When the noise has subsided, I think that the whole House will feel that Britain has a very important rôle to play, not only in the peace-keeping operations there, but also—as in the recent critical situation on the Indo-Pakistan borders—as a mediator to help to avoid serious difficulties between Commonwealth countries. As my hon. Friend realises, in advance of the visit which I hope to pay to these countries, we shall have the opportunity of a conference of Commonwealth Prime Ministers.

**Sir Alec Douglas-Home :** Can the Prime Minister say how Mr. Kosygin's visit will be fitted into the pattern of visits? Is it still on?

**The Prime Minister :** I am not sure how this arises out of the Question about India, but we are still in touch with the Soviet Government, both about the visit of the Soviet Prime Minister to this country and about my own visit to the Soviet Union. I am sorry to say that I never saw similar enthusiasm on the part of the right hon. Gentleman for visits of this importance when he was in office.

**Sir Alec Douglas-Home :** Perhaps the Prime Minister will allow me to remind him that I signed the Test Ban Treaty in Moscow.

**The Prime Minister :** Yes, the right hon. Gentleman had one visit to Moscow, when all the work had been done—[HON. MEMBERS: "Cheap."] It had been initialled before he went. So far as active talks with the Soviet Union were concerned, I do not remember that the right hon. Gentleman, either as Foreign Secretary or as Prime Minister, did very much to bridge the gap by personal visits of that character.

**Mr. Ridsdale :** Is the Prime Minister aware that it would be far better for him to stay at home and deal with the serious labour situation than to go abroad?

**The Prime Minister :** Hon. Gentlemen opposite had better make up their minds where they want—[Interruption.]—I know that they are always very anxious

to see me here at Question Time. I have seen that they spend half their time telling the Press what a rough time they are going to give me at Question Time. I have not noticed it yet.

**Sir W. Teeling :** Before the right hon. Gentleman goes to India will he get in touch with the High Commissioner and ask him for a list of British subjects who might be suffering from the complaints about which I was talking earlier?

**The Prime Minister :** Yes, Sir, and, as I said, if the hon. Gentleman will give me a list of any other names of people he knows who are being neglected I will be glad to look into them.

**Mr. Emrys Hughes :** Is my right hon. Friend aware that he has been less than fair to the Leader of the Opposition? Is he aware that when the Leader of the Opposition went to Moscow he made two excellent speeches—the most wonderful speeches he had made in his life—in which he asked, “Why should we quarrel with the Russians?”?

## BUSINESS OF THE HOUSE

**Sir Alec Douglas-Home :** May I ask the Leader of the House whether he will state the business of the House for next week?

**The Lord President of the Council (Mr. Herbert Bowden) :** Yes, Sir. The business for next week will be as follows:

MONDAY, 24TH MAY—Further progress with the Committee stage of the Finance (No. 2) Bill, which will be continued on TUESDAY, 25TH MAY, WEDNESDAY, 26TH MAY, THURSDAY, 27TH MAY, and also on MONDAY, 31ST MAY.

FRIDAY, 28TH MAY—Private Members' Motions.

**Sir Alec Douglas-Home :** To relieve the monotony a bit, and while understanding the difficulties about fixing an actual date for the debate on the Commonwealth, may I ask the right hon. Gentleman whether that debate will take place next week or the week after?

**Mr. Bowden :** Not next week, but certainly the week after.

**Mr. Shinwell :** Since the Leader of the Opposition is anxious to relieve the monotony, could we not arrange to have morning meetings to discuss the Finance Bill?

**Mr. Bowden :** Certainly not next week, Sir.

**Mr. Lubbock :** In view of the business statement, and since it appears that we will be occupied almost into the indefinite future on the Finance Bill, may we take it that the Government have dropped the Steel Bill?

**Mr. Bowden :** No, Sir. The Bill will be introduced and its Second Reading will take place in due course.

**Mr. Boyd-Carpenter :** Can the Leader of the House say when we may expect the White Paper on land policy, of which we were informed last week?

**Mr. Bowden :** No, Sir. It will certainly not be next week; some time after Whitsun.

**Mr. Mendelson :** Since the time of the House is to be occupied exclusively on the Finance Bill and in view of the dangerous situation, particularly in South-East Asia, which still persists—and particularly in view of the resumed large-scale bombing operations in South Vietnam—will my right hon. Friend reconsider his original decision about there not being time for a foreign affairs debate before Whitsun? Will he at least give the House an assurance that my right hon. Friend the Foreign Secretary will make a comprehensive statement on the situation in South-East Asia before we adjourn for Whitsun?

**Mr. Bowden :** I cannot promise a debate before Whitsun. We will certainly have one after Whitsun, probably some time in June or July.

On my right hon. Friend's second point, I will consult my right hon. Friend the Foreign Secretary.

**Sir M. Redmayne :** Has the right hon. Gentleman noted the important agricultural statement which was made yesterday in a Written Answer on a day when the Minister of Agriculture himself was answering orally in the House? If, as we expect, similar important statements are to be made, perhaps next week, could they be made in the proper form to the



[SIR M. REDMAYNE.]

House and not pushed out of the way by admissions of muddle and incompetence by the Paymaster-General and the Attorney-General and other Ministers of this moribund Government?

**Mr. Bowden :** The right hon. Gentleman knows probably better than any hon. or right hon. Gentleman in the House the thin line of decision between whether a statement should be made orally at the end of Questions or in a Written Answer. In this case, because of the technicalities of the statement which had to be made and of its length, it was thought that, on balance, it would be better to make it at the end of Questions as a Written Answer.

**Mr. Allan :** Could you tell me, Mr. Speaker, at what juncture it is correct to raise my complaint?

**Mr. Speaker :** Yes, but not during business questions.

**Dame Irene Ward :** May I ask the Leader of the House whether it would be possible to arrange a debate on the Prime Minister? Is he aware that I would like to know what the Paymaster-General's rôles are and that I would like to complain about the Prime Minister's rudeness to my right hon. Friend the Leader of the Opposition?

**Mr. Bowden :** I understand that the hon. Lady's question is about a debate on my right hon. Friend the Prime Minister. That could be taken on a Supply day, if the Opposition so wished. However, the Opposition would be in some difficulty in deciding who to put up from the benches opposite.

**Mr. Emrys Hughes :** Has my right hon. Friend's attention been drawn to Motion No. 216? Is he aware that, owing to my enthusiasm for the Finance Bill, I do not want time for that Motion and that I would refuse to take the time even if my right hon. Friend offered it to me?

[*That this House notes with satisfaction the welcome to royalty received in Germany, and that this visit is regarded as likely to end old hatreds and animosities, and would welcome the news that the visit is to be extended to include such cities as Weimar, Leipzig and Dresden.*]

**Mr. Bowden :** I am always delighted to see early day Motions on the Order Paper for which no time is required.

**Mr. Kershaw :** Has the right hon. Gentleman seen Motion No. 217, concerning the increasing petulance of Ministers of the Government? If so, will he give time for it to be debated?

[*That this House, concerned with the growing intolerance of Her Majesty's Government and the Parliamentary Labour Party towards the expression by leaders in industry and commerce of sincerely held views which may be deemed to be critical of the present Government, affirms its determination to resist this trend towards authoritarianism and zealously to protect the right of free speech.*]

**Mr. Bowden :** I have considered this question of the intolerance of the Government to defend themselves in the circumstances. I understand that the banks sent a letter to the Governor of the Bank of England, which has happened on other occasions, but on this occasion decided to print it.

**Mr. Hamling :** Has my right hon. Friend noted early day Motion No. 215

[*That this House condemns the Paymaster-General for resorting to vulgar abuse in expressing his attitude to a large and increasing number of Her Majesty's loyal subjects; and urges him henceforth to conduct himself more in accord with his responsibilities, whatever these may be, as a Minister of the Crown.*]

which stands in the names of a number of hon. Gentlemen opposite, and the Amendments to it

[*Line 1, leave out from "House" to end and add "welcomes the robust manner in which the Paymaster-General disposes of trivialities at Question time."*]

[*Line 1, leave out from "House" to end and add "considers that the sharp expressions uttered on 17th May by the Paymaster-General were the natural reaction of an able and vigorous Minister to prolonged, frivolous and malicious goading, culminating in a sneer at his service in the ranks of the Regular Army, by a number of hon. Gentlemen who should have known better."*]

in the names of several of my hon. Friends? Is he aware that we would be delighted to debate that Motion and the Amendments?

**Mr. Bowden :** I have seen the Motion, and the Amendments, but I cannot offer time for them to be debated.

**Mr. Iremonger :** Will the Leader of the House find it convenient to attend the debate on Friday week on the televising of Parliament, which, I am sure, would be greatly appreciated by the House?

**Mr. Bowden :** Yes, Sir. Despite a certain personal embarrassment I have decided to speak in that debate.

**Mr. Hugh Jenkins :** Has my right hon. Friend seen Motion No. 205 standing in the names of several of my hon. Friends and I concerning the policy of Her Majesty's Government in the Dominican Republic?

*[That this House, noting that the rebellion in the Dominican Republic was against a military dictatorship and for the purpose of restoring to office a president described in The Times as "the first freely elected head of the Dominican Republic for 38 years", deploras the build-up of United States forces, notes the criticisms by many Latin-American States of United States policy and actions in the Dominican Republic, and urges Her Majesty's Government not to give support to the policy and actions of the United States Government in this respect.]*

If he agrees, as I think he will, that this is a matter which should be clarified, and if time to debate it cannot be found, will he consult the Foreign Secretary with a view to his making a statement?

**Mr. Bowden :** Yes, Sir. There was a Private Notice Question recently, but I will certainly consult my right hon. Friend.

**Sir D. Glover :** Would the Leader of the House not think about reorganising Government business in view of the fact that they have got themselves into such a mess? We will be debating the Finance Bill for four days in succession, one of his hon. Friends wants a debate on foreign affairs and many hon. Members want a Commonwealth affairs debate before the Commonwealth Prime Ministers' conference. Will the right hon.

Gentleman not look at the programme and agree that some of these things must be debated at a very early date?

**Mr. Bowden :** It is normal to get the Finance Bill to the House of Lords by a certain time in the year. That we must endeavour to do, and, I am sure that we will do it. It may be that for a while, and this is not unusual, we will have to spend a considerable time on the Finance Bill. There will be plenty of time afterwards.

**Mr. Heath :** Will the right hon. Gentleman also take note of the tremendous burden that all this places on his colleagues, including the Chancellor of the Exchequer, the Financial Secretary to the Treasury? It is already apparent from the startling revelations that have been made so far in Committee on the Finance Bill—about forthcoming additional taxation on the family motor car and about the next Budget—that the strain is beginning to tell and that soon they will crack. What arrangements is the right hon. Gentleman making?

**Mr. Bowden :** These are early days to talk about cracking on the Finance Bill. We have had only two days on the Committee stage as yet. There is no evidence so far of any cracking on this side.

**Mr. Wilkins :** Further to the questions asked by the hon. Member for Ormskirk (Sir D. Glover) and the right hon. Member for Bexley (Mr. Heath), will my right hon. Friend confirm or deny that it is the intention of the Government to recall the House on 8th June?

**Mr. Bowden :** I can confirm that I will make a statement next week on the Whit-sun Recess.

**Mr. Bruce-Gardyne :** In view of the grave uncertainty in the steel industry, and also among hon. Members below the Gangway on the other side of the Chamber, can the Leader of the House give us a firm assurance that the phrase "in due course" used in connection with the Steel Bill means before the Summer Recess?

**Mr. Bowden :** I do not think that there is any difficulty on this side of the House at all. I have said before, and I repeat, that we shall introduce the Steel Bill and the Land Bill when we are ready to do so.



**Sir G. Nicholson :** Has the attention of the Leader of the House been called to what happened yesterday when, for various reasons, the Notice Paper of Amendments was not in possession of the House in Committee until several hours after the sitting had begun? Will he try to see that that does not happen again?

**Mr. Bowden :** I am aware of what happened, and I am having inquiries made.

**Mr. Deedes :** With reference to next week's business, can the right hon. Gentleman tell us whether the proposed debate on televising the proceedings of the House is likely to be affected by the announcement that a Select Committee is to undertake an inquiry into this subject?

**Mr. Bowden :** This had occurred to me, too, but from inquiries I have made I am given to understand that the rule on anticipation does not affect the debate on the Friday.

### COMPLAINT OF PRIVILEGE

**Mr. Speaker :** I call the hon. Member for Salford, East (Mr. Frank Allaun) now, but he will appreciate that I had not had notice of the trouble before. He proposed to found the complaint on a letter. I must, therefore, ask the hon. Gentleman when he received it, because I must consider the opportunity he had to give me warning.

**Mr. Frank Allaun :** In the post at one o'clock, Mr. Speaker.

**Mr. Speaker :** Yes.

**Mr. Allaun :** Thank you, Mr. Speaker.

I wish to raise with you a complaint of breach of privilege. This afternoon many hon. Members in the House received two leaflets and a letter. The leaflets bear the Swastika and a photograph of Hitler, and are so deliberately intended to raise hatred towards coloured and Jewish people that I do not intend to spread this poison by repeating them.

The letter is more serious. It is headed:

"To Members of the House of Commons," and I wish to read only the following two sentences from it:

"The toleration and encouragement by Parliament of the coloured invasion and Jewish domination of Britain and the Racial Relations Bill designed to facilitate this constitutes an act of treason"—

and the word "treason" is underlined—

"against the British nation. We give notice that it will be treated as such in the National Socialist Britain of the future, and those of you primarily responsible will then be brought to trial for this crime."

I should like to make it clear, if it needs to be made clear, that this movement has no connection with any Socialist movement, and merely uses that name. The name and address of the organisation are on the letter, so that its authors are known. For these reasons, I suggest that there is a breach of Parliamentary privilege.

**Mr. Speaker :** Perhaps the hon. Member will be good enough to bring to me the letter, or the document, on which his complaint is founded.

*Copy of letter handed in.*

**Mr. Speaker :** I will consider the hon. Gentleman's complaint, and rule upon it tomorrow.

**Mr. Ogden :** Is it in order, Mr. Speaker, to ask whether you are aware that several other hon. Members received a similar letter some weeks ago, and that this is not the first time this has happened?

**Mr. Speaker :** I hear what the hon. Gentleman says, but this is the first time that it has been made a matter of complaint in this Chamber. No doubt, if the matter had to be studied, the kind of complaint the hon. Member makes would be examined by whatever authority the House appointed to do so.

**Mr. Sydney Silverman :** I do not know, Mr. Speaker, whether it would be of any assistance to you in considering the matter, and giving us your opinion tomorrow morning, to know that, as far as I know, there is no hon. Member who is likely to be intimidated by the gesticulations of these disgusting people, and it might be a mistake to treat it as of any importance at all.

**Mr. Speaker :** I am not quite sure whether I need even the hon. Gentleman's assurance on that point.

## ORDERS OF THE DAY

### FINANCE (No. 2) BILL

*Considered in Committee [Progress, 19th May.]*

[Dr. HORACE KING in the Chair]

#### Schedule 5.—(VEHICLE EXCISE DUTY.)

3.44 p.m.

**The Chairman:** I have a brief statement to make. The advance notice of selections of Amendments that I have made, and caused to be put on the Notice Board, is a courtesy which my predecessors introduced. I have, however, been a little troubled to see hon. Members crowding round the single duplicated copy of the selected Amendments in the "No" Lobby. I have, therefore, today had two copies put in the "No" Lobby and two on the notice board in the Ways and Means corridor. I hope that this will help hon. Members a little, but I must point out that it applies only to the Finance Bill.

**Mr. Patrick Jenkin** (Wanstead and Woodford): On a point of order, Dr. King. As this paper is duplicated, would it not be possible to provide sufficient copies for hon. Members each to have one?

**The Chairman:** I have thought of that, too. The difficulty is that it is a matter of courtesy from the Chair to hon. Members. There is no reason why the Chair should not announce the selection as he makes it at the point of time when the Clauses or the Amendments on them are about to be discussed. This is a courtesy. If I went along the lines that the hon. Member has suggested, I would probably be cramping the Chair, because the Chair has to make decisions on selection very often in the morning. It would probably mean that both sides received notice of my selection much later than they receive it under the present arrangement. I think that this is about as far as I can go.

**Sir Douglas Glover** (Ormskirk): Further to that point of order, Dr. King. As I know that the Amendments to be moved from this side are all sensible and acceptable, would it not be a good idea if a copy

of the selections appeared in the "Aye" Lobby as well as in the "No" Lobby?

**The Chairman:** Apart from the political quip that the hon. Member makes, there is no place in the "Aye" Lobby—I have examined it.

The next Amendment selected is No. 89, and I suggest that it would be for the convenience of the Committee if, with that Amendment, we took the following Amendments:

Amendment No. 11, in Clause 5, page 3, line 36, at end insert: "except farmers' goods vehicles".

Amendment No. 18, in Schedule 5, page 124, leave out lines 17 to 24.

Amendment No. 19, in page 124, leave out lines 18 to 24.

Amendment No. 90, in page 124, line 39, at end insert:

			£ s. d.	£ s. d.
4. Dual purpose vehicles (as defined in Construction and Use Regulations 1963)	—	2 tons	17 10 0	—

Amendment No. 91, in page 125, line 15, column 1, after "vehicles", insert "other than farmers' goods vehicles and dual purpose vehicles".

Amendment No. 92, in page 125, line 17, at end insert:

3. Farmers' goods vehicles	— 2½ tons 4 tons	2½ tons 4 tons —	£ s. d. 9 0 0 13 10 0 18 0 0
Dual purpose vehicles	—	2 tons	9 0 0

I am prepared to consider a Division on Amendment No. 90, if hon. Members so desire.

**Mr. James Scott-Hopkins** (Cornwall, North): I beg to move Amendment No. 89, in page 123, line 33, column 4, to leave out "3 15 0" and insert "2 10 0".

As you have said, Dr. King, the Amendments in this group can go happily together because they all deal with agricultural questions and, in particular, with the increased charges which the Government and the Chancellor of the Exchequer



[MR. SCOTT-HOPKINS.]  
have imposed on the agricultural industry. These increased charges affect four separate categories. The first consists of tractors, combines, and so on; the second, of farm goods vehicles; the third, of dual purpose vehicles; and the fourth, of trailers.

On the first category, that of tractors and farm machines, the Chancellor has imposed a 50 per cent. rise in duty. This goes up from £2 10s. to £3 15s. Yet these tractors are the absolutely essential "workhorses" of the modern farm. Without a tractor it is impossible for the modern farmer to carry out farming efficiently. I need not remind the Committee of the tremendous increase in productivity which has taken place on our farms in the last decade. To a large extent that has been due to the modern type of machinery on the farms, yet the Chancellor wants to increase the duty on these vehicles by 50 per cent. It is an utterly wrong thing to do, because it means taxing the most important machine which does a great deal of work for the farmer and without which he cannot manage.

I see no point whatever in putting on the extra 50 per cent. charge for something which the farmer has to use as it is an absolute necessity. It is true that there is an exception. If the farmer uses the machine on the public highway to the extent of only 6 miles a week he is excused payment of the duty, but that would apply to so very few farmers and tractors that it is not worth considering. The vast majority of tractors, combines, and so on, are employed to travel more than 6 miles a week on a public road, so the imposition will fall on the majority of farmers.

The result will be a rise in costs of about £ $\frac{1}{2}$  million, a rise which those in the industry have no means whatever of recouping. The increased cost may be more than £ $\frac{1}{2}$  million, but that is the latest figure I have been able to adduce for a financial year. We cannot help wondering why this has been imposed on this section of the community. The whole Committee must agree about the industry's record of productivity. The Chancellor seems to think that there is an excess profit margin to be taken out of the industry and siphoned off. This strange argument must be the basis of the Government's case.

Under the recent Price Review farmers were left with an increased burden of £19 million. Now they are asked to carry this further burden. I assure the right hon. Gentleman that there is no excess profit to be creamed off this industry. Many farmers are living at a low level of income—lower than we should like to see—and nothing has happened in the last few months to give them help.

**The Joint Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mr. John Mackie):** We have given them considerable encouragement.

**Mr. Scott-Hopkins:** As the Joint Parliamentary Secretary knows, the increased cost was £20 million last year and farmers are left with a burden of £19 million. In addition, there is the increase of at least £ $\frac{1}{2}$  million. This can be described as a direct tax on the efficiency of the farmer. Do the Government, the Minister and the Parliamentary Secretaries mean what they say when they talk about encouraging farm efficiency and productivity and intend to expand the efficient production? This is a sure way of doing exactly the opposite. This will be no encouragement at all.

By the first Amendment we ask that the level of charge should revert to £2 10s. The second group of Amendments concerns farmers' goods vehicles. In this connection, the Chancellor has done a most extraordinary thing. He has played around with the scale and divided it into different divisions of imposition on goods vehicles, and imposed an addition to the 1961 vehicle tax. The effect of the changes in this sector will be to put an increase on farmers' goods vehicles amounting to just under 60 per cent. Last night we heard of the effect of the savage increases on the road haulage section. There will be a similar effect in this connection, but it will be more severe.

The farmer uses his goods vehicles to a lesser extent than those who have vehicles for public hire. He uses them to carry goods about the farm and also to the market where he is selling goods. Often these vehicles lie idle for a great part of the year not because the farmer is inefficient, but because of the nature of the industry. It is particularly significant that for the type and kind of vehicle



ranging from 12 cwt. to 1¼ tons, such as the majority of farmers have, the increase amounts to 60·4 per cent., 58·8 per cent. and 59·3 per cent. This savage rise must be motivated by the Chancellor's wish to siphon off excess profits which, in his theoretical calculations, exist in the farming industry. Of course, that is not so and this charge will have the exactly reverse effect.

Again, this will mean a rise of about £½ million, and it may be even more. The farmer who has to pay these increased charges may well hesitate to do so, but, if he turns to the public carrier to take his goods he will find that the costs there have risen and in that case he will have to bear increased charges. This seems to be a pointless kind of rise, right out of proportion to what it should be. On the whole, farmers do not use these vehicles so much as other owners of road vehicles use them. It is, therefore, an even greater burden on the farmer who has no means of recoupment of the cost.

This will be a direct increase in costs and there will be no hope of recouping it until the coming Price Review. If there is still a Socialist Government in power the farmer will then be very lucky if he can get recoupment.

**Mr. John Wells (Maidstone):** My hon. Friend has said that the farmer has no hope of recoupment until next year's Price Review. I should remind him that the great majority of these vehicles belong to horticulturists, who have no hope whatever even after the Price Review.

**Mr. Scott-Hopkins:** My hon. Friend has made a good point. It is quite true that those in the horticulture industry will not have a chance of recouping this cost. They are not having an easy time of it at the moment. This is a bad tax; I can think of nothing to its credit. In our Amendment we suggest reverting to the position as it was under Schedule 6 of the 1962 Act.

The next group of Amendments concerns dual-purpose vehicles. Many farmers have such vehicles as the Land Rover and the Austin Gypsy, and find them most useful. Until the Chancellor imposed this savage cut a farmer had an opportunity of choosing at which rate of duty he should license his vehicle. On

a vehicle weighing 1 ton to 1¼ ton the increase is from £13 10s. or £14 5s. to £21 10s.

4.0 p.m.

As it was dual purpose he could, if he chose, license it at the private vehicle rate which, until the Budget, was £15. He had the choice of whichever was the highest and in that case he could use it for either purpose. The majority paid the private vehicle rate of £15 and used their vehicles for both purposes. They were used to take the family about, and at other times were used for carrying farm produce. The effect of the Budget proposal is to raise the rate of tax to £21 10s. for this type of vehicle. The lightest vehicle will cost £20 15s. to license, but the majority will fall in the £21 10s. range. There is no question of being able to license the vehicle at the private rate of £17 10s., because this is lower than the existing rate.

As a result of these provisions, farmers, agriculturists, and horticulturists will not choose the higher rate. They will license their vehicles at the private vehicle rate of £17 10s. They will use their vehicles as private vehicles, and only occasionally attach a trailer to them. This cannot be right, because these dual-purpose vehicles are a tremendous economy. They help the farmer by making it unnecessary for him to have a second vehicle. I think, too, that these provisions will be detrimental to the sale of these dual-purpose vehicles.

Our proposal is not to go back to the pre-Budget position of £15 for a licence, but, as suggested in Amendment No. 90, that the rate of duty for the dual-purpose vehicle should be that for a private vehicle, namely, £17 10s. This seems to be the right level. It will encourage the farmer to continue the existing practice of using dual-purpose vehicles as economically as possible. It is impossible to estimate what the cost will be if the Treasury do not accept the Amendment, because no comparable figures are available.

The last group is that of trailers. It is here that we see the biggest rise of all in the tax impositions that we are discussing. The existing rate for trailers, with the vehicles which tow them, ranges from £25 10s. to £27. That is for towing vehicles between 12 cwt. and 1¼ tons, with a trailer of less than 2½ tons. The



[Mr. SCOTT-HOPKINS.]

Chancellor proposes to increase those figures to £39 10s. This is an enormous increase, and amounts to £14 or £12 10s., depending on the type of vehicle involved. If one has a jeep, a Land Rover, or an Austin Gypsy, the increase in the tax to be paid is tremendous, yet trailers are not used every day and all day. By the very nature of farming and horticulture, they are not constantly in use. They are bound to lie idle, just as farmers' goods vehicles lie idle.

There is no means whereby the farmer or the horticulturist can recoup his costs. He cannot recoup them by making increased use of his trailer, and this is, therefore, a specially heavy burden on the farming industry, and on the horticultural industry as well. We propose that the rate should be cut by 50 per cent. We propose that the rate for dual-purpose vehicles should be £9 if it is to tow a trailer, and that the rate for the ordinary goods vehicle towing a trailer should be that laid down in Amendment No. 92.

**Mr. Emrys Hughes** (Central Ayrshire): Can the hon. Gentleman explain why butchers are not included? Surely they should be?

**Mr. Scott-Hopkins**: I have yet to see—

**The Chairman**: Order. The hon. Member must not follow the red herring which has been dangled across the Floor of the Committee.

**Mr. Scott-Hopkins**: I have yet to see butchers carrying red meat in trailers.

This heavy increase in the duty on vehicles is quite unwarranted, and I suggest that it would be fair and equitable to cut the proposed rate by 50 per cent. There is no doubt that these impositions on the farming community are harsh and unnecessary. What is more important, the industry cannot afford to carry them. It has no possible chance of recouping this increase until the 1966 Price Review, and, as my hon. Friend the Member for Maidstone (Mr. John Wells) pointed out, the horticultural industry has no chance whatever of recouping it. There is just not the margin within the agricultural industry to be able continually to absorb increased costs.

It has had to absorb an increase of £19 million as a result of the last Price Review, and this is the final straw which could break the camel's back. I am glad that the Joint Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food is present. He will know the feeling of disquiet in the farming community. I gather that his right hon. Friend has gone to Devon this afternoon. I am certain that he will be told exactly what Devon farmers think, not only about the £19 million increase, but also, about the increase which the Chancellor is imposing here.

We are discussing an increased burden of between £1½ million and £2 million during a full financial year. This increase is in addition to the increase of £6 million which the industry is being asked to meet in fuel tax. If one bears in mind the burden of £19 million increased costs which has occurred over the last 12 months, one realises that this proposed tax is indeed a bad one.

Just before the Committee rose last night, the Chancellor, when moving that we should report Progress, wondered whether we would find more quotations to prolong the proceedings. I have looked back to discover what members of the party opposite said when last there were increases in the duty on vehicles. The last time this happened was in 1961, and I find that Mr. Mitchison, as he then was, speaking from this Box, said:

"I now turn to the other classes who are affected by the proposed increase. I take, first, the farmer. It always seems to me that indirect taxes on farmers should be considered closely, for this reason. Often they result in an increase in the farmer's expenditure one way or another and the necessity of the recovery, or partial recovery, of the increase under the Price Review . . . I suppose that the effect will be to increase the inevitable expenditure on a modern farm of any size and to increase it under the heading of expenditure on tractors or other motor vehicles of one kind or another. An increase of that kind will, in the long run, come back to the ordinary consumer.—[OFFICIAL REPORT, 1st June, 1961: Vol. 641, c. 429.]

He went on to argue that it was a bad idea, and should not be done. I am sure that the hon. and learned Gentleman will ponder the wisdom of the words of his noble Friend. This is a bad tax. It will come back to the consumer, who is already being asked to bear enough



by way of rising costs without having this extra burden imposed.

It is a pity that the Government are imposing this tax. The Chancellor won his battle over the Price Review. I am sorry that the Minister of Agriculture did not manage to squeeze a small concession out of him with regard to these taxes. He ought to have obtained an exemption for the agricultural and horticultural industries, and what we are doing is asking the Government to provide such exemptions. We believe that they need it. We believe that in the past they have done a great deal for this country by increasing their productivity. Their productivity and efficiency is now being taxed unfairly. That is why I recommend the Amendments to the Committee.

**The Financial Secretary to the Treasury (Mr. Niall MacDermot):** I am not attempting to shut out any hon. Members from the debate. The hon. Member for Cornwall, North (Mr. Scott-Hopkins) introduced the Amendments with brevity, and great force and clarity, and I thought that it might help—if the Committee wishes to proceed with greater despatch—if I were to state the Government's position on the Amendments and so help those who are to follow. I shall be quite ready to listen to the arguments of hon. Members, and, with the leave of the Committee, to speak again.

**Sir Arthur Vere Harvey (Macclesfield):** Will the hon. and learned Gentleman take into account the fact that he is prejudging the situation without hearing all the arguments? Out of courtesy to the Committee he should listen to representatives of farming interests for an hour or so and then come to a judgment on what should be done. He should not attempt to prejudge the situation.

**Mr. MacDermot:** I can assure the hon. Member that I shall not do any of those things. I shall listen with the greatest patience to what is said. I sat on this Bench for eight hours non-stop yesterday, and shall be prepared to do the same today. I shall listen to what the hon. Member has to say, and I hope that he may derive some help from what I have to say.

The Amendments which have been proposed ask not that we should grant a concession, but that we should grant a further concession in respect of agricul-

tural vehicles. We grant a concession by continuing the existing principle which operates in favour of agricultural machinery and farmers' goods vehicles—a concession which is greater than other concessions, such as that which showman's vehicles enjoy.

The hon. Member divided his argument into four parts, and I will follow his order. Generally speaking, my right hon. Friend is proposing to make a 50 per cent. increase in the duties applicable to agricultural machinery and farm vehicles. The hon. Member referred to an increase of 60 per cent. in respect of goods vehicles. In fact, there are increases of 59 per cent. in respect of certain classes of vehicle, but that is not the general order of increase. The difference arises from the fact that we have taken this opportunity to shorten and simplify the scales, and because the new scales rise in 4 cwt. steps to 1 ton, and in 5 cwt. steps thereafter, whereas there were previously 5 cwt. steps throughout, we cannot have exactly the same percentage increases throughout.

The position is that the increases vary between 50 per cent. and 59 per cent. There are cases where it is as much as 59 per cent., namely, where vehicles are between 16 cwt. and 17 cwt. and between 20 cwt. and 22 cwt. In all other cases the increase is either 50 per cent. or 51 per cent.

**Mr. John M. Temple (City of Chester):** The hon. and learned Gentleman may be coming to this point, but I wonder whether he can tell the Committee what is the estimated cost of these increases, both to the agricultural and the horticultural industry.

**Mr. MacDermot:** Taking the whole lot, including all vehicles used in the industry, the increase is about £1·8 million. Of that figure, agricultural machinery constitutes about £500,000. That is the agricultural machinery which falls within Part II of Schedule 5. On the first category to which the hon. Member referred there is a 50 per cent. increase on a very modest rate of duty. The duty of £2 10s. has been increased to £3 15s.

4.15 p.m.

I would remind the Committee of the principle underlying this concession. It is not a concession designed to help



[**MR. MACDERMOT.**] agriculture. The principle underlying it is the same as that which applies to showmen's vehicles, namely, that a case has been established on the ground that farmers frequently employ vehicles which have only a very limited road use. A vehicle or certain machinery may be used mostly on a farm but it may be occasionally used on the road, either to go between farms which are separated by a few miles or to bring goods to market, or to fetch stores. There is a complete exemption for vehicles or machinery used for up to a limit of 6 miles per week on the road.

This exemption covers the case only of those farmers whose land lies on two sides of the same road, or whose land is split up into areas lying very close together. Some farmers own areas of land which are several miles apart, which means that their vehicles travel more than six miles a week on the roads. Even there the use of these vehicles on the roads is fairly limited. It was to meet that sort of case, and because of the justice of that case, that the concession was made for agricultural vehicles.

The benefit of this concession, however, extends to vehicles which are used in an entirely different way. This benefit extends throughout horticulture. We know that some horticulturists who operate in a large way send their lorries every night on a long-distance drive to Covent Garden or some other market. These are not agricultural vehicles in the ordinary sense of the term; they are long-distance haulage vehicles. If such a horticulturist were to contract with a haulage contractor to do exactly the same journey a very heavy rate of duty would have to be paid, but if he uses his own vehicles and does his own haulage he enjoys this substantial concession.

I can give an example which is applicable to 4-tonners, but I do not have the figures before me at the moment. The position is, however, that haulage contractors are already protesting at the concession which is being enjoyed by vehicles which really are nothing less than long-distance haulage vehicles. This presents a real problem in our approach to the matter, when we try to see how we can help the farmer—or at least not to put an undue burden upon the farmer—who

is making only a very limited use of his vehicles. I have just been handed the figures. For a 4-tonner a haulage contractor pays a duty of £90, whereas a farmer pays a duty of £32.

**Mr. J. E. B. Hill** (Norfolk, South): Are the mileage figures in any way comparable? Surely that is the question.

**Mr. MacDermot**: That is the case that I am making; the figures are comparable. I know a horticulturist in South Lincolnshire who runs a lorry several times a week to Covent Garden and back. The mileage done by that vehicle must be very substantial. The case is obviously comparable with that of a haulage contractor. I am not suggesting that this applies throughout the industry. That is the problem. A concession which was granted to meet a deserving case extends at the moment into a category of user in such a way as to excite the envy of, and to cause protests from, others in a comparable position.

**Mr. Hill**: With respect, I think that people do not understand the full position. Much time is spent by the Government in seeking ways to help the horticultural industry, as my hon. Friend has mentioned. Surely this is one small way that some help could be given, with no great administrative trouble, to an industry which has no support and no recoupment.

**Mr. MacDermot**: I wish to remind the Committee that it is not the purpose of the concession to single out a particular industry. If we started to do that, as hon. Members will realise, pressure on this or any other Government would be exerted by every sort of industry. The argument would be advanced that they were going through a period of difficulty. The Government would be told, "Because you granted a special concession to farmers to help the farming industry, you ought to grant a special concession to help our industry."

That is not the point. A perfectly proper case may be made out for vehicles on the ground of excise licences, if it is possible to show that a vehicle will be used on the roads to only a very limited extent. That is the case made out by showmen, and in respect of some agricultural vehicles.



**Mr. A. P. Costain** (Folkestone and Hythe): I am sure that the hon. and learned Gentleman does not wish to mislead the Committee, but surely no efficient agriculturist crops every day of the year. It is wrong to give the impression to the Committee that it happens other than two or three times in 12 months.

**Mr. MacDermot**: I can assure the hon. Member that some of these vehicles travel very considerable distances for many months of the year.

**Mr. Timothy Kitson** (Richmond, Yorks): I agree that there are a number of vehicles, although it is only a handful which are used every day. It is only a very small percentage. I am sure that the Financial Secretary will agree that it is an infinitesimal percentage which are used every day.

**Mr. MacDermot**: I cannot accept that it is only an infinitesimal percentage of all the vehicles which enjoy this concession and which, strictly speaking, cannot be regarded as having only a limited road use, when one compares them with other commercial vehicles, tradesmen's vehicles—we have had a reference to the butcher's vehicle—which have a limited road use.

**Mr. Kitson**: Has the hon. and learned Gentleman any figures to produce? He says that it is only a small amount, but what are the figures?

**Mr. MacDermot**: I have no statistics to offer to the Committee.

**Sir Martin Redmayne** (Rushcliffe): The hon. and learned Gentleman is putting the Committee in great difficulty. He says that the Government have received complaints from the road hauliers to support the argument he is using. From where have these complaints come? With what figures are they substantiated? I do not see how the right hon. Gentleman can expect to make his point unless he can produce that kind of evidence.

**Mr. MacDermot**: I cannot accept the intervention of the hon. Gentleman. From his experience he will know perfectly well that one gets representations on these matters. It does not follow that one is at liberty to disclose all the discussions. In any event, these questions

may not be capable of statistical proof. One of his hon. Friends conceded the point, which other hon. Members sought to deny, that there are vehicles which are doing a substantial road mileage and in respect of which the owners enjoy the benefit of the concession at present.

The first category of vehicles, agricultural machines, enjoy an enormous concession. They pay a low rate of duty and I do not think that it can be seriously suggested that a 50 per cent. increase from £2 10s. to £3 15s. can be regarded as oppressive, bearing in mind that the requirement for this duty, spread over the whole of vehicle users, is to raise additional revenue in the national interest. It is obviously not right to single out a particular class of vehicle for preference and say to the owners, "You are to enjoy the benefit of no increase in duty when everyone else will pay additional duty". I suggest there is no case in respect of that class of vehicle.

The second class relates to farmers' goods vehicles. This is where the greatest difficulty arises, because it is such a wide and all-embracing class. At one end of the scale it includes vehicles which may be used on the road to only a very small degree; at the other end there may be vehicles used almost constantly; and in the middle a large number of vehicles which have a substantial road use, and in respect of which the owners enjoy the benefit of a concession. I think it doubtful whether there would be a strong case for continuing the concession if the matter were analysed when comparing them with many other road vehicles. There would certainly be no case for increasing the concession, which is what we are being asked to do, by exempting them from the additional duty.

The third group of Amendments deals with dual-purpose vehicles. The practice has always been, in respect of dual-purpose vehicles—things like shooting brakes and Land Rovers—that if the owner wishes to use the vehicle for both purposes, for carrying goods and as a private vehicle, he is free to do so and will have to pay only one duty—whichever is the higher of the two duties for the two uses to which he puts the vehicle. We are applying exactly the same principle. Dual-purpose vehicles



[MR. MACDERMOT.] will continue to be subject to the payment of the one duty which is the higher of the two.

Previously, the private use carried the higher rate in respect of many of these vehicles. Now and in future—and, as the Committee may think, more logically—in all cases the goods vehicle user will carry the higher rate. I cannot see that there is any injustice in requiring that if a farmer chooses to have a dual-purpose vehicle, and use it for carrying goods, he should be expected to pay the appropriate goods rate.

When a person carries goods in a trailer behind a dual-purpose vehicle the position is unchanged. Previously, he had to pay the normal trailer addition on top of the duty for the dual-purpose vehicle. He will continue to have to do that—I do not quarrel with the figures given by the hon. Gentleman—subject, broadly speaking again, to a 50 per cent. increase.

**Mr. Scott-Hopkins** *indicated dissent.*

**Mr. MacDermot** : The hon. Gentleman shakes his head, but an increase from £25 10s. to £39 10s. is a little over 50 per cent. and I suggest that there is nothing harsh or oppressive about it.

The hon. Gentleman pointed out that farmers would be free to tow goods in a trailer behind a private vehicle which was not a goods vehicle or a dual-purpose vehicle without attracting any additional trailer duty. There is no change about that. It may seem anomalous, but I will not hold that against anyone.

The real problem—if the National Farmers' Union or anyone else would like to discuss it further I shall be glad to enter into talks to see whether any kind of solution can be found to it—arises in respect of a small farmer who has a goods vehicle which he uses only occasionally on the roads, perhaps to take produce to a local market. I have a great deal of sympathy with the small farmer in this problem. I am prepared to consider this aspect of the question further before the Report stage of the Bill to see whether anything can be done.

From the advice I have had there are real difficulties here, first, in defining the class of vehicle so as to be able to con-

fine it to vehicles which genuinely fall within the limited use category. There are also many other administrative problems that would arise and the drawing up of appropriate scales. I am certainly not making any promises, because I am aware how, in complicated matters of this kind, hastily considered Amendments only lead to anomalies. If hon. Members can accept what I say, and that I cannot go beyond that, I will gladly bear the case in mind and look further at it.

4.30 p.m.

**Mr. Scott-Hopkins** : Is the Financial Secretary saying that he will have talks with the farmers and their organisations about vehicles up to a 1½ tons to see whether a concession can be made to farmers if they do not use their vehicle for all the year? Is this the category that he is talking about?

**Mr. MacDermot** : I do not want to be tied to a particular weight. It is the small class of goods vehicle I have in mind. I would like to see whether it is possible to find a way of defining a category of vehicles which genuinely can be shown to be vehicles which have only a limited road use.

**Mr. R. H. Turton** (Thirsk and Malton) : Is the Financial Secretary saying that he is putting up these rates very considerably because of representations from the Road Haulage Association, as a result of a very small minority of cases where some horticultural farmers compete with road hauliers? It seems to be a complete travesty of justice that the whole of the agricultural industry should suffer a large blow because of that.

**Mr. MacDermot** : It is not because of the arguments of the road haulage industry. We are aware of the situation. It is also a relevant factor that other people are complaining.

**Mr. Turton** : I want to confine myself to the question of farmer's machines, where the Financial Secretary surprisingly says that there is no case at all because he says it is only a small amount. This is a tax on farming implements and that is why it is so very unjust. Not only that, the Financial Secretary glibly says it is only a rise of 50 per cent. It is the kind of penalty we have to pay for having this Government.



This is a rise from 1960 of 700 per cent. in this particular duty. It was raised in the 1961 Finance Act and now it is raised again by 50 per cent. I would point out to him that the overall mileage of these tractors or combines is probably about 100 miles per year. This is putting a penalty on the farmer of about 9d. a mile in excise duty for every mile. Yesterday, the Financial Secretary gave us a lot of figures. The duty on a goods vehicle was 1½d. a ton mile and on heavy goods vehicles one-tenth of 1d. a mile. The private motorist running at 10,000 miles a year is probably paying at the rate of 1½d. a mile.

That shows that there is something wrong in the taxation of farm implements by this method and on that argument the easiest way is to do away with this increase and keep it at £2 10s. If this is not possible and that argument is defeated I ask the Financial Secretary to consider this question from the point of view of exemption.

The hon. and learned Gentleman says that if they run no more than 6 miles in a week they can claim exemption. That does not work, because during certain weeks of the year, at harvest time, for example, a tractor is working on the roads for more than 6 miles. Otherwise the harvest cannot be brought in. That is why that exemption provision has never worked properly. I ask the Government to reconsider this matter, because what is really happening is that small farmers in difficult and out of the way districts are being penalised by this particular provision. Their land is more scattered and they are having to go on to the roads whereas farmers in the big arable areas do not have to go on to the roads to the same extent.

I should have thought that the way to tackle this problem would be to grant exemption not for a maximum in any one week, but to say that if a tractor was used outside a radius of, say, 5 miles from the farm, it should have to pay taxation. If it was within the radius of 5 miles then it should not be liable for tax. That would help these small hill farmers and I think that it is a right way of taxing them.

If we have a measure of exemption of that nature on the Report stage farmers

would then feel that their farm implements were not being so heavily taxed. This is particularly true of combines, which hardly ever use the road, but which, at harvest time, travel more than 6 miles during the week on the road. Although they are used for only three or four weeks in the year they are having to pay tax because during those weeks they are on the roads for more than 6 miles per week.

Farmers' goods vehicles generally could use the exemption or remission. If the farmers goods vehicles were used within a wider radius than 5 miles, say, 15 or 20 miles, then they should have a relief of tax as suggested. I believe that this method of radius is better than looking at any one week in the year and taxing on that basis.

**Mr. Kitson:** I am sorry that the Financial Secretary came into the debate when he did, because I think that he has tended to prolong the debate. On the point of what I said about lorries using the road regularly, I admitted that there were a few which did. I have the largest constituency in England and I do not know of a single constituent of mine whom I could put into that category. It is only a very small percentage.

I think that my hon. Friend the Member for Cornwall, North (Mr. Scott-Hopkins) dealt with this very well. I thoroughly agree with him. It is most unsatisfactory to have the agricultural industry singled out to bear this substantial additional tax burden, following such an unsatisfactory Price Review. It was only last week that the Minister of Transport came to my constituency and opened a new motorway. I hope that he will bear in mind that every time a new motorway is put down through the country it very often splits farms in half and that farmers are forced to go on to the highways.

I agree with my right hon. Friend the Member for Thirsk and Malton (Mr. Turton) that if we had a radius instead of a 6-mile limit it would be much more satisfactory. It is nonsense that this cannot be properly policed. Any legislation which cannot be seen to be carried out properly is not worth the paper which it is written on. I defy most farmers who are on the borderline to know



[Mr. KITSON.]

whether their tractors run 5½ or 6½ miles on the road from one week to another.

It is unsatisfactory to impose this additional 50 per cent. licence on tractors at this time. I hope that the Government will reconsider this position and accept the Amendment. I am sure that, when the Financial Secretary has heard the arguments to be advanced from this side, he will agree that it is grossly unfair at this time to tax agriculture once more, especially at this very high additional level.

**Mr. George Y. Mackie** (Caithness and Sutherland): I do not want to repeat all the arguments which have been adduced and which will be adduced, about the burden on agriculture of the extra tax on farmers' vehicles. It will be very large. It will be a great aggravation to farmers on top of the Price Review, which farmers consider, rightly in most people's view, to be a very bad one.

I want to bring out another aspect on which the Amendment touches and to which the Financial Secretary should have regard in the light of the Budget. I understand that the Chancellor of the Exchequer is trying to take some money out of the economy, to deflate the economy. It is arguable whether increasing the taxes on heavy goods vehicles will help him. There is no argument at all but that it is ridiculous to raise taxation on farmers' goods vehicles. The Minister of Agriculture and his Parliamentary Secretaries have repeatedly assured us that they stand by the 1947 and 1957 Acts, which state that farmers' increased costs will be taken into account at the Price Review.

This is taking money away from farmers for a period of time to give it back to them at the next Price Review—that is, if the Government mean what they say about standing by the 1957 Act. What is being done is borrowing money from farmers for a year. This is not a logical thing to do, in view of the rise in bank advances to the farming industry. There is an old saying in Scotland, "Ye canna tak the breeks off a Hielander". This is apparently what the Government are doing. They should seriously consider the Amendment, because this increase in tax will ultimately thwart their intentions.

4.45 p.m.

**Mr. Emrys Hughes**: I entirely disagree with the impression which hon. Members opposite are conveying to farmers that they are the farmers' friends. Hon. Members opposite are not the farmers' friends. They are the landlords' friends. I never hear hon. Members opposite asking that farmers should be in any way relieved of the burden of rent. I am still waiting to see an Amendment calculated to help the farmer as against the landlord.

The hon. Member for Caithness and Sutherland (Mr. George Y. Mackie) mentioned the Price Review. This series of Amendments would mean less money for the Treasury. If by any chance they were all carried, there would not be any money to pay the farmers at the next Price Review. Where is the £300 million to come from? This shows the sheer irresponsibility of hon. Members opposite. They realise that a large sum of money has to be found for agriculture. I criticised the Price Review, because I believed that not enough was given to dairy farmers. I stand by that contention. We cannot have tax-free farmers. This series of suggested concessions would only create discontent among the agricultural community.

There is the question of anomalies. If a tax concession were given to the farmer, others in the village who distribute agricultural produce would have a case, too. If special concessions were given to farmers, butchers would say, "We have to take part in distributing meat. Have not we a right to concessions?"

**Mr. George Y. Mackie**: Does the hon. Gentleman agree with the Financial Secretary that these were special concessions given to farmers?

**Mr. Hughes**: They are special concessions, but there can be special concessions and unreasonable special concessions. Reasonable farmers realise that they are citizens as well and that they have to pay their share of taxation, which is very heavy. The farmers I represent are very concerned about the very heavy taxation it is necessary for farmers to pay to provide the £2,152 million for defence. They say that we are sacrificing green fields to Blue Streaks. A large sum of money has to be paid by the community



as citizens. I believe that the farmer should receive every possible concession. If hon. Members opposite want to prove the genuineness of their concern for farmers, they can start by reducing their rents. When that happens, I shall believe that they are the farmers' friends.

I could make out a special case for the butcher in the main street and the butcher in the village. Indeed, I could put up a special case for the fisherman, for the fish merchant, and for red herrings.

**The Chairman:** Order. The hon. Gentleman can put up a special case for the butcher, but not on this Amendment. He can argue against the Amendment, but he cannot argue for the butcher.

**Mr. Hughes:** I am not arguing for any concession to the red herring merchant. Unfortunately, I would classify many of the arguments of hon. Members opposite as red herring arguments. The hon. Member for Caithness and Sutherland knows the villages of Scotland. He knows that in the village street there are people selling agricultural produce. There are special concessions for the milkman. If special concessions are to be given to the milkman—the same concessions as are being demanded here—I could argue, if it were in order, for special concessions for the greengrocer.

**Mr. George Y. Mackie:** The milkman has not special concessions. His income is guaranteed by the Government on a cost-plus basis.

**Mr. Hughes:** The hon. Gentleman is now introducing another red herring. He is introducing red herrings into the milk. All sorts of very pertinent questions would be asked by the butcher and the milkman. What about the greengrocer? The undertaker might very well ask for concessions. Everybody who used a vehicle in a village community would want to know why this very special concession should be given to farmers.

I agree that agriculture is a very important industry which deserves our support, but I do not think that we are entitled to ask for individual concessions, because, after all, there are very many industries which do not get the tax

concessions on their machinery that the farmer does.

I think, therefore, that hon. Members opposite are irresponsible in making these demands and creating ill-feeling in the countryside against the farmer. There is an anti-farmer complex growing up as a result of Opposition Members overstating their case purely for political purposes.

**Sir A. V. Harvey:** I have followed in debate the hon. Member for South Ayrshire (Mr. Emrys Hughes) on many occasions over many years, but I regret to say that he is just not on form today. He was trying to back up the Government a little and then he suddenly remembered that there were dairy farmers in Ayrshire and he had to say something on their behalf. He has, therefore, had the worst of all the arguments. If the hon. Member makes many more speeches of that kind this week, the farmers, and the distillers, whom we discussed the other day, will have a good deal to say to him when next he goes North.

The Financial Secretary treats the Committee with great courtesy and patience. He has a long way to go yet and I hope that he will retain those qualities to the end, but with great respect to him, as an eminent lawyer, I think that the brief given to him by the Treasury is not a very good one. This is a complicated matter. The 6-mile limit on tractors is a bad thing. The present Government cannot be blamed for it but, as has been said, if the tractors cannot be policed what is the point of having the limit? How many farmers have speedometers on their tractors and know whether the tractor travels 6 or 8 miles on the roads in a week? This is a matter which should be looked into.

There is a very strong case for exempting the tractor from this new impost. The Financial Secretary may find it difficult to differentiate goods vehicles used by farmers from goods vehicles used in other industries but the tractor case is clear-cut. I know a case where a tractor crosses a road once a week and otherwise is never on the public highway at all. The Financial Secretary may say that this is not a great increase from £2 10s. to £3 15s., but at the moment the



[SIR A. V. HARVEY.]

small farmers are very hard pushed. They are getting a pretty miserable time at the hands of the Government.

Yesterday, we had 75 farmers from Cheshire meeting us upstairs and I have never before seen them in the mood that they were in. [*Laughter.*] This is not funny. They are unable to obtain loans or increase overdrafts and their costs are going up. I would tell the hon. Member for South Ayrshire that the difference between the greengrocer and the small farmer is that the greengrocer can charge what he likes whilst the milk producer, for example, has his prices fixed. He is receiving the same price for his milk today as he was receiving 16 years ago, and in some cases less.

Many farmers are having an extremely rough time. They are bearing about a £20 million extra burden. It might be said that £500,000 is not a great deal, but on top of the £20 million it is just that much that hurts. The representatives of the N.F.U. dined with the Prime Minister the other night. The Government would be well advised to say, "We will not do anything more to irritate the farmers." Their production goes up by 5 per cent. year after year, and their labour force goes down.

How does the Financial Secretary think that these farmers will pay increased wages if there is a wage award this year, as probably there will be? They want to pay higher wages, otherwise there will not be any farmworkers left. I hope that the hon. and learned Gentleman will think this matter over and will go a little further than what he has told us about goods vehicles. I am concerned particularly about the tax on tractors. The Chancellor said that he would be reasonable and would listen to the arguments, but we are in the third day of the debate on the Finance Bill this week and we have had no concession yet. Here is an occasion when the Government can help the farmers in a deserving case.

**Lieut.-Colonel Sir Walter Bromley-Davenport** (Knutsford): It is always a very difficult task to follow my hon. Friend the Member for Macclesfield (Sir A. V. Harvey) in debate. I am his constituent and I am proud to be one.

**Hon. Members :** Address the Chair.

**The Chairman :** It will help if the hon. and gallant Gentleman addresses the Chair.

**Sir W. Bromley-Davenport :** If I may convey my congratulations to my hon. Friend through you, Dr. King, his was a first-class speech, delivered with devastating effect against a lot of Lobby fodder who did not understand a word of what my hon. Friend was talking about. I have never known the farmers in Cheshire and in my constituency to be so depressed as they are today.

**Mr. Emrys Hughes :** May I ask the hon. and gallant Gentleman a question?

**Sir W. Bromley-Davenport :** No.

If I might recapitulate, I have never known the farmers in my constituency to be so depressed.

**The Chairman :** Order. I must ask the hon. Members to give the hon. and gallant Gentleman the courtesy of listening to him that they have given to everybody else so far.

**Mr. Emrys Hughes :** On a point of order. Is it not the usual custom in Committee that when an hon. Member takes up a provocative attitude he should have the courtesy to give way?

**The Chairman :** It is difficult for me to decide what are the bounds of courtesy and discourtesy.

**Sir W. Bromley-Davenport :** I have never known—this is tedious repetition—[*Laughter.*] It is all very well to make fun and games over this—but I have never known, and my fellow Members have never known, the farmers in Cheshire—

**Mr. W. A. Wilkins** (Bristol, South): To be so depressed.

**Sir W. Bromley-Davenport :** Yes, to be so depressed as a result of the conditions under which they have to live today.

**Mr. Emrys Hughes :** And pay the rent.

**Sir W. Bromley-Davenport :** Their costs are going up all the time and, what is more, they cannot pass these on to the consumer. They cannot strike for more pay and less work. They and they alone, whilst costs are steadily increasing, have to work harder for less and less



reward. They and they alone do not have a really fair standard of living compared with all the hard work which they have to put in under all sorts of conditions. We have already discussed examples of their great difficulties with increasing costs.

I will not go into each item, but I will mention some of them under separate heads. There is the increased cost in respect of agricultural tractors, motor lorries, dual-purpose vehicles, the import charges, the petrol tax, and the National Insurance contributions. These amount to an extra £4½ million, and the Bank Rate has been raised. It never ends.

The annual turnover of money in agriculture in this country is greater than the combined agricultural output of Australia and New Zealand. It is greater than the combined turnover of British Railways and the National Coal Board. But, of course, the farmer cannot offset his costs by increased prices to the consumer, such as we see in the nationalised industries—railway fares up, bus fares up, coal that will not burn, electricity costs up, and so on. The poor farmers have to absorb these extra costs without fair increased charges to the consumer.

5.0 p.m.

Why have farmers got these increased costs to bear? I will tell hon. Members opposite and give them the answer straight. We had an example yesterday of what I mean from my hon. Friend the Member for Macclesfield, and I say again today that, like the Paymaster-General, the Socialist Party hates the farmers. [*Laughter.*] All right. We had an example of their attitude yesterday; perhaps hon. Members opposite will soon be laughing on the other side of their faces.

Our farmers in Cheshire came 200 miles to see their Conservative Members of Parliament and the Socialists. They were disgusted because the Socialist Party Members, including the hon. and learned Member for Crewe (Mr. Scholefield Allen), would not wait 20 minutes to see them. That is an example of the kind of co-operation which the farmers can expect from Her Majesty's Government.

I ask the Government to reduce the costs to these poor farmers who have never had conditions so hard against them as they have today and to give them a

chance, which they have not got now, to earn a fair living.

**Mr. Bryant Godman Irvine (Rye):** The Financial Secretary has made quite clear that the matters we are discussing today will add £1·8 million to the burdens being carried by the farmer. Why has this burden been put on the farmer? The hon. Member for Caithness and Sutherland (Mr. George Y. Mackie), in putting the same question to the Financial Secretary, suggested that there was a possibility that it might be recovered through the Price Review, but what both he and supporters of the Government forget is that that is precisely what does not happen under a Labour Government. It is no good saying to the farmers that they will be able to get their £1·8 million back because the 1947 Act said that that would happen, because they know perfectly well from experience that it did not happen before and they have no confidence that it is ever likely to happen under a Labour Government.

When this matter was last discussed by the House, Lord Mitchison, then the hon. and learned Member for Kettering, said that he felt that any price increases would be recovered through the Price Review. But we cannot say that today, and the farmers know that it will not happen. On the other side of the story, of course, there are those who have nothing to do with the Price Review, as my hon. Friend the Member for Maidstone (Mr. John Wells) has already pointed out. Those who work in horticulture, whatever be the costs which they have to bear, have no prospect of getting anything at all under any Price Review.

Why, at this time, has the Chancellor decided to put an additional £1·8 million on the shoulders of the farmers and horticulturists? After the examples we have already had of the way the Government treat the farmer, one would have thought that quite sufficient harm had been done and there would be no need to take things further and add this additional burden.

There have been references to tractors, but, as several of my hon. Friends still wish to speak, I shall be brief and confine my remarks to goods vehicles. One of the reasons why I am particularly interested in farmers' goods vehicles is that I operate one myself. The vehicle I have in mind was purchased in 1948.



[Mr. Godman Irvine.]

It has been in constant use ever since, but its mileage is now only just over 6,000. If my arithmetic is anything like correct, that is an average of about 350 miles a year. If the Financial Secretary thinks that it is fair to ask someone who is operating on the road for 350 miles a year to pay £31 in tax, he should look at the matter again. He said at the end of his speech that he would consider some of the smaller vehicles, and I press upon him that there is a good case for looking again at the question of farmers' goods vehicles.

My hon. Friend the Member for Cornwall, North (Mr. Scott-Hopkins) has already referred to what was said in 1961 by the then hon. and learned Member for Kettering. I wish to remind the Financial Secretary of one or two other things which he said. One of them was:

"I can see no reason whatever why farmers' good vehicles should suffer this increase", and he went on to say that he thought it was

"bad policy and bad sense."—[OFFICIAL REPORT, 1st June, 1961; Vol. 641, c. 452-3.]

That is precisely what we on this side of the Committee feel today. On the last occasion when the matter came before the House, that is what I felt—

**The Joint Parliamentary Secretary to the Ministry of Transport (Mr. Stephen Swingle):** Did the hon. Gentleman vote for it?

**Mr. Godman Irvine:** I did not vote for it. I am glad to take this opportunity of telling the Parliamentary Secretary to the Ministry of Transport that I took the precaution of not voting on that occasion, because I did not feel that it was the right thing to do. I still consider that that was the right decision. [HON. MEMBERS: "Better be careful."] I am happy to say that my relationship with my right hon. Friend the Member for Rushcliffe (Sir M. Redmayne) is slightly different now from what it was then. I thought at that time that it was bad policy and bad sense, as the then hon. and learned Member for Kettering said. I still think so, and I hope that the Financial Secretary will look at the question again.

**Mr. Dennis Walters (Westbury):** The Financial Secretary has gone part of the

way in conceding our argument when he admitted that these burdens would hit small farmers very severely and he has said that he will look into the matter to see whether something can be done. But not only would there be damage to the small farmer—that is accepted—there would also be damage to the farming community generally. These increased burdens would add to farm costs, and there is just no scope for farmers to absorb such costs in other ways.

The point has been made, and there has been no answer to it, that farmers' goods vehicles are used mainly for movements within the farm. Occasionally, they are used for special deliveries of perishable produce, but they cover a very much smaller mileage than commercial vehicles do. These vehicles, which are registered as farmers' goods vehicles, are also used on occasions for the collection of produce for the farm. Inevitably, they are on the road for a far shorter period of time than other vehicles, yet this point has not been answered at all satisfactorily. There is every possible reason why, to avoid further rises in farm costs, these vehicles should be exempted from the Chancellor's proposals.

The Minister of Agriculture spoke in Wiltshire a few weeks ago. Afterwards, I spoke to a number of farmers who went to the meeting. The impression they have is that the right hon. Gentleman is personally not against the farmers and is, perhaps, even quite sympathetic to them. But when they feel, which is the same as we feel, is that he was not able to argue effectively and strongly enough the point of view of the farmers in the Cabinet at the time of the Price Review. Both the farmers and we on this side of the Committee hope very much that the Government will give this minor concession that we now seek, especially after such a severe Price Review.

**Mr. Peter Mills (Torrington):** I am particularly concerned about the increase in the licence duties for tractors. As most hon. Gentlemen realise, I speak for many of the small farmers in the South-West and there is no doubt that they are feeling the pinch. It is true to say that this is not a great increase, but must be looked at together with all the other increases that have taken place recently. It is yet another increase put on the backs of the

small farmers, particularly in the South-West.

They have had many extra burdens to bear since the Government took office. I had a list drawn up the other day. Income Tax is up 6d.; employers' contributions up 2s.; petrol up 6d.; car licences up £2 10s.; postage up 1d.; rates up about 14 per cent.; mortgage repayments up and rail fares, electricity and coal up.

All this makes a formidable list. I wonder how much longer the small farmers can bear these extra costs. The tractor is called the maid of all work, and that is true. It is surprising what people use tractors for. The machine has a variety of uses. It has made a vast contribution to increased productivity. It therefore seems particularly hard that this extra licence fee should be imposed. But, of course—and this is the nub of the argument—it becomes much greater when coupled with all the other taxes imposed by the Government.

Let us make no mistake about it, the small farmer is being squeezed. Rationalisation is taking place, and that is inevitable. But surely the job of any Government, of whatever colour, is to cushion those affected until reorganisation takes place amongst the small farmers while they take full advantage of the scheme designed to help them. Until amalgamations can take place, then, of course, any increases hit them very hard.

But if one talks about the Government providing a cushion, then one can only say that, with six months of Socialist Government, a prickly cushion has been given to small farmers to sit on. All the brave words of the last few years about the Socialist wish to help the small farmers have been thrown overboard by increases like this.

*Notice taken that 40 Members were not present;*

*Committee counted, and, 40 Members being present—*

5.15 p.m.

**Mr. W. A. Wilkins** (Bristol, South): I have always thought that no case gains anything by exaggeration. I was surprised by the speech of the hon. Member for Torrington (Mr. Peter Mills), who

seemed to lay all the difficulties which it is alleged arise in the farming industry at the door of the Government, who have only been in power six months. This is the more surprising when one remembers that the finest thing ever done for British agriculture was the Agriculture Act, 1947, introduced by the then Labour Government.

**Mr. Peter Mills:** In what way did I exaggerate?

**Mr. Wilkins:** The hon. Gentleman catalogued a whole list of things which apply to every other member of the community just as they apply to the farmers. His argument was specious because he was, in effect, claiming that the farmers should be exempted from these general charges falling on all other members of the community.

I represent an industrial constituency and I would not like it to go from this Committee that the only people who have any feeling or understanding for agriculture sit on the benches opposite. It is true that I am not a farmer but I have a fair amount of knowledge and experience of farming by small farmers—not the big farmers, who really make the money, but those who do have some difficulty in earning a living.

**Mr. John Wells:** Will the hon. Gentleman tell us how long he has been sitting here if he is so interested in the debate?

**Mr. Wilkins:** I have listened to the last four or five speeches. I listened to the diatribe from the hon. and gallant Member for Knutsford (Sir W. Bromley-Davenport) and to the speeches of the hon. Members for Macclesfield (Sir A. V. Harvey), Westbury (Mr. Walters), and Rye (Mr. Bryant Godman Irvine). Even so, I would not have intervened now had I not been provoked into doing so by the speech of the hon. Member for Torrington.

I have had conversations with a farmer whom I have known for 20 years. I have often spent periods during the Recesses with the family. In fact, if I did not think that we would return on the Tuesday of Whit week I would probably arrange to spend some time with them then. The genuine grounds of complaint by small farmers do not relate so much to the imposition of another 30s. tax on vehicles



[Mr. WILKINS.]

as to the marketing of their goods. The argument I hear all the time is, "Why is it that I have to sell a broccoli for 2d., whereas it goes to Covent Garden or elsewhere and when it reaches the shop costs the housewife 2s. or 2s. 6d.?" That is the burden of the argument by the farming community.

It may be that we should have a close look at marketing conditions which are grossly unfair to the farmer. I am certain that the average farmer, even if he be a small farmer, is not really asking us to make special concessions to him on, for instance, licence duty on vehicles.

I have some sympathy with the case put by the hon. Member for Rye, who told us of the mileage of one of his vehicles and the amount of duty he must pay on it. Hon. Members who were here when the House debated the Severn Bridge tolls will recall my reference to this point. Here again is an instance where we need to make a close review of the way in which we levy licence charges on vehicles and on the way in which we raise our revenue.

I completely oppose the present system of raising revenue. I believe that there is only one fair method of taxation, and I am opposed to indirect taxation as such. We need a review, not necessarily to look at farming equipment and the licence duty payable, but to see whether we should not levy licence duty or raise revenue from mechanised machines according to their use. For example, I see no reason why a mini car should have to pay £15 tax when a six-ton lorry, which causes an enormous amount more damage to the roads, and consequently more expense to the taxpayer, pays only a comparatively small amount.

The hon. Member for Torrington and others have included in their accusations against the Government the charge that the Government increased the tax on petrol by 6d. However, if we are to try to reach some sort of equity in the system of levelling taxes on those who use vehicles, on the roads, on the farms or for any other purposes, we have to consider the charge imposed on the fuel which is consumed, because the more miles travelled by a vehicle, the higher will then be the contribution to the Exchequer.

So I do not think that what hon. Members opposite have said has been a fair argument, even on behalf of the small farmers. I am completely sincere in saying that I have always felt that there were great hazards in small farming.

**Mr. Peter Mills :** It is obvious that I could not have made myself clear to the hon. Gentleman. I was trying to show that these taxes had a cumulative effect on the small farmer. That was the whole gist of what I was trying to say.

**Mr. Wilkins :** But the cumulative effect of a reduction of from £3 15s. to £2 10s. would be utterly negligible compared with the farmers' principal concern, which is marketing.

**Mr. Temple :** Would the hon. Gentleman explain how he imagines that a 50 per cent. increase is negligible?

**Mr. Wilkins :** I am speaking in relative terms. I hoped that I was relating that to the enormous difference in the price which the farmer receives for his produce and that received, especially in London, by the middlemen, the people who get the produce back to the shops and who are living on the backs of the farmers, or at least on the backs of the consumers. That is the argument I am trying to make.

That is the cardinal criticism which has been made to me and I believe that the difference between £3 10s. and £2 15s. in this tax will be of little importance to the small farmer in comparison. I shall make a special effort to discover the views of my farmer friend on this subject, but I do not believe that this kind of increase will trouble him. However, I am sure that we should look at marketing arrangements to see what can be done to put the farmer on his feet in that respect.

**Mr. John Wells :** If the hon. Member for Bristol, South (Mr. Wilkins) had been here to listen to the speech of his hon. and learned Friend the Financial Secretary, he might have more clearly understood the origins of this concession. We all appreciate what the hon. and learned Gentleman said about the origins, but that is not the point. We are concerned not with historical origins but with the situation as it is today, and the reality of the case is that the farming and horticultural communities enjoy a concession



now. If it is cut off, to that extent they will be worse off.

We are all extremely grateful to the Financial Secretary for his sort of half promise that he would endeavour to do something about this matter before Report. I hope that he means it and that it is not just another repetition of an offer to listen. If this matter is to be considered before Report, I hope that the hon. and learned Gentleman will bear in mind especially what was said by my hon. Friend the Member for Rye (Mr. Bryant Godman Irvine) and my hon. Friend the Member for Cornwall, North (Mr. Scott-Hopkins) about horticulture. Nothing can be made up to horticulturists out of the Price Review, and I hope that these recurring words "Price Review", which hon. Member after hon. Member has brought up, will not prevent the difficulties of horticulturists from being borne in mind.

They use their goods vehicles for many purposes besides the straightforward carriage of goods. For instance, in most areas where there are soft fruit pickers they are frequently collected from the local market town early in the morning in the back of a goods vehicle and returned in it to the market town at night. Those vehicles do not do a big mileage and the point which the Financial Secretary made about the origin of the concession being connected with small mileage vehicles is very valid. I hope that he will appreciate the importance of this concession to this section of the farming community and that he will consider it most sympathetically, because, as he rightly said, its main importance is to horticulturists.

I am sorry that he did not collect some figures about the amount of long-distance haulage which is undertaken. I was in Covent Garden at about six o'clock this morning talking to a grower from Kent who has a stall in the market and who is a gentleman who, while not a constituent of mine, is well known to me. He told me that he occupied his stall in the market for only a very few weeks in the year and then sub-let it. If the Financial Secretary were to take statistics this morning, or tomorrow morning, he would probably find my friend's vehicle waiting outside the stall and he might conclude that here was a grower using his own vehicle to bring his goods all the way to

Covent Garden. However, if he took his statistics in six months' time, when that stall was sub-let to some other occupant, he would probably not find a grower's vehicle there. I ask the hon. and learned Gentleman whether before Report he can endeavour to get some statistics, because, after all, there are probably only about 7,000 vehicles in the market during the day or night, so it would be quite a simple matter to get the figures.

I suggest that it is done as quickly as possible, tomorrow, or the next day, or the day after, and then again on the brink of the Report stage. The figures could then be averaged and might then reveal a situation different from what might be supposed from the first set of figures.

I am grateful to the hon. and learned Gentleman for half promising us a concession, but I hope that he will consider it in the way which I have suggested.

**Mr. Paul Hawkins** (Norfolk, South-West): I should like to add my voice in protest against the whole tenor of the Finance Bill and, in particular, against these extra impositions. They have been enumerated on several occasions and it is not necessary to go through them again. However, I should like to comment on what was said by the hon. Member for Bristol, South (Mr. Wilkins), because it was good to hear an hon. Member opposite speaking about an agricultural matter and doing so with obvious sympathy. As a whole, hon. Members opposite do not have much sympathy for agriculture.

There was one matter on which the hon. Gentleman was completely wrong. The industrial worker or the industrialist can sell his labour or his goods at a price which will show him a profit because there are no restrictions on the price at which he can sell. On the other hand, the farmer is tied to Price Review prices in most cases. That is why, immediately after a Price Review, farmers are considerably disturbed by these extra cost impositions.

5.30 p.m.

I wish to mention three respects in which farmers' costs will be increased. I refer, first, to the trucking of store cattle from the rearing grounds of the West and North to the finishing areas in the east of England, particularly in Norfolk,



[MR. HAWKINS.]

where my constituency is situated. Nearly all the cattle unloading rail points in our area have been done away with. We now rely almost entirely on road transport. This will put up the cost of fattening cattle quite considerably. Secondly, owing to these increased costs, any addition which have been put on sugar beet—a very bulky crop—in the Price Review will be lost. Thirdly, vegetables such as carrots, celery, chicory, potatoes, cabbages and brussels sprouts do not come under the Price Review and, therefore, producers have no chance of recovering the costs involved in those items. Many farmers have bought vehicles to do these jobs, but they are not used for more than three months of the year on average. Many of them are used for a shorter period. Few of the growers of root crops are covered by the Price Review.

The *Financial Times* today said, quite rightly, that the Government are laying down a double standard—one for the public sector and nationalised industries and the other for the private sector. Government supporters, on every possible occasion, have shown that they have a double standard—one for town industries and another for agriculture. Agriculture is one of the greatest industries in the land and in the private sector. It has received a series of savage blows since the Government came to power. All the blows which we have been talking about have been struck during the last six or seven months. For this reason, I hope that these Amendments, which attempt to redress the balance slightly, will be accepted.

**Mr. Alick Buchanan-Smith** (North Angus and Mearns): I listened with interest to the remarks of the hon. Member for Bristol, South (Mr. Wilkins). My remarks are based, not on the knowledge of just one particular friend, but on the knowledge of what many hundreds and, indeed, thousands of farmers in Scotland feel about the Government's proposals in the Finance Bill. Therefore, what I propose to say will be a much truer reflection of the feelings of the farming community, particularly in Scotland.

I understand from a reply which I received from the Secretary of State for Scotland that these increases in road tax

will amount in a full year to £250,000 for agriculture in Scotland—a not in-substantial amount.

Reference was made earlier to the tremendous contribution which agriculture has made in increasing productivity. Columns 1448 and 1449 of yesterday's HANSARD show that over the last four years productivity in agriculture has increased at the rate of 9 per cent., 2 per cent., 10 per cent., 6 per cent., and it is forecast that the increase for the current year will be 10 per cent. These figures are to be compared with an average increase of 3 per cent. in industry. This tremendous record in productivity has been achieved through a greatly increased use of machinery, much of which is of the type which is taxed and which we are discussing. One of the most unfortunate effects of these increases in tax is that they put the brake on increased productivity in agriculture.

I should like to refer to two points which have been raised this afternoon. I deal, first, with the comparison which has been made between a farmer or a horticultural grower using his vehicle to send his own goods to markets such as Covent Garden, and a road haulier who could also carry these goods. I point out to the Financial Secretary that these are not comparable cases, because it is not easy for the horticultural grower to get a return load for his lorry unless he carries something back for his own purposes, whereas a road haulier is able to get a load for the return journey. Therefore, the horticultural producer's costs are very much greater and there is a strong economic argument for a concession being made.

Secondly, I reinforce the argument put forward by my right hon. Friend the Member for Thirsk and Malton (Mr. Turton) about tax exemption for vehicles which use the roads to only a very small extent. I appreciate that exemption is available if the agricultural vehicle does not cover more than six miles in a week. This applies to most farm tractors. But there are short periods in the year when distances far in excess of six miles are covered. I would put in a very strong plea that the laying down of a radius of operation would be a much more fair and equitable means of deciding the exemption limit.



There is precedent for this in the case of farm vehicles which can qualify for exemption from road fuel tax. Although I have not had time to check this, I believe that if a vehicle does not operate for other than farm purposes and out-with a radius of 15 miles from the farm it is possible for the owner to be exempted from paying the tax. Perhaps the Financial Secretary will confirm this. If that is so, it might be possible to extend a similar exemption to the road licence tax.

Finally, I reinforce the argument which has been put forward about comparisons with other trades and industries, particularly the distributive trades, such as greengrocers and fishmongers. The vital point which I hope the Financial Secretary understands is that other trades have it in their power to raise their prices and to recoup the extra costs put on them. This is not so with agriculture. Farmers are unable to put up their prices and recoup the extra costs. This can be done only through the Price Review. To this extent they are completely at the mercy of the Government. Following on this year's Price Review, it is this factor more than any other which causes to much concern among the farming community.

**Mr. Julian Ridsdale** (Harwich): I wish to underline one point which has been made already, and that is the burden which this tax places on productive industry. An increase of £1 million in costs has been placed on productive industry, and I fear that, in addition to the £19 million burden which has already been placed on the shoulders of the farmer, this will tend to be inflationary and not deflationary. It will push up costs and not lower them, which should be the intention of the Treasury. I therefore hope that the Financial Secretary will consider this very carefully when he thinks again about some of these taxes.

Secondly, I wish to emphasise very strongly what my hon. Friend the Member for Torrington (Mr. Peter Mills) said. I have a constituency on the other side of England which is very similar to his and I have to deal with county council smallholders and small farmers. When the hon. Member for Bristol, South (Mr. Wilkins) was speaking, I almost invited him to meet some of my county council smallholders because, being a very

human man, I was sure that he would understand the pressure which the Government have placed on small farmers. The accumulation of these costs has made the farmers in my constituency more depressed than I have known them since the end of the war—petrol tax, increased National Insurance contributions, the surcharge, and now this tax on tractors, goods vehicles, and the rest.

I do not often speak in these agricultural debates. I have felt previously that the farmers have been able to look after themselves, but, under the heavy hand of this Socialist Government and although the farmers have increased their productivity, I find them becoming depressed and not having the incentive and the drive necessary to continue their great work for the country as they have done in the past.

I hope that the Financial Secretary will pay attention to the horticultural aspect, because horticulture does not get recouped in the Price Review. Here, too, the Socialist Government have placed a further imposition on the farming community, because these present proposals mean placing an additional burden on an industry that is producing the country's wealth. I ask the hon. and learned Gentleman to pay attention to what has been said.

**Mr. R. J. Maxwell-Hyslop** (Tiverton): When the Minister of Agriculture visited the West Country just before the last election he gave the farmers there the quite definite and firm impression that he supported the National Farmers' Union policy of increasing net farm incomes by £100 million a year over three years. Not only has the Price Review not honoured that very direct impression but it has actually cut back net farming incomes by £1.5 million. That has left people with a great sense of betrayal.

To talk of recoupment in the next Price Review is nonsense. The Price Review deals with the year ahead, not with the year that has passed. What is lost between the imposition of this tax and the next Price Review will never be recouped. This is a cut for all time in the farming community's net remuneration.

**Mr. MacDermot**: A number of hon. Members opposite have made a general attack on this duty on the basis that the



[MR. MACDERMOT.] agricultural industry requires assistance and that it could be assisted by concessions. As I made clear at the outset, I cannot accept that as a valid argument in approaching the incidence of this duty. I have good support and precedent for saying that. Concessions in respect of this duty are related to the nature of the duty itself. A concession has been made where a case has been made out that the vehicles in question are vehicles with a very limited road use, so that it would be unfair to charge the whole duty. It would be opening a completely new door very widely, and would produce a completely different approach to the question of concessions in relation to the duty, if we decided it on the basis of "Here is an industry deserving in general of support and assistance".

The way in which and the time at which the Government enter into negotiations and discussions with the industry is the Price Review. All these matters, including vehicle excise duty, are taken into account then. A number of hon. Members have made the valid point that the Price Review does not extend to horticulture, but I think that the cases for special concessions for farm goods vehicles occur far less in relation to horticultural vehicles than to those used in what is more narrowly thought of as farming. It is because the courts have construed "agriculture" very widely that this concession extends very widely. I believe that it extends to mink farming, which I do not think that most of us would ordinarily regard as being a branch of agriculture.

The right hon. Member for Thirsk and Malton (Mr. Turton) urged me to ignore pressures or representations from any other outside bodies, be they hauliers or other forms of industry. It is not right that I or the Government should, in approaching tax matters, try to look at one section of the community alone. One of the essential features of any tax system must be to try to get equality of treatment, fairness and justice between different classes of taxpayer. If exceptions and distinctions are to be made, there must be a clear basis in principle for making them. The right hon. Gentleman may not have been here last night when one of his hon. Friends made an impassioned speech in which he said that

the second greatest number of bankruptcies of any category were amongst road hauliers. We must remember today what we heard yesterday.

5.45 p.m.

The right hon. Gentleman also asked me to examine the possibility of using a radius test for agricultural vehicles instead of the 6-mile limit test. As there is no Amendment on the Notice Paper, I have not been able to study the suggestion in any detail, but I will certainly look into it. I believe that there are real difficulties in it, certainly in regard to farm goods vehicles. When dealing with, say, a tractor which, by its nature, has not to go long distances, it is relatively easy to supervise and police it on a radius basis, but one has only to imagine trucks, vans, lorries, and so on, to appreciate that the task would be almost impossible. One has only to remember the difficulties we ran into with the radius test for A and B licences—and I am not sure that there was not a radius test, at one time, for C licences. Real difficulties were encountered, but I shall certainly look at the matter again.

While I am on that subject, I may mention that the hon. Member for North Angus and Mearns (Mr. Buchanan-Smith) raised the question of a 15-mile radius. That arrangement operates for agricultural machines—roughly speaking, agricultural tractors—which are used for hauling, within 15 miles of a farm, fuel, amongst other things, required for any purpose on that farm. That is possibly the exception that the hon. Gentleman had in mind, but it is confined to those agricultural machines, which makes it easier to police the arrangement.

**Mr. Buchanan-Smith :** I had in mind a precedent of that kind, and wondered whether it could be repeated in the case of agricultural tractors and other forms of farm machinery.

**Mr. MacDermot :** Yes. If hon. Members who have special knowledge of these matters write to me putting specific proposals and suggestions of what might be workable here, I shall certainly look at them, but my own preliminary inquiries suggest that there are practical difficulties.

The hon. Member for Macclesfield (Sir A. V. Harvey), in one of his usual very



persuasive speeches—he certainly seems to have persuaded his hon. and gallant Friend the Member for Knutsford (Sir W. Bromley-Davenport)—asked me to concentrate on the question of the tractor, which he suggested was a very clear-cut case. I understood him to envisage something on the same lines as suggested by his right hon. Friend the Member for Thirsk and Malton—the possibility of a radius test in that connection.

The hon. Member for Rye (Mr. Bryant Godman Irvine) instanced a vehicle which he owned himself and which, he said, has done on average over the years he has had it only 350 miles a year, and he said he would have to pay £31 in tax for it. He did not make clear what kind of vehicle it is. To qualify for £31 tax it must be a 3½-ton vehicle. If it is doing such a very low mileage as that one wonders if it is being used consistently over a whole year or only part of a year. If he is using it only part of a year he does not need to tax it for a whole year. I do not know how the hon. Member works it out, and it is difficult to comment without having the details of the case. He asked me to look again carefully at this matter, and I certainly agree to do that, without making any kind of commitment or promise.

The hon. Member for Maidstone (Mr. John Wells) invited me to do that which I have already made clear I cannot do, which is to ignore the origin and basis of the concessions which do exist in this field. We must stick to that. If there are any cases in particular or particular difficulties the hon. Member thinks arise for horticulturists, I shall be glad if he will bring them to my attention and I will certainly gladly look at them.

I think that those were the specific points which I was asked to consider. I do not wish to take up time by responding to the temptation of a more wide and general debate on Government policy towards agriculture.

**Mr. Temple:** Would the hon. and learned Gentleman say whether he agrees with his hon. Friend the Member for Bristol, South (Mr. Wilkins) that a 50 per cent. increase in these duties is a modest increase?

**Mr. MacDermot:** I do not think my hon. Friend said it was a modest increase as a percentage increase. What he said was that since the sum on which 50 per cent. is being added is a small sum the result is that, as an amount, it is a modest increase.

**Mr. Bryant Godman Irvine:** Could I assist the Financial Secretary—

**Hon. Members:** No.

**Mr. Dan Jones (Burnley):** He has already answered.

**Mr. Godman Irvine:** I just wanted to assist him by saying that the cattle truck to which I was referring was travelling three miles each way perhaps once every six weeks.

**Sir M. Redmayne:** That is where I would start the few words I want to say. I really must ask the hon. and learned Gentleman to be more understanding about these problems. We are not trying to put forward a case that the farming industry needs some special charity. What we are trying to get across is based on hard experience on this side of the Committee—I am sure the hon. and learned Gentleman will accept that—and that is that there are in farming and in horticulture a number of ways in which vehicles necessarily have only limited use. For example, when the hon. and learned Gentleman says to my hon. Friend that if he uses his vehicle for a quarter of the year only he ought to have a licence for a quarter of a year, that does not pay tribute to the hon. and learned Gentleman's intelligence at all, for if one uses a vehicle once a week all the year it must be licensed for all the year.

Equally, on the other points which were made to him about the use of agricultural and horticultural lorries, points put to him by my hon. Friend the Member for Maidstone (Mr. John Wells) and my hon. Friend the Member for Norfolk, South-West (Mr. Hawkins), who has a great deal of experience in a variety of agricultural trades, while each one of those speeches was brief because we undertook to be brief on this matter, each speech has helped to highlight the fact that really, without being hypercritical of the Financial Secretary, he has not shown himself in this debate even willing, I think, to try to see that these



[SIR M. REDMAYNE.]

are special cases which need proper consideration.

The hon. and learned Gentleman based his argument on the fact that representations have been made to him by the road haulage industry. I should like to know what part of the road haulage industry. I just wonder whether they came from British Road Services and whether this Government are listening a little too carefully to representations from that source. However, wherever they come from, and on whatever figures they have been based—and we have had no figures to help prove the Minister's point—I ask him to give equal weight to the very powerful points which have been made by my hon. Friends.

We pricked up our ears quite a bit when the hon. and learned Gentleman embarked so early in this debate, because we thought that he would say that he would make concessions. He did say that he would listen to representations if they should be made to him by the National Farmers' Union. I would remind him that this is a topical word: "listen" is the operative word.

I ask him, therefore, just to reaffirm that, in fact, he is perfectly prepared to receive from the farmers' unions—any of them—further advice on these matters, and, without, as he said—I accept that—giving any promise, to be ready to come forward on Report with an Amendment which really will help to meet some of the points we have made here today and which will certainly be made to him by the farming unions.

I shall not deal with any of the other points. I must say I am tempted to go on a long time because one or two hon Members on the other side—the one or two hon. Members on that side who have taken any interest—have tried us a little hard, but I would merely say this, that I was rather interested in the

speech of the hon. Member for Caithness and Sutherland (Mr. George Y. Mackie), who seemed to me to show not quite enough faith in the ability of his hon. Friend, his brother, to push his right hon. Friend the Minister of Agriculture—if he is still there next year—into doing anything to recoup the farming industry for its rise in costs; but perhaps the hon. Gentleman knows his brother as well as I do.

I am going to advise my hon. Friends to divide the Committee on this Amendment, and on the other one, Mr. Hynd, on which we have a right to divide, because I feel this about it. I have great respect for the Financial Secretary to the Treasury, but he is, after all, only a lawyer. [HON. MEMBERS: "Oh."] He is, after all, a lawyer. I amend the remark. I ask him in this matter to put himself in the shoes of the farming industry and, between now and Report, really to get hold of the facts upon which we base our case. We shall divide the Committee also because we are a little tired of a Minister of Agriculture who seems to be incapable of fighting for the farmers' case in the Government.

We had this over the Price Review. We know perfectly well that the Minister of Agriculture was pushed around by the Cabinet. In the country he says—and he has said it really too often—that he will not be intimidated by threats. I would remind him that he ought not to be intimidated by threats or persuasion by the Cabinet or by the Treasury. It is for these reasons that we shall divide, first to mark the powerful arguments which have been adduced in this debate by hon. Friends, and, secondly, to show our dissatisfaction that agriculture is once again being treated in a shabby way.

*Question put*, That "3 15 0" stand part of the Schedule:—

*The Committee divided*: Ayes 184, Noes 176.

Division No. 121.]

AYES

[6.0 p.m.]

Abse, Leo  
Albu, Austen  
Allaun, Frank (Salford, E.)  
Alldritt, Walter  
Allen, Scholefield (Crewe)  
Atkinson, Norman  
Bacon, Miss Alice  
Beaney, Alan  
Bellenger, Rt. Hn. F. J.  
Benn, Rt. Hn. Anthony Wedgwood  
Bennett, J. (Glasgow, Bridgeton)  
Bishop, E. S.

Blenkinsop, Arthur  
Boston, T. G.  
Bottomley, Rt. Hn. Arthur  
Bowden, Rt. Hn. H. W. (Leics S.W.)  
Boyden, James  
Brown, Rt. Hn. George (Belper)  
Brown, R. W. (Shoreditch & Fbury)  
Buchan, Norman (Renfrewshire, W.)  
Butler, Herbert (Hackney, C.)  
Butler, Mrs. Joyce (Wood Green)  
Callaghan, Rt. Hn. James  
Carmichael, Neil

Carter-Jones, Lewis  
Castle, Rt. Hn. Barbara  
Chapman, Donald  
Corbet, Mrs. Freda  
Cronin, John  
Crosland, Anthony  
Crossman, Rt. Hn. R. H. S.  
Dalyell, Tam  
Davies, Harold (Leek)  
Dell, Edmund  
Diamond, John  
Dodds, Norman

Doig, Peter  
 Driberg, Tom  
 Dunnett, Jack  
 Edwards, Robert (Bilston)  
 English, Michael  
 Ensor, David  
 Evans, Albert (Islington, S.W.)  
 Fernyhough, E.  
 Finch, Harold (Bedwellty)  
 Fletcher, Sir Eric (Islington, E.)  
 Fletcher, Ted (Darlington)  
 Fletcher, Raymond (Ilkeston)  
 Foot, Sir Dingle (Ipswich)  
 Foot, Michael (Ebbw Vale)  
 Fraser, Rt. Hn. Tom (Hamilton)  
 Freeson, Reginald  
 Garrow, A.  
 George, Lady Megan Lloyd  
 Ginsburg, David  
 Gourlay, Harry  
 Greenwood, Rt. Hn. Anthony  
 Grey, Charles  
 Griffiths, Rt. Hn. James (Llanely)  
 Gunter, Rt. Hn. R. J.  
 Hamilton, William (West Fife)  
 Hamling, William (Woolwich, W.)  
 Hannan, William  
 Harrison, Walter (Wakefield)  
 Hazell, Bert  
 Heffer, Eric S.  
 Henderson, Rt. Hn. Arthur  
 Herbison, Rt. Hn. Margaret  
 Holman, Percy  
 Horner, John  
 Howarth, Harry (Wellingborough)  
 Howie, W.  
 Hoy, James  
 Hughes, Emrys (S. Ayrshire)  
 Hughes, Hector (Aberdeen, N.)  
 Hunter, A. E. (Feltham)  
 Hynd, John (Attercliffe)  
 Irvine, A. J. (Edge Hill)  
 Irving, Sydney (Dartford)  
 Jackson, Colin  
 Jay, Rt. Hn. Douglas  
 Jeger, George (Goole)  
 Jeger, Mrs. Lena (H'bn & St. P'cras, S.)  
 Jenkins, Hugh (Putney)  
 Jenkins, Rt. Hn. Roy (Stechford)  
 Jones, Dan (Burnley)  
 Jones, Rt. Hn. Sir Elwyn (W. Ham, S.)

Kerr, Mrs. Anne (R'ter & Chatham)  
 Lawson, George  
 Leadbitter, Ted  
 Ledger, Ron  
 Lee, Rt. Hn. Frederick (Newton)  
 Lee, Miss Jennie (Cannock)  
 Lever, Harold (Cheetham)  
 Lewis, Arthur (West Ham, N.)  
 Lipton, Marcus  
 Lomas, Kenneth  
 Loughlin, Charles  
 McBride, Neil  
 McCann, J.  
 MacColl, James  
 MacDermot, Niall  
 McInnes, James  
 Mackie, John (Enfield, E.)  
 Mapp, Charles  
 Marsh, Richard  
 Mason, Roy  
 Maxwell, Robert  
 Mayhew, Christopher  
 Mendelson, J. J.  
 Mikardo, Ian  
 Millan, Bruce  
 Molloy, William  
 Morris, John (Aberavon)  
 Murray, Albert  
 Newens, Stan  
 Noel-Baker, Francis (Swindon)  
 Norwood Christopher  
 Ogden, Eric  
 O'Malley, Brian  
 Oram, Albert E. (E. Ham, S.)  
 Orbach, Maurice  
 Paget, R. T.  
 Palmer, Arthur  
 Pannell, Rt. Hn. Charles  
 Park, Trevor (Derbyshire, S.E.)  
 Parker, John  
 Parkin, B. T.  
 Pavitt, Laurence  
 Pearson, Arthur (Pontypridd)  
 Perry, Ernest G.  
 Poppellwell, Ernest  
 Prentice, R. E.  
 Pursey, Cmdr. Harry  
 Rankin, John  
 Redhead, Edward  
 Rees, Merlyn  
 Rhodes, Geoffrey

Roberts, Goronwy (Caernarvon)  
 Robertson, John (Paisley)  
 Robinson, Rt. Hn. K. (St. Pancras, N.)  
 Rogers, George (Kensington, N.)  
 Rose, Paul B.  
 Ross, Rt. Hn. William  
 Rowland, Christopher  
 Shinwell, Rt. Hn. E.  
 Shore, Peter (Stepney)  
 Short, Rt. Hn. E. (N'c'tle-on-Tyne, C.)  
 Silkin, John (Deptford)  
 Silkin, S. C. (Camberwell, Dulwich)  
 Silverman, Sydney (Nelson)  
 Slater, Joseph (Sedgefield)  
 Small, William  
 Smith, Ellis (Stoke, S.)  
 Snow, Julian  
 Solomons, Henry  
 Soskice, Rt. Hn. Sir Frank  
 Steele, Thomas (Dunbartonshire, W.)  
 Stonehouse, John  
 Stones, William  
 Strauss, Rt. Hn. G. R. (Vauxhall)  
 Summerskill, Dr. Shirley  
 Swingler, Stephen  
 Taverne, Dick  
 Thomas, George (Cardiff, W.)  
 Thomson, George (Dundee, E.)  
 Thornton, Ernest  
 Tinn, James  
 Tomney, Frank  
 Tuck, Raphael  
 Walden, Brian (All Saints)  
 Walker, Harold (Doncaster)  
 Wallace, George  
 White, Mrs. Eirene  
 Whitlock, William  
 Wilkins, W. A.  
 Willey, Rt. Hn. Frederick  
 Williams, Mrs. Shirley (Hitchin)  
 Williams, W. T. (Warrington)  
 Wilson, William (Coventry, S.)  
 Winterbottom, R. E.  
 Woolf, Robert  
 Wyatt, Woodrow  
 Zilliacus, K.

## TELLERS FOR THE AYES:

Mrs. Harriet Slater and  
 Mr. Harper.

## NOES

Agnew, Commander Sir Peter  
 Allan, Robert (Paddington, S.)  
 Allason, James (Hemel Hempstead)  
 Amery, Rt. Hn. Julian  
 Anstruther-Gray, Rt. Hn. Sir W.  
 Astor, John  
 Atkins, Humphrey  
 Baker, W. H. K.  
 Balniel, Lord  
 Barber, Rt. Hn. Anthony  
 Batsford, Brian  
 Beamish, Col. Sir Tufton  
 Bell, Ronald  
 Bennett, Sir Frederic (Torquay)  
 Bennett, Dr. Reginald (Gos & Fhm)  
 Berry, Hn. Anthony  
 Birch, Rt. Hn. Nigel  
 Black, Sir Cyril  
 Blaker, Peter  
 Bossom, Hn. Clive  
 Bowen, Roderic (Cardigan)  
 Box, Donald  
 Boyd-Carpenter, Rt. Hn. J.  
 Braine, Bernard  
 Brewis, John  
 Brinton, Sir Tatton  
 Bromley-Davenport, Lt.-Col. Sir Walter  
 Brooke, Rt. Hn. Henry  
 Brown, Sir Edward (Bath)  
 Bruce-Gardyne, J.

Bryan, Paul  
 Buck, Antony  
 Buxton, Ronald  
 Carr, Rt. Hn. Robert  
 Chichester-Clark, R.  
 Clark, William (Nottingham, S.)  
 Clarke, Brig. Terence (Portsmouth, W.)  
 Cooke, Robert  
 Cooper-Key, Sir Neill  
 Corfield, F. V.  
 Costain, A. P.  
 Craddock, Sir Beresford (Spelthorne)  
 Crawley, Aidan  
 Crosthwaite-Eyre, Col. Sir Oliver  
 Crowder, F. P.  
 Curran, Charles  
 Dance, James  
 Davies, Dr. Wyndham (Perry Barr)  
 d'Avigdor-Goldsmid, Sir Henry  
 Dean, Paul  
 Dodds-Parker, Douglas  
 Elliot, Capt. Walter (Carshalton)  
 Elliott, R. W. (N'c'tle-upon-Tyne, N.)  
 Emery, Peter  
 Eyre, Reginald  
 Fell, Anthony  
 Fisher, Nigel  
 Fletcher-Cooke, Charles (Darwen)  
 Foster, Sir John  
 Fraser, Rt. Hn. Hugh (St'fford & Stone)

Fraser, Ian (Plymouth, Sutton)  
 Galbraith, Hn. T. G. D.  
 Gardner, Edward  
 Gilmour, Ian (Norfolk, Central)  
 Glover, Sir Douglas  
 Goodhart, Philip  
 Grant, Anthony  
 Gresham-Cooke, R.  
 Griffiths, Peter (Smethwick)  
 Grimond, Rt. Hn. J.  
 Gudden, Harold  
 Hall, John (Wycombe)  
 Hall-Davies, A. G. F.  
 Hamilton, Marquess of (Fermanagh)  
 Harris, Frederic (Croydon, N.W.)  
 Harris, Reader (Heston)  
 Harvey, Sir Arthur Vere (Maccles'd)  
 Harvie Anderson, Miss  
 Hawkins, Paul  
 Heald, Rt. Hn. Sir Lionel  
 Heath, Rt. Hn. Edward  
 Higgins, Terence L.  
 Hiley, Joseph  
 Hill, J. E. B. (S. Norfolk)  
 Hirst, Geoffrey  
 Hooson, H. E.  
 Hornby, Richard  
 Hornsby-Smith, Rt. Hn. Dame P.  
 Howe, Geoffrey (Bebington)  
 Hunt, John (Bromley)



Iremonger, T. L.  
 Irvine, Bryant Godman (Rye)  
 Johnson Smith, G. (East Grinstead)  
 Johnston, Russell (Inverness)  
 Joseph, Rt. Hn. Sir Keith  
 Kershaw, Anthony  
 King, Evelyn (Dorset, S.)  
 Kitson, Timothy  
 Lagden, Godfrey  
 Lancaster, Col. C. G.  
 Litchfield, Capt. John  
 Lloyd, Rt. Hn. Geoffrey (Sut'n C'dfield)  
 Lloyd, Rt. Hn. Selwyn (Wirral)  
 Longbottom, Charles  
 Loveys, Walter H.  
 Lubbock, Eric  
 McAdden, Sir Stephen  
 Mackie, George Y. (C'ness & S'land)  
 Maclean, Sir Fitzroy  
 McMaster, Stanley  
 McNair-Wilson, Patrick  
 Maitland, Sir John  
 Marples, Rt. Hn. Ernest  
 Mathew, Robert  
 Maude, Angus  
 Mawby, Ray  
 Maxwell-Hyslop, R. J.  
 Meyer, Sir Anthony  
 Mills, Stratton (Belfast, N.)  
 Miscampbell, Norman

Mott-Radclyffe, Sir Charles  
 Munro-Lucas-Tooth, Sir Hugh  
 Neave, Airey  
 Nugent, Rt. Hn. Sir Richard  
 Orr, Capt. L. P. S.  
 Page, John (Harrow, W.)  
 Page, R. Graham (Crosby)  
 Pearson, Sir Frank (Clitheroe)  
 Peyton, John  
 Pitt, Dame Edith  
 Powell, Rt. Hn. J. Enoch  
 Price, David (Eastleigh)  
 Pym, Francis  
 Rawlinson, Rt. Hn. Sir Peter  
 Redmayne, Rt. Hn. Sir Martin  
 Rees-Davies, W. R.  
 Renton, Rt. Hn. Sir David  
 Ridley, Hn. Nicholas  
 Ridsdale, Julian  
 Roberts, Sir Peter (Heeley)  
 Roots, William  
 Russell, Sir Ronald  
 Scott-Hopkins, James  
 Sharples, Richard  
 Smith, Dudley (Br'ntf'd & Chiswick)  
 Smyth, Rt. Hn. Brig. Sir John  
 Spearman, Sir Alexander  
 Steel, David (Roxburgh)  
 Summers, Sir Spencer

Talbot, John E.  
 Taylor, Sir Charles (Eastbourne)  
 Taylor, Edward M. (G'gow, Cathcart)  
 Taylor, Frank (Moss Side)  
 Teeling, Sir William  
 Temple, John M.  
 Thatcher, Mrs. Margaret  
 Thomas, Sir Leslie (Canterbury)  
 Thompson, Sir Richard (Croydon, S.)  
 Thorncroft, Rt. Hn. Peter  
 Turton, Rt. Hn. R. H.  
 van Straubenzee, W. R.  
 Vaughan-Morgan, Rt. Hn. Sir John  
 Vickers, Dame Joan  
 Walder, David (High Peak)  
 Walker, Peter (Worcester)  
 Walker-Smith, Rt. Hn. Sir Derek  
 Walters, Dennis  
 Ward, Dame Irene  
 Weatherill, Bernard  
 Webster, David  
 Whitelaw, William  
 Williams, Sir Rolf Dudley (Exeter)  
 Wills, Sir Gerald (Bridgwater)  
 Wilson, Geoffrey (Truro)  
 Wood, Rt. Hn. Richard  
 Woodhouse, Hon. Christopher

TELLERS FOR THE NOES:  
 Mr. McLaren and Mr. More.

**Mr. Temple:** I beg to move, Amendment No. 20, in page 124, line 25, to leave out "Showmen's goods vehicles".

**The Temporary Chairman (Mr. H. Hynd):** I suggest that it would be convenient for the Committee to discuss, at the same time, the following Amendments: Amendment No. 21, in, page 124, line 39, at end insert:

			£	s.	d.	£	s.	d.
4. Showmen's goods vehicles	—	12 cwt.	15	0	0	—	—	—
	12 cwt.	16 cwt.	16	10	0	—	—	—
	16 cwt.	1 ton	18	0	0	—	—	—
	1 ton	2 tons	18	0	0	1	10	0
	2 tons	3 tons	23	10	0	1	15	0
	3 tons	4 tons	30	10	0	1	10	0
	4 tons	6 tons	36	0	0	1	15	0
	6 tons	8 tons	50	0	0	1	10	0
	8 tons	—	61	0	0	1	15	0

Amendment No. 208, in page 125, line 11, leave out "Showmen's goods vehicles".

Amendment No. 209, in line 17, at end insert:

			£	s.	d.
3. Showmen's goods vehicles	—	—	15	0	0

**Mr. Temple:** I agree, Mr. Hynd, that it would be convenient to take those Amendments with the one I have moved.

I was extraordinarily heartened, when the Financial Secretary was replying to

the previous Amendment, when he made reference to the fact that he recognised that there was a very special case in respect of showmen's vehicles. Not for the first time am I speaking on behalf of the members of the Showmen's Guild of Great Britain. I remember that a few years ago, when the Caravan Sites and Control of Development Act, 1960, was going through Parliament, the special position of showmen was recognised and that the then Conservative Government made a concession in regard to the special position of winter harbours for showmen's vehicles. Tonight, I am moving an Amendment which, if accepted, would reduce the amount of duty paid on showmen's vehicles by 50 per cent. below the figure proposed by the Government in the new Schedules.

I wish to treat both Front Benches alike. I remember the occasion, when moving an Amendment, when the former Conservative Government were in power, when I made my right hon. Friend the then Minister of Housing and Local Government, who was in charge of the Measure to which I referred, the sporting offer that I would sit down extraordinarily quickly if there was an indication that my Amendment would not necessarily be accepted in detail, but that it would be accepted in principle. I now extend the courtesy of that sporting offer to the Front Bench opposite. If it is accepted I will be breaking fresh ground on this Finance Bill.

**Sir D. Glover :** So will they.

**Mr. Temple :** I agree with my hon. Friend, but I have just received a little nod from the direction of the Front Bench opposite, which slightly encourages me.

I draw even more encouragement from the fact that the right hon. Gentleman the Prime Minister, speaking in Parliament on 1st June, 1961, moved an Amendment which was more or less the same as the one I am moving. Although my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) had proposed a mere 20 per cent. increase in vehicle duties at that time, without any briefing whatever from the Showmen's Guild—the right hon. Gentleman the present Prime Minister, if my recollection is correct, thought that he was going to get a brief from the Guild, although the Showmen's Guild thought on that occasion that the Conservative Government's proposed increase was reasonable and moderate—the present Prime Minister took the view that the proposed 20 per cent. increase was excessive on showmen and he proposed that it should be halved.

Tonight, I am merely repeating that proposal in more or less the same form, although it would have more effect now because the increase proposed is 50 per cent. I hope that the Government will take the line which, as the Opposition, they advocated in 1961, when their present Leader took the course I have indicated.

I believe that the situation which I have mentioned, plus the fact that showmen's vehicles travel only about 600 to 700 miles a year—that is, heavy vehicles ; the lighter vehicles travel about 1,000 miles a year—should enable the Government to make this concession. There are no exceptions to that rule because showmen travel only one circuit of the country each year. When the Financial Secretary was replying to the previous Amendment he said that there were exceptions in the horticultural industry in that some vehicles did very large mileages while other vehicles did smaller mileages. It is accepted on both sides of the Committee that showmen's vehicles do this tour only once a year and that, therefore, they are in a very exceptional position.

Believing that my case is immensely strong, and knowing that the Showmen's Guild is respected by all hon. Members, I move the Amendment in the hope and expectation that it will receive sympathetic consideration by the Government.

**Mr. MacDermot :** The hon. Gentleman the Member for the City of Chester (Mr. Temple) persuades not only by his natural persuasiveness, but also by the extreme brevity with which he moves Amendments of this kind. As he rightly pointed out, I did refer to showmen when discussing the last series of Amendments.

I am impressed by the general line of argument ; that where it is established that a class of vehicle has a really limited road use and is, for that reason, the subject of a concession then if one applies the same strict percentage increase for them as one does for other vehicles the resultant effect would be a greater percentage effect on them than on a vehicle which has a normal road use. In other words, if one judges it in terms of operating costs, the effect of the higher increase in excise duty would be greater on a vehicle with a limited road use than on a normal vehicle. This is the strong argument underlying the Amendment.

I have already pointed out the difficulty which I felt in applying that in the very wide sphere of agricultural vehicles. What we are dealing with now is a much narrower sphere where perhaps the matter is clearer. I have not had time to see or check the figures which the hon. Member for the City of Chester put forward about the mileages of these vehicles and what the effect of these increases would be on their costs. I would, therefore, like an opportunity to look at and check the figures and if the case, the principle of which I accept, can clearly be made out for these vehicles, I would be prepared to put down, in the name of my right hon. Friend, some Amendments at a later stage to give effect to it.

I cannot undertake now to accept the percentage asked for or that it should necessarily be 25 per cent. as opposed to 50 per cent., but I do concede the principle of the argument and, if the hon. Gentleman is prepared to withdraw his Amendment and allow us to consider the matter further, we will see what can be done.



6.15 p.m.

**Mr. William Clark** (Nottingham, South): I am sure that my hon. Friend the Member for the City of Chester (Mr. Temple) will be grateful for the concession which the Financial Secretary has given. We hope that after his deliberations he will be able to put down Amendments at a later stage to give effect to the principle underlying my hon. Friend's Amendment.

My hon. Friend moved his Amendment with great brevity and clarity. I hope that what has happened may be taken as a precedent—that if my hon. Friends and I move other Amendments with brevity and clarity we will get similar concessions. This is the first concession we have had during the three days we have been discussing the Bill. I hope that this augers well for the future. We are willing to promise the Chancellor, the Financial Secretary, the First Secretary and anyone else that if brevity and clarity will get concessions from the Government, we will move our Amendments in like fashion.

**Sir D. Glover**: Should we not realise that the Government are willing to give priority to performing elephants rather than to the horticultural and agricultural industries?

**Mr. Harold Gurden** (Birmingham, Selly Oak): I do not propose to deploy all the arguments which I had intended to adduce, since the Financial Secretary has been so generous in his remarks. I agree with the hon. and learned Gentleman that he should consider the matter further and I hope that in due course Amendments will be tabled by the Government to give effect to the Amendment we are discussing. I sincerely hope that on Report we will get the appropriate Amendment from the Government.

It is extremely important to realise that these showmen can earn money only when they are standing still and not using the roads. It is not profitable for these men to use the roads too much. They get money with which to pay the tax only when their vehicles are standing still. Theirs is, I suggest, a respectable industry and one which is making quite a contribution to the social life of the community. I sincerely hope that we shall

have from the Government the Amendment which it sounds as though we may fully expect.

**Mr. Temple**: I am extremely grateful to the Financial Secretary for giving his undertaking. I hardly thought that he could do otherwise in view of what his right hon. Friend the Prime Minister had said in 1961. I will, therefore, give the hon. and learned Gentleman one or two figures so that he can get his Department to look into the matter.

I understand that the heavy 5 to 8-ton vehicles of showmen travel between 500 and 700 miles a year and that the lighter vehicles do 1,000 to 1,200 miles a year. It was to establish this very point about the cost per mile of the vehicle duty that I asked the Financial Secretary during last night's debate a question, because I wanted to know the normal mileage on which he based the figures which he gave during the debate yesterday.

The hon. and learned Gentleman was not able to give me the figure last night, but I hazard a guess that the normal commercial vehicle would do 15 times the mileage of the showmen's vehicles, if not 30 times as much. If a commercial vehicle did 15 times the mileage, the cost per mile of the vehicle duty alone would be four times as much for a showman's vehicle as the similar cost of an ordinary commercial vehicle. In other words, the showman's vehicle would cost 2s. a mile in vehicle duty as opposed to 6d. a mile for the ordinary commercial vehicle on the basis of 15,000 miles a year. As, however, the normal commercial vehicle does more than 15,000 miles a year, the relativities are slightly more in favour of the commercial vehicle.

I am grateful to the Government and extraordinarily pleased that I have had the privilege of making, perhaps, the first dent in the Bill. I hope that it will be the first of many concessions which will be given by the Government. We are faced with an immense task in following the complications of the Bill. I wish the Government Front Bench good fortune and hope that they will be accommodating on many occasions to come. I beg to ask leave to withdraw the Amendment.

*Amendment, by leave, withdrawn.*

*Schedule agreed to.*

**Clause 6.**—(VEHICLES EXCISE DUTY: EXEMPTIONS AND RELIEFS.)

**Mr. Temple:** I beg to move Amendment No. 22, in page 4, line 22, to leave out "watering".

**The Temporary Chairman:** I think that it would be for the convenience of the Committee to take, at the same time, Amendment No. 23, in page 4, line 24, at end insert:

"not used primarily for passenger conveyance".

Amendment No. 24, in line 24, at end insert:

- (k) local authority cesspool emptiers;
- (l) local authority refuse disposal vehicles;
- (m) local authority street sweeping vehicles.

and Amendment No. 114, in line 24, at end insert:

- (k) mobile rate collection offices.

**Mr. Temple:** Yes, Mr. Hynd.

It seems to be my good fortune to be once again on my feet and I hope very much that I shall bring off a "double". The object of the Amendment is not quite as simple as the object of the last one and I should, therefore, explain it carefully to the Committee.

The object of the Amendment is to leave out the word "watering" and, therefore, to give a wide exemption from vehicle duty to all local authority vehicles which are not used primarily for the conveyance of passengers. Without doubt, the Bill will place a heavy extra burden upon local authorities. I thought, and I think that the electorate thought, in October last year that one of the objects of the Labour Party, if returned to power, was to bring in a swift relief for ratepayers.

As far as I can see, the effect of all the legislation which has been going through the House of Commons has been to place increasing burdens upon ratepayers. Here we have yet another chance for the Government to redeem some of the promises which they gave at the time of the General Election. I am surprised to find Clause 6 in a Bill of this length and complexity. We must, however, be grateful that in the Clause the Government have widened the scope of Section 6 of the Vehicles (Excise) Act, 1962. That Section refers to specialist

vehicles which are employed by local authorities for special purposes.

It is not surprising that the Government have sought to introduce special exemptions for watering vehicles. On the occasion of the debate in June, 1961, to which I have referred, the then Leader of the Opposition, now Prime Minister—I will not say got mixed up between watering vehicles and showmen's vehicles—tried to deal with showmen's vehicles and watering vehicles at one and the same time. Shortly afterwards the Chair sorted the matter out and the Amendments were taken separately.

I make the point only to indicate that the Prime Minister was obviously extremely attached to the idea that there was a special case for the exemption of watering vehicles. I can, therefore, understand that the Treasury was under some pressure to bring in a special relief in respect of watering vehicles. The Treasury, however, has gone a little further in the Clause and has introduced a special exemption for tower wagons. Those are the wagons which have a small cage attached to them and which are used for raising a man into the air to clean or repair street lamps.

In addition, in the Clause the Government has introduced a special exemption for farm vehicles which are used as snow ploughs. The Government, therefore, have accepted the principle that there is a case for widening the exemption for specialist local authority vehicles.

I promised the Committee that I would explain the Amendment in some detail because it is extraordinarily important and it affects ratepayers. I now refer to Section 6 of the Vehicles (Excise) Act, 1962, the Section on which these exemptions are based. That Section lists local authority fire engines, vehicles kept on the road for the purposes of a fire brigade, ambulances, road rollers, vehicles constructed or adapted to deal with frost, ice, and snow, vehicles for cleaning snow from the public roads and vehicles which are used in conjunction with civil defence. To those categories we are endeavouring to add the three other specialist types of vehicles to which I have referred. It can, therefore, be accepted at this juncture that there is a considerable miscellany of local authority vehicles which are already exempted altogether from duty.



[MR. TEMPLE.]

The logical case would be to accept my first Amendment. That would bring in all these specialist vehicles and all the vehicles of local authorities which are not used primarily for the conveyance of passengers. I have had consultations on this matter with the Association of Municipal Corporations, the County Councils Association and the Rural District Councils Association. All these local authority associations are fully behind all the Amendments I am discussing at present.

6.30 p.m.

The Government have not to my knowledge had discussions with the local authority associations on this matter since 1962. Before bringing in this Clause they would have been wise to have had consultations with the associations because so much time has moved on since then. The Rural District Councils Association mentioned to me that its members cannot understand why the Government have adopted this particular definition in respect of watering vehicles. I quote from the Clause:

“‘local authority’s watering vehicle’ means a goods vehicle . . . used for the purpose of cleansing or watering roads or cleansing gulleys”.

I should have thought that its purpose or use should have included use as a vehicle which can bring water to any part of the countryside for human consumption when there is a shortage. If we accept that watering is left in with the definition in this Clause and if that vehicle were used for the purpose I have described—in drought conditions of going round a rural district delivering water for human consumption—it would be subject to duty. That in itself is an error. I should like to have the reply of the Minister on this rather narrow aspect of the problem.

There is brought into the Clause gully emptiers, but strangely enough—I do not know whether it is intended to be included in the cleansing by watering vehicles—vehicles for sweeping streets are not included. There are special street sweeping vehicles which are used by local authorities. I think that they should be designated separately. If we are to include gully emptiers, why do we not include cesspool emptiers? I am speaking here entirely of specialist vehicles used by local authorities.

Although this Section of the Vehicle (Excise) Act, 1962, is being extended, we are getting more and more anomalies because the Government are seeking to extend that Act.

I should like the Parliamentary Secretary to tell the Committee what conversations have taken place between his Department and the local authority associations since 1962. In 1962, when I understand those conversations were broken off, the Association of Municipal Corporations, with the support of the County Councils Association, was discussing the exemption of purpose-designed vehicles used for road maintenance work. This is a matter which should interest the Parliamentary Secretary very much. It is a matter of more and more importance. Those discussions were broken off and have not been resumed. Perhaps the hon. Gentleman will tell the Committee whether he did or did not have further discussions with the local authority associations before this Clause was introduced.

I now turn to the specific references mentioned in Amendments Nos. 24 and 114. I have endeavoured to pick out what I regard as highly specialist vehicles, because I can well imagine that the Government may reply that they will not accept my rather wide Amendment. There should be no difficulty in excepting the rather specialist vehicles to which I shall now draw attention. In Amendment No. 24 I mention cesspool emptiers, refuse disposal vehicles and street sweeping vehicles.

Throughout the country today there is a recognition that clean water and clean rivers are extraordinarily important. I had the privilege of introducing the Rivers (Prevention of Pollution) Bill, 1961. It was enacted that year and made it imperative that effluents discharged from any hereditament, whether a farm or a private dwelling, must be treated before being put into a river or stream. This has necessitated the construction of cesspools on a wide scale. Those of us who know something about purification of water know that, due to the action of certain detergents, the normal action of cesspools is vitiated. It is, therefore, necessary for rural district councils to have specialist vehicles to work as cesspool emptiers.



I remind the Minister that at present in any rural district all hereditaments are charged a general sewerage charge whether they have cesspools or main sewers. There is a special charge, certainly in my own rural district, for the operation of the cesspool emptier. It is extremely important, if the cleanliness of these cesspools is to be encouraged and costs kept low, that the special position of cesspool emptiers should be recognised and they should be added to vehicles mentioned in the Schedule to the 1962 Act.

It will be within the knowledge of the Committee that in recent years more and more specialist vehicles have been used for refuse disposal. I do not think that a refuse disposal vehicle could be used for any other purpose. That is why I have singled it out for special treatment. The Committee will also know that there is widespread concern about the dumping of rubbish in the countryside. We want to encourage the use of larger refuse disposal vehicles. It would be wise for the Government to accept that these vehicles are in a special class and, therefore, to exempt them from the duty.

I have spoken about street sweeping vehicles. They are highly specialist vehicles which could not be used for any other purpose. To the best of my knowledge they are used only by highways authorities and, therefore, they come into the specialist category. I have mentioned the effect of these additional duties on the ratepayers. It is interesting to learn that the Hawarden Rural District Council, in North Wales, is the first in this country to have adopted a mobile rate collection office. Details of it were given to me by the Rural District Councils Association. I gather that that vehicle is a specialist vehicle which cannot be used for any other purpose. I therefore advocate, in Amendment No. 114, that mobile rate collection offices should be exempted from duty.

I believe it is the policy of the present Minister of Housing and Local Government to encourage weekly collection, or at least short-term collection of rates. What better way of doing that could there be than through a mobile rate collection office? I think that I have made an overwhelming case for the addition of certain specialist vehicles

and a powerful case for the exemption of all local authority vehicles other than those used for passenger transport. I hope very much that the Government will look with favour on my wider Amendment. If they cannot do that, I sincerely trust that they will examine most closely the particular specialist vehicles to which I have drawn attention.

There is at present a grave dichotomy in the Cabinet. The Minister of Housing and Local Government is constantly expressing the view that there should be relief for ratepayers. The First Secretary of State does not seem to come into the House very often now. But up and down the country he is constantly advocating keeping prices steady. What will be the effect of this Clause and the proposals of the Government with regard to vehicle duties? The effect of it will clearly be a substantial increase in rate burden to every rating authority in the country. I am offering the Government and the Treasury a chance tonight. I am sorry that a Treasury Minister is not here. It is very regrettable that there is not one representative on the Government Front Bench either from the Ministry of Housing and Local Government, on a matter which affects vitally the interests of ratepayers, or from the Treasury. This is a matter which vitally affects the price structure of the country.

What we must know is, do the Government really mean to redeem their pledges to ratepayers? I gave them an opportunity on the occasion of the General Grant Order and I am giving them another opportunity tonight. I think that we shall conclude tonight, if there is not a favourable reply from the Government, that the promises which were made in October were pie-crust promises. Today, we have on the one side the First Secretary of State waving big banners around the country and saying that he is for a prices and incomes policy. On the other hand, the Treasury is going round the country putting up the cost of more or less everything that the consumer is using.

This is a classic example of where the Government can, by a comparatively small concession, give encouragement to the local authorities and the ratepayers of this country. This is a test of the sincerity



[MR. TEMPLE.]  
of the Labour Party and I hope very much that we shall get another concession from the Government tonight.

**Mr. Michael Hamilton** (Salisbury): May I ask my hon. Friend about the inclusion of mobile libraries? I was disappointed not to hear them mentioned in an otherwise brilliant speech.

**Mr. Temple**: I had considered the position of mobile libraries, but I did not think that I could make out quite such a powerful case as I have done for those essential special vehicles. But there may be a chance on the Report stage of including those vehicles.

**Mr. Frederic Harris** (Croydon, North-West): I should like to congratulate my hon. Friend the Member for the City of Chester (Mr. Temple) on his excellent speech on a matter in which many of us are considerably interested and for the outstanding way in which he has deployed his case. Many of us know that he has taken a strong interest in this question for a very long time. I also join with him in agreeing that there was no unexpected outcome to the fact that the watering vehicles were exempted. I anticipated that this would be so myself. I join with him on any move that can be made to ease the burden of ratepayers generally.

At present, all of us are under fire from ratepayers throughout the country because of the tremendous burden of rates that they are paying. In my constituency the Croydon authority has a large fleet of such vehicles of the type mentioned by my hon. Friend the Member for the City of Chester. I sincerely hope that the Government will consider this concession on the wider basis, if not on the more specific issue. I cannot really see the purpose of the Government putting additional burdens by way of additional tax on local authorities when they have to go through all these difficulties and, in some way, attempt to get additional grants out of the Treasury to ease the burden. It is a vicious circle from which there is no escape.

In Croydon, ratepayers generally have just gone through the unfortunate experience of having to find an additional 20 per cent. on their rate burden—a fantastic increase. Regrettably, 7 per cent. of that

was because of services taken from us and passed to the Greater London Council then charged back to us by way of precepts at exactly double what they cost before. This is the kind of thing that Croydon ratepayers have had to contend with. Now they are to have this additional burden placed on them and the money has to be found in some way.

6.45 p.m.

It seems that the request that my hon. Friend has made for exemption should be granted in every case except where the vehicles are used for passenger conveyance. This is a sound approach to the problem. I trust that I was rightly encouraged by the concession, as I understood that it was to be, that the Financial Secretary mentioned on the previous Amendment. I also hope that I am encouraged by the remarks of the Chancellor of the Exchequer himself, when he started on this very long Finance Bill and made the point that concessions would be granted as the Bill proceeded.

We have to call this a concession. It almost is not, but it is something that we should be able to expect that the Government will be able to respond to, and in so doing it will ease many of the additional burdens placed on the local authorities. Following a most detailed argument advanced by my hon. Friend the Member for Chester I strongly support his views and trust that the Parliamentary Secretary to the Ministry of Transport will be able to assure the Committee that this concession can be given.

**Mr. Swingler**: I am sorry that the hon. Member for the City of Chester (Mr. Temple) does not think that I am capable of dealing with the matter. Treasury Ministers put in a tremendous stint on a Finance Bill and are occasionally entitled to a bit of relief from attendance in the Chamber. Also, they do occasionally have other affairs with which to deal. The hon. Gentleman has just been given a favourable reply, I think he admitted, from my hon. Friend the Financial Secretary and then he followed it by attacking him for taking a certain amount of relief from the Committee's proceedings.

Perhaps if I explained the position on Clause 6 it would enable us to come fairly rapidly to grips with the matter.



Hon. Members have been emphasising the onerous nature of the vehicle duty and of the increase in the duty. The Clause deals with exemptions. It follows that if the vehicle duty is regarded as very onerous the concession of exempting certain people totally from it is a very substantial concession. We ought, therefore, in fairness to those who have to pay the tax, to be very careful about the principles on which concessions and exemptions are granted.

There is no new principle in this Clause, in spite of what has been said. The Clause is merely an extension of the principle on which previous exemptions have been granted. The previous total exemptions that have been granted have been of three kinds and quite clearly based on three principles. First, is the exemption of vehicles on the road for humanitarian purposes, such vehicles as ambulances, fire-engines and others of that kind, including invalid vehicles. Second, there are those vehicles of very limited use. These are vehicles which are not using the roads for more than 6 miles per week and are mainly for the purposes of farmers who may have severed farms, and so on.

The third category is vehicles which are connected with road building, road maintenance, or the lighting of roads. The additions in subsection (1) were embodied in the 1962 Act in the categorisation of vehicles connected with road building, road maintenance and road lighting.

I can offer one comfort to the hon. Member for the City of Chester. The definition of a vehicle in page 4, line 36, "for the purpose of cleansing and watering roads or cleansing gulleys", includes the item which he has put into Amendment No. 24,

"(m) local authority street sweeping vehicles." I am advised that the definition in the Clause is intended to cover those vehicles.

It is our view, which is the view expressed in the Clause and the reason why we resist the Amendments, that total exemptions from duties should be confined to those vehicles that come into the three categories I have mentioned. I am sure that there will be widespread sympathy for the points hon. Gentlemen have made about the need to give relief from

the rate burden and to give assistance to local authorities. It is our view that that should not be done by making additional categories of vehicles exempt from tax. It should be the principle that vehicle duty should be imposed as fairly as possible upon all road users, who should be treated equally, so far as possible. If it is clear that it is the Chancellor's purpose to search for a certain amount of revenue by the imposition of taxation upon vehicles, it follows that the more exemptions which are given the more heavily the tax must fall upon other road users. In our view, that would not be fair or equitable.

The three principles I have mentioned are clear: first, those vehicles which are on the road for humane purposes, such as ambulances; second, those vehicles which are on the road only for short periods and for less than 6 miles a week; and, third, those vehicles which are directly connected with, and purpose-built for, the construction of roads, the maintenance of roads, or the lighting of roads. We have added the two categories in subsection (1) for that purpose. The acceptance of any of the Amendments would extend the categories far beyond those principles and would inevitably lead to the demand that other vehicles which are on the road for socially desirable purposes should be granted some form of exemption or relief. That would immediately introduce a gross inequity between one kind of road use and another.

I therefore hope that the Committee will agree to stick to the principles, which, as I say, have not been extended by the Clause, which underlay the original exemptions which were put into the Vehicles (Excise) Act, 1962. This is merely an addition to the definitions of those vehicles. It includes local authority street sweeping vehicles. We should do this in fairness to all other road users who have to bear the burden of taxations put upon vehicles. I hope that the Committee will reject the Amendments.

**Mr. Frederic Harris:** Does the Minister know how much additional taxation is being asked of local authorities because of these vehicles?

**Mr. Swinger:** I am sorry, but I have not got that figure with me. I will endeavour to obtain it.



**Mr. Eric Lubbock** (Orpington): I thought that this was supposed to be a revolutionary Finance Bill in which every principle of taxation to which we had hitherto adhered was being swept aside. But the Parliamentary Secretary has told us that he cannot accept the Amendment because it infringes some rules which had been laid down by a Tory Government in the past. This is the lamest reason for refusing an Amendment which I have ever heard given on any Finance Bill.

Cesspool emptiers could be held to come within the categories mentioned by the Parliamentary Secretary. We need cesspools only because main drainage is not taken to houses on certain roads. If the money had been spent on the roads, there would have been no need for cesspool emptiers. Reasoning along those lines, the Parliamentary Secretary might well say that cesspool emptiers should qualify for relief under the third category he mentioned.

A very strong case can be made out in favour of the Amendment. If the Parliamentary Secretary believes that we should stick to rules for determining which vehicles should qualify for exemption, he can simply add another rule to the three that he has given. He can add a rule to the effect that vehicles used by local authorities—indeed, I go further; I would say vehicles used by local authorities and any public body for purposes other than the conveyance of passengers—should be granted relief from the vehicle licence duties. This would make sense, because, after all, the position is not as the Parliamentary Secretary described it that a burden would be thrown on to other users.

The money collected in vehicle licence duties from local authorities is partly returned to them in the form of the general grant. It is true that somebody has to pay. It is a question of where the burden falls. In this case very strong grounds exist for exempting these vehicles from the vehicle licence duties. The Parliamentary Secretary should think again about this. If he did so, he would come to the conclusion that this is a very reasonable Amendment which deserves to be supported.

**Mr. Temple**: I must express extreme disappointment with the Parliamentary Secretary's reply. I would not like him

to conclude, as I gather he did from what he said at the beginning of his speech, that anything I said was meant to be derogatory of himself. I merely drew attention to the fact that there were not any Treasury Ministers present, nor was there a representative from the Ministry of Housing and Local Government. That was in no way an implied criticism of himself. I hope that he will accept this explanation in the spirit in which it is offered.

I cannot say that I am in the least satisfied by the Parliamentary Secretary's reply. He categorised the various specialist vehicles. As far as I could make out, at least two of the specialist vehicles which I mentioned fell into these categories. He mentioned one category of limited use. Although he accepts that a gulley emptier has limited use, he does not appear to accept that a cesspool is in a similar category. I will not go on with that argument. It is entirely unacceptable to myself and, I would think, unacceptable to the Committee.

What I found very much more difficulty about was the fact that the Parliamentary Secretary did not reply in any way to the question which I put to him directly; namely, what conversations had he had with the local authority associations. I can only conclude that, before bringing forward this highly specialised Clause, there have been no recent conversations with the local authority associations.

I stress the importance of road maintenance, as did the Parliamentary Secretary himself. In moving the Amendment I made special reference to specialist and purpose-built road maintenance vehicles. I believe that this matter should be looked at again before Report. As those vehicles fall directly into the category mentioned by the Parliamentary Secretary—[*Interruption.*] I beg to differ. I am supported in my view by the County Councils Association and the Association of Municipal Corporations. On Report, we shall have to test who is right, whether the Parliamentary Secretary is correct, or whether my contentions are correct.

I very much regret that the Government have missed this tremendous opportunity of assisting ratepayers. We must now conclude that the promises made at the time of the General Election were, as I

have already said, piecrust promises. Every time I have asked for a concession on behalf of ratepayers, I have been refused by Treasury Ministers, by the Ministry of Housing and Local Government, and now by the Ministry of Transport. It will be clear that although the Government say that they have sympathy, they have not the slightest intention of helping ratepayers in a practical direction. For that reason, I have not the slightest intention of withdrawing the Amendment.

*Amendment negatived.*

*Amendment made:* In page 4, line 32, leave out from "a" to "used" in line 33 and insert "vehicle".—[Mr. Swingler.]

*Clause, as amended, ordered to stand part of the Bill.*

*Clauses 7 to 9 ordered to stand part of the Bill.*

**Clause 10.**—(ALTERATIONS IN RELIEFS.)  
7.0 p.m.

**The Deputy-Chairman (Sir Samuel Storey):** The next Amendment selected is Amendment No. 28, in page 6, line 21, leave out "£340" and insert "£400".

We can also discuss Amendment No. 29, in line 23, leave out "£220" and insert "£250".

Amendment No. 30, in line 26, leave out "£220" and insert "£250".

Amendment No. 300, in line 30, leave out "£30" and insert "£75".

Amendment No. 31, in line 30, at end insert:

Provided that for the purposes of any year of assessment or part thereof in which a husband and wife are living together one of whom is a dependent relative the said amounts of £255 and £180 shall be increased to £435 and £360 respectively.

Amendment No. 298, in line 30, at end insert:

(4) In section 217 of the Act of 1952 (claimant depending on services of a daughter or sister) for the reference to £40 (inserted by section 14(4) of the Finance Act 1953) there shall be substituted a reference to £100.

Amendment No. 299, in line 30, at end insert:

(4) In section 214 of the Act of 1952 (person taking charge of widower's or widow's children or acting as his or her housekeeper) as amended by section 18 of the Finance Act 1960 for the reference to £75 there shall be substituted a reference to £100.

Amendment No. 87, in line 31, leave out subsection (4).

Amendment No. 32, in line 33, after "effect", insert:

"except in relation to employers' contributions".

Amendment No. 33, in page 7, line 2, leave out "£390 and £625" and insert "£400 and £650".

Amendment No. 34, in line 4, leave out "£160" and insert "£200".

Amendment No. 109, in line 4, at end add:

(7) In section 211(2) and (3) of the Income Tax Act 1952 (old age relief), as amended by section 12(2) of the Finance Act 1963, for references to £900 (maximum income qualifying for full relief) there shall be substituted references for £1,000.

Amendment No. 110, in line 4, at end add:

(7) In section 212 of the Income Tax Act 1952 at the end of subsection (1A) there shall be inserted the following:—

"(1A) If a claimant proves that he is in receipt of any small maintenance payments as defined by section 205 of this Act, or of any payments which, but for their amount, would be such small maintenance payments, in respect of any child living with him at any time within the year of assessment he shall be entitled in respect of each child to a deduction from the amount of income tax with which he is chargeable equal to tax at the standard rate on the appropriate amount for each child."

(8) In subsection (2) of section 525 (meaning of "earned income") of the Income Tax Act 1952, at the end of paragraph (c) there shall be inserted the following:—

"(cc) any small maintenance payments, as defined by section 205 of this Act, and any payments which, but for their amount, would be such small payments; and".

(9) Section 207 of the Income Tax Act 1952 (duty of court to give information as to small maintenance orders) shall have effect in relation to any payments mentioned in subsections (7) and (8) of this section as it has in relation to small maintenance payments and the expression "small maintenance payments" shall, for the purposes of subsections (7) and (8) of this section be construed accordingly.

Amendment No. 120, in line 4, at end add:

(7) If the claimant, being a parent in full-time occupation, employs during the year of assessment any person for the purpose of having the charge and care of the claimant's child or children, or in the capacity of a house-keeper or house-worker, he or she shall, subject as hereinafter provided, be entitled to a deduction from the amount of income tax with



which he or she is chargeable, equal to tax at the standard rate on a maximum of £150, or any lesser sum paid in wages to such an employee”.

Provided that—

(a) no relief shall be allowed under this section unless, in the case of married parents living together, both husband and wife are in full-time employment or either spouse is permanently incapacitated;

(b) not more than one deduction of tax shall be allowed under this section to any claimant for any year;

(c) this section shall apply to a claimant being a widow; widower; separated, divorced or deserted parent having custody of a child or children; or unmarried mother having permanent charge of her child or children.

Amendment No. 88 in Schedule 19, page 219, leave out lines 7 to 11.

Amendment No. 87 could be moved formally later if a Division is required.

**Mr. Ellis Smith** (Stoke-on-Trent, South): On a point of order. To facilitate the business, will you be good enough, Sir Samuel, to consider the possibility of benefiting from past experience and having, within reason, a broad discussion on the Amendments on the understanding that the Committee undertakes that hon. Members shall not cut across one another in discussing them? Afterwards, if the Opposition wished to divide on any Amendment their right to do so would be safeguarded.

**The Deputy-Chairman:** If the hon. Member will study the Amendments which I said can be discussed together he will find that the Committee will be given an opportunity to have a broad discussion on the whole lot.

**Mr. Ellis Smith:** Thank you, Sir Samuel.

**Mr. Geoffrey Hirst** (Shipley): I beg to move Amendment No. 28, in page 6, line 21, to leave out “£340” and to insert “£400”.

I shall refer, in the first place, to Amendments Nos. 29 and 30 with this Amendment, because within your grouping, Sir Samuel, they particularly hang together. Subsection (10) proposes the abolition of National Insurance tax relief whereby a proportion of National Insurance payment could be set off against tax. I consider this to be a very measly business. It is, regrettably, part of an unfortunate element of which we have

already seen a great deal and which I can only describe as envy, malice and spite which permeates throughout this miserable Measure.

It is objectionable because it supposes that there is something unseemly about the taxpayer receiving some assistance for tax purposes in respect of a compulsory levy. There is supposed to be a social injustice here which is being put right, but I make the point now that that is plain nonsense. However, that is by no means the end of it. The Government, having decided to change the system, proceed, as I am advised, to rob the individual of part of his rights.

A single person under the subsection gets an increase in personal allowance of £20 set off against the stamp allowance for tax purposes whereas the amount that could formerly be deducted for tax purposes was £22. I apologise if I am not correct in thinking that this is a rather silly creaming off of the odd £2. If I am wrong I shall be delighted to withdraw that remark. In the past it was accepted that the National Insurance relief was considered to be analogous to that operating for life insurance. As the pension which one is paid is taxable, the contributions towards it should not be themselves taxable. To put it in another way, it was a postponement of income.

What are the Government doing, apart from indulging in the rather contemptible old-fashioned class hatred which is boring us so much in this Finance Bill? What is their game? They are ripping to pieces—and I choose my words carefully—a well-understood and well-respected theory. I hope that my hon. Friends will develop this point.

What next? Are we to be informed? Will the public, who are very nervous about this matter, be informed? I trust that they will be. Is this to be an excuse for another onslaught on private insurance schemes? Is that the game at the bottom of it all? I am sorry to search like this on the Finance Bill, but we on this side of the Committee, and the country generally, have been very much shaken by this. It has rather destroyed our faith in even democratically elected Governments.

We are bound to ask these nasty questions. I do not like doing it, but I shall not desist. I have resisted very few



such opportunities, on whichever side of the Committee I sat, and I shall not start now, least of all on this Bill. The country has a right to know what the game is. If it is as I think it is, I hope that this debate will expose the Government's purpose to the full glare of public knowledge.

My right hon. and hon. Friends, by Amendment No. 87, seek to delete subsection (4) altogether. That would be the wisest of all courses. But what I have said so far has expressed only part of the purpose I seek to serve by my Amendments. It will be observed that Amendment No. 28 would increase the personal married allowance from £340 to £400, a net gain of £60 in relation to the Bill, or £80 overall instead of the £20 which the Government propose. Amendment No. 29 would raise the personal single allowance from £220 to £250, a net gain over the Bill of £30, or £50 in all instead of the £20 in the Bill. Amendment No. 30 would do the same in respect of a wife's earned income relief.

The increases I propose are reasonable and essential to help to meet the quite appalling increase in living expenses which people have suffered in recent months, an increase which has been particularly marked by the enormous rise in the cost-of-living index last month. Let the country beware. Plainly, we are getting back more rapidly than even I expected to the minimum increase of 6½ per cent. which characterised the Socialist Government's period of office before, about which we so earnestly reminded the nation at the election but which it so easily forgot. We are well back on the road to it now.

All these increases in living costs mean a great deal to the average family, the best part of a £1 a week—for some a bit less and for some a good deal more. One by one, they are being pushed on people by this Government. Income tax up 6d., employer's contribution up 2s., petrol up 6d., car licences up £2 10s., with a rise of 100 per cent. for small vehicles. I must not develop that point now, but we all remember the figures from our debate last night. Cigarettes up 6d. a packet, beer up 1d. a pint, wine duty up 6d. and whisky up 4s. a bottle, postage up 33½ per cent. on a 3d. letter, T.V. licence up, rates up nearly 14 per cent.—

**The Deputy-Chairman :** Order. The hon. Gentleman is developing the point.

**Mr. Hirst :** I see your point absolutely, Sir Samuel, but I felt that, if I made the statement that the cost of living had gone up a great deal in order to justify my argument for increased personal allowances, I was in honour bound to show why. Perhaps you have saved me a certain amount of time, Sir Samuel. I had by no means reached the end of my list of increases, although, perhaps, I have indicated enough to support an argument which no hon. Member opposite can conceivably controvert.

Things are very serious for the average family. The Government, having done it knowingly, having created a great sense of injustice in everyone, have a duty to set things right as far as they can and to do something in mitigation of their mismanagement during the past few months. Even the increases which I propose are not enough to meet the spiral of increased costs which lie ahead, as every action taken by the Government shrieks in letters bold enough for all to see. This is more than a justification for that particular set of Amendments.

7.15 p.m.

I come now to another set, Amendments Nos. 33 and 34. Naturally, in this large group of Amendments selected for discussion together, there is some overlapping. Amendments Nos. 33 and 34 go together, dealing with age exemption for small incomes and marginal relief. The first would raise the limits of age exemption under Section 13 of the Finance Act, 1957, rather more generously than the Government propose so that people, over 65 years of age will not pay any tax, if single, if their income does not exceed £400, or, if married, provided that one of the couple is 65 years of age, if their income does not exceed £650. I admit that this is a modest Amendment, but it is an important one and an improvement on the Government's proposals, giving an extra allowance over that proposed of £10, if single, and £25, if married, in respect of these small incomes.

On the Report stage of the Finance Bill last year, the right hon. Member for Sowerby (Mr. Houghton), speaking, as he



[MR. HIRST.]  
often did, with great sincerity about incomes of this type, said:

“In terms of revenue”—

that was his suggestion at the time—

“it is a very small matter. On the human side, however, it is most important to a number of people.”—[OFFICIAL REPORT, 30th June, 1964; Vol. 697, c. 1151.]

I am sorry that other duties—I am sure that it must be other duties, because nothing else would have kept him from the Chamber when we are debating these matters—have prevented the right hon. Gentleman from coming here, because I am sure that he would have great difficulty in not giving me his support. Indeed, his speeches over the past 10 years are meaningless otherwise. I know something about his attitude because, occasionally, both he and I were against my own Government. I did not have to press them very strongly, of course, because Conservative Governments have done a great deal in this respect. This particular form of relief—I acknowledge that there was an earlier one of a kind in about 1925—was first introduced in 1957.

I need hardly remind the Committee or the nation, which only wishes that they were back again, that the Conservatives were then in power. The reliefs have been extended three times since then. Many of my hon. Friends, quite apart from what my right hon. and hon. Friends on the Treasury Bench did, played a great part and were champions of this worthy cause. I can see one or two of them round about me now, and I know that they will give me their support in full measure.

Placed as I am on the Opposition side today, I appeal to the Government to do at least something to put things right, if only in honour of the absent right hon. Member for Sowerby, whose ghost must be walking up and down the Treasury Bench at this time, making even the Financial Secretary bow his head. I only hope that something of the right hon. Gentleman's spirit has permeated the Financial Secretary and that he will not give us one of his quite pleasant but miserably marked briefs in reply.

There is no better cause than this. Older people living on small fixed incomes have been especially hard hit by inflation, and they are being more

grievously hit by the inflation which the Government are almost wantonly putting upon the nation. Goodness knows, they need the maximum degree of help at present.

The extra amount I propose would cost, relatively, only a trifle in the great sea of Government expenditure. It would hardly be noticed. But it would help some people to pay their rates, which are a grievous burden from which people are receiving no alleviation by the policies of Her Majesty's Government. It would help those people for a few months until they are rescued once again by the return of a Tory Government.

**The Deputy-Chairman:** Before I call the next speaker, I should add that Amendment No. 300, in the name of the hon. Lady the Member for Tyne-mouth (Dame Irene Ward), is also selected for a Division if required.

**Mr. Ellis Smith:** I desire to make some observations on behalf of people who are earning less than £20 a week. I desire to protest against the unfair taxation of those people. I desire to protest against the fact that reliefs are given to those who are better off than these people. I desire to protest, providing I understand it correctly, against the reliefs given in this Bill. These Amendments provide me with an opportunity to do so.

Many of my observations will be of an interrogatory character, and I hope, therefore, that my hon. and learned Friend the Financial Secretary to the Treasury will be good enough to make notes of them, because I want those whom we represent to be able to understand what is at stake.

This country has arrived at a serious situation which the Committee has not yet faced. Many of the people I represent are working two or three shifts to produce the wealth that we need for exports. It is by that means that we are living. Yet we are involved in this unfair incidence of taxation which is imposing a serious burden upon those engaged on both sides of manufacturing, productive industry.

When one is faced with serious competition, and when every farthing that goes into the cost of production counts in maintaining a competitive position.



then one is bound to have regard to overhead costs imposed upon one by constantly increasing taxation and by an unfair incidence as a result of the way that taxation is imposed by this Committee. That is the basis on which I want to make my observations and I have a number of questions to my hon. and learned Friend.

Will the withdrawal of the tax reliefs with regard to part of the employees' National Insurance contributions only affect what is deemed to be in respect of State pensions—normally, £22 per annum? Is it correct that the disallowance is only to be made as regards employees' contributions, with those paid by the employers still being allowed in full? If so, is it not significant that the Amendments would further worsen the position?

Is it correct that the allowance in the case of pension policies undertaken by life assurance companies not only includes full tax allowance on subscriptions to such policies, both by employers and employees, but that the whole of the investment income on the investment of such premiums is accumulated by the insurance companies free of any charge to United Kingdom taxation? Am I correct in this assumption? If so, surely this calls for serious reconsideration by the Chancellor.

Is it correct that there is preferential treatment of the life assurance companies and the employers in relation to normal life assurance policies and pension schemes? Is it correct that, when these life assurance companies or pension schemes undertake endowment policies, the employers are allowed Income Tax rebate on each contribution? Is it correct that, for taxation purposes, the employees' contributions are allowed only to the extent of 40 per cent.? Is it correct that the life assurance companies, whether on pension or other types of life assurance policies, are subject to reduced rates of taxation?

I am armed in regard to the seriousness of this position by two documents which can be obtained from the Library or the Vote Office—the Blue Book on National Income and Expenditure and the publication "The British Economy: Key Statistics 1900-1964". In those documents there is confirmation of the unfair incidence of taxation in Britain. That is

the situation we have now arrived at. It affects those engaged in industry, those working for their living, those who are keeping us going, whether they have managerial responsibility or are on the shop floor. Both these documents confirm the existence of the unfair distribution of our total national income.

My right hon. Friend the Chancellor of the Exchequer said in his Budget speech that he was compensating for this disallowance of tax on National Insurance contributions. This is not enough. There ought to be a quality of treatment between one section of the community and another, especially in matters of this kind.

7.30 p.m.

The point that I am making is that if it is correct in the Income Tax calculations to allow employers, or life assurance companies or other federated employers of that kind, to charge these contributions against their Income Tax, no matter for what they may be, pensions, life assurance contributions, or National Insurance contributions, it is equally right to have equal treatment for those for whom I am speaking.

This is an issue which has become so serious that it is time that the Committee faced up to the problem. Our total expenditure is gigantic and this Committee should never have agreed to it. I am on good ground here, because I am one of the very few who did not agree to it. The country will suffer greatly in future—it will not affect me very much, because I have reached the age when it will not matter, but I have some concern for the future of the country and, if we are to hold our own in world exports in the greater competition which we shall face, we must have regard to fairness in the incidence of taxation and in allowances for tax purposes. When we make alterations in Income Tax relief, they must be seen to be fair and not only be fair, to use a phrase which I do not like using, but which is a typical lawyer's phrase.

These are the matters which the Committee should consider instead of playing about, as we were playing about the other night, laughing and joking. I do not want to be misunderstood. I like a joke as much as anybody, but there is a right time and a right place for everything. When in this Committee we are



[MR. SMITH.]

dealing with serious matters, we ought to approach them in a responsible manner, making constructive proposals and realistic analyses of the Amendments which we consider so that we can improve the Bill as it proceeds through the Committee. If the documents which I have mentioned are studied, it will be seen how unfair is the present incidence of taxation. I am asking my hon. and learned Friend not only to be good enough to deal with the matters which I have raised, but between now and the next Finance Bill to consider the unfairness of the incidence of taxation.

**Mrs. Margaret Thatcher** (Finchley): I rise to support my hon. Friend the Member for Shipley (Mr. Hirst) in his cogent arguments and to congratulate him on the clear way in which he moved the Amendment and also to take up some of the issues raised by the hon. Member for Stoke-on-Trent, South (Mr. Ellis Smith). I wish to refer my remarks particularly to Amendment No. 87.

When the Chancellor of the Exchequer said in his Budget statement that he was proposing to withdraw tax relief from National Insurance contributions, he did it shortly and in a way which made the proposition sound extremely plausible, and for a moment it was not realised how far-reaching his proposal was. I reinforce what my hon. Friend said—if his ideas go through in this Finance Bill, the Chancellor of the Exchequer will be reversing a principle which has stood the test of time since 1799. When Income Tax was first introduced, in that year, Pitt himself emphasised the principle that where benefits were taxable, contributions should be deductible. There was a time when that relief was partially withdrawn and there was a time when it was wholly withdrawn, but then so was Income Tax, and that seemed to be a fair bargain.

I do not want to go back to trace the history right from 1799, but it is right that I should trace it from the inception of the National Insurance scheme, because the principle was again enshrined in the National Insurance Act and the Finance Act which accompanied it that summer. All benefits under the original National Insurance Act were taxable,

with the exception of the lump sum benefits, the death grant and the maternity grant. They were not of a taxable nature. They were small once-and-for-all benefits, whereas the other benefits were meant to be of an income nature, and so the contributions were allowed for tax purposes.

After a time, it was found extremely difficult to collect the tax on the short-term benefits, the sickness, unemployment and maternity weekly benefits. In the Finance Bill, 1949, the Treasury proposed that unemployment benefit, sickness benefit and maternity benefit should not be taxable, and that therefore that part of the contribution which was paid to secure those benefits should likewise not be allowable. Basically, the equation was the same—if the benefits were taxable the contributions were deductible; if the benefits were non-taxable the contributions were not allowable. So again the principle was reaffirmed in the Finance Act, 1949. I have many quotations from debates—I could deluge the Financial Secretary with them if he doubted this principle at all, but, because of time, I will not give them all now.

The next stage came with the inception of the graduated pension scheme. Again for administrative reasons, it was found that the precise amounts of the contributions paid for pension purposes in effect could not now be calculated on a yearly basis until after the end of the year. The graduated pension contribution is collected with the P.A.Y.E. tax, but is calculated on an entirely different basis. But the principle was retained and, instead of allowing the precise amount of the contribution referable to the pension, an annual lump sum was allowed, as my hon. Friend has said. The annual lump sum allowed for tax purposes was £22 for an employed man, £27 for a self-employed man and £26 for a non-employed person. Still the principle was retained.

But the present proposals of the Chancellor of the Exchequer are a complete reversal of the principle. What they mean is that once income has exhausted its taxable capacity and tax has been paid on one's entire income, there is still a compulsory contribution to be made, which is a compulsory direction of income into the National Insurance scheme, and the simple way of saying it is that tax is paid on the contributions.

Several reasons were advanced by the Chancellor for his thesis. He said that at the moment the reliefs operated in such a way that the better-off paid less. Of course, if there are reliefs against tax, then those who have never paid tax never get relief. This follows throughout every relief allowed in the Income Tax Acts. There is nothing new about that. But the better-off usually pay more tax on their benefits when these become payable, and the larger amount of tax which they pay helps to support the Exchequer contribution to the National Insurance scheme. Also, it helps to support many of the other social services.

I looked up on the Vote on Account the amount of Treasury money which the Ministry of Pensions and National Insurance estimates it will need in the 1965-66. This is Treasury money, not National Insurance contributions. My point is that the better-off people already contribute very heavily to the social services and, in particular, to the Ministry of Pensions. Treasury money to National Insurance this year will be £304 million; to family allowances £146 million; to the National Assistance Board £269 million and to war pensions £122 million. This makes a total of £841 million in one year, all of which will be contributed by those who pay Income Tax. I think that the Committee will agree that these people pay a fair whack through this method.

The Chancellor of the Exchequer advanced the view that National Insurance contributions rank for Surtax relief. Certainly they do. Why should they not? I wish that we could get rid of the idea that as soon as a person pays Surtax he should not have any tax relief whatsoever. He already pays a very considerable amount of tax.

In the 107th Report of the Commissioners of Inland Revenue, Table 71, which deals with the classification of incomes by size before tax, analyses 22 million incomes. Of those, only 730,000 odd are above £2,000 a year. I use the word "incomes", although they are income units. For this purpose, husband and wife are one, although perhaps they are not for many other purposes. Therefore, two teachers aged about 36, having done their three years' training and being on their maximum teachers' salary of over £1,000 each, would come into this category. Out of 22 million incomes, 735,000

—that is, 3 per cent.—have in total over £2,000 per annum. But those who make up the 3 per cent. pay 40 per cent. of the Income Tax paid by all individuals directly on their income.

Out of £2,326 million paid in tax, the people with incomes of over £2,000 a year—that is, the 3 per cent.—pay £915 million. My view is that we need more Surtax payers, not fewer, because they would help very considerably to increase the tax pool without putting up the rate of tax.

Another reason which the Chancellor advanced was that he would relieve the situation by putting up personal reliefs. Conservative Governments put up personal reliefs three times during their period of office—in 1952, from £110 to £120; in 1955, from £120 to £140; and in 1963 from £140 to £200, a much bigger jump than is proposed now. But no one ever suggested that to pay for those increased personal reliefs the tax relief on National Insurance contributions should be withdrawn.

Apart from putting up the personal reliefs, we introduced the age exemption relief. We also increased pensions five times at the same time as we brought down the standard rate of Income Tax from 9s. 6d. to 7s. 9d. in the £ and Purchase Tax from 100 per cent. down to a top rate of about 30 per cent. We did very well for the pensioners, in giving relief on National Insurance contributions and in bringing down the rates of tax.

7.45 p.m.

We are led to look for other reasons for withdrawing this relief. I hope that the Chancellor of the Exchequer will not succeed in establishing this new principle by a side wind, because, as has been said, what I believe he is doing is paving the way to disallow private pension contributions for relief. The reasoning which I deduce is in the Government's mind is that if State contributions are not allowed for relief the next stage is to disallow contributions to life assurance or occupational pension schemes. I shall require a very firm assurance from the Financial Secretary that no such thought is in the Government's mind and that the schemes approved under Sections 379 and 388 of the Income Tax Act will continue to enjoy the tax relief which they enjoy now.



[MRS. THATCHER.]

After all, this is a vital question for many people. There are 12 million employed people in membership of occupational pension schemes. The annual contributions to those schemes amount to £750 million, their total funds amount to £8,000 million and the annual outgo on retirement pensions amounts to £400 million. This is a vital part of the retirement provision of people of this country. It will continue to grow and solve many problems for retired people provided that tax reliefs remain.

Secondly, if the Chancellor of the Exchequer upholds his action by pointing to the increased personal reliefs which he is giving, we shall want an assurance that every time National Insurance contributions go up an equivalent amount will be put on to the personal reliefs and that the operation will be in addition to the amount required by the effects of inflation.

There are two other technical points which I should like to raise. The Financial Secretary may know about the position of students under the National Insurance scheme. This is extremely important to them. While they are undergoing full-time education they are not compelled to pay weekly contributions to the National Insurance scheme. But if they do not do so they lose the cover which those contributions provide. I am afraid that many a student has found himself without unemployment benefit or sickness benefit and sometimes, if he has had a tragic accident, his widow has found herself without cover from widows' benefit.

There is, therefore, a special arrangement under which when they start work students, as well as paying their current National Insurance contributions, can pay their back National Insurance contributions, and they have six years in which to do so. Before this Bill, they could claim for tax relief not only that part of their current National Insurance contributions attributable to retirement pension benefit, but also the amount which they paid in respect of back contributions. That situation arose under the extra statutory concession No. 39. Students will obviously want to know whether there is to be a continuation of this concession, because, otherwise,

they will have to meet quite heavy expenditure in the years just after they start work and get no tax relief on it.

I refer to Amendment No. 32 which relates only to part of subsection (4) of Clause 10 and to which the hon. Member for Stoke-on-Trent, South referred. This Amendment refers to the employer's part of the contribution.

The subsection which the hon. and learned Gentleman seeks to delete, as well as referring to the employee's part of the National Insurance contribution refers also to the employer's part of the contribution in relation to certain employees. It does not relate to employees who are employed in a trade or business because tax relief for those National Insurance contributions by the employer is allowed under a different Section and a different Schedule, Schedule D. It refers to the employer's contribution which he pays on behalf of a private employee.

If we employ anyone in the house or if a daily help works more than eight hours a week, one is supposed to pay an employer's contribution in respect of that person, in which event the amount paid can be set off against income. This is particularly important to the married woman who goes out to work, and particularly to the teacher or the nurse who returns to work. The first thing which they have to do is to get someone into the house to help with their domestic work to enable them to go out to follow their skilled profession.

As all married women Members of the House know, the wages which they pay to that person who comes to help with the domestic work are not allowable against the income which a married woman earns, but the amount which the married woman pays in the employer's contribution is allowed against her Income Tax. If the Chancellor's proposals go through unamended, that will be disallowed and, therefore, the married woman who seeks to return to work will have yet another deterrent and irritant put in her way.

That concludes my preliminary remarks. I will reserve any further comments for later observation, but I hope that the Financial Secretary will reply to these vitally important points.



**Mrs. Lena Jeger** (Holborn and St. Pancras, South): I speak to my Amendment No. 120, which would add a new subsection to the Clause and would try to deal with some of the anomalies regarding Income Tax relief in respect of domestic help for people who go out to work. This follows, not unhappily, what the hon. Lady the Member for Finchley (Mrs. Thatcher) has said.

I must start by apologising for any of the inadequacies and inelegancies of the drafting of my Amendment, but I hope that the wording at least makes the intention clear. I know that in the Amendment I am asking a great deal of my right hon. Friend the Chancellor of the Exchequer. The basic purpose is to try to bring some aspects of our taxation law a little more into line with the realities of modern life. The provisions for tax relief in respect of domestic help are rooted in privilege and are completely anachronistic.

At present, the law allows tax relief—I am over-simplifying to save time—in respect of a resident housekeeper employed by a widow or widower whether or not he or she has children. This concession was introduced in 1918 and was limited to widows or widowers with small children. It was a rational provision. The Royal Commission of 1920 recommended that this concession should be limited to taxpayers who had children. In 1924, however, the allowance was extended to childless people and so it remains in force today, although the 1954 Royal Commission, in paragraphs 206-7 of its Report, recommended its withdrawal.

To make the position clear, I should like to give the following brief quotation from the Royal Commission:

“This provision is an anomaly and we do not see how it can be reconciled with any fair distribution of burden between one taxpayer and another. As a transitional provision to meet the difficult circumstances of a widow or widower after the death of husband or wife, left with the maintenance of a household that belonged to the married life, it would be intelligible: but as a permanent grant of a special relief for the maintenance of a household to a taxpayer, merely because he or she possesses widowed status, it seems to us meaningless. . . . Since we see no good reason for it, we recommend that it”—

the concession—

“should be withdrawn.”

That was in 1954. It seems to me extraordinary that successive Chancellors of the Exchequer have not taken that advice. I am trying to help my right hon. Friend by suggesting an Amendment which, far from costing him anything, is likely to help him.

I should announce my personal disinterest in this connection. I, as a childless widow, need not even go out to work. I could loll around the house all day. If, however, I had a big enough house into which I could put a resident housekeeper, and let her do all the work, the Chancellor of the Exchequer would grant me tax relief in respect of that resident housekeeper. Similarly, a widower who may be enjoying a social life not very much different from that of his bachelor colleagues could install a resident housekeeper and, again, the Chancellor, out of his generosity, would contribute tax relief in respect of the lady who lives in the house of the widower, but not for the lady who lives in the house of the bachelor. I hope that I have put it correctly.

I suggest that that view belongs to the days when living-in help was not unusual among people in the Income Tax-paying bracket, but life simply is not like that nowadays, for various reasons with which I need not bore the Committee in relation to the smaller houses and flats in which we tend to live and also because of the changing pattern of employment, which means that these living-in treasures are not available to do this sort of work.

There are very few people who are in a position to take advantage of this concession. To my mind, it therefore becomes a privilege and, therefore, socially unjust. At the same time, it gives relief in many cases where relief is not especially required, but it inflicts considerable hardship in many other cases of great need.

For example, if a widow with a small child goes out to work, not necessarily only to supplement her pension, but because she has answered the call, perhaps, of my right hon. Friend the Minister of Education, and has returned to teaching, she can claim no tax relief whatever in respect of the daytime care of the house and children unless she, again, is in a position to have the helper living in. That was confirmed in a recent



[MRS. JEGER.]

case in January in the Court of Appeal, *H.M. Inspector of Taxes v. Whiting*. Mrs. Whiting, a widow with two small children, was trying to carry on a business. She employed someone to look after the children while she was at work. The case was taken right up to the Court of Appeal. *The Guardian* law report of 20th January was headed:

"Children's nurse must be resident for widow's tax relief".

We are saying to a widow in that position that if only she was a bit better off, if only she had a bigger house, if only she was a nice woman with a living-in nanny, the Chancellor would give her some help. Because she is having to rely on having someone coming in daily the Chancellor has to turn away. I do submit that this cannot be the wish of any Members on either side of the Committee. I therefore ask my hon. and right hon. Friends to look at what I regard as a completely unreal and unfair differential. 8.0 p.m.

Paragraph (a) in my Amendment also tries to deal with another injustice by suggesting that we ought to try to help families where either parent is incapacitated. Under the present law, if a man has small children and has an incapacitated, invalid wife he can claim tax relief in respect of a housekeeper who helps in that difficult situation. I see this as part of the continuing masculinity of Chancellors of the Exchequer and the solidarity of men in this country, because if the position is reversed, if a woman who has small children and has a permanently incapacitated, invalid husband goes out to work she cannot claim Income Tax relief in respect of the person she employs in the home.

It is as though the Chancellor of the Exchequer were saying to a man with an invalid wife and with small children, "Well, old boy, of course we do not expect you to rush out and do the shopping in your lunch time, and hurry home to get the children their tea, and do the washing, and see to your wife, and see the children do their homework, and get them to bed, and the next morning get the breakfast, and see to your wife, and get the children off to school, and then go to work."

Of course, the tax law says that no man should be expected to fulfil that

double function of doing two jobs in this way, and, therefore, relief must be granted in respect of someone to help him. But no Chancellor of the Exchequer in my recollection—and I have been into this in great detail—has ever said to a woman who is in this position, "That is bad luck. You ought to have help. If you can get someone to help you with these two difficult jobs, there is fair case for tax relief". Therefore, I have suggested that for either parent who is incapacitated relief should be made available.

I know that parts of my Amendment go very far, but I have drawn it wide deliberately, and have suggested that we should even try to include families where both parents may be alive and well and in full-time work, but where there are small children at home, because that fact itself raises all sorts of difficulties because it is part of the pattern of our modern society that married women have got to go out to work.

I shall not weary the Committee with figures, but for far too long we have taken it for granted that our society should be underpinned by spinsters, but the spinster is becoming a most rare member of our modern society; the tendency is for there to be fewer and fewer single women, as the age of marriage is continually coming down. Therefore, we base our tax laws and reliefs on an unreality, and the present social pattern is a fair point for thought. I know that sociological problems are subjects for which the Treasury is possibly not responsible, but I do think that our tax law has in certain instances got to come much closer to realities.

In saying this, I am very much aware that the problem of the woman doing two jobs, one inside the home and one outside the home, has become apparently more urgent in that it has now become a middle-class problem. For generations working-class women, poor women, have been doing two jobs and never dreaming of the possibility of ever getting anyone to look after their children at home, and those working-class women have often done some of the heaviest and hardest work to be found. However, the fact that an Amendment cannot help everybody is no reason why it should not at least seek to try to deal, as I can only



deal while keeping myself in order, with some, within the Income Tax provisions.

While paragraph (c) would limit relief to cases where children have to be cared for and only where there are children I would suggest to the Committee that we ought not to continue to confine tax relief only to cases where they are the children of a widow or a widower. The whole attitude of many social workers and of much contemporary thought in dealing with the difficult-family problem is to accept the fact that there are a vast number of fatherless children in this country—children who are, in effect, fatherless. Their parents may be divorced; there may be desertion; the mother may be unmarried: there are all sorts of circumstances in which children, as far as the support by a father goes, are without a father.

Therefore, I suggest that where the children are living with a mother who is unmarried, or who is a widow, or deserted, or divorced, or separated from her husband, or with their father who is similarly placed, there should be this provision; and it is because it applies to either parent that I have used the word "parent". I know of many sad cases like this, where a husband has been left with small children because his wife has gone off.

I think that the intention must be to grant tax relief in all these cases and not to differentiate. After all, it is not the children's fault; they cannot be held responsible for the circumstances in which they have only one parent instead of two to look after them.

**Mr. Charles Curran** (Uxbridge): Would the hon. Lady extend the argument also to adopted children?

**Mrs. Jeger**: Of course, adopted children are the children of the parents who adopt them.

**Mr. Curran**: To the children who have not been formally adopted, but are simply being taken care of?

**Mrs. Jeger**: I am not sure whether the hon. Member is thinking of adoptive parents who are, as it were, on probation for trial periods. These must be very special cases one must look at in detail.

I have spoken very widely and I apologise, especially to my right hon. and hon. Friends in having taken this question so widely into some of the contemporary social problems, and I again pray their indulgence for possibly not having translated my intentions into acceptable language, but this is such a vast question, and it does demand a great deal of thought, and I hope that at least I can be assured that these considerations will not go without some attention being paid to them in future.

**Mr. Simon Wingfield Digby** (Dorset, West): The hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) has made an interesting contribution, and I am sure the Committee listened with much sympathy to what she had to say. It emphasises the fact that we are at the moment discussing a very wide group of reliefs from Income Tax. I am sorry I cannot follow the hon. Lady, because I want to take up an appeal made by one of her hon. Friends on behalf of those who earn less than £20 a week.

I want to direct the attention of the Committee for a moment to retired people all of whom are earning less than £20 a week. I want to speak for a moment about age exemption which is dealt with in Amendment No. 33 and which has already been referred to, and I want to refer at greater length to Amendment No. 109, which deals with age relief, the Amendment standing in my name. The reason that I am speaking to these two Amendments is that I moved Amendments on both these subjects in 1963, when we had debates on them during discussion of the Finance Bill. I want to speak mostly about age relief.

This relates to those over 65, those above retiring age, and it has the effect of giving earned income relief to their income at present up to £900. I want to raise it to £1,000. The deduction which is liable for earned income is two-ninths, so it is of considerable importance to them. I believe that the time has come to take a further step and I shall try to explain to the Committee why I think that this is the case.

Age relief was introduced in 1925, when a Conservative Government was in power, at a rate of £500. Having looked up the figures I find that, according to the London and Cambridge Economic



[MR. DIGBY.]

Service, that would be equivalent to £1,500 today. It will be seen, therefore, that we have slipped back considerably in this direction since 1925. In 1953, it was raised for the first time, by a Conservative Government, to £600; in 1957 to £700, in 1958 to £800, and in 1963, two years ago, to £900. Nevertheless, in view of the fact that it has been raised so little since 1925, I believe that this is a serious case.

I know that it can be argued that it affects a limited class of people, because this relief relates solely to savings or investment income which do not rank as pension. But there are many people in that position and they are living on interest and savings. I think that they are just as entitled to relief as those who are living on pensions pure and simple. In 1963 when the relief was raised by £100, no fewer than 55,000 people were calculated to benefit completely and 80,000 partly. A considerable number of people were affected.

It was estimated at the time that the cost in a full year would be £1½ million. Though I have no figures, I dare say that my proposal would cost about the same. No doubt the Minister will be able to tell me exactly what it is. When we were debating this matter in 1963, the present Chancellor of the Duchy of Lancaster said:

"We wish to see age relief taken as far up the scale as possible . . ."—[OFFICIAL REPORT, 15th May, 1963; Vol. 677, c. 1379.]

The Government now have an opportunity to do something about that sympathy.

Apart from the fact that we have fallen behind on the scale we set in 1925, I believe that there are some special reasons that these retired people are in special need today. I need scarcely remind the Committee of the rate increases of which we have heard a good deal in recent weeks. There have also been, in this year, tax increases, direct taxation through Income Tax and indirect by means of tax on drink, tobacco and petrol. We know, too, that this is reflected in the cost of living index. We heard on the news yesterday that it had gone up by 2 points, but, even before that, it had risen by 5.9 points in the course of the year. A further point which may affect some of these people is the very high level at which the Bank Rate now stands.

8.15 p.m.

I know that much has already been done in small stages for these people. I have many of these people in my constituency. I am sure that other hon. Members will be able to think of some examples themselves. For example, in 1951, an elderly couple with an income of £900 a year paid £281 in tax, whereas last year with that income of £900 they paid only £111 a year. I believe that there is a strong case for their paying even less.

Age exemption affects a much larger class of people who live on much smaller incomes. Something more ought to be done for them. It is true that the age exemption, both for single and married people, has been raised by the Government, but only to the level at which it equals the rise in old-age pensions. I do not think that the Government can claim much credit for that. When we bear in mind that this income is £8 a week, we realise that it is not very much. I believe that the time has come to raise it a little higher. I know that on previous occasions when this case has been argued, it has been said that it would be wrong for old people on a certain income to get much greater tax exemptions than young marrieds. I would not entirely accept that argument, because the old people have no method of supplementing their income, whereas the young people have their lives ahead of them and would certainly hope to raise their income fairly quickly.

Therefore, I commend the case of the retired under these two Amendments to the Committee and especially to the Government. I think that when one comes to think out how the fairest balance can be struck, and considers the figures, they have perhaps had a little less than their share in the kind of society and in the kind of inflationary age in which we are living. I hope, therefore, that the Government will have another look at this.

**Dame Irene Ward** (Tynemouth): I am very grateful to my hon. Friend the Member for Dorset, West (Mr. Wingfield Digby) for returning to what I consider to be the purpose of the Clause and the Amendments, which is to deal with the plight of those who have recently been called the small fixed income groups.



Though I found the speech of the hon. Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) most interesting and informative and found myself in almost complete agreement with it, I am slightly surprised that so few Members of the Government are here to add to the various Amendments with which I and many of my hon. Friends are connected, particularly Amendment No. 300 about which I want to speak.

I am very glad that my hon. Friend referred to the plight of those living on small fixed incomes. My postbag is full of letters from people who have been good, sound and responsible citizens and, quite apart from the problems of ordinary life, are in a state of great apprehension for the future as to how they will meet their increased rate obligations, which are causing them very great anxiety. A wide range of individuals are affected by the Clause and would benefit if my Amendment were accepted. Although I have been glad to see some improvement made in the conditions of those living on small fixed incomes, I have been surprised that the Government have not attempted really to deal with the whole problem; that is, a special cost of living index for these people, who include those living on public pensions, retirement pensions and small investment incomes.

I was somewhat entertained when the Chancellor rose last night to move to report Progress. He said that he hoped that during our debates on the Bill hon. Members would refrain from making quotations. I suggest that my hon. Friends have refrained from doing so, but I hope that the right hon. Gentleman is aware that there are a great number of quotations, from letters and so on, which could be given to demonstrate the plight of the people about whom I am speaking. It is obvious that the Chancellor, if he thinks that quotations in such numbers do not exist, has not been doing his homework in studying the difficulties faced by those who live on small fixed incomes.

The present Government have really built on the pattern of progress set by former Conservative Governments during the last 13 years. I say, frankly—I always endeavour to speak frankly—that while I have been proud of the various steps which former Conservative Governments took to improve the position of those living on small fixed incomes, I

have never thought that they did enough. If I had had my way they would have done a great deal more. I have been tremendously surprised, therefore, to find that the new Government, despite their pledges at the last election, have done nothing but follow that pattern. In my constituency, at any rate in one part of it, I represent above the average number of retired people. The new Socialist Government have contented themselves with building only very slightly on the pattern established over a period of years by successive Conservative Governments.

I do not wish to detain the Committee for long. The plight of those living on small fixed incomes is well known, and I have been interested to find that the phrase "small fixed income" is used today from John o'Groats to Land's End. That being so, I come directly to Amendment No. 300, which stands in the name of my hon. Friend the Member for Renfrew, East (Miss Harvie Anderson) and myself. Although only two names appear to it, I feel sure that it has the support of all my hon. Friends and, I hope, the majority of hon. Gentlemen opposite. It is designed to

"leave out '£30' and insert '£75'".

I noticed with interest that the hon. Lady the Member for Holborn and St. Pancras, South referred to the difficulty of drawing up accurate Amendments and keeping them in order when discussing the Finance Bill. I sympathise with her because it is one of the most difficult tasks. It is funny in this country how one can always get Amendments drafted for things like taxes on corporations or capital, but when it comes to the small, simple things of life, in which I happen to take a great interest, it is extremely difficult to find anybody who will get down to the task of drafting Amendments which will be in order.

As is well known to the Committee, to attract Income Tax relief in respect of dependent relatives there is an income range for the dependent relatives. This is understandable and it fits in with the general pattern which is acceptable to Parliament and the country. At the same time, there is a wide range of single women—I will not be a feminist in this matter because it applies to single men as well—who accept the responsibility of looking after, maintaining, housing and



[DAME IRENE WARD.]  
working for their dependent relatives. Not only is this a sympathetic and human approach, and one which is very right to be cherished in Britain, but it also helps enormously the difficulty of finding accommodation—much of which would have to be Part 3 accommodation or hospitals—for these people. It helps the Exchequer considerably.

I do not feel that any of us have yet faced up to the necessity of doing what we should do to encourage, support and sustain the single woman or widow who sets out to accept the responsibility of caring for her dependent relatives. I would be out of order if I developed the theme of giving additional tax relief to those who support their relatives who have no incomes. That is the problem of getting Amendments in order and getting the subject discussed by the Committee.

At the same time, it must be well known to all hon. Members that there is an important new organisation called The Organisation for the Counsel of the Single Woman, which is run by that distinguished woman, the Rev. Mary Webster. For the last two years she has never ceased to emphasise the problems of the single woman or widow who does her best to maintain and support her dependent relatives.

The purpose of my Amendment is to give relief in respect of dependent relatives' incomes so that the single woman or widow, or the widower or bachelor, supporting them can get extra relief for that support. However, it does not go nearly far enough because, as I say, there are a great number of these marvellous individuals who support dependent relatives who have no incomes at all. It is extremely difficult to find a way in a Finance Bill to be of help to these people.

I have been on many deputations to Chancellors of the Exchequer of former Conservative Governments as well as to the Chancellor of the Duchy of Lancaster recently in support of the aims of the organisation led by the Rev. Mary Webster. What is so maddening is that all Chancellors of the Exchequer and all Treasury Ministers have the most delightful method of receiving these deputations, and then nothing happens. That is very distressing, and does no credit to the country or to any Government.

In this country we seem to have got into a situation where we support mass movements and groups of people, but when it comes to individuals—and individuals acting in a Christian way and taking responsibility for their own families—there is not nearly the same support. I am sure that the necessary support would willingly be given if the country knew the circumstances in which these people carry out their obligations, and the problems and difficulties facing those who have reached an age when they can no longer work to maintain themselves, and must look for support to their sons or daughters.

8.30 p.m.

Therefore, although my Amendment goes only a short way—because of the difficulties of getting it within the terms of order—its real purpose is to indicate to the country and to the Government that we feel that the time has come when action should be taken to support those women who are prepared to accept responsibility for their dependent relatives.

I support, of course, all the various Amendments to which I have added my name. I am sure that the Financial Secretary will reply in most sympathetic terms, because all Treasury Ministers always answer in sympathetic terms, but I must tell the hon. and learned Gentleman that people are getting tired of sympathy. What they want is action. I hope that the Financial Secretary will not say that we have had 13 years of Tory Government in which to take the action that I am advocating tonight, because he must remember that we did a very great deal. However much the Treasury Bench may enjoy talking about 13 years of Tory rule, I must point out that we were always supported by the country until we lost the last election, while it has only taken six months for the country to say that it does not think very much of the Government that was elected in October. We can therefore wash out the political controversies and get down to the human issues that are involved.

I fully support everything that the hon. Lady the Member for Holborn and St. Pancras, South has said about house-keepers and widows and widowers. While the hon. Lady and I have been in the House, we have tried by means of new



Clauses to get a sense of fairness and justice into these Income Tax reliefs. I congratulate her—I am always delighted when members of my own sex do well—on having found a new method of raising the matter directly on a Clause in the Finance Bill rather than on a new Clause. The hon. Lady has done extremely well there.

I have discovered over the years, and I dare say that the hon. Lady will discover it too, that a Chancellor of the Exchequer will not be anxious to withdraw any allowances from any section of the community except in regard to the particular cause being talked about. On house-keeper allowances, I have always argued that if the relief given to widows and widowers is not to be withdrawn, it should be extended to spinsters and bachelors in order to ease their position. All Chancellors of the Exchequer have some regard for the finances of the country, as they should, and I have always thought that it should be possible to divide the Income Tax relief, giving part to the widow and the widower, and part to the spinster and bachelor. That would not cost the Chancellor any more and it would be "fair-do's" for both sections of the community.

On these problems of widows and widowers who have dependent children, we on this side of the Committee get a little tired of hearing about reviews which are taking place. When we look back on debates on Finance Bills over the last 13 years we find that then Opposition hon. Members who are now on the Treasury Bench always promised additional allowances and relief. Having regard to the election pledges they made, I should have thought that they could have come forward today with a well-thought-out matured plan which would help that large body of deserving people covered by the phrase, those with small fixed incomes. I am terribly disappointed.

Of course I was very glad about the increase in retirement pensions, but many retired pensioners who get pension increases are much better off than some people living on small fixed incomes. It is important when giving public money provided by taxpayers to be fair about the expenditure of that money and to see that all sections have a share in what is paid out of public funds. The

additional reliefs given under Clause 10 of the present Bill deserve to be considered as far too small to bear any relation to the needs of the situation. The cost of all kinds of things has gone up but that cost has to be met by those with small fixed incomes. Rates, travel, food and all kinds of things have gone up in price. How anyone on a small fixed income manages to pay for fuel and lighting, I have no idea.

When we talk to individuals they say that heating and rates are the two costs which hit them most. Although some will welcome the small concessions given by the Treasury Bench, I hope that when we come to the end of this debate the Financial Secretary, in his usual charming way, will accept every one of the Amendments which have been put forward from this side of the Committee in addition to accepting that put forward by the hon. Member for Holborn and St. Pancras, South. I very much support all the Amendments now before the Committee and look forward to their acceptance by the Government.

**Mr. Bryant Godman Irvine :** I support all this group of Amendments because, like my hon. Friend the Member for Tynemouth (Dame Irene Ward), I have in my constituency a great number of people who live on small fixed incomes. I can adopt everything that my hon. Friend said.

We have had many speeches today on the subject of what the Government have not done about their pledges to deal with the rating situation. In my constituency there is a difficult problem from that point of view. A further reason why I support these Amendments, in particular those relating to dependent relatives, is that they would encourage people who are accepting responsibility for their relatives.

I think that is a principle which we in this Committee ought to do all that we can to further. There is an Amendment standing in my name to add at the end of Clause 10 the words standing on the Notice Paper in Amendment 31. The object of the words on the Notice Paper is to enable those who are supporting a husband and wife, living together where one is a dependent relative, to be given additional benefits of aggregation for the two relatives.



[MR. IRVINE.]

To put it simply, the position is that if you happen to have a father who has an income of perhaps £20 or so over the limit and a mother who has no income at all, at the moment the £20 would not count towards relief. If this Amendment were accepted the result would be that the whole of the father's income would be included in the total of the aggregation and the balance would then be counted towards relief. I think that it is an Amendment which should receive favourable consideration by the Treasury and I hope that the Financial Secretary will do just that.

**Mr. Geoffrey Howe** (Bebington): The sight of the Financial Secretary's eternally bowed head on the other side of the Dispatch Box has reminded me that until almost a year ago the greater part of his time was spent on behalf of the good citizens of this country pursuing the great train robbers. It is a sad reflection that he has now so completely changed sides and has embarked against the citizenry of this country in a great train robbery of his own.

It is a sad thing that he is doing so on briefs so less well marked than those which he enjoyed in those days. Unless he shows a generous attitude to the Amendment which many of us are moving, he will earn the reputation of being a hard-faced man who has done badly out of the election.

I want to speak in support of one particular group of people to whom the hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) referred, namely, fatherless families, children of fatherless families and wives who have to look after them. My Amendment, probably not aptly drafted, is intended to give to any woman living apart from her husband, divorced or undivorced, the benefit of earned income relief on the maintenance allowance she receives in respect of herself or her children. The law is exceedingly complex, but if I understand correctly, at the moment a woman getting a maintenance payment from her husband gets no income relief on that at all or, possibly, only a small income relief. She receives no earned income relief against it and it is taxed as though it was unearned income, although the husband is entitled to set the payment off against

his earned income and receive tax relief in respect of it.

This has been so for a number of years and it is a position in which I can see no justice. It affects a very large number of women and children. Since the matter was last raised in the House about five years ago, we have had the helpful and clearly argued book by Margaret Wynn entitled "Fatherless Families", which enables us to identify the scope of the problem. Her estimate is that there are no less than 305,000 families where the mothers are divorced or separated from their husbands and something over 450,000 children to whom the Amendment which stands in my name and that of other of my hon. and right hon. Friends would bring some help. I will not go into detail but simply deal with arguments advanced against this proposal in the past. I hope that the Financial Secretary will be impressed by the way in which it was put by the right hon. Lady the Minister of Overseas Development five years ago. She said:

"... from the purely human point of view, it seems an outrage to these women who have faced the break up of marriage and who have had to carry on with the family life and family home with no companionship from the husband and with simply these small payments from him, suddenly to find that this money, which they regard as part of the ordinary housekeeping money, which they were getting before the home was broken up, is classified as investment income and is taxed as though it were unearned."

The argument then advanced against this approach to the problem was that because it is deducted from the husband's income and he pays no tax on it, earned income relief is not justified. The point is that the wife pays tax on it but she gets no earned income relief on it, so nobody does so. This is how the Minister for Overseas Development put it:

"Why should a slice of the man's income not be entitled to the normal tax relief that everyone else would get? Why should the benefit of it go to the Chancellor instead of to a woman who has to face life's struggle under additional difficulties? Clearly, the point of principle is that somebody should get the legitimate earned income relief on this slice of the man's earned income."

The second traditional Treasury argument which will be advanced is that this is all very well, but it is not really earned income. The answer to this was provided, I thought, more aptly than in any other way by the Chancellor of the Duchy of Lancaster, as he now is. He said that



whether this is earned income or not earned income is a matter for the House. These are his words:

"In asking what is earned income, the reply is: what this House says is earned income is earned income. Already, in the past, the House has departed from the strict interpretation of earned income as being by the exertions of the individual by conceding earned income relief to such income as pensions." —[OFFICIAL REPORT, 6th July, 1960; Vol. 636, c. 500-9.]

The next argument is that the courts in fixing the amount paid to the wife take into account the incidence of tax. I will not weary the Committee with the quotation now, but the answer to that was provided shortly and aptly by the present Chief Secretary to the Treasury. What he said, in effect, was that even if the court takes it into account it is irrelevant in deciding whether tax relief should be granted on it. The hon. Member for Pontypool (Mr. Abse) gave a second answer to this argument when he said that, in fact, the court does not take account of the incidence of tax and that it is nonsense to pretend that it does.

I suggest to the Committee that the case for this is unanswerable. It has been urged previously in debates on Finance Bills by the Minister for Overseas Development, by the Chief Secretary to the Treasury, by the Chancellor of the Duchy of Lancaster, by the hon. Member for Pontypool and by the President of the Board of Trade.

The Financial Secretary will be a bold man if he can ignore the arguments advanced by such distinguished colleagues in the present Government. It is a genuine case and he should make some concession on the many Amendments which have been urged, mainly from this side of the Committee. It is a case for some relief for the 300,000 women who have had to struggle along without the support of their husbands and who still have to do so to make ends meet. It is a case for helping the almost 500,000 children many of whose mothers, as the hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) pointed out, have to do a job and run a home single-handed. I suggest that it is cynical juggling with words to suggest that the allowances they receive from their husbands should be treated as, of all things, unearned income. This is a

case which the Government should try to meet here and now.

**Mr. Paul Dean** (Somerset, North): I support the strong case which has just been made by my hon. and learned Friend the Member for Bebington (Mr. Howe). It is clear from the extremely cogent quotations he made from a comparatively recent debate on this subject that it will be very difficult for the Financial Secretary to resist the Amendment.

8.45 p.m.

Subsection (4) has slipped in very quietly. We have heard extremely little about it—three or four sentences in the Chancellor's Budget statement in which he drew attention to fairness and simplicity. It may be said that the proposal looks innocent enough and that although the tax relief on the pension part of the National Insurance contribution is being removed, nevertheless the personal allowance is being increased to compensate for it. But the essential difference, as my hon. Friend the Member for Finchley (Mrs. Thatcher) has said, is that this relief is now given in a different form. We have the merging of tax relief for National Insurance contributions with the personal allowance.

This could be a change of great significance to millions of people, not only to those paying National Insurance contributions but also to the millions who are contributing to personal pension schemes, life insurance, and the like. This change weakens, if it does not altogether undermine, the principle that because pensions are taxable the contributions towards them should not be taxed, so as to avoid double taxation. It also weakens the principle that pension contributions should get tax relief because they represent income which is postponed until retirement.

I am bound to ask, as my hon. Friend the Member for Finchley asked, whether this represents the thin end of the wedge and the Chancellor will say to us next year, in the unlikely event of his still being in office, that tax relief on contributions to occupational pension schemes and the like is now an anomaly and should be removed. Is this the real significance of subsection (4)? We have every reason to be suspicious about the Government's intentions with regard to the future of occupational pension



[MR. DEAN.]

schemes. If they think that they can get away with the vicious doctrine of increasing taxation, on the one hand, and, on the other, withdrawing tax relief from those who are helping themselves and providing for their retirement over and above the State scheme, they are making a big mistake.

To return briefly to the arguments put by the Chancellor in his Budget statement, when he dealt with this point he said that the system, through the tax relief, made the national contribution much more regressive than it would be otherwise. But this is inherent in any system of taxation or tax relief. The logical conclusion of that argument is that there should be no tax relief at all. Against this argument which the Chancellor put there are two important counter-arguments, in addition to those put by my hon. Friend the Member for Finchley.

The first is that it is surely absolutely right to encourage self-help, and one of the effective ways in which we can do this is to provide tax relief for those who are saving for their old age over and above the State scheme. The number of people who are able and willing to do this is growing year by year.

The second counter-argument against the regressive argument is that the more we encourage self-help the more the State can concentrate on helping the poorer sections of our community, and the more resources from the National Insurance scheme can be channelled to those who really need this additional help.

I remind the Committee of the views on tax reliefs and allowances put forward by Professor Titmuss. Do the Government agree with his views? He regards the whole of these tax allowances as what he calls an "erosion of the tax base". In his book, "Income Distribution and Social Change", he speaks of the erosion of the tax base by a

"steady enlargement in the value and range of personal allowances—for children, parents and other relatives, child minding, further education, wives at work, housekeepers, and so forth."

Presumably, he would strongly oppose all these Amendments and the proposals of the Chancellor himself.

I view subsection (4), which looks innocent enough, with deep suspicion. It

may well be one of the most vicious provisions in a vicious Finance Bill.

**Miss Harvie Anderson** (Renfrew, East): I apologise to the Committee for not having been here throughout the debate, but I was attracted to a meeting of the principals of the Scottish universities, which I am sure hon. Members will appreciate was of equal importance.

In considering this whole group of Amendments, it is important above all to remember how unrealistic the allowances have become in many cases. We are thinking of the many thousands of people who live on small fixed incomes, and for them the allowances which have been made, roughly, over the past thirty years have in no way matched social progress during that time. As I understand it, these allowances were made originally at a time when the so-called emancipation of women from their Victorian shelter was developing to, I hope, the benefit of the nation as a whole. Whether that is so or not, the allowances were conceded in the spirit of Victorian times, being given as a form of reward for the services of women who were undertaking the only duties which they could undertake at that time, that is, in the home, if they were not, as the hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) said, working in factories. The most serious point to which we should address ourself is how utterly unrealistic the whole allowance structure has become.

I have been both a beneficiary and a benefactor under one or other of these allowances, and I know from personal experience what effect they can have. By the Amendments with which I am particularly concerned, which would introduce a figure considerably higher than that in the Bill, we seek to draw attention to the fact that the amounts proposed in the Bill are wholly unrealistic. Hon. Members opposite, including those on the Treasury Bench, have in the past supported the very Amendments which we are now putting forward. As has been said, the Conservative Administration over the years made considerable strides in advancing the amounts provided for in the allowances, and, what is more, we did not, as the new Government have already done, raise the essential costs of the very people whom we are now considering. Because, in a



few short months, costs have risen for these people, I hope that the Government will realise that they must match those rising costs with increased allowances.

9.0 p.m.

I want to make three points in relation to these Amendments. The first concerns the differentiation between married and single women. This, too, is a hang-over from former times, and it should at last be recognised that equality means allowances should be available to single women that are available to married women. We should pay tribute to the attention drawn to this subject by the Rev. Mary Webster, who has so recently instituted both research and constructive proposals whereby single women not so far entitled to some of the allowances available to their married friends could have them.

Secondly, in considering Amendment No. 120, in the name of the hon. Lady the Member for Holborn and St. Pancras, South, I suggest that it is a fallacy for us to discuss at this time a distinction between those who are in part-time and those who are in full-time employment. I take this opportunity, therefore, to put on record my suggestion to the hon. Lady that in her admirable Amendment, her consideration should not only be for those women employed full-time but for those who go out to work part-time as well.

Finally, I hope that Amendments Nos. 298, 299 and 300, to which I and my hon. Friend the Member for Tynemouth (Dame Irene Ward) have put our names, will be read not just in terms of the money they represent but as an indication of our belief in the increasingly widespread feeling that these allowances generally are wholly inadequate for the purpose.

In this age, we are concerned with two things—with seeking to improve the lot of those who see their primary responsibility as looking after others in the home and with providing for the nation as many married women as are qualified and willing to go out and work at a time when it is essential for their homes to be aided or looked after by someone else in their stead.

I hope that these Amendments will find some favour with those hard-hearted right

hon. and hon. Gentlemen on the Treasury Bench who are concealing with firm looks the hearts that appeared to show some mercy when they were on this side of the Committee.

**Mr. Ridsdale :** The people we are talking about have no trade unions or employers' organisations to look after them. They look to this Committee to help them. Indeed, in the past, some have looked to the Liberal Party to help them, but I notice that in the debate on this very important series of Amendments not a single member of the Liberal Party has been here.

These people also look to the Government to help them as well. The Government, however, in the Bill have been attacking these very people. They have attacked the small men by not helping them with their self-employment contributions. They have attacked them through National Insurance contributions and are creating a form of double taxation. Are they now to attack private assurance as well? I hope that the Financial Secretary will answer these questions. We want to help these people who want to become as independent as they can and not be too dependent on the State.

That is why I have been so glad to add my name to Amendment No. 109, in the name of my hon. Friend the Member for Dorset, West (Mr. Wingfield Digby), which would extend income relief from £900 to £1,000. As my hon. Friend rightly said, this relief was instituted in 1925, and if it was right to provide it in 1925, the income relief should be £1,500 and not £900 by now. When one considers the amount of indirect taxation which these people have to bear on drinks, tobacco, rates, heating and all the other impositions which the Government are placing on them, there is an urgent need to do something to help this section of the community, and I urge the Financial Secretary to think again especially for these people.

**Miss J. M. Quennell (Petersfield):** Like my hon. Friend the Member for Harwich (Mr. Ridsdale), I should like to address my remarks to Amendment No. 109, in the name of my hon. Friend the Member for Dorset, West (Mr. Wingfield Digby). The debate has covered a wide range of Amendments, but any particular sympathy, if Treasury Ministers



[MISS QUENNELL.]

are ever so human as to possess such a strange emotion, could safely, and ought to be, directed to the circumstances of those living on fixed incomes, of whom my hon. Friend the Member for Tyne-mouth (Dame Irene Ward) has become the champion and stalwart friend.

The circumstances of those who have retired on small incomes, which were previously held to be adequate perhaps to run a small car, keep a small house, live quietly and peacefully with a television set and a radio, the sort of things which people now take for granted, in recent months have become more uncomfortable and in future months are likely to become acutely so.

In that type of house there will be found, not unreasonably, a washing machine, a dishwasher, some sort of electric appliance for cleaning floors, carpets and soft furnishings, probably a food mixer, an electric iron, a television set and a radio set. Due entirely to the actions of the Government and no one else, the cost of the licences for the last two has risen and electricity charges for running all other electrical appliances have also recently risen. It is a fact, and the hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) would agree, that people of this sort, unlike those with whom she was so interestingly and deeply concerned, cannot supplement their income by taking on additional work. They cannot do so for two very telling reasons which cannot be escaped—one is age and the other is probably infirmity. In circumstances like that, they are probably unable to defend their standard of living.

It is a rather sad thought that the Labour Party came to power on a promise that retired people and widows would have their incomes guaranteed. It is also a fact that, unlike people who are able to defend their standard of living, these people cannot secure an increase to enable their standard of living or income to rise as the index of the cost of living rises, as we notice that the unions are now negotiating to arrange in their new package deals for wage rates.

Now, with the credit squeeze, the Government will hit this part of the community particularly hard. They cannot

supplement their income and they cannot make use of any method of purchasing the goods which they need because their age makes them more dependent on things like washing machines to ease the manual labour involved in running a house.

It is also true that two days ago the *Financial Times* index of grocery prices announced a rise of 3·7 per cent. since November. Twenty-four hours later the official index of retail prices recorded the biggest monthly increase for 10 years. I cannot resist quoting to the Financial Secretary the words of the Ministry of Labour release in making this announcement:

“The rise in the index during the month was due mainly to increases in the prices of cigarettes and tobacco and alcoholic drink, higher local rates and water charges, increases in costs of motor vehicle licences, and increases largely seasonal, in the prices of tomatoes—partly offset by seasonal reductions in the prices of household coal.”

In the main, all those increases were due to the actions of the Government. Unfortunately, left out of those figures are the dearer items which will be reflected in the current month's figures—dearer postal charges, electricity, tyres and footwear. These will hit the unfortunate group of people who cannot supplement their income by doing extra work and who are more vulnerable probably than any other group.

I therefore plead with the Financial Secretary to look favourably on the Amendment.

**Mr. MacDermot:** At the outset of our discussion my hon. Friend the Member for Stoke-on-Trent, South (Mr. Ellis Smith) reminded us in forcible terms of certain built-in features of our taxation system which are perhaps a heritage of an age when those who paid taxes were, for the most part, only the wealthier sections of the community and when reliefs were designed to give relief to various members of them. In many cases still the main beneficiaries of tax reliefs are the wealthier sections. My hon. Friend made a strong plea to my right hon. Friend the Chancellor of the Exchequer to remember this fact and to give greater consideration to the poorer sections of the community. He indicated that my right hon. Friend's goal should be to ensure that we have a fairer system of taxation.



I need hardly remind my hon. Friend that, in a sense, that has been the guiding light for the decisions which my right hon. Friend the Chancellor has made since he took office. The introduction of the Capital Gains Tax is an attempt to achieve social justice in a considerable measure by ensuring that a lot of people who have been escaping the tax net will be caught by it. When my right hon. Friend introduced the increase in Income Tax in the autumn Budget he applied it to the standard rate but did not make any increase in the reduced rates. The increase in the National Insurance pension which recently took effect was directly designed to help the most afflicted section of the community.

I remind my hon. Friend the Member for Stoke-on-Trent, South that the main decision which we are discussing in this Clause is designed to achieve this object. It has been a matter of complaint by hon. Members opposite, in a sense, because the effect of substituting the increase of £20 in the personal allowances for the National Insurance contribution allowance has been to replace an allowance which in its effect has been regressive in the sense that it has benefited most the wealthiest taxpayers. That is being replaced by an allowance which will benefit all sections of the community and it will bring the greatest benefit to the most afflicted section, namely, retired old-age pensioners.

9.15 p.m.

In considering these Amendments, we are entering into the labyrinth of tax allowances. Compared with some hon. Members, I feel myself a relative newcomer in this field, but I have made enough study of it to see what an involved labyrinth it is. My hon. Friend the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger), in a speech which undoubtedly appealed to the whole Committee, drew attention to some of what, at first sight at least, might seem to be the more obvious illogicalities in our present system. My hon. Friend made forcible arguments to suggest that there is sex discrimination in it and discrimination between married and single women.

Obviously, to try to make a fundamental review, as the Amendments taken *in toto* ask us to do, of the whole field of these tax allowances, is a Herculean

task which all Chancellors have shrunk from attempting at one go. Various of my right hon. Friend's predecessors have tried to clear up some of the anomalies here and there one by one. My right hon. Friend is not one to shrink from Herculean tasks, but he has already taken on two in this Finance Bill with the introduction of the Capital Gains Tax and the Corporation Tax. I do not think that many hon. Members would seriously have expected him in the same year to try to tackle this complicated field of seeking to sort out the tax allowances.

Moreover, it is obviously not a task which can be undertaken in a year when the Chancellor finds it necessary to increase taxation, and to increase it substantially. In introducing his Budget, except for one or two marginal reliefs he was unable to grant reliefs in taxation. Obviously, it is only within the context of introducing general reliefs that it would be possible for my right hon. Friend to attempt to tackle the many problems which have been presented by the Amendments.

Thirdly, a comprehensive review of this kind must be undertaken within the context of a review of the social services, because these matters interpenetrate in so many places. The fact is that the more illogical of these allowances date back from a day before we had our modern conception of the social services. The problems with which they seek to deal might be better dealt with within the context of the social services rather than by means of tax allowances. All those are good and sufficient reasons to explain why my right hon. Friend in this Budget has not been able to tackle these many questions.

The hon. Lady the Member for Tyne-mouth (Dame Irene Ward), in her forthright way, invited me to stand up and accept all these Amendments. If I were to accept her invitation, apart from bringing an abrupt end to my political career, I would be committing the Government to an expenditure of no less than £500 million a year additional expenditure. For one brief moment of glory it would not be right to plunge the nation's finances into the chaos which would result.

That leads me to the first of the Amendments introduced by the hon. Member for Shipley (Mr. Hirst) which,



[Mr. MACDERMOT.]

without any discourtesy to the hon. Member, I can only describe as a wrecking Amendment. It would be not merely wrecking of the Clause but wrecking of my right hon. Friend's Budget, wrecking of the whole strategy of it, because the modest Amendments which the hon. Member proposes, the three Amendments together, would cost £255 million in the coming year and £320 million in a full year, and since the strategy of my right hon. Friend's Budget was to restore our balance of payments position and to reduce demand of the same order, of £250 million, would be a little frustrating of that object, if we were to accept Amendments which would cost precisely that amount, and in a full year rather more. The Amendments which the hon. Member proposes would mean increasing the single allowance to £250 and the married allowance to £400. These Amendments, I would comment also, would be particularly valuable to those with larger incomes. They would be the chief beneficiaries. However, the simple and obvious objection to these Amendments is that they would destroy the whole object of my right hon. Friend's Budget.

**Mr. Hirst:** A good idea, too.

**Mr. MacDermot:** The same comment, in general, I think can be made with almost equal force to the main Opposition Amendment put forward from the Dispatch Box opposite by the hon. Lady the Member for Finchley (Mrs. Thatcher), because she proposes that we should omit subsection (4) from the Clause which withdraws the tax allowances for National Insurance contributions. The cost of that in the coming year would be £111 million, and £140 million in a full year. I think that she proposes this Amendment really in order to raise the important questions of principle which underlie my right hon. Friend's decision to withdraw the special allowances for National Insurance contributions—and, of course, replace them by the increase of £20 in the single and married allowances.

Perhaps I should explain the effect of these measures a little more fully than my right hon. Friend had time to do in his Budget statement or than was done on Second Reading of the Bill. The effect is that for all individuals who previously were entitled to the flat rate allowance,

which for most people was an allowance of £22—for the ordinary, average adult worker—there would be substituted an increase in personal allowance of £20, a net loss of £2 on the allowance. Some people will suffer a little more. The self-employed man who has now an allowance of £27 and the non-employed man with an allowance of £26 will lose the difference between those figures and £20.

As the hon. Lady pointed out, no Surtax relief will be given in future for National Insurance contributions. The result of that is that the impact of that change will be greater on Surtax payers than people subject only to Income Tax.

On the other hand, more people will benefit from the change; in particular, National Insurance beneficiaries, who do not pay National Insurance contributions and therefore do not get any such tax allowance at the moment, will receive the full benefit of the £20 increase in personal allowance, and there will be others who will get a bigger increase in allowances than the present National Insurance allowance. For example, some married women employees, and certain widows who opted not to pay flat rate contributions but who have liability to graduated contributions, get a flat rate tax allowance of £7, and will now get the £20 increase in the personal allowance. The main reason for this change and for the withdrawal of the National Insurance allowances, as my right hon. Friend explained, is that these allowances make the effect of the contribution regressive.

Perhaps I can illustrate. A married man earning £900 a year and not contracted out of the graduated pensions arrangements pays now close to the maximum in National Insurance contributions. But if he has three dependent children, the earned income relief and married and child allowances cover, or nearly cover, his earnings. Thus, he has little or no tax to pay and the National Insurance allowance is worth little or nothing to him. A Surtax payer, on the other hand, receives the benefit of the allowance at his highest rate of tax and the effective cost to him of his National Insurance contributions is therefore greatly reduced. The adjustment which is now made by subsection (4) has the effect of making the position fairer and making the burden of the National Insurance Scheme more fairly distributed.



The hon. Lady the Member for Finchley raised a bogey which was taken up and followed by many of her hon. Friends—that, by this change, my right hon. Friend is paving the way for disallowing life assurance relief. She must be more careful in future before making such suggestions to us. I confess that the thought had never even entered my mind until I heard her suggest it. I have heard so many hon. Members opposite voicing their fears and suspicions about what our intentions are that I am almost beginning to think that there is something in it. I hope that hon. Members will not take me seriously—

**Mrs. Thatcher :** If the Financial Secretary would read the speech of his right hon. Friend the present Minister of Housing on 11th November, 1958, in c. 303 in HANSARD, he would see some grounds for my fears. If he would also read the speech of the right hon. Member for Belper (Mr. George Brown), the present First Secretary of State, on 10th December, 1963, he would find further grounds for the fears which I have expressed.

**Mr. MacDermot :** I should be delighted to read those speeches, but I assure the hon. Lady that the Government have no intention of withdrawing these reliefs.

She then based an argument on the contrast between these reliefs and the withdrawal of the National Insurance contribution allowance. The two are not comparable. In other words, the National Insurance scheme is not comparable with the private pension schemes. The general rule, as it applies to approved pension schemes, is based on the assumption that there is a direct relationship between contributions and pensions, but this is not the case with National Insurance pensions. The build-up in the National Insurance Fund is, of course, assisted by a direct Exchequer subsidy and there seems to be no reason to supplement this direct Exchequer subsidy by an indirect subsidy to those contributors whose incomes are large enough to attract liability for Income Tax.

The general principle which she enunciated and which, of course, applies to private pension schemes is not one which has been universally accepted in the past. There are some spheres—for example, certain Civil Service pension schemes—in which the principle does not apply. But, in any event, it is an

entirely different consideration when one is dealing with a compulsory National Insurance scheme to which the Exchequer makes a substantial contribution.

The hon. Lady also raised the argument that when the short-term National Insurance benefits were withdrawn from liability to tax the relevant appropriate part of the contributions were no longer the subject of the allowances. She suggested that, on that analogy, National Insurance retirement pensions should be exempted from Income Tax. With respect, that is putting the cart before the horse. The reason for exempting short-term National Insurance benefits was that it proved impossible to collect the tax which was due on them, and when they were exempted from Income Tax the corresponding element in the contributions was disqualified from tax relief.

In the case we are considering there is no difficulty about collecting the tax on the income of National Insurance pensioners whose income is large enough to involve liability to tax. It would be wrong to exempt from Income Tax those pensions which obviously are part of the ordinary income of those who are receiving them.

The hon. Lady asked me to deal with one specific detail in connection with an extra statutory concession for students. I am advised that the position is that this concession will be extended so as to give relief for that part of the lump sum payment which refers to contributions for the years up to 1964-65. Of course, it will not be relevant after that date.

As to the many detailed suggestions which were put forward, I am in the hands of the Committee. We have reached quite a late hour and I believe that it is the wish of the Committee to make further progress with the Bill tonight. If hon. Gentlemen opposite wish me to deal with the points that have been raised and answer in detail each of the Amendments to which they have spoken—and they have spoken to them with great sincerity, clarity, brevity, knowledge and obvious concern—it would take me a very long time.

I think that it was the hon. Member for Shipley who referred to my “miserable brief”. As the Committee will see,



[Mr. MacDERMOT.]  
in quantity at least it is a very generous brief. I am ready, following carefully my brief, to try to answer all the detailed points that have been made, but I feel, if I sense the opinion of the Committee rightly, that it would not be the wish of the Committee that I should do that. I say that because, as I have made clear, I must advise the Committee that whatever be the merits of these proposals, this is not the year in which my right hon. Friend can extend the allowances which we have been discussing.

**Mr. William Clark:** We have had a wide-ranging debate and I regret that the Financial Secretary has not thought fit to deal, at least briefly, with the various points which have been raised. The discussion was opened by my hon. Friend the Member for Shipley (Mr. Hirst) with a cogent speech, which set the tone of the whole debate on the Amendment. One of the arguments adduced by my hon. Friends was that we have had so much inflation in the past six months that some tax concession should be given to people with small incomes.

9.30 p.m.

I remind the Financial Secretary of the valid point raised even by his hon. Friend the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger), who spoke of housekeeper allowances, or whatever one wishes to call them, of a teacher returning to work after marriage, of an incapacitated husband or wife, and so on. I should have thought that the Financial Secretary, without reading a huge Treasury brief, would have been able to refer to those matters. It is not good enough for the hon. and learned Gentleman merely to say that this is not the year in which to do these things because, as far as I can see, while this Government are in office it will never be the year to reduce taxation.

The Financial Secretary might at least have taken the point of the income limit of the recipient with respect to dependent relative allowance. Both my hon. Friends the Members for Tynemouth (Dame Irene Ward) and for Rye (Mr. Bryant Godman Irvine) referred to this, although from slightly different angles. My hon. Friend the Member for Tynemouth wanted a straight increase of £75 instead of the £30 proposed in the Bill. My hon. Friend

the Member for Rye referred to an anomalous position. If one contributes to two dependent relatives who are married and living together—that is, a father and mother—for income exemption limit the incomes of the father and mother are taken separately. The anomaly is that sometimes the father has an income just over the exemption limit while the mother's income is just below it. My hon. Friend's wanted to get an aggregation of the two incomes, and the Financial Secretary could well have said something about that.

My hon. Friend the Member for Finchley (Mrs. Thatcher), in a very well reasoned speech, specifically asked the hon. and learned Gentleman: what is the National Insurance position now of someone employing a daily help, or someone to look after the children while she goes to work? We are not here talking about tycoon employers but about ordinary people who, because of their daily life, have to employ someone to look after the children. What is to be the National Insurance position of that person? It would have been slightly more courteous of the hon. Gentleman to have answered my hon. Friend's specific point rather than to say, "My brief is so long", "The hour is so late", "I sense the feeling of the Committee", and the rest of it. We are, of course, glad of his assurance about private pension schemes, a matter also raised by my hon. Friend the Member for Finchley.

This very wide-ranging debate has been directed at those people on small incomes for whom small tax reliefs are extremely important. Small tax reliefs give an incentive for the individual to be less dependent on the State, and I am certain that we must follow that principle.

It is true that many of my hon. Friends' Amendments would have cost the Exchequer some money—the hon. and learned Gentleman made great play of the fact that the withdrawal of the National Insurance contribution provision would have cost the Exchequer £111 million—but it must be realised that the increase in the personal and marriage allowance of £20 is a very phoney increase. No one will really get any benefit from it. A £20 increase in personal allowance is nothing to be proud of when, at the same time, one is taking



away a tax allowance of at least £22 from the taxpayer. That is the typically Socialist "bounty" one always gets. Something given with one hand is always surreptitiously taken away with the other.

Many of my hon. Friends have said during this debate—and I think that even the hon. Lady the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger) nearly said—that many of these people are suffering considerable hardship—and more hardship in the last six months than they were suffering last October. It is factual that in the last six months the cost of living has gone up by just over 4 per cent.—an annual return for this Government of 25 per cent. inflation. This is going through the pipeline to the people of small fixed incomes. Great play is made about the increase in the pension. Of course everyone welcomes the increase in the old-age pension, but it is small comfort to old-age pensioners when they see day after day, week after week, month after month their 12s. 6d. dwindling like snow in the sun.

There has been an extremely disappointing reply from the Financial Secretary. We realise that he is working extremely hard. He made the point that it was not easy to make a complete review of all the various reliefs mentioned in this debate because this year the Chancellor thinks he must introduce the Capital Gains Tax and the Corporation Tax, as though those two taxes will solve anything for the country. The Chancellor has got his priorities wrong. I ask the Financial Secretary to look at some of the small Amendments, particularly the plea about the dependent relative aggregate income. That would not cost the Exchequer very much. I should not think the aggregation would cost anything approaching £1 million.

9.45 p.m.

Although the debate started on a very high note by the speech of my hon. Friend the Member for Shipley, it has ended on a very disappointing note by the speech of the Financial Secretary.

**Mr. Hirst:** I shall not keep the Committee for more than a few moments, but I must support everything which my hon. Friend the Member for Nottingham, South (Mr. William Clark) said. The speech of the Financial Secretary was singularly disappointing. This is one of the most important Clauses in the Bill.

Vol. 712

The hon. and learned Gentleman, presumably to gain time, said that he had not time to reply to the important points raised by a large number of my hon. Friends. That indicates the type of Government we are having to deal with.

I do not mind the fact that the hon. and learned Gentleman did not reply in detail to my speech—I am an old soldier in these debates—but I do mind that for those who brought out some special points he suggested that in the circumstances a reply would not be necessary. It is absolutely terrible and more miserable than the Finance Bill itself that the Financial Secretary should believe that owing to the reforms of the Corporation and Capital Gains Taxes the Government are not able to sort out tax allowances for old people. It is one of the most despicable things said in this Committee. I am deeply sorry that the Financial Secretary, for whom I have a personal respect, should say such a disgraceful thing.

*Question put, That "£340" stand part of the Clause:—*

*The Committee proceeded to a Division:—*

*Mr. HOWIE and Mr. GREY were appointed Tellers for the Ayes but no Member being willing to act as Teller for the Noes, The DEPUTY-CHAIRMAN declared that the Ayes had it.*

**The Deputy-Chairman:** Does the hon. Lady the Member for Tynemouth (Dame Irene Ward) wish to move her Amendment to a Division?

**Dame Irene Ward:** Yes, I do, Sir Samuel, and if no one will tell for me I will stand at the door myself.

*Amendment proposed:* In page 6, line 30, to leave out "£30" and insert "£75".  
—[*Dame Irene Ward.*]

*Question, That "£30" stand part of the Clause, put and agreed to.*

**The Deputy-Chairman:** The Question is, That Clause 10 stand part of the Bill.

**Dame Irene Ward:** On a point of order. Am I not to have my Division? You called my Amendment and I said "No". Am I not to have my Division in support of the small fixed income group?

**The Deputy-Chairman:** The last time I called for the "Noes" I heard no reply.



**Dame Irene Ward:** I said, "No".

*Clause ordered to stand part of the Bill.*

**Clause 11.**—(GEORGE CROSS.)

9.45 p.m.

**Mr. Philip Goodhart** (Beckenham): I beg to move Amendment No. 263, in page 7, line 5, after "Cross" to insert "and Meritorious Service Medal".

After the volume of entirely justified abuse that has been poured on the Treasury Front Bench in the last few minutes it is rather strange that perhaps for the first and probably for the last time in Committee on the Bill, I would like to start by congratulating the Treasury for putting this particular Clause in the Bill.

I am sure that there is very general agreement over the proposal that the small annuity which is awarded to holders of the George Cross should not be taxed. The award of the George Cross is one of the highest honours that can be bestowed on any man or woman in this country. The annuity that goes with the George Cross is only a token of the nation's gratitude, and I am sure that we ought not to tax that token.

I hold the view, which, perhaps, is not shared so widely, that all the various small annuities and gratuities that go with medals awarded for gallantry, or for long and meritorious service in the Armed Forces, should be free of all tax. The Amendment, however, deals only with those who receive annuities for the award of the Meritorious Service Medal. This medal is awarded to warrant officers, N.C.O.s and men in the Army and the Royal Marines who have served their country well and with distinction for many years.

At present, there are 5,750 old soldiers who hold this medal, as well as about 250 Royal Marines. An annuity of £10 a year goes to some of the holders of the medal—750 soldiers and 40 Royal Marines. The remaining 5,000 old soldiers and Royal Marines will receive their annuity only when one of the present recipients of the annuity dies. Then the annuity of the dead soldier or Royal Marine is passed on to the person with the next greatest seniority. At present, it is highly unlikely that any of these men will receive the annuity before he reaches 75 at the earliest.

The direct cost of the annuity to the Government is £7,900 a year. Adding some consequential changes in the pension rates, the overall sum amounts to a little more than £20,000. The direct cost we are considering this evening is the tax on £7,900. These men who receive the annuity at the moment have, in my opinion, had to wait too long for their annuity. When they receive it, it is certainly not over-generous. I do not believe that it should then be taxed.

The cost of this concession would at the very most amount to £3,000 a year. It is plain that the great majority of the 790 men who at the moment receive this small annuity do not pay anything like the standard rate of Income Tax. So I would suggest that the cost of accepting the Amendment would be in the neighbourhood of £1,000. So the Amendment is the cheapest in terms of money of any of those that have found their way on to the Notice Paper.

For that reason, as well as with a view to being just a little more generous to those who have served us well in past years, I hope that the Treasury will be able to accept the Amendment.

**Commander Harry Pursey** (Kingston upon Hull, East): I rise to support the arguments of the hon. Member for Beckenham (Mr. Goodhart) that all Fighting Services annuities and gratuities should be tax free. This is a case, as I hope to show briefly, of the equivalent of the Treasury "pinching pennies from a blind man's tin."

As a third generation of ex-Service lower deck men in my family, no one appreciates better than I do the jungle of anomalies of Fighting Services decorations, annuities and gratuities, and the question of paltry payments being made more paltry by petty Income Tax deductions. Nevertheless, there is a case for special consideration for the Meritorious Service Medal, and this despite the variations of conditions for its award during the last century and since.

The Meritorious Service Medal was instituted in 1845, 120 years ago. This was nine years before the Crimean and Baltic Wars and 11 years before the Victoria Cross was instituted. Queen Victoria instituted the Meritorious Service Medal

"to afford a greater encouragement to Non-commissioned Officers and Soldiers of Our



Army who may have distinguished themselves, or who have given good, faithful and efficient service."

Distinguished service meant something in those days of plundering and pilfering.

I should emphasise that the Meritorious Service Medal was not awarded for long service and good conduct, because William IV had instituted the Army Long Service and Good Conduct Medal twelve years earlier. Therefore, the Meritorious Service Medal is one of our oldest medals, and certainly was one of the most important and highest awards at that time for distinguished service.

The main point with which we are concerned, however, is the annuity and the Income Tax charged, in only some cases, on it. Incredible though it may sound, the 1845 annuity was £20, whereas the 1965 annuity is only £10, or half the original sum. Therefore, distinguished service today is worth only half what it was in the time of Queen Victoria. Admittedly the Army argues that the annuity attracts the appropriate pensions increases, but what is a 10 per cent. increase on £10 per annum? It is the munificent sum of £1 per annum.

The Amendment seeks to exempt the £10 annuity from Income Tax, in the same way as the larger annuity of £100 for the Victoria Cross and the George Cross is exempt, and why not? The value of the annuity has decreased since it was first paid—for three reasons. Originally, it was £20 and tax free, and £20 was then £20 in golden sovereigns and not paper money. Today it is only £10 and taxed, and the value is not what it was 120 years ago. There can be no argument about administrative difficulties in exempting the Meritorious Service Medal annuity from Income Tax, because the V.C. procedure can be used. Clause 11 of the Bill provides :

"Annuities paid to holders of the George Cross . . . shall be disregarded for all the purposes of the Income Tax Acts".

10.0 p.m.

What is the number of holders of the Meritorious Service Medal, and what is the total annual payment? The hon. Gentleman has given some figures and I accept them. Two years ago, on 13th February, 1963—the answer is recorded in column 1284 of HANSARD—the Secretary of State for War, in answer to a

Question from me, said that the number of holders was 5,700 and the annual allocation of money was £7,500. An equally important, if not more important, question is: what are the ages of the recipients of the annuity when it is awarded? On the same date, the Secretary of State for War said that the average age of holders of the medal who were awarded the annuity was 77, and that the last of the current holders of the medal would receive the annuity in up to 30 years' time. Just fancy that man being awarded the medal and annuity and having to wait 30 years or more before getting the annuity.

The ages vary in different regiments because there are block allocations to regiments. In all cases, it is a matter of waiting for dead men's shoes and more often than not a medal holder dies before he receives his annuity. I ask the Committee to consider the position of the well-known Chelsea pensioners, in their scarlet coats, with chests proudly out, wearing their Army Service medals, particularly when in a Chelsea pub recounting their experiences of earlier wars over free beer. Some of these "old sweats" with the Meritorious Service Medal are rising 80, some rising 90, and some, perhaps, rising 100. The Navy recently had an old seagull, admittedly not a Meritorious Service Medal holder, who celebrated his 100th birthday. He had drawn his pension for 58 years, since 1907, the year I joined the Navy. Among the Chelsea pensioners drawing the annuity will be men who served in the First World War, half a century ago, and, perhaps, earlier colonial wars or even the Boer War.

Just picture the pettifogging meanness of the Treasury in snatching back from these "old sweats", in the twilight of their lives, shillings out of the meagre few pounds of their Meritorious Service Medal annuity. This is why I argue that it is the equivalent of the Treasury pinching pennies from a blind man's tin. I appeal to the Chancellor to give favourable consideration to this meritorious case and to put the annuities of Meritorious Service Medal holders in the same position as the present annuitants of the Victoria Cross and of the George Cross now as a result of Clause 11 in this Finance Bill.



**Brigadier Sir John Smyth** (Norwood): I thank the Chancellor for having included Clause 11 in the Bill. As I told the Prime Minister when he accepted the claim on 4th February, it gives great satisfaction to the 122 living holders of the George Cross in the Commonwealth and to their 233 living comrades of the Victoria Cross.

I want to say just a few words about the George Cross. The George Cross was, of course, a product of the Second World War. It was instituted by His Majesty King George VI, in 1940. The idea of this decoration was that it would be for deeds of supreme gallantry equivalent to those for which the Victoria Cross was awarded but not on the field of battle. Therefore, it has often been referred to as the "civilian's V.C." But, in fact, over 90 per cent. of the awards of the George Cross were made during the war to men and women in the Armed Forces. It ranks, of course, next to the V.C. and above all other decorations.

When it was instituted, the 122 living holders of the Empire Gallantry Medal exchanged that medal for a George Cross and since that time in 1940 there have only been 135 awards of the G.C. Today, as I have said, 122 holders of the G.C. are still living in the Commonwealth. Most are in the United Kingdom, but others are in Australia, Belgium, Canada, India, Israel, Jordan, the George Cross Island of Malta, of course, New Zealand, Pakistan, the Sudan, Uganda and Sarawak.

The centenary year of the V.C. was 1956 and in that year the Victoria Cross Association was formed. We at once invited the George Cross holders to associate membership and then to full membership of the Association. In 1959, I put a Question to the then Prime Minister, Mr. Harold Macmillan, to ask whether, instead of the small and complicated allowances which were then eligible to some of the holders of the V.C., he would grant the £100 tax free annuity to all ranks, and this the House accepted in 1959.

But that was, of course, an invidious position for the George Cross holders and it was particularly difficult in the Association, of which I have been the Chairman since its formation, to have half the members in receipt of the annuity and others in receipt of nothing. That was

why, soon after the present Government took office, I proposed to the Prime Minister that he should grant the same £100 tax-free annuity to holders of the George Cross as had been granted to the holders of the Victoria Cross.

The Victoria Cross and George Cross Association is useful as well as ornamental in that it provides to the Commonwealth a link of comradeship in the many countries I have mentioned. As hon. Members will know who have been to our reunions, there is tremendous comradeship when holders of the V.C. and the G.C. meet every other year in London. Only the other day I received the following message from the Chairman of the British Legion, which was very much appreciated by members of the Association:

"There is no doubt that you have forged yet another of those intangible but most effective links of gossamer which are yet as steel in holding us together in a changing world." I commend this Clause to the Committee.

**Mr. MacDermot:** May I begin by thanking the hon. Member for Beckenham (Mr. Goodhart) and the right hon. and gallant Member for Norwood (Sir J. Smyth) for the courteous references which they have made to the action of my right hon. Friend in including this Clause in the Finance Bill? It was, of course, in fulfilment of a pledge given earlier by my right hon. Friend the Prime Minister. As we all know, the Committee and, more particularly, the holders of these great distinctions, the Victoria Cross and the George Cross, are all immensely indebted to the right hon. and gallant Member for Norwood for the way in which he has persuaded Prime Ministers, on either side of the House of Commons, to favour this proposal.

What we are being asked to consider is whether this exemption from tax for these annuities should be extended to the annuity payable to holders of the Meritorious Service Medal. I remind the Committee that when it decided to grant a tax-free annuity to holders of the Victoria Cross, it was emphasised that this was a quite exceptional measure which was related to what was regarded as a unique award. It is not in any sense in conflict with that that the Committee has subsequently decided to extend it to the George Cross holders, because that award, of course, as the right hon.

and gallant Gentleman has just said, is regarded by us all as being the civilian equivalent of the Victoria Cross, and it is because we think of them, as it were, in parallel that we think it right that parallel treatment should be afforded to them.

But it would be a very different decision if we were to extend this treatment to the Meritorious Service Medal. The proposal in the Amendment is that the annuity should carry tax exemption, but there are two ways in which this decoration can carry a financial award. If the medal was awarded for gallantry in the First World War, an addition of 6d. a day may be added to the holder's pension, and it is the oldest 750 holders of the medal who receive the annuity, properly so-called, of £10 a year. The effect of the Amendment—I do not imagine that it was intentional, but it would be the effect as drafted—is that only the holders of the annuity properly so-called would benefit from the exemption proposed, and we would continue to tax the additional pension awarded for gallantry.

This annuity is attached for long and faithful service plus longevity and on principle, if we were to grant a tax exemption for this annuity, it would be difficult to distinguish it from Service pensions generally, because it is an award in respect of service. There are other awards which carry financial benefits with them—the Distinguished Conduct Medal, the Conspicuous Gallantry Medal, the Distinguished Service Medal, the Military Medal and the Distinguished Flying Medal. No doubt if we were to extend it to the Meritorious Service Medal, we would immediately be asked to extend it to these others, and it would be difficult to refuse.

I am not asking the Committee to reject this proposal on the straight financial ground of the matter of cost. However, we must recognise that if we were to extend it in the way suggested, we would inevitably have to extend it considerably further. We would introduce a dangerous principle by extending it to what, in effect, was a form of pension for long service, and immediately what was intended to be a quite unique tribute to unique gallantry would lose much of its force and effect.

10.15 p.m.

May I remind the Committee of what was said by Mr. Harold Macmillan when he was Chancellor of the Exchequer and when he accepted the principle of this tax-free annuity in respect of the holders of the Victoria Cross:

“I would ask the House, however, to say, as it will affect all future Chancellors of the Exchequer, that if this decision is made today, our successors should enter into a self-denying ordinance and not quote this as an example for turning almost all pensions of the Crown, which are all earned by an act of good service and merit, into a reason why the law should be put into abeyance in other cases.”—[OFFICIAL REPORT, 11th July, 1956; Vol. 556, c. 416.]

I appeal to hon. Members to act in the spirit of those words, to continue the self-denying ordinance and not to accept the Amendment.

**Mr. Goodhart:** In the hope that more generous instincts will eventually prevail, I beg to ask leave to withdraw the Amendment.

*Amendment, by leave, withdrawn.*

*Clause ordered to stand part of the Bill.*



**Clause 12.**—(SURTAX ON INCOME UNDER CERTAIN SETTLEMENTS.)

**Sir Henry d'Avigdor-Goldsmid** (Walsall, South): I beg to move Amendment No. 35, in page 7, line 11, to leave out from "subsection" to the end of line 14 and insert:

"after the words 'agent of the settlor' in the proviso there shall be added the words 'or is under the age of 21 years and is receiving full time instruction at any university, college school, or other educational establishment'."

**The Deputy-Chairman (Sir Samuel Storey)**: We can discuss, at the same time, Amendments Nos. 36, in page 7, line 14, at end insert:

"and there shall be substituted the words—

'(a) is payable to a parent for his own use; or'."

Amendment No. 37, in page 7, line 14, at end insert:

"except in relation to settlements made for valuable and sufficient consideration".

Amendment No. 323, in page 7, line 14, at end insert:

Provided that for the purposes of this section any scheme or arrangement whereby the individuals carrying on a business or profession in partnership pay any pension or annuity to an individual who has retired from the partnership or to the widow or widower of an individual who has been a partner shall not be treated as a settlement if the Commissioners of Inland Revenue are satisfied—

(a) that such pension or annuity first becomes payable on attainment by such individual of the age of 65 or any greater age or on earlier retirement through incapacity or on death of such individual; and

(b) that the aggregate value of any benefits afforded by such a scheme or arrangement is reasonably comparable to the value of the benefits usually afforded by statutory superannuation schemes in similar circumstances or by such a scheme as would be approved by the Commissioners if the partnership was a company; and

(c) that such pensions and annuities are not assignable or commutable in whole or in part; and

(d) that in the case of any pension or annuity payable to such individual who shall retire at the age of 65 years or any greater age such individual was on the 1st April 1956 over 50 years of age; and

(e) no service of such individual otherwise than as sole proprietor or as a partner in the business or profession shall be taken into account for the purposes of paragraph (b) of this proviso.

Amendment No. 93, in page 7, line 25, at end insert:

Deeds of covenant entered into for the purchase of businesses or professional practices, if for full consideration, shall be exempt for surtax purposes.

**Sir H. d'Avigdor-Goldsmid**: This Clause is a very good example of the Socialist technique of throwing out the baby with the bath water. If there have been abuses of covenants, they can be remedied without real difficulty by requiring the makers of covenants to certify that they obtain no benefit therefrom. This is a form of words which is known to the Inland Revenue and which could accompany any return made by a Surtaxpayer to justify deductions made in connection with the covenants.

Rather than look at the detail, the whole principle has been thrown overboard without paying attention to the many real benefits which have arisen from the use of covenants in various connections. Many of these are covered by Amendments which my hon. Friends will be discussing later. We are discussing a number of Amendments, but the one to which I wish mainly to draw attention is No. 37, which refers particularly to the use of Surtax covenants "except in relation to settlements made for valuable and sufficient consideration".

This is acknowledged business usage which has proved over the years of considerable value mainly to people in practice in partnerships.

In the past, it was an accepted fact that an incoming partner might be expected to pay a premium for his admission to the partnership or practice. This was true of the medical and legal professions and of accountancy. It may have been true in other connections, but certainly among many classes of professional men it was the acknowledged practice for an incoming partner to pay a premium for his entrance. That premium was often drawn by an outgoing partner as a consideration for his giving up the practice.

This form has been very largely negated by increasing taxation of recent years. As a result, young men coming into partnership are rarely in possession of a capital sum available for investment in it. Also, because older men seeking to retire from a partnership, although perhaps earning large fees, have had very



little chance of earning enough to provide themselves with a competence on retirement, the habit has grown that an incoming partner on coming into a partnership, in which he is liable to become a substantial earner of fees, makes his personal covenant in favour of an outgoing partner, who thereby obtains some recompense for the years of work which he has devoted to building up the practice and continues in this way to share in the income of it.

For a young man to earn £5,000 a year obviously represents an important increase in his earnings, but if out of that he has to pay, say, £1,000 to an outgoing partner after deduction of tax, there might be little left for him. Although it is a fairly common practice among individual partnerships, it is even more applicable in cases of amalgamations. When two businesses amalgamate, there obviously is not room for all the partners in both businesses to stay in and it may suit one or more of the elderly partners of one business to drop out. It is common practice for younger partners in the business when taking it over to make personal covenants in favour of the older retiring members. There is nothing unjust about this. It seems perfectly fair that where a man has spent his life in building up a practice, if he hands the fruits of it over to a successor he should be entitled to some reimbursement of the effort he has made.

An incoming partner can covenant to make payment to a retiring partner without completely losing the benefit of his partnership as long as the covenant is free of Surtax. This has been the case up to now by covenanting that the payment is taken directly from his earned income. He does not obtain the benefit of that earned income in any way and Surtax on it is thereby saved. If this payment comes from the top half of one's taxed income, the cost to the incoming partner is so much greater that it may well not be worthwhile to undertake the transaction.

The situation might quite easily arise that a number of small firms are withering on the bough because no one can afford to go into them there remains only the vast monster, which in American Stock Exchange terms would be known as the thundering herd.

I am sure that it is not the desire of right hon. and hon. Members on the

Treasury Bench to produce a situation in which, to all intents and purposes, only a handful of firms are capable of dealing with the vast number of complicated problems which arise in the accountancy world and in the legal world and to so many of which they have contributed so largely themselves.

The object of Amendment No. 37 is to suggest that

"settlements made for valuable and sufficient consideration"

should escape the mischiefs of Clause 12, which throws out the baby with the bath water. Because there may have been some abuse of covenants in the past—I am not arguing this myself—it proposes to allow no covenants whatsoever of any sort to subsist which enable a covenanter to escape paying full Surtax.

This is a Clause which today, when taxation not only is higher than it has ever been before but is more complicated, really makes the professional man think, "Is it worth while going on earning? Is it really worth while my going on spending my energies when not only shall I have to pay a high rate of tax on anything I earn but, more than that, there is no chance whatever of my ever being able to retire on savings, or any chance of my successor being able to give me enough to live on afterwards?" We are talking about professional men, and I do not think that even this Government would like to imagine a world where professional men in retirement find themselves applying for National Assistance. This is not a concept, surely, of the mixed economy in which we live?

I feel that this Clause, in its full and most savage application, is a statement of doctrinaire egalitarianism, and I do hope that the Committee will be prepared to support the Amendment which I have proposed.

**Dame Patricia Hornsby-Smith** (Chislehurst): I am delighted to follow my hon. Friend the Member for Walsall, South (Sir H. d'Avigdor-Goldsmid), who has dealt with one particular aspect of the Amendments chosen for debate, but I should like to speak on other aspects of these Amendments and deal with what is a very wide range of covenants. My particular interest is in Amendments No. 35 and No. 36, because they are



[DAME PATRICIA HORNSBY-SMITH.]  
 very much personal covenants, concerned with social, affectionate, charitable, dutiful settlements which, in the main, are given to kith and kin.

My opposition to the Chancellor's proposal to abolish covenants in respect of individuals stems mainly from the fact that I believe that he is penalising those who are amongst the most responsible members of the community who accept their family responsibilities to kith and kin, or even to faithful retainers, or to persons who have no legal claim on them whatever. I think that it is wrong that because they happen to be Surtax payers we should penalise them for the responsibilities they so accept.

I had the privilege of serving in both the Ministry of Health and the Ministry of Pensions and National Insurance, and there is not an hon. Member in this Committee who has not in his constituency met people who have been shocked by the lack of responsibility of close relatives.

To amplify the case I want to put, I well remember two young people, married, both professionally earning. For 10 or 12 years the mother of one of them kept house, looked after the children and enabled these two people to enjoy a very full professional and social life. The mother was always home to see the children to bed and to provide dinner every night for her daughter and son-in-law.  
 10.30 p.m.

One of the greatest tragedies that I have experienced in the interviews that I have had in my constituency was when one day this couple come to me and complained bitterly that the mother was in hospital, was due to be discharged and had nowhere to go. They asked what were "they" going to do about it—"they" being the Government. I made inquiries and I do not think that I have ever known the very calm and skilled almoner in my local hospital more furious than when she told me that within a week of the old lady going into hospital, when she would obviously not be as fit as she had previously been, and when by that time the children were teen-agers, the couple had sold the house and had taken a flat so that they would not have a bedroom for the old lady.

The people I am supporting are those who do accept and recognise their responsibilities, not only to their direct kith and kin, such as father and mother, but people like aunts, uncles, elderly retainers, old nurses and housekeepers, who have given service and who do not come within the ambit of pensions, and for whom they are providing from no legal liability whatsoever. They are providing for these people solely because of a sense of duty and affection for them and because they wish them to live their later years in some modicum of comfort. I think that it is a miserable act to "clobber" people who accept such responsibilities. No vast sums are transferred to allow people to wallow in untaxed luxury.

I put down three Questions to the Chief Secretary to the Treasury and got some very interesting Answers. On 14th May I asked the Chief Secretary how many covenants were in respect of registered charities and individuals. We are not dealing with charities at the moment and I will, therefore, confine myself to the answer so far as it relates to individuals, to which these Amendments are applicable. The answer was 160,000. I then asked what was the average annual sum covered by covenants in favour of individuals and the answer that I received was £250 per annum—that is, £5 a week. That hardly allows people to wallow in untaxed luxury.

Not all of these people are Surtax payers. I do not know whether it is my duty to declare my interest. I am not hit by this Clause, because I am not a Surtax payer, but I have a covenant in respect of a relative to whom I owe no legal liability. She is not a direct relative, but I endeavour in my small way to provide some comfort for her in the twilight of her life. I am proud to do it and I do it out of affection. Since I am not affected by the Clause I am not sure whether or not I need have declared my interest.

Let us now consider covenants which are made for children's education. Surely the Chancellor is aware that this money goes mainly to fee-paying schools and obviates the necessity of the local authorities having to bear this burden by paying for the education of these children. Obviously, it relieves the burden on State-run schools.



I fear that hon. Gentlemen opposite are so jaundiced in their prejudice against fee-paying schools that they make it sound like a crime for a grandfather or aunt to provide the fees under covenant, or the money under covenant to pay the fees, for children going to fee-paying schools. If one has a really ripsnorting grandparent who goes bust on beer, bingo, or betting, good luck to him, say hon. Gentlemen opposite. But if one has a grandparent who pays for his grandchildren to go to school, he is a shocker and must be penalised.

I wonder, with respect, whether the Chancellor and the Financial Secretary have considered the very tremendous effect the Clause will have on Roman Catholics who hold dearly to their right to ensure that children receive the religious education which their faith demands, remembering that they make great sacrifices to ensure that their children get that education?

I have received several complaints from Catholics who happen to be Surtax payers and who, because of their belief in their faith, are paying not for their children but for others' children, in whom they are interested, to go to fee-paying schools, sometimes from areas where there is no readily available aided Catholic school. They hold their religion so dear that many a Catholic contributes by covenant to a grandchild, niece, or nephew's education. Now they may have to pay the Surtax levy to provide the same final contribution. This is exacting retribution on the responsible and on the devoutly religious.

I return to the question of the elderly beneficiaries from these covenants. The number of aged people is increasing rapidly as medical science enables people to live longer. This is a headache for any Government and the problem will grow more complex as the years pass, whatever Government is in power. When we consider the 160,000 covenants we realise that it is not a vast number of people who accept the responsibility of committing themselves for a minimum of seven years to provide for elderly people. In many cases they are not even their parents, but elderly sisters, aunts, uncles, or even handicapped relatives.

I know of a case in my constituency where a sister worked throughout her life while the other sister accepted the responsibility of running the home and

looking after her elderly parents. For 10 years she hardly left the side of her blind and sick mother. When the mother died, and her modest income died with her, the sister was 59 and worn out.

Her brother and sister, both professional people, one of them certainly a Surtax payer, did not just shove this devoted woman—who had been perfectly capable of earning her own living and who would have been able to make a good career or profession had she not opted to stay and work at home and look after her ageing parents—on to National Assistance. She is provided for by covenant, and certainly one of the two who helps her is a Surtax payer. In this case, he is a doctor.

We have heard that doctors are not all that roarily well paid, but his qualifications, his skill and now his status bring him into that classification.

In another case a professional man provides by covenant for an elderly housekeeper who, until retirement, looked after his very aged father who lived to 97. He has no legal liability at all to do so, but felt it his duty. Surely this type of citizen who voluntarily—from affection, from a sense of duty, or from human charity—undertakes for seven years or more to accept a financial liability which he need not incur, and which, in many cases, keeps the recipient from National Assistance—because many of these people in this day and age are elderly who could not and did not qualify to come into the pensions scheme—the responsible who provide for them should be encouraged, and not clobbered like this by the Chancellor of the Exchequer.

In reply to my third Question, I was told that the Chancellor of the Exchequer expected to save £1½ million in 1966-67 and £2 million in a full year. Many of these elderly recipients are not eligible for retirement pensions. The average covenant is for £5 a week, according to the Chief Secretary. If only a very few of the Surtax payers who are involved in this felt that this proposal really was too much and, since they have no legal liability, they refused to renew their covenants when they expired, it would only take 8,000 of the 160,000 to go on National Assistance for the whole of that £1½ million to be wiped out. The whole



[DAME PATRICIA HORNSBY-SMITH.]  
gain from this mean and miserable Clause would disappear.

I ask the Minister to look at this matter again. These are responsible people. They do not forever ask "What are 'they' going to do about it?" They do not write to their Members saying, "Our old retainer has now left us, and the National Assistance Board should do something about it." They accept the responsibility to give comfort. I am quite sure that the Economic Secretary will not suggest that only—

**Mr. MacDermot:** The position of Economic Secretary does not exist any longer.

**Dame Patricia Hornsby-Smith:** I beg the Financial Secretary's pardon—I only hope that his knowledge of finance is better than the Chancellor's knowledge of economics.

I do not have a break-down of the figures, and the hon. and learned Gentleman will correct me if I am wrong, but I am quite sure that most of the 160,000 covenants must be for old people, and if only 8,000 of those covenants were removed the whole saving of £1½ million would be wiped out.

As I say, the people who enter into these covenants are responsible people. They do not rush to their Members, or to the various social welfare Departments, and ask, "What are you going to do about it?" The Minister should be prepared to look at this, and see that reliable citizens who are prepared to provide for another's need are not discouraged from doing so. The Minister cushions the rakes who bet, but takes a cosh to the reliable citizen who provides for another's need.

10.45 p.m.

**Mr. John H. Osborn** (Sheffield, Hallam): I should like to mention a case put to me by partners in larger partnerships. It is a more technical case, and I have found it very difficult to know how best to hang it on to a particular Clause in the Finance Bill.

The object of Amendment No. 323, which is in my name, is to enable partners who cannot incorporate their businesses because they carry on a profession, to make allowances to retired partners or widows of former partners and have such

allowances deductible in computation of profits. This would bring them into the same position as retired directors and their widows. My hon. Friend the Member for Walsall, South (Sir H. d'Avigdor-Goldsmid) dealt with the case of the smaller professional man. Doctors, practitioners at the Bar, and so on, and a growing number of people, particularly in consultancy, engineering and accountancy, have larger practices and partnerships. They have capital which might run into hundreds of thousands and the profits could fall between tens and hundreds of thousands. As partners die or retire and where there is a change in partnership, such partners, either for the purpose of paying death duty or for their own requirements, find their income subject to a capital charge and ultimately to Capital Gains Tax.

My hon. Friend the Member for Walsall, South said that new partners had to buy their way into a practice at a time when they are having to finance their own homes. Partners may well want to make provision in various ways for their families and have to build up capital in the firm and finance any expansion in that capital. They probably have nothing left to take up expensive life policies to provide for retirement or for their wives and families. It is impossible to provide in a partnership deed for the payment of annuities to an outgoing partner or a partner's widow. I have had figures given to be showing that capital after death duties to provide an annuity is paltry compared with the original income of the person who died.

For instance, in an industrial concern a senior manager, let alone a director, if he dies can expect his widow to have some sort of pension in the proportion of 25 per cent. or 33 per cent. of the income he was earning. The provision in a partnership deed for a partner's widow is apparently assessed for death duties and the private capital swallowed up is such that the proceeds of the annuity are not enough to provide this paltry figure. If that is the position now before the Finance Bill is in operation, it will be a great deal worse when it is law. These difficulties could be overcome because partners, out of a sense of moral obligation to outgoing partners or widows, granted them allowances in exactly the same way as companies grant



pensions to retiring directors or their widows, and enable them to deduct the annuities for tax purposes.

If deeds of covenant are entered, sometime for seven years with the intention of renewing them at the end of the period, this method will now become impossible under the Finance Bill. In addition, if partners wish to retire and sell out, they will be subject to Capital Gains Tax. The object of the Amendment is to preserve the position of the larger partnership. It can be done in several ways. The Amendment suggests one way of doing this by making it possible for covenants which provide for retirement and particularly for widows in the event of early death, to be exempt from the impact of the Clause.

I hope that the Financial Secretary will give this due consideration. There could be other ways of dealing with this—I could write to him further—but as he is no doubt very well aware of the position I take this opportunity of putting this specific point forward now.

**Sir Tatton Brinton (Kidderminster):** There seems to be a very important point arising out of the abolition of the right to covenant, particularly in respect of people who are retired. There are certain human, moral obligations which people, particularly those who are more fortunate in life, are expected to fulfil.

There are two categories. First, there are the aged relative and the aged servant, who may have served a man for 20, 30 or 40 years and for whom, under the existing systems of today, no proper pension arising out of his service has been provided. These people are in the nature of moral obligations to the person by whom they are employed, or to whom they are related.

Up to date it has been possible for a man with a substantial income to covenant for the support of these people. In future he will, if he has a substantial income, have to bear what may be a very heavy burden of Surtax in fulfilling these moral obligations. Today, there are still a number of people who have substantial amounts of capital and who may be able to provide out of this capital, or even by a gift or settlement of capital, for these obligations. But if we look into the future do we not face an age in which we will have an increasing num-

ber of people who are themselves able to earn large salaries by their abilities, and so it should be, but who have little or no capital?

People in this position could very well have elderly relatives who have very little money indeed. A man who has worked his way up from the bottom to the managership of a great industry may be a man worth £20,000 a year to his firm, but he may never have had the opportunity of securing any capital. He may have an old mother, perhaps a widow who herself was simply a working woman, who never had any money. Is he to be left in the position when, with a gross income of £20,000 a year, he must leave his mother to live on the old-age pension or sacrifice a substantial part of his income after tax? That is what it amounts to.

I ask that these particular categories of people should be subjected to a special regulation. I suggest that it is not impossible for the Government to control any such covenants by making them subject to the inspection of the special commissions. If this were done it would be agreed beforehand that there was a real moral obligation and that the sum to be covenanted for was reasonable in the circumstances, both to the covenantor and to the beneficiary. If something like that were done, I think that a very difficult position would be avoided in the future, of people who have obligations which to a great extent they can only meet out by a sacrifice of their taxed income.

**Sir Frederic Bennett (Torquay):** Like everyone else in the Committee, I was interested and indeed moved by the remarks of my right hon. Friend the Member for Chislehurst (Dame Patricia Hornsby-Smith). She really did touch on a number of important human angles, of which, not with very great confidence, I appeal to the Government to take note. She made only one mistake. She was generous enough to believe that the question of saving a million and a half pounds was in the mind of the Government for one single, solitary moment, and in her mathematics she sought to prove this.

That is not so. This is as blatant a piece of class legislation, of appeal to the left wing as could be imagined. Whether saving £50,000, or a million and a half, or two million and a half, it does not



[SIR F. BENNETT.]

matter a bit. If it could be proved tonight that nothing would be saved, it would not make the slightest difference, because the Government Front Bench want to wave the flag in order to bring in hon. Members below the Gangway. That is the purpose of this piece of legislation. Of course, there are at present very few hon. Members opposite below the Gangway. It is especially hard tonight, because there are very few above the Gangway either. One of the most difficult things about contributing in debates on this Finance Bill is the very small number of hon. Members opposite who are taking part in the debates.

To digress for a moment, a few days ago the Chancellor of the Exchequer said that one of the reasons why he did not take part in previous Committee stages of Finance Bills was that he thought that he would be Chancellor of the Exchequer the next year. All I can say is that there are many potential Chancellors of the Exchequer in the Parliamentary Labour Party at present.

**Sir D. Glover:** That was the only correct forecast the present Chancellor has made.

**The Chairman:** Order. I hope that hon. Gentlemen will not prevent by intervention the hon. Member who has the Floor from coming to the Amendment.

**Sir F. Bennett:** I beg your pardon, Dr. King. I digressed for a few moments because of the hilarity with which my remarks about the sparseness of attendance by hon. Members below the Gangway opposite were treated.

The amount of money being saved has nothing to do with it. It has been shown conclusively that, if one starts on the sums, it might well end up with the Treasury having rather less money than it has at present. The figures produced were extraordinarily impressive. They were all the more impressive because the Treasury has been forced to give them in a Written Answer. There are 160,000 covenants altogether, at an average of £250 a year. If the Financial Secretary thinks that he will somehow or other get hold of the very rich who have been avoiding this taxation, he has far less confidence in the mental ability of the very rich and of their advisers than I have. I shall

not give the hon. and learned Gentleman the benefit of some free advice, but I could give him some very easily. I know of at least three ways in which a coach and horses could be driven through the Clause by the very rich who could afford to have the right advisers. The only people who will be caught are those who have been spoken of. I want to mention two specific cases which come within the working of the Amendment. The first is the children. I want to say straight away that I have no interest one way or the other, because I have no children. The only covenants I have made are in favour of elderly people. I have made none in favour of children, of my family or otherwise. The Clause is not very clever in the effect it will have on children as a whole, merely to try to prevent a limited number of abuses. In large numbers of instances covenants, because of the income to a child in its younger years for an educational trust purpose, prevent the child from otherwise having access to State grants for higher school education or for university education, grants which otherwise, within the means test applied, would be applicable. If that factor is added, I can assure my right hon. Friend the Member for Chislehurst that they will be even more out of pocket than the £1½ million of which we have heard.

At the moment, the various educational grants take into account the financial means of the applicant. The applicant in this case being a child, quite apart from its parents' means if these covenants are abolished in future there should be many more applicants for State grants than there are at present.

As to elderly people, it would be repetitive to go over the case very much more. There is a considerable social consequence here. Oddly enough, this was mentioned in a debate a few days ago. We are one of the countries where less and less moral regard is being paid to the liability of children to look after their elderly parents. My hon. Friend the Member for Kidderminster (Sir T. Brinton) made it perfectly clear that in many cases nowadays it is not a matter of those with very rich inherited incomes looking after their parents. There will be a new highly paid managerial class, often with not so well-off parents. As a result of this, even more so the moral



liability of children who have done well in the world as a result of sacrifices made by their parents in former years will be curtailed.

11.0 p.m.

So I conclude with this one remark. The Financial Secretary here believes, as in the case of other Amendments we are going to come to in relation to business expenses and other matters, that because he thinks he can find a few abuses it is worth sweeping the board completely clear. This is the secret of all these types of measures which are being introduced in this Budget. Because there are a few racketeers, slash the whole lot right across the board.

Let me finish as I began. The Financial Secretary and his Government are not nearly clever enough to catch the racketeers, but they will push through these things to catch people who are trying to look after their obligations.

**Mr. MacDermot:** We have had a most moving debate in which we have had depicted to us the terrible plight of the poor taxpayer earning £20,000 a year who is to be forced by the wicked Socialist Government to leave his aged mother to go on National Assistance. If that argument convinces hon. Members opposite, I would have thought that almost any argument would.

We have heard it urged upon us that it would be a good thing to have television in this House. I would have been delighted to have had some of the arguments and artificial heat we have seen engendered tonight on television, so that we could let the country decide upon this matter.

The hon. Lady the Member for Chislehurst (Dame Patricia Hornsby-Smith) said that we regarded the Surtax payer helping to pay for his children and his relatives as a shocker who should be penalised. We do not. We think it admirable that he should want to help his aged mother, or any relatives he wants to help. All we are arguing is that a limit should be put on the extent to which the State should be asked to subsidise his generosity and subsidise it beyond the point of complete relief from Income Tax.

The hon. Lady referred to some of the figures which she elicited in answer to some Written Questions. The figures she

asked for related to the covenants made by Surtax payers in favour of individuals as one class and charities as the other class.

In the case of individuals, it is estimated that there are about 160,000 Surtax payers who have made covenants in favour of individuals. The average amount of each of these covenants is £250 per annum, and, therefore, the total amount covenanted was £40 million by the 160,000. In the case of charities there were no less than 1,340,000 covenants of an average amount of £20, making the total amount covenanted £27 million.

So whereas, on the one hand, you have 1,340,000 covenants in favour of charities and the total covenanted is £27 million a year, the mere 160,000 Surtax covenants in favour of individuals totals £40 million a year.

Let us see the breakdown of how that £40 million is paid. The net cost of that £40 million to the Surtax payers is £23 million. The contribution which the taxpayer is making is £17 million, £11 million of that being in Surtax relief and £6 million by refund of Income Tax. Well, the £6 million refund of Income Tax will continue. This hard-hearted Socialist Government are to allow these 160,000 Surtax covenants to continue to be supported by the taxpayer to the tune of £6 million.

The "drastic and wicked and cruel action" which we are doing by this Clause is to say that it is too much that £11 million in relief from Surtax, in addition to the Income Tax relief, should be given to these Surtax payers. That is the extent of the hardship we are imposing.

**Dame Patricia Hornsby-Smith:** I would like to get this point clear. The Financial Secretary has just referred to 160,000 Surtax payers. It may be that my Question was not sufficiently clearly framed. I should like to get this point straight. My Question was to ask the Chancellor of the Exchequer how many seven-year covenants are in operation. I did not ask whether they were paid by Surtax payers or non-Surtax payers. The Answer which I received was 1½ million to charities and 160,000 in favour of individuals. Therefore, unless in reply to my Question the Chief Secretary to the Treasury has assumed that I meant Surtax payers, it is quite wrong for the Financial Secretary to



[DAME PATRICIA HORNSBY-SMITH.] suggest that all the 160,000 are Surtax payers. I should like to have clarified the Answer which I received.

**Sir D. Glover :** Get the right answer.

**Dame Patricia Hornsby-Smith :** I have been on the Front Bench opposite and I know that its occupants can get caught up from time to time. May I raise a further question while the answer to that one is sought?

The hon. and learned Gentleman made a great point about the average. Again, I was given the reply to my Question that the average for charities was £20 a year. The hon. and learned Gentleman referred to that with some derision. It is not an unusual subscription or an ungenerous average. One cannot compare the contribution which one makes to a charity, which may be one of many, with what one provides to keep a person for a year. I see nothing wrong in the average being £250 to keep a human being for a year. It is no reason for the hon. and learned Gentleman's derisory comment.

**Mr. MacDermot :** The right hon. Lady's intervention was so long that I am now able to answer her question in full. The answer is that we are both right. The figure of £11 million Surtax relief which I gave is correct. The figure of 160,000 applies to all covenants by Income Tax payers only and by Surtax payers, but this means that the £11 million figure of Surtax relief must be for some figure lower than that. I shall be interested to obtain it and give it to the House if someone cares to address a Question to me. It means that the estimated number of Surtax payers who have been getting this relief of £11 million has been something which one assumes is lower than the 160,000 figure. I am only hazarding a guess, but I would imagine that the majority of the 160,000 would be paid by Surtax payers.

**Dame Patricia Hornsby-Smith :** That could not be.

**Mr. MacDermot :** If it is not, it makes the £11 million figure all the more surprising.

This, I stress, is all that we are doing. We are not in the slightest stopping Surtax payers from making covenants. No existing covenants will be affected. That

is why the amount of revenue in the initial year will be small. I think that it is £1½ million for the first year. It will build up later. The picture which hon. Members opposite tried to give, of pathetic people who will no longer be supported by their rich Surtax-paying relatives, seems not to cast great credit on the generosity of the Surtax payers. Surely, when they will continue to get the benefit of full relief from Income Tax, they will still prefer to exercise their generosity to assist their needy relatives rather than see them go on National Assistance, which was the picture to which we were asked to lend credulity.

May I turn to the Amendment. The right hon. Lady moved Amendment No. 35, the effect of which is to propose to add to the list of disallowable beneficiaries a further class, namely, children under 21 who are receiving full-time instruction at school or university. The intention is that our Clause should operate only in the case of covenants which are made in favour of minors undergoing full-time education, but that any other covenants in favour of individuals should remain. This would mean that roughly half the deeds of covenant would continue to enjoy the benefit of exemption from Surtax, because I am told that it is only about half the total of covenants which are in favour of minors.

Some of these may be in favour of needy and elderly relatives, but others undoubtedly are covenants the real and sole purpose of which is tax avoidance. The Amendment would leave Surtax relief for covenants in favour of children below school age or children over school-leaving age who are not at school or university, and there seems to be no particular reason for giving them special treatment.

But it is not on these grounds that I invite the Committee to reject the Amendment, but because of the broad principle announced by my right hon. Friend the Chancellor when he referred to the matter in his Budget speech, which is that this type of bounty, it is generally felt, should no longer be supported by the general taxpayer to the extent of relief against Surtax as well as relief against Income Tax.

The right hon. Lady spoke of Catholics who send their children to



Catholic schools. The vast majority of Catholics, however, are not sending them to the expensive fee-paying schools which benefit from this form of covenant. If she is suggesting that suddenly the so-called public schools will cease to receive any more pupils because of the withdrawal of Surtax relief from covenants made in favour of such children, I think that she is imagining a rather more drastic result of the Clause than anybody else imagines.

**Dame Patricia Hornsby-Smith :** I have great respect for the hon. and learned Gentleman's mental capacity, and I am certain that he knows that there are very many convent schools which are fee-paying, but which are not high-fee-paying, fashionable public schools. Devout Catholics send their children to such convents, often outside their own bailiwick, because they are determined that their children shall be educated within their faith and under the control of their faith. To suggest that the covenants refer only to the fashionable public schools, in referring to the Catholic religion, is an insult to our intelligence.

**Mr. MacDermot :** I come from a Catholic family and my sisters went to Catholic convent schools. I know as much about the subject as does the right hon. Lady. But I suggest that the number of cases in which it is Surtax payers who are getting Surtax relief through covenants in favour of such children represents a very small proportion of the pupils in the schools to which she is referring. That was the point which I was making.

11.15 p.m.

May I now turn to the Amendment tabled by the hon. Member for Walsall, South (Sir H. d'Avigdor-Goldsmid), in which he urged us not to throw out the baby with the bath water. I must say that I found the plaintive note of his baby somewhat appealing, but I think that he has drawn attention to a class of covenant in a very different category from the covenants at which the Clause is aimed. The form in which the Amendment is framed is very wide, and proposes to exclude from the operation of the Clause those covenants made in the matter of settlements made for a valuable consideration. In that form it could be very wide indeed and a very obvious instru-

ment of tax avoidance because it is not difficult, in law, to establish a valuable consideration. The traditional peppercorn is a valuable consideration.

The hon. Gentleman and the hon. Member for Sheffield, Hallam (Mr. J. H. Osborn) spoke of the position of covenants made in favour of a retiring partner or his dependants from a professional firm, and pointed out the particular problem that, in these modern days, people are in compared with what used to be common practice. They are not in a position to buy their way into a partnership as they were, and, therefore, there is not usually available a lump sum for a partner. It is not right that partners should be saddled with sleeping partners in retirement. There are obvious advantages in his being able to break free from the partnership in the interests of its smooth working, and I am satisfied that there is a real problem here and that we should look at it.

I am advised that there may also be other categories of people we should look at, for example, the case of payments made by a husband to a divorced or separated wife. Where these are made under a court order, the problem does not arise, but frequently there are covenants entered into which are not made by court order and there seems to be no point in framing our tax laws so that people have to obtain a court decision when the matter can be disposed of by agreement.

There may also be problems in connection with the purchase of businesses where, I believe, covenants of this kind are used. I hope that the Committee will not think that I am being evasive when I say that I cannot reach a final conclusion at this stage. I would like time to consider this matter further and, since the hon. Member for Hallam offered some further information, I hope that we may have it to help with our study of this matter. I will undertake to look at this further with a view to bringing forward an Amendment on the Report stage, which, I hope, will find favour with the hon. Member and which will be aimed at meeting this situation and rescuing the legitimate baby. Perhaps we could throw out the others with the bath water.

**Mr. William Clark :** The Committee is grateful to my hon. Friend the Member



[MR. CLARK.]

for Walsall, South (Sir H. d'Avigdor-Goldsmid) for having initiated this debate, and we were all moved—I am sure the Financial Secretary was—by the speech of my right hon. Friend the Member for Chislehurst (Dame Patricia Hornsby-Smith). It was a first-class speech, and I am delighted that it has had at least some effect on the hon. and learned Gentleman. The Financial Secretary said, in jocular vein, I suppose, that he would like the television cameras to be on the Chamber while we discuss various matters. I should welcome them this evening. The public would then realise how the Government view the finances of the country, and it would be a salutary lesson to the electorate.

After slight hesitation, the hon. and learned Gentleman managed to get information to refute the information given by my right hon. Friend the Member for Chislehurst about 160,000 covenants costing £1½ million a year. He got the answer that those 160,000 Surtax covenants totalled £40 million, and the cost to the Exchequer, he said, was £17 million, made up of £11 million Surtax and £6 million Income Tax. I hope that I do not misrepresent the hon. and learned Gentleman's words when I repeat these figures. If he is right in saying that £40 million worth of covenants are paid, and if one takes the standard rate of Income Tax, which is the amount one is entitled to deduct from a covenant, that gives a figure of precisely £17 million. That is the arithmetic: £40 million at 8s. 3d. in the £ is £17 million.

I wonder whether the Financial Secretary's arithmetic is correct. If he says that the Surtax element of the £17 million is £1½ million, this means that the Income Tax repayment from £40 million paid out in covenants is only £6 million, which gives a flat rate per £ of 3s. We cannot have it both ways. At this hour, I regret having to put these arithmetical riddles to the hon. and learned Gentleman, in the absence of those who might be able to advise him best, but I suggest to him that the £17 million really must be looked into—

**Mr. MacDermot** *indicated assent.*

**Mr. Clark:** I am glad to see the hon. and learned Gentleman nodding his head—and, for my part, I shall accept the figures which my right hon. Friend

gave which I imagine to be much nearer the truth.

We accept that the Financial Secretary, without giving any concrete undertaking, has said that he will look again at the question raised by my hon. Friends the Members for Sheffield, Hallam (Mr. J. H. Osborn) and for Walsall, South about professional partnerships. He has pointed out that the expression "valuable consideration" is not the right one to use in the Amendment. We accept that. As he said, a peppercorn is valuable consideration. But the hon. and learned Gentleman has not gone far enough. Obviously, in the face of public opinion and professional opinion, the Government could not have pushed through this proposal against professional business partnerships. But what about the other type of recipient of covenant moneys, the dependant? How can a dependant give valuable consideration? I am no lawyer, but I do not think that love and affection are nowadays valuable consideration in this context.

**Mr. Harold Lever** (Manchester, Cheetham): They could be.

**Mr. Clark:** But it certainly could not be written into a covenant. Although he has tried to come some way to meet us, the Financial Secretary has not come far enough as regards dependants. I am certain that my hon. Friend the Member for Torquay (Sir F. Bennett) was right when he inferred from this Clause that the Government are being penny-wise and pound-foolish. They say that they will save £1½ million. But how many other people who now receive the benefit of covenants will have to have recourse to some sort of State assistance?

I do not think that the hon. and learned Gentleman can brush this off on the assumption that all the recipients under covenants are wealthy. Many of them receive, for instance, an income from a relative; it is not huge but merely enables them to stay in their own homes. Although we accept that the hon. and learned Gentleman has tried to help us, he has done nothing about dependants. I therefore ask my right hon. and hon. Friends to divide the Committee.

**Mr. Harold Lever:** I hesitate to intervene, because I know that hon. Members opposite are anxious to go home. But



the hon. Member for Torquay (Sir F. Bennett), with a wave in my direction, suggested that the origin of this Clause was the desire of the Government to keep Left-wing Members below the Gangway happy.

I am not at all unsympathetic to the concept of covenants in order to benefit people who have served one and are now in need or widows and others, but I am not persuaded that, because there is a moral obligation towards old servants or elderly parents, this implies that such a moral obligation must be financed as to Income Tax and Surtax by the State.

**Mr. Percy Grieve (Solihull):** When someone gives his money away is it his or the State's? The view of hon. Members opposite seems to be that if one gives money away it is the State's money.

**Mr. Lever:** I will try to put the argument with a simplicity which will appeal to the hon. and learned Member.

I may have a moral obligation to my aged and poverty-stricken parents, for instance. I also have a moral obligation to pay my debts. I do not expect Surtax relief on payment of my debts, although I have a moral obligation to discharge them. The argument is that if I have a moral obligation to my parents I can qualify for Surtax relief, but if I have a moral obligation to pay my debts there is no suggestion of Surtax relief.

**Dame Patricia Hornsby-Smith:** The hon. Gentleman mentioned servants and others not in the direct line of moral obligation as parents are. Would not he agree that, where people are providing a covenant which prevents the beneficiaries going on National Assistance, the Government gain because those people are removed from the orbit of National Assistance?

**Mr. Lever:** That argument is arithmetically unsound. It suggests that the Government will lose more than they gain by this provision. If that be so, then the amount under covenants the unfortunate beneficiaries are receiving is below the National Assistance level which is their statutory right. Otherwise, I cannot see any sense in the argument.

If the right hon. Lady wishes it to be said that it is conceivable that, in some circumstances, part of what the Government will save will be lost in fulfilling the ordinary obligations of National Assistance, that much is obvious; and so what? The fundamental point is the argument that people with moral obligations are automatically entitled to set those moral obligations against Income Tax and Surtax.

One has a moral obligation to pay gambling debts. There is also a legal obligation to pay them, which strengthens the argument. Should they be charged to Surtax on the ground that this moral obligation is something that hon. Members would wish to see encouraged? Much as I am in favour of these covenants being made, I cannot see that the arguments advanced by hon. Members opposite justify voting against the Clause, even by Left-wing Labour Members below the Gangway.

11.30 p.m.

Ideas on this sort of subject are not immutable. As time goes by, people have another look in new circumstances at practices that have gone on for a great many years. I would not say that they are "rackets", or tax avoidance. I have signed for all sorts of things, from *Socialist Commentary* to needy friends. There is nothing shameful in supporting either of those objectives. After a period of years, the House of Commons is entitled to look again at these things. I think that a modern "new look" would come to the same conclusion as the Government have reached.

I must compliment the Government on having been very reasonable about the change. There has been no retrospection. All existing covenants are allowed to run their course. It is only for new covenants that this restriction, and then only a partial restriction, namely, that Surtax shall not be allowed, is introduced.

The hon. Member for Bath suggested that a man would now henceforward have to support his aged parents from his net income. That is not correct. It would be his income after Surtax, but not after Income Tax, that would bear the burden.

**Sir T. Brinton:** After all the weeks when I sat in Standing Committee under the chairmanship of the hon. Member, I



[SIR T. BRINTON.]  
should like to remind him that I am the hon. Member for Kidderminster.

**Mr. Lever :** I beg the hon. Member's pardon. I got his constituency wrong, but his argument right. I have provided the short answer to it.

In these circumstances, the Committee is making heavy weather of the point and it should yield to the obvious desire of so many hon. Members opposite to go to their rest so that they may, with renewed zeal, criticise those parts of the Bill which will occupy us all next week.

**Sir D. Glover :** This has been a very interesting debate. A moving speech was made by my right hon. Friend the Member for Chislehurst (Dame Patricia Hornsby-Smith), and all the speeches which have been made from the other side of the Committee show—

**Mr. Hirst :** If my hon. Friend will give way for a moment, I should like to remind him that there is plenty of time in which to speak.

**Sir D. Glover :** If my hon. Friend would keep quiet, I should probably take a little less time, and I do not need encouragement from him to make a speech.

This is one of the most important debates that we shall have on the Finance Bill because we are discussing the fundamental difference that exists between the two sides of the Committee. Right hon. and hon. Members opposite think that it is perfectly laudable and desirable and to be encouraged, and that we should all put our hands on our hearts with virtue and say, that Mrs. X, the widow woman, will never fall below a certain level of income because she can get National Assistance, but they think that it is quite wrong that somebody who is in a more fortunate financial position should say that Mrs. X the widow shall not go to National Assistance because he will provide a covenant that will provide her with a figure slightly above the National Assistance figure.

The difference between the two sides of the Committee is that, according to hon. Members opposite, collective virtue is a virtue but private virtue is a sin. I am sorry that the Minister of Labour, who was present on the Government Front Bench a few moments ago, has left us, because in all his speeches his right

hon. Friend the First Secretary pleads for a sense of responsibility, that people will undertake the responsibilities that are within their ken, be moderate in their demands for increases in wages and be responsible in doing a good day's work for a good day's pay, and yet when people—if the Financial Secretary will attend to the debate instead of talking to one of his hon. Friends, I shall be appreciative.

When we talk now about those people who take on responsibilities, they are looked upon by the party opposite as being, not good citizens, but anti-social.

**Mr. Harold Lever :** Nobody said that.

**Sir D. Glover :** The hon. Member came into this debate only half way through, and, if he will not mind my saying so, made the worst speech I have heard him make in this Chamber. He has made some very good speeches, but his last contribution was not worthy of his ability.

We are really discussing whether the nation is to try to inculcate to a far greater degree than we have it at the moment the sense of the responsibility of the individual, or whether we are to try to remove it altogether and put responsibility on the State. This is what, fundamentally, the argument tonight is about. Of course, the issue is clouded over with talk about someone being a Surtax payer and another not being a Surtax payer. I accept that we are discussing a question of Surtax, but what the Financial Secretary does not realise is that, even so, we are discussing whether the private individual will deprive himself of part of his income after paying 8s. 3d. in the £ which otherwise would accrue to himself, deprive himself of it to relieve the distress, relieve the hardship, of some other individual who otherwise would become chargeable to the State.

Now, I admit that one could carry this argument too far. One could say that if none of these covenants applied all the beneficiaries could finish up on National Assistance—but then my right hon. Friend has in her speech very movingly cited many cases where it has happened that people have had to go to National Assistance. But is it really the philosophy of the other side of the Committee to drive people to National Assistance, if there is a system whereby that can be avoided? Someone



entering into one of these covenants may be saved some Surtax, but what the Financial Secretary does not seem to realise is that such a person still deprives himself of part of his income which is left to him after payment of tax.

This is the first time I have ever cited here any personal experience of mine of this sort, but I am paying a covenant to an old gentleman and his wife now reaching very close to 90. I have been paying it for many years. I think that this is rather interesting. I would not cite it if I did not think it interesting. He was employed by my family firm. At one time, when it appeared to him to be far more advantageous to him to do so, he asked my father if he could be removed from the salary scale and paid on commission. That meant that when he retired we had no obligation to him whatever, but we said, as he got older, that we did have an obligation to him, and we have been loyally, for 15 or 20 years, carrying that obligation.

**Mr. Harold Lever:** And can go on carrying it.

**Sir D. Glover:** Of course we shall, but let the hon. Member have no doubt about it, that we have no legal obligation to do it.

Let us be clear about it, that what is being done by the Bill will make it easier for me to save my conscience by being able to say, "I have no obligation." [HON. MEMBERS: "No."] Oh, yes, it is. Hon. Members can laugh this off as much as they like, but that is what is being done by the Bill. Of course, I shall not alter my mind about the obligation, but I might not have entered into it if the alteration which the Government are bringing in had been brought in some years ago. [HON. MEMBERS: "Ah."] I might not. I do not know. I do not know how I would have reacted.

What I am saying is that that man has not cost the State anything. He would have been a charge on the State, but he is not a charge on the State, and the State, for all these years, has been saved the cost of part of my net, after tax, income. What the Government are doing is to make it less likely in the years ahead that people will enter into these commitments. The Government are going round the country talking about building up a responsible society, yet they are doing

their very utmost to make people behave a little less responsibly than they have behaved up to now.

I ask the Financial Secretary to give careful consideration to the Amendments. The net amount of money involved is almost negligible because in so many cases if these covenants were not in operation the persons who are getting benefit from them would be a charge on the State. Today, they are not a charge on the State. The Government are making it only too likely that many of the people to whom my right hon. Friend the Member for Chislehurst referred will become a direct charge on the State. There will be a little less responsibility, community spirit and desire to do a job for one's fellows than exists at present.

This is a very squalid provision and will bring in little real revenue. In fact, I think that it will remove a great deal of the sense of virtue and responsibility that now exists among many people.

**Mr. Grieve:** If I rise at this late hour to add a few words after the able, cogent and persuasive arguments which have been heard from my right hon. and hon. Friends, it is not because I wish to detain the Committee, and certainly not my hon. Friends on this side of the Committee who, I know, are anxious to express their opinions on the Amendment in the Division Lobby as soon as possible.

I wish to protest against the heartless sarcasm and derision with which the Financial Secretary treated the very human problem to which this Clause will give rise amongst many people who, at the most expensive time of their lives, when they are bringing up their own children, take upon themselves the additional burden of supporting aged parents. [HON. MEMBERS: "Burden?"] Yes, a burden.

Many hon. Members opposite do not realise the burden of supporting aged parents and, at the same time, bringing up one's own children.

Such people will not be deterred from continuing to carry that burden by the squalid tax which is now to be imposed upon them. Hon. Members opposite seem to take the view that in supporting one's parents out of one's own money one is somehow doing it out of the Exchequer.



[MR. GRIEVE.]

That was the point on which I rose to interrupt the hon. Member for Manchester, Cheetham (Mr. Harold Lever) not many moments ago. It is that attitude on the part of hon. Members opposite which gives rise to this type of Clause, which is dictated by class hatred

and which is aimed at people who are relieving the State of a burden by looking after their parents.

*Question put.* That the words proposed to be left out stand part of the Clause:—

*The Committee divided:* Ayes 148, Noes 121.

## Division No. 122.]

## AYES

[11.45 p.m.]

Abse, Leo  
 Alldritt, Walter  
 Allen, Scholefield (Crewe)  
 Atkinson, Norman  
 Bacon, Miss Alice  
 Beaney, Alan  
 Benn, Rt. Hn. Anthony Wedgwood  
 Bessell, Peter  
 Boston, T. G.  
 Bottomley, Rt. Hn. Arthur  
 Bowden, Rt. Hn. H. W. (Leics S.W.)  
 Bowen, Roderic (Cardigan)  
 Boyden, James  
 Bray, Dr. Jeremy  
 Brown, Rt. Hn. George (Belper)  
 Brown, R. W. (Shoreditch & Fbury)  
 Buchan, Norman (Renfrewshire, W.)  
 Butler, Herbert (Hackney, C.)  
 Butler, Mrs. Joyce (Wood Green)  
 Corbet, Mrs. Freda  
 Crossland, Anthony  
 Crossman, Rt. Hn. R. H. S.  
 Dalyell, Tam  
 Davies, Harold (Leek)  
 Diamond, John  
 Dodds, Norman  
 Driberg, Tom  
 Dunnett, Jack  
 Edwards, Robert (Bilston)  
 English, Michael  
 Ennals, David  
 Ensor, David  
 Finch, Harold (Bedwellty)  
 Fletcher, Sir Eric (Islington, E.)  
 Fletcher, Raymond (Ilkeston)  
 Floud, Bernard  
 Foot, Sir Dingle (Ipswich)  
 Foot, Michael (Ebbw Vale)  
 Ford, Ben  
 Freeson, Reginald  
 Garrett, W. E.  
 Garrow, A.  
 Ginsburg, David  
 Grey, Charles  
 Griffiths, Rt. Hn. James (Llanely)  
 Gunter, Rt. Hn. R. J.  
 Hamilton, William (West Fife)  
 Hamling, William (Woolwich, W.)  
 Harper, Joseph  
 Hazell, Bert  
 Healey, Rt. Hn. Denis

Heffer, Eric S.  
 Horner, John  
 Houghton, Rt. Hn. Douglas  
 Howarth, Harry (Wellingborough)  
 Howarth, Robert L. (Bolton, E.)  
 Hughes, Emrys (S. Ayrshire)  
 Irvine, A. J. (Edge Hill)  
 Irving, Sydney (Dartford)  
 Jackson, Colin  
 Janner, Sir Barnett  
 Jay, Rt. Hn. Douglas  
 Jeger, George (Goole)  
 Jeger, Mrs. Lena (H'b'n & St.P'cras, S.)  
 Jenkins, Hugh (Putney)  
 Jenkins, Rt. Hn. Roy (Stechford)  
 Johnson, James (K'ston-on-Hull, W.)  
 Johnston, Russell (Inverness)  
 Jones, Rt. Hn. Sir Elwyn (W. Ham, S.)  
 Kerr, Mrs. Anne (R'ter & Chatham)  
 Lawson, George  
 Leadbitter, Ted  
 Ledger, Ron  
 Lee, Rt. Hn. Frederick (Newton)  
 Lee, Miss Jennie (Cannock)  
 Lever, Harold (Cheetham)  
 Lewis, Arthur (West Ham, N.)  
 Lipton, Marcus  
 Loughlin, Charles  
 Lubbock, Eric  
 McBride, Neil  
 McCann, J.  
 MacColl, James  
 MacDermot, Niall  
 Mackie, George Y. (C'ness & S'land)  
 Mackie, John (Enfield, E.)  
 Mallalieu, J.P. W. (Huddersfield, E.)  
 Marsh, Richard  
 Mason, Roy  
 Mayhew, Christopher  
 Mellish, Robert  
 Mikardo, Ian  
 Millan, Bruce  
 Molloy, William  
 Morris, John (Aberavon)  
 Mulley, Rt. Hn. Frederick (SheffieldPk)  
 Murray, Albert  
 Newens, Stan  
 Noel-Baker, Francis (Swindon)  
 Noel-Baker, Rt. Hn. Philip (Derby, S.)  
 Ogden, Eric  
 Oram, Albert E. (E. Ham, S.)

Page, Derek (King's Lynn)  
 Paget, R. T.  
 Palmer, Arthur  
 Park, Trevor (Derbyshire, S.E.)  
 Parker, John  
 Parkin, B. T.  
 Pavitt, Laurence  
 Perry, Ernest G.  
 Prentice, R. E.  
 Pursey, Cmdr. Harry  
 Rankin, John  
 Redhead, Edward  
 Rees, Merlyn  
 Reynolds, G. W.  
 Richard, Ivor  
 Robinson, Rt. Hn. K. (St. Pancras, N.)  
 Rodgers, William (Stockton)  
 Rogers, George (Kensington, N.)  
 Rose, Paul B.  
 Rowland, Christopher  
 Shore, Peter (Stepney)  
 Short, Rt. Hn. E. (N'e'tle-on-Tyne, C.)  
 Short, Mrs. Renée (W'hampston, N.E.)  
 Silkin, S. C. (Camberwell, Dulwich)  
 Slater, Mrs. Harriet (Stoke, N.)  
 Solomons, Henry  
 Soskice, Rt. Hn. Sir Frank  
 Steel, David (Roxburgh)  
 Stonehouse, John  
 Strauss, Rt. Hn. G. R. (Vauxhall)  
 Summerskill, Hn. Dr. Shirley  
 Swingle, Stephen  
 Taverne, Dick  
 Thomson, George (Dundee, E.)  
 Tomney, Frank  
 Walden, Brian (All Saints)  
 Walker, Harold (Doncaster)  
 Wallace, George  
 Weitzman, David  
 Whitlock, William  
 Willey, Rt. Hn. Frederick  
 Williams, Mrs. Shirley (Hitchin)  
 Williams, W. T. (Warrington)  
 Winterbottom, R. E.  
 Wyatt, Woodrow  
 Zilliacus, K.

## TELLERS FOR THE AYES:

Mr. Brian O'Malley and  
 Mr. W. Howie.

## NOES

Alison, Michael (Barkston Ash)  
 Allan, Robert (Paddington, S.)  
 Amery, Rt. Hn. Julian  
 Atkins, Humphrey  
 Baniel, Lord  
 Barber, Rt. Hn. Anthony  
 Batsford, Brian  
 Bennett, Sir Frederic (Torquay)  
 Bennett, Dr. Reginald (Gos & Fhm)  
 Berry, Hn. Anthony  
 Birch, Rt. Hn. Nigel  
 Bossom, Hn. Clive

Box, Donald  
 Boyd-Carpenter, Rt. Hn. J.  
 Brinton, Sir Tatton  
 Brooke, Rt. Hn. Henry  
 Brown, Sir Edward (Bath)  
 Bruce-Gardyne, J.  
 Bryan, Paul  
 Buck, Antony  
 Bullus, Sir Eric  
 Buxton, Ronald  
 Carr, Rt. Hn. Robert  
 Chichester-Clark, R.

Clark, William (Nottingham, S.)  
 Cooke, Robert  
 Cooper-Key, Sir Neill  
 Cordle, John  
 Crawley, Aidan  
 Crowder, F. P.  
 Curran, Charles  
 d'Avigdor-Goldsmid, Sir Henry  
 Dean, Paul  
 Deedes, Rt. Hn. W. F.  
 Doughty, Charles  
 Emerv. Peter



Errington, Sir Eric  
 Eyre, Reginald  
 Fletcher-Cooke, Charles (Darwen)  
 Foster, Sir John  
 Fraser, Ian (Plymouth, Sutton)  
 Garöner, Edward  
 Gilmour, Ian (Norfolk, Central)  
 Glover, Sir Douglas  
 Glyn, Sir Richard  
 Goodhew, Victor  
 Grant, Anthony  
 Gresham-Cooke, R.  
 Grieve, Percy  
 Griffiths, Eldon (Bury St. Edmunds)  
 Griffiths, Peter (Smethwick)  
 Curden, Harold  
 Hall, John (Wycombe)  
 Harris, Reader (Heston)  
 Harvey, Sir Arthur Vere (Macclesfield)  
 Harvie Anderson, Miss  
 Hastings, Stephen  
 Hawkins, Paul  
 Heald, Rt. Hn. Sir Lionel  
 Heath, Rt. Hn. Edward  
 Higgins, Terence L.  
 Hill, J. E. B. (S. Norfolk)  
 Hirst, Geoffrey  
 Hornby, Richard  
 Hornsby-Smith, Rt. Hn. Dame P.  
 Howe, Geoffrey (Bebbington)

Hunt, John (Bromley)  
 Iremonger, T. L.  
 Irvine, Bryant Godman (Rye)  
 Joseph, Rt. Hn. Sir Keith  
 Kershaw, Anthony  
 King, Evelyn (Dorset, S.)  
 Lancaster, Col. C. G.  
 Langford-Holt, Sir John  
 Longbottom, Charles  
 Loveys, Walter H.  
 McLaren, Martin  
 Macleod, Rt. Hn. Iain  
 Marples, Rt. Hn. Ernest  
 Maude, Angus  
 Meyer, Sir Anthony  
 Mills, Stratton (Belfast, N.)  
 Miscampbell, Norman  
 More, Jasper  
 Mott-Radclyffe, Sir Charles  
 Munro-Lucas-Tooth, Sir Hugh  
 Neave, Airey  
 Page, R. Graham (Crosby)  
 Peel, John  
 Pickthorn, Rt. Hn. Sir Kenneth  
 Pitt, Dame Edith  
 Prior, J. M. L.  
 Pym, Francis  
 Quennell, Miss J. M.  
 Rawlinson, Rt. Hn. Sir Peter  
 Redmayne, Rt. Hn. Sir Martin

Ridley, Hn. Nicholas  
 Ridsdale, Julian  
 Roberts, Sir Peter (Heeley)  
 Roots, William  
 Scott-Hopkins, James  
 Sinclair, Sir George  
 Smith, Dudley (Brentford & Chiswick)  
 Summers, Sir Spencer  
 Talbot, John E.  
 Taylor, Edward M. (G'gow, Cathcart)  
 Thompson, Sir Richard (Croydon, S.)  
 Thorneycroft, Rt. Hn. Peter  
 Turton, Rt. Hn. R. H.  
 van Straubenzee, W. R.  
 Vickers, Dame Joan  
 Walker, Peter (Worcester)  
 Walker-Smith, Rt. Hn. Derek  
 Walters, Dennis  
 Ward, Dame Irene  
 Weatherill, Bernard  
 Webster, David  
 Whitelaw, William  
 Williams, Sir Rolf Dudley (Exeter)  
 Wilson, Geoffrey (Truro)  
 Wood, Rt. Hn. Richard

TELLERS FOR THE NOES:  
 Mr. R. W. Elliott and  
 Mr. Geoffrey Johnson Smith.

*Clause ordered to stand part of the Bill.*

**Clause 13.**—(WITHDRAWAL OF INITIAL ALLOWANCES FOR CARS.)

**Mr. Donald Box** (Cardiff, North): I beg to move Amendment No. 38, in page 7, line 35, at the end to insert:

“or are used for the carriage of samples or goods in the ordinary course of a trade.”

This Amendment is intended to permit the initial allowances to be retained in respect of cars owned or used by those salesmen, agents or traders, most of whom are in the smaller income groups, who rely for their livelihood on the use of those cars to carry samples or other goods. The people who do this fall, I think, into three categories.

First, there is the small trader who uses his car to deliver goods to his customers. We are all familiar with the milkman, the greengrocer, or the butcher, who may be seen around our towns, sometimes delivering his goods either from a utility vehicle or from the boot of his car. These tradesmen deliver their goods in this way and do so to provide a very personal service to their customers. For this service, coupled with the knowledge of what their customers require, and dealing at competitive prices, they manage to earn a reasonable living, usually by working for themselves.

Secondly, there are a number of professional buyers whose job it is to go from company to company and bring

back engineering samples, mainly required for submission to research departments or the approval of their managements. In the third category there are manufacturing agents who represent no one single firm, but a number of manufacturers. It will be realised that they often carry a wide range of samples from those manufacturers. This category are often self-employed and work on a commission basis.

The fourth and largest category is that of the travelling salesman, better known as the commercial traveller. I understand that there are 35,000 commercial travellers in the country today. The overwhelming majority of them use their own cars in their work. I also understand that about a third of them are self-employed. It is probable that the commercial traveller of today is the direct descendant of the frock-coated, top-hatted gentleman of years gone by who arrived at his destination by train and was met by a man with a barrow. His samples were transferred from the train to the barrow in skeps and then taken for inspection by the customer. That form of transportation was just as vital then as the car is today to carry the samples of the salesman.

It follows that if there are no samples there is possibly no sale and from that would follow very little in Purchase Tax, lower Income Tax revenue and lower motor tax. The logical conclusion might be considerable unemployment. The



[MR. BOX.]

need for this salesman to carry samples is recognised by the Ministry of Transport. Despite the fact that it has strict regulations about change of user or change of construction of cars, the Ministry makes a special concession to these travellers. It allows them to remove seats and put some sort of structure under the roof of a car so that they can carry furs, clothes, or whatever they may be selling.

As commercial travellers, on average, do about 2,000 miles a month—24,000 miles a year—and usually carry samples weighing about 20 lb., some of which are small but heavy and others bulky, it is obvious that they need a car which is roadworthy and reliable for the job. The traveller's car has to be renewed far more frequently than the ordinary car used for private or business purposes. More than three-quarters of commercial travellers' cars are changed annually.

12 m.

It is also considered that two years is an absolute maximum life for a traveller's car. I think that the removal of the initial allowances covered in this Clause will be a definite discouragement to the annual changing of these cars and I fear that this will be detrimental to the safety factor, to say nothing of the detrimental effect on the motor industry and the reduction in Purchase Tax to the Treasury. Even allowing for the increase in car hire which is undoubtedly taking place at present the same general conditions apply. The cost of hiring is bound to be increased and there is an added disinclination to renew cars on an annual basis.

I suppose that the intention of Clause 13 is either to prevent or discourage the use of business cars for pleasure. Is this justified in the case of commercial travellers? Most of them, after a hard week's driving, are so tired when it comes to the weekend that they are only too glad to put their car in for servicing and perhaps put their feet up and relax.

Allowing for the fact that there must be some cases when they use these vehicles for their private and personal use, it is surely possible for some disallowance to be made, as is made in the case of many other business cars. Of the large number of categories I have mentioned the largest section is undoubtedly the commercial

traveller. They not only have to carry samples to the customer, but they often pack their car with samples when they are setting up a stock room in an hotel, or a local hall. The Ministry of Transport recognises the need for this and the police also co-operate in being fairly lenient when they find these cars parked, packed with samples. They try to be as co-operative as possible.

If the Ministry of Transport and the police are co-operative in this matter, I hope that the right hon. Gentleman the Chancellor of the Exchequer will also be as helpful and co-operative and will accept the Amendment.

**The Deputy-Chairman:** Before I call the hon. Member for Shipley (Mr. Hirst) I should say that it would be convenient to discuss Amendment No. 302 with this Amendment, in page 7, line 35, at end insert:

"or are vehicles for which an F licence is required".

**Mr. Hirst:** I think that my hon. Friend (Mr. Box) has put the arguments extraordinarily well. I am a bit long in the tooth nowadays in my sales experience. I was for many years a commercial traveller in the chemical trade and regularly I did about 56,000 miles in two years. I assure the Committee that the last thing I wanted to do was to use a motor car for pleasure. I was sick and tired of the blinking thing long before the week was over. It is, in that sense, in quite a different category. It is a vehicle for business purposes being used for trade in a recognised calling. If you are to be a good salesman in most trades you have to have your samples where the customer wants them.

I cannot accept the basic thinking of the Labour Party in this matter. In fact, I accept practically none of its thinking on this matter at all. Assuming that there is anything in this matter of initial allowances for cars it cannot possibly, in all fairness, apply to a section of people such as commercial travellers, buyers and small business people. There are many of these self-employed people, whose car is, in fact, one of the engines of war of their trade.

I think that I know enough about the peculiar workings of the right hon. and hon. Gentlemen opposite. I have studied them from both sides of the House for

some years. They are very peculiar people and their minds work very peculiarly, but by and large I cannot believe that they have honestly got down to this and what it meant when the decision was taken. I do not want to be rude, but I honestly do not think they did. I think that I know what they are getting at. I do not think that they meant to include this great number of people who carry on a sound line of business and who are not very well paid. They are better paid than they were in my day. Many of them work entirely on commission. Having a car is an essential part of their life.

I see that there is now a change of batting on the Treasury Bench. I hope I shall be forgiven for saying that that is welcome. The Financial Secretary has worked very hard. He has been studying his briefs, but he has been very dull as the day has progressed. Although the crease is worn out, I am grateful for the change in batting. I know the Chief Secretary and the Financial Secretary very well, and they both know me. They know that I shall not expect too much from them. However, there is a possibility that the Financial Secretary has thought this matter out and that we shall not get the same dusty brief as we have had all afternoon.

I want to be pleasant about this. Whatever the case may be, I am sure that the Financial Secretary must see it. We do not want it to be rejected. "Reject" briefs are two a penny from the Dispatch Box. We want a sympathetic approach on a matter which greatly affects the livelihood of many people who have to work very hard. I work very hard in Parliament, but I have never worked so hard in my life as I did when I sold things in the 1920s. I know what it means. I have sympathy with commercial travellers, and I hope that the Government will show some sympathy for them, too.

**Mr. Scott-Hopkins:** Amendment No. 302 relates to vehicles with an F licence. I agree with my hon. Friend the Member for Shipley (Mr. Hirst) that the Government have not thought this matter out carefully. If I understand the Clause correctly, F licence vehicles will be deprived of the initial allowance. These vehicles include farm vehicles and dual-purpose vehicles. These are the tools of the farmer's trade. Lord Mitchison,

the former Member of Parliament for Kettering, criticised in this Chamber, the imposition of a tax on these tools of the farmer's trade. It seems that the Government have forgotten that criticism. They are imposing a further cut which will bear hard on an industry which already has to bear enormously increased costs.

In an earlier debate I drew attention to the increased costs the industry would bear because of the increase in the licence duty. Now the Government are taking away a small concession from the farming industry. This places an increased burden on the industry which at this moment, after the treatment it has received from the Government in the Price Review and in the Budget, is unwarranted.

I ask the Government to reconsider this proposal and try to inject a little sanity and reasonableness into the debate. I ask the Chief Secretary or the Minister without Portfolio, whoever is to reply, for once to have a little charity in his heart and, forgetting the sterile brief he holds in his hands, to give justice where it is due and give the farming industry this small concession which is necessary for the well being of agriculture.

**Sir Rolf Dudley Williams (Exeter):** I hope that I shall not be interrupted too much, otherwise I may have to address the Committee for rather a long time. It is not my intention to intervene for more than a very short time, but I wish to refer to Amendment No. 38, which we are discussing with Amendment No. 302, because for some time I was the president of the commercial travellers' association of Exeter. Therefore, I have a particular interest in looking after the difficulties which commercial travellers experience from time to time in plying their trade.

I certainly hope that we shall find that the Chief Secretary is kindly disposed towards the first of these two Amendments. This is the Amendment which refers to the motor car or vehicle "used for the carriage of samples or goods in the ordinary course of a trade."

**Mr. Bryant Godman Irvine:** What about the farmers?

**Sir Rolf Dudley Williams:** I will come to the farmers later in my speech. I was intending to leave the Committee shortly,



[SIR R. D. WILLIAMS.]

but I was not fortunate enough to persuade an hon. Member on the Government side to come with me.

I wish to speak on behalf of this sorely pressed section of our society, the commercial travellers. It seems to me that without any doubt, anyone who uses a vehicle in the course of their ordinary trade for the carriage of samples or goods surely should be allowed the appropriate allowances. I think that we are all aware, those of us who have any experience of the distribution of goods by commercial travellers, of the great difficulties and competition they invariably face.

It would be monstrous if this Amendment was not passed and we found that commercial travellers were not allowed their initial allowances. I really cannot understand what possible thinking can lie behind a Chancellor of the Exchequer who does not automatically put such allowances as these into the Bill. It seems to me that if they are not to be given the initial allowances they are being most unfairly treated as compared with many professions and businesses which are given such initial allowances.

I hope that this Amendment which we are now discussing should at least find favour with the Minister without Portfolio, who, I understand, is to reply to the debate.

My hon. Friend the Member for Rye (Mr. Bryant Godman Irvine) asked me to refer to the problems of the agricultural industry. I have great sympathy with this industry. I certainly hope that Amendment No. 302 is also acceptable to the Treasury. I do not propose to enlarge on it to a very great extent unless I am pressed, as many of my hon. Friends have already done so, but I certainly wish to give them my support. In particular, I hope that Amendment No. 38 will be accepted.

**The Minister without Portfolio (Sir Eric Fletcher):** I can assure the Committee that the Government are by no means unsympathetic to the activities and energies, and the contributions made by commercial travellers and the traders of whom we have heard to our economy generally. But I am sure that the hardships which we are told they will suffer unless this Amendment is pressed and carried have been very greatly exaggerated.

I am sure hon. Members will appreciate that there is not really any great hardship being suffered by commercial travellers if in fact they are not able to obtain the benefit of the initial allowances. In particular, in the case mentioned by the hon. Member for Cardiff, North (Mr. Box) who moved this Amendment, those of them who are in the habit of changing their cars every two years will hardly suffer at all because all commercial travellers will get the full benefit of the capital allowances.

12.15 a.m.

If the commercial traveller changes his car every two years, the full value will be allowed in two years and the difference between the value to him of that capital allowance without the initial allowances, and that with initial allowances, is merely marginal. The whole cost of the vehicle will be allowed in two years, and the difference in what he will have to pay is very small indeed.

Motor cars, other than hire cars, have always been treated in a different category in respect of capital allowances from, for example, plant and machinery. They have never had the benefit of the investment allowance. The Chancellor of the Exchequer thinks it only appropriate that in this Budget motor cars, except in the special categories referred to in Clause 13, should no longer have the benefit of the initial allowance. Hon. Members will appreciate that Clause 13 takes away the initial allowance except for cars.

"... of a type not commonly used as private vehicles and unsuitable to be so used or are provided wholly or mainly for hire to or for the carriage of members of the public in the ordinary course of a trade."

It is perfectly appropriate that such vehicles as taxis, vans, lorries, trucks and buses should have the benefit both of the investment allowance and the initial allowance.

**Sir Rolf Dudley Williams:** The Minister refers to the definition

"... not commonly used as private vehicles

Dozens of my friends use vans as private vehicles. How can one say that a van should attract an initial allowance, but an estate car for the conveyance of a commercial traveller's products should not? The definition is appalling.

**Sir Eric Fletcher:** I do not know about the hon. Gentleman's friends, but very few of mine ride about in a van. [HON.



MEMBERS: "Snob."] It may be that the hon. Gentleman's friends also ride about in lorries and buses.

**Mr. Nicholas Ridley** ( Cirencester and Tewkesbury ): What is wrong with that?

**Sir Eric Fletcher**: Nothing at all, but there is a clear distinction between motor vehicles such as lorries and charabancs and buses on the one hand and saloon cars on the other. The hon. Member for Exeter (Sir Rolf Dudley Williams) may not agree that it is reasonable that initial allowances should no longer apply to estate cars or station wagons, but one has to draw the line somewhere.

The Amendment suggests that initial allowances should be preserved for those who use cars for the carriage of samples or goods in the ordinary course of trade. This would provide considerable administrative difficulties, because it would be difficult to tell to what extent the car was being used for purposes of that kind as distinct from purely personal purposes. In addition, it must be obvious to the Committee that it would be most unfair to give a privilege to persons of that kind and deny it to others carrying on professions. Doctors and other professional men regularly use their cars for the purposes of their profession and it would be a most unreasonable discrimination to deny them the benefit of an initial allowance if we gave it to commercial travellers and traders.

Once one makes an inroad of the kind proposed by the Amendment into the general principle of the Clause, it will become impossible to know where to stop, and the effect of the Amendment, if pursued to its logical conclusion, would be to nullify the whole purpose of the Clause.

**Mr. Box**: The hon. Member referred to the administrative difficulty. Does he not appreciate that many cars used by businesses throughout the country get a certain disallowance to the extent to which they are used for private purposes? If it can be done for businesses all over the country, why cannot it be done for commercial travellers?

**Sir Eric Fletcher**: The administrative difficulty is only one of the arguments which I am using for urging the rejection of the Amendment. It must be obvious that with the ordinary motor car it would be very difficult in the vast majority of

cases to decide to what extent the car was being used for carrying samples around and to what extent it was being used for purely personal purposes. Even persons who used motor cars for purely private purposes might say that they occasionally carried samples around. I am sure that, on reflection, hon. Members opposite will recognise that the object of the Clause, of denying initial allowances in respect of the ordinary motor vehicles used for pleasure generally, will not be achieved if inroads of the kind suggested by the hon. Member are made into it.

The hon. Member for Cornwall, North (Mr. Scott-Hopkins) and the hon. Member for Exeter also spoke on the second Amendment. Again, a clear distinction of principle is involved. Amendment No. 302 suggests that there should be excluded from Clause 13 those vehicles for which an F licence is required. An F licence is a licence referred to in paragraph 7 of Schedule 4 of the Vehicles (Excise) Act, 1962, and is the licence required for a farm goods vehicle. The Committee should appreciate that many of the vehicles covered by the description in the Amendment—those which have F licences—are automatically excluded from the effect of the withdrawal of the initial allowance because they are not vehicles commonly used as private vehicles or even suitable to be used as such.

**Mr. Peter Walker** (Worcester): Does not the Minister agree that if the great majority are included, all should be included?

**Sir Eric Fletcher**: I think that it is right that these farm vehicles, some of which are so clearly farm vehicles that they cannot be used for any other purpose at all, should continue to have the initial allowances. For example, expenditure on new farm lorries and vans will continue to earn relief both in respect of the initial and in respect of the investment allowances, and so will expenditure on Land Rovers, which come within the category of farm vehicles pure and simple. But it would be unreasonable to extend that concession, in the Government's opinion, to such vehicles as estate cars, station wagons and similar vehicles, because, as everybody knows, vehicles of that description can and frequently are used for private purposes.



**Mr. Hirst:** What is the difference between a farm wagon and a wagon used by a commercial traveller for carrying samples?

**Sir Eric Fletcher:** I thought that it would be wearying the Committee if I gave an elaborate description of the distinction. I assumed that most hon. Members at present in the Committee were familiar with them.

One of the objections to the Amendment is that the F licence is not clearly defined, and the only specific definition of it is in paragraph 7 of the fourth schedule of Vehicles (Excise) Act, 1962. The really substantial objection is that a great many vehicles which attract an F licence are included in the initial allowance relief.

**Sir M. Redmayne:** The hon. Gentleman may say that it is hard to define what an F licence covers but, at the same time, what we are really concerned with are those vehicles which are the tools of the farmer's trade and, more than in any other industry, the farmer uses his car—what we call his private car—as a tool of his trade. That is the substantial point of the Amendment.

**Sir Eric Fletcher:** The farmer has various tools for his trade, such as lorries, vans, and station wagons, which he uses partly as a tool and partly for purely personal purposes. If we extend the relief of the initial allowance for that kind of vehicle we should merely be perpetrating an injustice on the professional man such as the doctor who uses his private car as a tool of his trade just as much as the farmer who uses his car partly as a tool of his trade and partly for personal reasons.

**Sir M. Redmayne:** Not for the carriage of goods.

**Sir Eric Fletcher:** It is not fair to draw a distinction based on the carriage of goods. I suppose that a doctor carries some of the instruments of his profession about in his car, and the degree to which the commercial traveller carries goods is to some extent compulsory, and to some extent accidental. In one trade, samples are absolutely essential. A wide range of samples may have to be carried, but in another, a very little or perhaps none. That distinction is not a real one.

**Sir Rolf Dudley Williams:** I want to get this straight. If a doctor employs a van to go on his rounds he would have the initial allowance—is that so? Because, if it is so, it should be well-known to the medical fraternity that the doctor so using a van will be allowed the initial allowance. Could the hon. Gentleman answer that specifically?

**Sir Eric Fletcher:** I do not know of any doctor using a van for professional purposes. I think that the hon. Member for Exeter (Sir Rolf Dudley Williams) is reducing the debate to a farce by suggesting that that kind of consideration should be taken seriously.

**Mr. Norman Miscampbell** (Blackpool, North): The hon. Gentleman may say that, but if a veterinary surgeon uses a mini-van, would the allowance then apply? There is nothing farcical about that.

**Sir Eric Fletcher:** If that is a serious question, the answer is this; and it shows the difficulty of trying to draw a line. The precise answer is that mini-vans are *sub judice* at the moment—[*Laughter.*] Hon. Members may laugh, but there are, in fact, negotiations proceeding with the Commissioners of Inland Revenue to decide whether a mini-van comes within the category to which an investment allowance is available. Until that matter is decided, it is not possible to say with precision to what extent a mini-van falls on one side of the line or the other.

**Mr. Miscampbell:** I would not stick to a mini-van. Any old van will do.

**Sir F. Bennett** (Torquay): A *non sub judice* van.

**Sir Eric Fletcher:** I think that the Committee will agree that enough has been said to show that it would be quite impossible to draw the line at the point suggested in the Amendment without allowing the Clause to drift into a position of complete absurdity. I must, therefore, ask the Committee to resist the Amendment.

12.30 a.m.

**Mr. Peter Walker:** My hon. Friend the Member for Shipley (Mr. Hirst) said that he was looking forward to a new batsman on the wicket. After the way the Minister

faced up to the bowling, being bowled out by almost every ball—

**Mr. T. L. Iremonger** (Ilford, North) : On a point of order, Sir Samuel. Is it in order for hon. Members to come into the Committee in their nightshirts?

**The Deputy-Chairman** : It is not out of order, but it is not customary.

**Mr. Walker** : The Minister's reply was even worse than the replies we have had throughout the day from the rather tired Treasury team. Almost all that the hon. Gentleman proved was that there is good reason why he should be a Minister without a portfolio. The other thing he proved was that he has no friends who own vans, in trying to suggest that there is any justification for this provision which, as my hon. Friend the Member for Cardiff, North (Mr. Box) said, has adverse effects on commercial travellers, and, as my hon. Friend the Member for Cornwall, North (Mr. Scott-Hopkins) said, adds to the general difficulties of the farmers.

The real effect of the Clause is to allow less allowance in the first year, things balancing out eventually when the vehicle is sold. In the first year, the small businessman will pay more than he otherwise would, and so will the commercial traveller and the farmer. If his business is expanding, if he is using overdraft facilities, he will be that much more "in the red"; and under this Government that is a very expensive state of affairs. Worked out on the

basis of the present level of the Bank Rate and the amount of borrowing which the small businessman will have to do, the effect is exactly the same as though the Chancellor had used the regulator, putting another 10 per cent. on top of the 25 per cent. Purchase Tax on vehicles of this type.

It is no excuse to offer administrative difficulties as the reason for not doing as we suggest. The Government are introducing a Finance Bill which will cause more administrative difficulties than any Finance Bill in our history. Obviously, the Minister without Portfolio was put up to answer the debate because the Government did not want the Treasury team to have to defend such a bad case. In the short term, the Treasury benefits. In the long term, it does not. The only conclusion that can be drawn is that the Government do not expect to be in charge of the Treasury for very long.

As no case has been put by the Government and we have yet a further example of the Government putting a burden on the small businessman, on the family business, on the farmer and the business community generally, I hope that my right hon. and hon. Friends will divide the Committee.

*Question put*, That those words be there inserted:—

*The Committee divided*: Ayes 109, Noes 140.

## Division No. 123.]

## AYES

[12.35 a.m.]

Alison, Michael (Barkston Ash)  
Allan, Robert (Paddington, S.)  
Atkins, Humphrey  
Bainiel, Lord  
Batsford, Brian  
Bennett, Sir Frederic (Torquay)  
Berry, Hn. Anthony  
Birch, Rt. Hn. Nigel  
Bossom, Hn. Clive  
Box, Donald  
Boyd-Carpenter, Rt. Hn. J.  
Brinton, Sir Tatton  
Brooke, Rt. Hn. Henry  
Bruce-Cardyne, J.  
Bryan, Paul  
Buck, Antony  
Bullus, Sir Eric  
Buxton, Ronald  
Carr, Rt. Hn. Robert  
Chichester-Clark, R.  
Clark, William (Nottingham, S.)  
Cooke, Robert  
Cooper-Key, Sir Neill  
Cordle, John  
Crowder, F. P.

Curran, Charles  
Dance, James  
d'Avigdor-Goldsmid, Sir Henry  
Dean, Paul  
Deedes, Rt. Hn. W. F.  
Doughty, Charles  
Emery, Peter  
Eyre, Reginald  
Fletcher-Cooke, Charles (Darwen)  
Foster, Sir John  
Gardner, Edward  
Gilmour, Ian (Norfolk, Central)  
Glover, Sir Douglas  
Glyn, Sir Richard  
Goodhew, Victor  
Grant, Anthony  
Gresham-Cooke, R.  
Grieve, Percy  
Griffiths, Eldon (Bury St. Edmunds)  
Griffiths, Peter (Smethwick)  
Gurden, Harold  
Hall, John (Wycombe)  
Harvie Anderson, Miss  
Hastings, Stephen  
Hawkins, Paul

Heald, Rt. Hn. Sir Lionel  
Heath, Rt. Hn. Edward  
Higgins, Terence L.  
Hill, J. E. B. (S. Norfolk)  
Hirst, Geoffrey  
Hornby, Richard  
Hornsby-Smith, Rt. Hn. Dame P.  
Howe, Geoffrey (Bebington)  
Hunt, John (Bromley)  
Iremonger, T. L.  
Irvine, Bryant Godman (Rye)  
Johnson Smith, G. (East Grinstead)  
Joseph, Rt. Hn. Sir Keith  
Kershaw, Anthony  
King, Evelyn (Dorset, S.)  
Lancaster, Col. C. G.  
Langford-Holt, Sir John  
Longbottom, Charles  
Loveys, Walter H.  
McLaren, Martin  
Macleod, Rt. Hn. Iain  
Marples, Rt. Hn. Ernest  
Maude, Angus  
Meyer, Sir Anthony  
Mills, Stratton (Belfast, N.)



Miscampbell, Norman  
Mott-Radcliffe, Sir Charles  
Munro-Lucas-Tooth, Sir Hugh  
Neave, Airey  
Page, R. Graham (Grosby)  
Peel, John  
Pickthorn, Rt. Hn. Sir Kenneth  
Pitt, Dame Edith  
Prior, J. M. L.  
Pym, Francis  
Quennell, Miss J. M.  
Redmayne, Rt. Hn. Sir Martin  
Ridley, Hn. Nicholas

Roberts, Sir Peter (Heeley)  
Roots, William  
Scott-Hopkins, James  
Sinclair, Sir George  
Smith, Dudley (Br'ntf'd & Chiswick)  
Summers, Sir Spencer  
Talbot, John E.  
Taylor, Edward M. (G'gow, Cathcart)  
Thompson, Sir Richard (Croydon, S.)  
Turton, Rt. Hn. R. H.  
van Straubenzee, W. R.  
Vickers, Dame Joan  
Walker, Peter (Worcester)

Walker-Smith, Rt. Hn. Sir Derek  
Walters, Dennis  
Weatherill, Bernard  
Webster, David  
Whitelaw, William  
Williams, Sir Rolf Dudley (Exeter)  
Wilson, Geoffrey (Truro)  
Wood, Rt. Hn. Richard

TELLERS FOR THE AYES:  
Mr. Ian Fraser and Mr. Jasper More.

## NOES

Abse, Leo  
Aldritt, Walter  
Allen, Scholefield (Crewe)  
Atkinson, Norman  
Bacon, Miss Alice  
Beaney, Alan  
Benn, Rt. Hn. Anthony Wedgwood  
Boston, T. G.  
Bottomley, Rt. Hn. Arthur  
Bowden, Rt. Hn. H. W. (Leics S.W.)  
Bowen, Roderic (Cardigan)  
Boyden, James  
Bray, Dr. Jeremy  
Brown, Rt. Hn. George (Belper)  
Brown, R. W. (Shoreditch & Fbury)  
Buchan, Norman (Renfrewshire, W.)  
Butler, Mrs. Joyce (Wood Green)  
Callaghan, Rt. Hn. James  
Corbet, Mrs. Freda  
Crosland, Anthony  
Crossman, Rt. Hn. R. H. S.  
Dalyell, Tam  
Davies, Harold (Leek)  
Diamond, John  
Dodds, Norman  
Driberg, Tom  
Dunnett, Jack  
Edwards, Robert (Bilston)  
English, Michael  
Ennals, David  
Ensor, David  
Finch, Harold (Bedwellty)  
Fletcher, Sir Eric (Islington, E.)  
Fletcher, Raymond (Ilkeston)  
Floud, Bernard  
Foot, Sir Dingle (Ipswich)  
Foot, Michael (Ebbw Vale)  
Ford, Ben  
Freeson, Reginald  
Garrett, W. E.  
Garrow, A.  
Ginsburg, David  
Hamilton, William (West Fife)  
Hamling, William (Woolwich, W.)  
Harper, Joseph  
Hazell, Bert  
Heffer, Eric S.  
Horner, John

Houghton, Rt. Hn. Douglas  
Howarth, Harry (Wellingsborough)  
Howarth, Robert L. (Bolton, E.)  
Hughes, Emrys (S. Ayrshire)  
Irvine, A. J. (Edge Hill)  
Irving, Sydney (Dartford)  
Jackson, Colin  
Janner, Sir Barnett  
Jay, Rt. Hn. Douglas  
Jeger, George (Goole)  
Jeger, Mrs. Lena (H'b'n & St. P'cras, S.)  
Jenkins, Hugh (Putney)  
Jenkins, Rt. Hn. Roy (Stechford)  
Johnston, Russell (Inverness)  
Jones, Rt. Hn. Sir Elwyn (W. Ham, S.)  
Kerr, Mrs. Anne (R'ter & Chatham)  
Kerr, Dr. David (W'worth, Central)  
Lawson, George  
Leadbitter, Ted  
Ledger, Ron  
Lee, Rt. Hn. Frederick (Newton)  
Lee, Miss Jennie (Cannock)  
Lever, Harold (Cheetham)  
Lewis, Arthur (West Ham, N.)  
Lipton, Marcus  
Loughlin, Charles  
McBride, Neil  
McCann, J.  
MacColl, James  
MacDermot, Niall  
Mackie, George Y. (C'ness & S'land)  
Mackie, John (Enfield, E.)  
Mallalieu, J.P.W. (Huddersfield, E.)  
Marsh, Richard  
Mason, Roy  
Mayhew, Christopher  
Mellish, Robert  
Mikardo, Ian  
Millan, Bruce  
Molloy, William  
Morris, John (Aberavon)  
Mullew, Rt. Hn. Frederick (Sheffield PK)  
Murray, Albert  
Newens, Stan  
Noel-Baker, Francis (Swindon)  
Noel-Baker, Rt. Hn. Philip (Derby, S.)  
Ogden, Eric  
O'Malley, Brian

Oram, Albert E. (E. Ham, S.)  
Page, Derek (King's Lynn)  
Palmer, Arthur  
Park, Trevor (Derbyshire, S.E.)  
Parker, John  
Parkin, B. T.  
Pavitt, Laurence  
Perry, Ernest G.  
Prentice, R. E.  
Pursej, Cmdr. Harry  
Rankin, John  
Redhead, Edward  
Rees, Merlyn  
Reynolds, G. W.  
Richard, Ivor  
Robinson, Rt. Hn. K. (St. Pancras, N.)  
Rodgers, William (Stockton)  
Rogers, George (Kensington, N.)  
Rose, Paul B.  
Rowland, Christopher  
Shore, Peter (Stepney)  
Short, Rt. Hn. E. (N'c'tle-on-Tyne, C.)  
Short, Mrs. Renée (W'hampton, N.E.)  
Silkin, S. C. (Camberwell, Dulwich)  
Slater, Mrs. Harriet (Stoke, N.)  
Solomons, Henry  
Soskice, Rt. Hn. Sir Frank  
Steel, David (Roxburgh)  
Stonehouse, John  
Strauss, Rt. Hn. G. R. (Vauxhall)  
Summerskill, Hn. Dr. Shirley  
Swingler, Stephen  
Taverne, Dick  
Thomson, George (Dundee, E.)  
Tomney, Frank  
Walden, Brian (All Saints)  
Walker, Harold (Doncaster)  
Wallace, George  
Weitzman, David  
Whitlock, William  
Willey, Rt. Hn. Frederick  
Williams, Mrs. Shirley (Hitchin)  
Williams, W. T. (Warrington)  
Zilliaceus, K.

TELLERS FOR THE NOES:  
Mr. W. Howie and Mr. Charles Grey.

*Question proposed.* That the Clause stand part of the Bill.

12.45 a.m.

**Mr. Bryant Godman Irvine:** Before we part with this Clause I would be obliged if the Minister would give attention to a small point which I wish to raise. The Minister is well aware that the Clause is based on Section 16 (3) of the Finance Act, 1954, with which, I am sure, he is very familiar. A difficulty which has arisen in construing that Section is one

which has been put to me by one of my constituents, who says he is having difficulty with the inspector of taxes in construing the way in which that subsection is meant to be read, and, in particular, with regard to a Ford Thames 7 cwt. van and a Bedford 12 cwt. van.

The point, which he puts succinctly, is that he has been having difficulty with the Inland Revenue over

"claims for investment allowances on certain delivery vans which unquestionably are used

wholly and exclusively for the purposes of a trade. The view which the Inland Revenue are taking appears to be that delivery vans . . . are of a type which are now considered to be commonly for private purposes and are suitable to be so used. In my view this simply is not true. However, apart from the case of *Bourne v. Auto School of Motoring (Norwich) Ltd.*—

with which the Minister will certainly be familiar—

“which dealt with saloon cars fitted with dual controls, the matter has not been tested before the courts.”

The point I should like the Minister to consider is in what my constituent goes on to say:

“It seems obvious that, since the wording of Clause 13 of the Finance (No. 2) Bill is identical to that of the proviso contained in Section 16(3) of the Finance Act, 1954, the inspector's present attitude towards investment allowances on trade vans is likely to be followed by a similar attitude towards initial allowances. From what I have read it does not appear to be the intention of the Government that tradesmen should be penalised in this manner and the only sure way of preventing this seems to me to be to clarify the situation by amending Clause 13 of the Bill to specify more clearly which vehicles are intended to be excluded from initial allowances and possibly by introducing an Amendment to the Finance Act, 1954, to deal with the situation with regard to investment allowances. I will be obliged if you would give this matter your attention.”

So perhaps I could ask the Minister to do just that and let me know what he thinks would be the right thing to do in the circumstances.

**Sir Eric Fletcher:** The hon. Member is quite right. The language of the Clause is taken from Section 16 of the Finance Act, 1954, and was deliberately taken from Section 16 of the Finance Act, 1954, because that has become accepted and generally understood, and it would lead to considerable confusion if any other form of language were adopted in the Clause. Obviously, I am not familiar with the circumstances of the hon. Member's constituent's complaint, or with the correspondence his constituent has had with the inspector of taxes. But I shall be happy to look into it and write to the hon. Member.

*Question put and agreed to.*

*Clause ordered to stand part of the Bill.*

**Clause 14.—(BUSINESS ENTERTAINING EXPENSES.)**

**Mr. William Clark:** I beg to move Amendment No. 40, in page 9, line 2, to leave out from “entertainment” to “of” in line 3.

**The Deputy-Chairman:** With this Amendment it would be in order to discuss Amendment No. 39, in page 8, line 32, at end insert:

“unless such expenditure is incurred by an employee not being a principal, director, or shareholder and not earning over £2,000 per annum”.

**Mr. Clark:** I am delighted to see here the Chief Secretary to the Treasury, who, no doubt, is to answer the debate. He will know, as I do, that expenses under Schedule D are regulated by Section 137 of the Income Tax Act, 1952. That Act says that the expenses chargeable to tax must be wholly and exclusively for the purposes of trade. When one sends in one's figures to the local inspector of taxes the local inspector, under Section 137, determines whether the expenditure charged against profit is allowable or not. If there are any expenses that he thinks should be disallowed as being not wholly and exclusively for the purpose of the trade, he will disallow them and this will increase the profit as computed for tax purposes.

Schedule E, which relates to salary or wages, is controlled under Section 160 of the same Income Tax Act. There it is laid down that any expenditure for outside expenses, such as travelling and entertaining, should also be rigorously controlled. The Committee will be aware that any director or executive earning over £2,000 a year—he does not have to be earning £2,000 a year if he is a director or a secretary; he can be on a lower rate—is surcharged for every claim that he puts in. If he puts in an entertainment claim for £200 and a travelling claim for £300, the local inspector of taxes immediately raises an assessment on him for that amount of expenditure. Then, of course, it is up to the director or employee to substantiate to the Revenue how he disburses his expenditure.

To do this, the Revenue has been kind enough to supply every such taxpayer with a form called Form P.11D. This form is well-known to anybody who has an expense claim, and I am sure that the Committee would not like me at this late hour to read all that is contained in the form. [HON. MEMBERS: “What does it



[MR. CLARK.] say?" For the benefit of some hon. Members, I wonder whether it would be in order for me to circulate the contents of the form in the OFFICIAL REPORT.

That form is extremely comprehensive. I hope that when the Chief Secretary replies to the debate he will agree that the form is comprehensive, with one exception. Grouse moors are not mentioned in the form, although it refers to shooting rights, and so on. We can take it that under Schedule D the inspector has rigid rules and is able to disallow expenditure, and under Schedule E he has precisely the same rules, and, added to the information which is on the form, this represents the position as far as expenses are concerned.

The Radcliffe Committee discussed expenses, particularly entertainment expenses, and I should like to read a few words from page 43 of the Report. After discussing advertising and entertainment expenses, the Committee comes to this conclusion:

"There is no maintainable line of distinction between expenditure on home sales and expenditure on overseas sales for purposes of this sort"—

that is, for entertaining—

"For these and other reasons we regard the suggestion as impracticable."

In this same Report there was a minority Report which did not entirely agree with the majority Report, and the people who put in that minority Report were Mr. Woodcock, Mr. Bullock and Mr. Kaldor.

Taking Clause 14 as it is now, one can be led to only one conclusion. Either the Inland Revenue is incompetent—that is, under Schedule D—and the disallowance is wrong; or the inspector of taxes is incapable—this brings in form P.11D—or all traders are dishonest. These are the only alternatives one can have. Either the Revenue is incompetent, or the inspector is incapable, or there is gross dishonesty. I would not have thought that there is gross dishonesty.

What we have attempted to do in our Amendment is to amend subsection (2), because we find here a new test as to what rules an expense must conform with, for at present it reads:

"... or by a member of his staff"—

referring to expenses—

"of entertainment for an overseas customer of that person, being entertainment of a kind

and on a scale which is reasonable having regard to all the circumstances".

I am sure that I am right in saying that this is the first time that a formula of that kind has been written into our Income Tax legislation. Up till now it has been a question of "wholly, exclusively and necessarily" incurred. This is a new test and in our Amendment we are trying to keep this new test, this new regulation, for expenses but cutting out the nonsense of trying to differentiate between a home and overseas customer.

I assure the Committee that the subsection would be extremely difficult from an administrative point of view. The Chief Secretary is an accountant and I am sure that, with his great experience of these matters, he will agree that if the Clause goes through unamended it will inflict an intolerable burden on accountants throughout the country. For example, if an accountant gets an entertainment expense chit how is he to decide whether the persons entertained were from home or overseas? Even the professional accountancy bodies agree that this provision would place an intolerable burden on accountants. I am sure that hon. Gentlemen opposite will, when they really consider this matter, agree that if the Clause is unamended great difficulty will arise.

Who will the proposal hit? First, it will hit the commercial traveller, who was mentioned in our discussion of the last Amendment. If he has an inclusive salary out of which he must entertain—

**Mr. Ivor Richard** (Barons Court): Before the hon. Gentleman proceeds, is he saying that the Revenue already possesses sufficient powers to deal with the taxation of this sort of expenditure? If one considers the Opposition Amendment it seems that hon. Gentlemen opposite are now adopting, at least in part, the very test which is laid down in subsection (2), namely, the "reasonable" test as opposed to the "wholly, exclusively incurred", and so on, test. Does he consider that subsection (2), if amended in the way the Amendment suggests, would give the Revenue more power than it has at present, less power or keep it at the same power? Which ever way he answers, he must explain the reason.



**Mr. Clark :** The hon. Gentleman did not follow my argument. I apologise if I did not put it with sufficient clarity. I am sure that the Chief Secretary followed it. I referred to the words in subsection (2),

“ . . . of a kind and on a scale which is reasonable having regard to all the circumstances ” and said that they represented a new test for this sort of expenditure. I went on to point out that we wanted to know whether the Revenue considered that there was an abuse of entertaining—*[Interruption.]* I do not want to go all all over my argument about Schedule D, which was controlled by one provision, and Schedule E, which was controlled by another. I pointed out that there existed the “ wholly, exclusively, necessarily ” phrase and that our Amendment would cut out all the nonsense about overseas customers.

**Mr. Richard** *rose*—

**Hon. Members :** Sit down.

**Mr. Clark :** I think it is fair that at this hour, having intervened once, the hon. Gentleman should allow me to repeat my argument. I do not want to have to repeat it a third time.

**Mr. Richard :** The hon. Gentleman has not answered my question.

**Mr. Clark :** I was asking, before the hon. Member for Barons Court (Mr. Richard) intervened earlier, who the Clause would hit if it went through unamended. It will hit the commercial traveller who has an inclusive salary out of which he must do all the entertaining that is necessary. Nobody will suggest that he rushes about having slap-up luncheons. He does not go into slap-up restaurants. He carries on his normal trade, and probably incurs expenditure entertaining. Under this Clause as it stands, he will be surcharged some part of his entertaining expenses if he gets an allowance from his employer.

1.0 a.m.

The anomalies that will be thrown up by this Clause are quite out of proportion to any benefit that the Government will get from it. What about theatreland? What will be the position in regard to the first night at the theatre? *[Laughter.]* Hon. Members opposite laugh, but I would remind them that the theatre industry is a very good dollar

earner for this country. On the normal first night very many free tickets are issued in order to get the critics there. What will be the position? Will there be a surcharge there? This may seem funny to hon. Members opposite, but it is a serious point. What about journalists, who have to entertain in the ordinary course of getting information? *[Laughter.]* It is all very well hon. Members opposite trying to laugh away their own mistakes, but let me assure them that these mistakes are realised in the country.

One of the most flagrant anomalies that will be thrown up by this Clause if it is unamended is connected with the small professional firms—estate agents, surveyors, or the like—*[Laughter.]* It is regrettable that when one is trying to put a serious point of view, so many hon. Members opposite have to laugh at it. I can understand people laughing after they have heard an argument, but I cannot understand their laughing before they have heard it.

I should like the Chief Secretary to take this point. Where a principal—it might be an estate agent—employs travellers or salesmen and reimburses their entertainment expenses he will not be allowed to charge that in his expenses, so that the amount of entertainment he pays for his staff will have to be paid by him at his top rate of Income Tax and Surtax. Do the Government want that? The Government may be trying by this means to catch the so-called tycoon who spends half his time on the grouse moors and in penthouses, but the man they will be catching will be the small man.

The only difference between us and the Government is that we think that this stupid differential between overseas and home customers is quite impracticable. If the Inland Revenue think that “ wholly, exclusively and necessarily ” is not sufficiently strong, let us have it in the new form

“ . . . of a kind and on a scale which is reasonable having regard to all the circumstances.”

If that will give the Revenue a little more strength in applying Form P.11D, we accept it, but it has nothing to do with home and overseas customers.

The Chancellor said in his Budget statement that the reason for introducing this



[MR. CLARK.]

provision is that the Government are sick of heavily subsidising these luncheons, and he made jocular and rather silly remarks about grouse moors and penthouses. His main argument was that the Revenue was heavily subsidising these expenses. That is all very well, if he is right, but I think that it is incumbent on the Government to show what they will do about Government hospitality, and what they will do about the nationalised industries.

We cannot have two laws. The law in the private section must also apply to the public section. There is no party issue in this.—[HON. MEMBERS: "Oh."] It should apply to both, but I do not see that it can for the reason that the Chancellor said that if business expenses were incurred on entertaining, with the advent of Clause 14 the taxpayer would know that they were being paid for out of the coffers of the company concerned. If entertaining goes on in a nationalised industry, who pays for it? The taxpayer pays for it. I cannot see how hon. Members opposite can argue about that; it is factual. The Government should accept that there is one law for private enterprise and another for public enterprise.

I earnestly urge the Chief Secretary to look at this matter again. There is no question of my trying to be ingratiating, or to wheedle something out of him. He is an accountant with great professional experience and he knows that this Clause as it stands is impracticable. He knows it, the outside public know it and the Government know it. I am sure that many hon. Members opposite know it. Why should they be partisan about it? We have had the Radcliffe Committee. Why set up committees of eminent men and then throw majority reports aside and take no notice of what they say?

The Amendment would strengthen the control the Inland Revenue has over traders' individual expense claims. It would be quite impracticable and stupid to try to get a differential between home and overseas entertaining. For these reasons, I hope that the Government will look sympathetically at the Amendment and give a clear undertaking.

**Sir D. Glover:** It is not very often that a Member of Parliament can speak on a particular problem from personal experience. Many of us speak for cer-

tain sections of the public in debates because we have received a brief from an organisation. [HON. MEMBERS: "Oh."] Hon. Members opposite have done that for 12 years. There are very few cases in which an hon. Member speaks from actual personal experience, but I support this Amendment because I can speak from personal experience.

My life has been spent in commercial activities. [Interruption.] It is no use hon. Members opposite, who have not a clue to what we are talking about, making these interruptions. If they did understand, they are so ideologically hidebound that they would not want to listen. We are dealing with a very tricky problem which will affect a great number of people. The Chief Secretary is a man of wide experience and a great deal of sympathy. He knows that what I am about to say is a serious argument against this Clause.

The general concept in the country, and argument put from the other side of the Committee is about penthouses and yachts, and so on. When I first came into the House the great argument on a Finance Bill was the bachelor with an income of £100,000 a year. It made very good argument in our political speeches. Now we have got rid of the bachelor with £100,000 and we have the tax-free tycoon with a grouse moor in Scotland a yacht in the Mediterranean and the Inland Revenue allowing him to charge the whole of it on his expenses, quite justifiably.

Nobody has ever said who this mysterious person is. He is one of those myths created over the years, depending upon which party is in power. What we are dealing with tonight in this Clause is a very minor point of taxation. The Government are using a sledge-hammer to crack somebody who is already covered by the law and all that has to be done is to be more stringent in applying the regulations.

In the process of trying to do this the people who will be hit—and this is my criticism of the Budget—will be the small men. [Interruption.] No, I am not talking about widows, except that in this modern age there are many widows who become commercial travellers. [Laughter.]

**The Chairman:** Order. May I remind hon. Members that even at one o'clock in



the morning hon. Gentlemen ought to hear opinions of which they do not approve.

**Sir D. Glover:** I am coming to my main argument, but if hon. Members opposite keep interrupting I shall go on till three o'clock. If hon. Members think that they will get any political kudos out of this, when I am trying to make a case for a great many responsible people who will be adversely affected under this Clause, if they think it funny, let them go and tell the electorate afterwards.

Speaking with a great deal of experience, I will tell the Chief Secretary how this Clause will act very unfairly on a great many worthy citizens whose job is to go round the country selling merchandise. Under the traffic conditions of today travelling by car is difficult. When I first travelled I could park outside a shop and with a judicious half-crown to the policeman I could get away with a long time outside the premises. Today, that cannot be done. Any traveller who goes to a town and who wishes to park his car outside commercial premises—

1.15 a.m.

**The Chairman:** Order. I must ask the hon. Gentleman to come to the Amendment, which is not about parking.

**Sir D. Glover:** I am speaking to the Amendment, because it is part of the same problem. The subject is entertainment. If, Dr. King, you will allow me to develop my argument, I will show you that I am within the bounds of the Amendment. It is all part of the problem arising on entertainment. I must try to explain how it comes under the Amendment.

**The Chairman:** I am sorry, but I must ask the hon. Gentleman to come quickly from the parking of cars by commercial travellers in the past to the Amendment.

**Sir D. Glover:** I will do so. In the old days, commercial travellers could park their cars. Today, they cannot. Today, a commercial traveller does not park his car. He takes a showroom in an hotel. He invites his customers there. Customers go to the showroom because the traveller can do his business in no other way. Customers arrive at 11.30 to look at his merchandise. They have finished inspecting his samples by 12.45. The only decent thing he can do is to say, "Will you have lunch with me?" [Interruption.] I

am sorry that the hon. Member for Manchester, Cheetham (Mr. Harold Lever) is so stupid.

**Mr. Harold Lever** rose—

**Sir D. Glover:** Sit down. I will give way to an honest intervention, but not to a stupid one.

**Mr. Lever:** I want to ask a serious question.

**The Chairman:** If the hon. Gentleman who has the Floor does not give way, the hon. Member for Manchester, Cheetham (Mr. Harold Lever) must sit; but the hon. Gentleman who does not give way must not ask him to sit down.

**Sir D. Glover:** I bow to your Ruling, Dr. King. I am sure that the hon. Member for Cheetham will allow me now to make my speech. I would find it easier if hon. Members opposite were interested in the problem which the Clause will pose for many people.

To go a stage further, we are now at lunchtime in the showroom. A customer is in the showroom at 12.45. The only decent, courteous thing for the traveller to do is to say, "Mr. Jones, will you stay and have lunch?" He is almost forced to do that. [Interruption.] Hon. Members opposite are showing that they are very stupid. If this debate is reported by the Press and they think that they will get more votes from it, they are showing how stupid they are, because this is how the commercial activity of a great part of our economy on the consumer side works. The Chief Secretary is not very pleased with his hon. Friends, because I am presenting a serious argument.

That is what happens during the day. [Interruption.] If hon. Members do not know how our country runs, it is about time they listened. If a commercial traveller goes to an ordinary retailer, he is almost certain to be told, "Certainly, Mr. Glover. I will come and look at your collection, but as an independent trader I cannot come before six o'clock tonight when I close my shop". This is true. It happens every day. Hon. Members opposite need not think that the commercial traveller will think that they are very clever. The retailer will almost invariably say, "I want to look at your collection, but I cannot come during



[SIR D. GLOVER.]

shop hours because my wife and I must look after the shop. We will come to look at your collection as soon as we close the shop." [Interruption.]

**The Chairman:** Order. I must ask the Committee to come to order. We have a fair amount of business to do. Interruptions, even jocular, prolong speeches, and there are a fair number to be made before we can retire for the morning.

**Sir D. Glover:** Thank you very much for your help, Dr. King. I do hope hon. Members on the other side of the Committee will realise that I am being very serious about this, because it is a very serious problem.

Now, these independent traders—[Laughter.]—Hon. Members laugh, but there are at least half a million of them, not 20,000 but half a million—have to look after their shops while they are open. If they are to buy they have got to do it when they are closed, either on their half-day or after they have shut up shop in the evening.

They go to the traveller's showroom at 6.30, and, having looked at his collection and placed an order, it is 8.30. Are you such skinflints that you say he should not ask them to have a meal?

**The Chairman:** Order. I am protecting the hon. Gentleman against hon. Members on the other side, but he is not taking advantage of it. If he addresses any remarks to the Government benches he must address them through me.

**Sir D. Glover:** I am sorry, Dr. King.

Are hon. Members opposite saying that he should not say to his customer, "Will you stay and have a meal?" Hon. Members on the other side say that, of course, he should. I want to bring this down to human individual people. Many of these travellers are not travellers for Unilever or Shell-Mex. They are travelling for small firms. Many of them are not even on a salary. Many are on a part-salary, and the remainder of their earnings is commission on sales.

In the clothing trade, for example, some of them are entirely on commission. Under this Clause they are to be charged all their entertainment costs

grossed up on their salaries, which will make it almost impossible for them. They will not be able to lay off any of these expenses against their business expenses.

I do ask the Chief Secretary, because I know that he has a lot of knowledge of these things, really to think whether, when he and the Chancellor set out to do this—and I have no animosity towards their major objectives—they realised how low down the scale this will go? Should there not be some limit to this?

The Chief Secretary and the Chancellor will make things almost impossible for a lot of worthy people if this entertainment is not to be allowed as entertainment. It really is not entertainment. I will give another example where it is a saving to the State. The Secretary of State for Education and Science laughs before he even hears the argument, which shows how ideologically stupid he is.

Take the ordinary traveller who can persuade someone to have a look at his collection at six to eight o'clock. He can pack up his goods and go from Bristol to Brighton ready to do some more business. Under this Clause, if passed without amendment, if he says at Bristol he can charge his hotel expenses as a legitimate expense. But if he gets more business, which must be good for the country, by going to Brighton and spending £1 on entertaining a customer, he has got to pay this out of his own pocket. He does not go to Brighton and he is now 24 hours behind. He is building up a decent income. [Laughter.] It is all very well to laugh, but this is a question of having an efficient or an inefficient society. If hon. Members opposite think that the commercial traveller should take it quietly, stay in Bristol, pay his hotel bill and go to bed early, that is where the Socialist Party is quite off-beam in its conception of the modernisation of Britain.

**The Secretary of State for Education and Science (Mr. Anthony Crosland):** I wonder whether the answer would be for him to stay at one of the comprehensive schools in Bristol.

**Sir D. Glover:** I thought that when there was a change in the Cabinet the Prime Minister had made one of his more level-headed and successful appointments



in the right hon. Gentleman, but after that interjection I am convinced that the change has been for the worse. It appals me to think, after a remark like that from the right hon. Gentleman, that he is in charge of education.

There are about 200,000 commercial travellers in the country. They are a large and important segment of the population. They work not 40 hours a week, but in most cases 50 or 60. They drive long distances in the night and they are people who are imbued with the aim, which the Labour Party was returned to power to carry out, of getting the maximum amount of business in the shortest possible time. The Clause will make it far more difficult for them to do that in future. It will make it much more attractive to be lazy and charge expenses to the firm. The go-getter who uses entertainment to secure more business in a shorter time will be charged with it against his income. Human nature being what it is, the result will be that he will not get the extra business. How can he?

Does the Chief Secretary realise that the 15s. for lunch and a drink here and there adds up, for an enormous number of commercial travellers, to £1,000? Added to actual earnings of £1,500 to £2,000, this puts the commercial traveller into a totally different tax bracket and makes his job worth while. Does not the Chief Secretary realise that unless note is taken of the Amendment the Government will do great damage to the ordinary commercial activities of a vast number of people and the Government will not increase national efficiency as they were pledged to do? I not ask the Chief Secretary necessarily to accept this Amendment [*Laughter.*] I am not talking to a lot of performing monkeys on the other side, but to the Chief Secretary. He is listening to my argument, which is a credit to him. He has a wide knowledge of commercial activities and I ask him to look at this problem of the salesmen, commercial travellers, journalists and all those whose jobs involve a greater or less degree of entertainment. I am not speaking for the tycoon in the Savoy Hotel, but for the great number of honest citizens who cannot carry on their job unless they can continue to incur certain business expenses. If the money is included in their gross salary, their jobs will no longer be worth doing.

1.30 a.m.

**Mr. Box :** I rise to support the Amendments, with particular reference to No. 39, which is in my name and the names of some of my hon. Friends. Judging by the noisy interruptions from the Government benches one would think that right hon. and hon. Gentlemen opposite have never enjoyed an expense lunch in their lives. I always enjoy watching members of the Socialist Party having expensive lunches of that sort, for they always seem to do extra justice to the fare.

My hon. Friend the Member for Nottingham, South (Mr. William Clark) referred to the fact that during his Budget speech the Chancellor made constant gibes about so-called lavish entertainment involving luxury penthouses and yachts. He seemed to be so morbidly preoccupied with the subject that I wondered whether he had delusions of grandeur and hoped that some day he would enjoy the fruits of his enterprise in that respect.

Although the Chancellor has been challenged many times to justify his statement that these abuses are happening on the scale he mentioned, or at all, he has not produced any evidence to prove the statement. To suggest that it is happening on a wide scale throughout the country casts a serious slur on the ability and integrity not only of the inspectors of taxes, but also of a large body of accountants. He would do well to remember that there is a fine balance of integrity between accountants and inspectors of taxes which we do not want to ruin.

The Inland Revenue already have powers to deal with any abuses of the kind which the right hon. Gentleman mentioned. I remind the Chief Secretary that when the last Socialist Government were in power the inspectors of taxes, as a result of instructions given by the then Chancellor, were exceedingly tough on business expenses. In my opinion, reasonable business expenses are both desirable and necessary to the successful and smooth running of a business, and there is little doubt that unless the Amendment is accepted some serious anomalies will occur in the future.

I quote merely one example. The Chancellor, if he were here, would agree that the Development Corporation of



[MR. BOX.]

Wales, formed under the chairmanship of Sir Miles Thomas, was formed to encourage new industry to establish itself in the remoter parts of Wales where additional employment is badly needed. Some of the would-be employers are invited to look around the area to see whether they like the place and the people. Some come from overseas and some from other parts of the United Kingdom. Does the Chancellor suggest that the chairman and staff of such an organisation should be hamstrung by the provisions of the Clause so as not to be able to offer reasonable hospitality out of business expenses to such would-be employers?

**Mr. Hugh Jenkins** (Putney): It is not a question of being able to offer entertainment, but a question of who is to pay for it.

**Mr. Box**: Such a man is performing a service in the region in which he is serving. There are regional corporations, and it is only proper that such a man should be allowed reasonable expenses. In addition to cases like this, there is another consideration. I wonder whether the Chancellor has stopped to consider the small employer and his employee? This is referred to in the Amendment, which says:

"unless such expenditure is incurred by an employee not being a principal, director, or shareholder and not earning over £2,000 per annum".

I referred during our discussion on Clause 13 to the case of the commercial traveller and I would touch on it only briefly again because my hon. Friend the Member for Ormskirk (Sir D. Glover) has dealt with that matter in some detail.

Amendment No. 39 affects the commercial traveller and the manufacturer's agent; and to those can be added a very large number of salesmen. I understand that the average commercial traveller earns about £800 to £1,000 a year and that he can expect a commission on his turnover amounting to another £500 or £600 and, as my hon. Friend the Member for Nottingham, South (Mr. William Clark) reminded us, he should have the right to expect to be able to entertain reasonably. It is ordinary practice, and the traveller enjoying such facility has to render a strict monthly account so that the expenditure is accounted for.

I will grant the Chancellor that I am confident that he is not out to catch the small employer or his employee, but this Clause will catch them; it is bound to do so. The employer will find that there is a disallowance of this legitimate business expenditure and it will be added back to tax. He may have to pay tax at a very high rate indeed, and, certainly, Surtax in some cases; and then, if he increases the employee's remuneration and requires him to do a certain amount of entertaining, that increase will be added back to P.A.Y.E. although, presumably, at the lower rate payable by the employee.

The whole matter has been made unnecessarily complicated and may result in many people spending a lot of time trying to devise ways to reduce their liabilities. There is the case of the salesman or manufacturer's agent to whom my hon. Friend the Member for Ormskirk referred, working purely on a commission basis. He may work for only one or two firms and is, virtually, self-employed and likely to earn, gross, £2,000 a year, but do not hon. Members realise that he may well have to spend £750 to get his business? That man, who is helping the economy, will be hit very hard indeed by this Clause.

The Chancellor said in his Budget speech that expenses will not be allowed for business entertainment, but that entertaining would go on. Undoubtedly, that is true, and I am glad that it is, because I do not relish the idea of the foreign salesman coming over here with a large expense account at his disposal and laughing at the sort of competition which he encounters from British salesmen who do not enjoy similar facilities.

We know that entertaining will continue, but what I fear—I am sure that the First Secretary fears it, too—is that the cost will most probably go on to the price of the goods. We know what is happening to the Index of Retail Prices. It seems that the Chancellor is determined that many people shall suffer because of abuses by the few. I am sure that the expenses incurred by the smaller employer and his employee are not what he is really after, and I hope that the Chief Secretary will promise to re-examine the question to see whether the employee and small businessman can be



treated more sympathetically under the Clause.

**Sir F. Bennett:** I shall not discuss the position of commercial travellers, because that aspect of the matter has been fairly fully ventilated already, and I cannot claim the same knowledge of the subject as my hon. Friend the Member for Ormskirk (Sir D. Glover) can.

What is the Clause all about? It has been generally accepted—I think that the Chief Secretary accepts it, too—that entertaining will continue. I take, first, the example of a large company which realises that entertaining must continue and carries on as it has been doing. The cost will have to come out of net as opposed to gross profits. At the end of the year, those net profits are available either to put into reserve or to pay out as dividends.

This is the point which the Chief Secretary must answer. At the end of the year, £X will be taken off net profits, and there can be only one of two effects: either that sum will not be put to reserve, which is against the Government's general policy in the Budget, as we understand it, or it will not be paid out in dividends and less Surtax will be paid on the dividends in the hands of the wealthier shareholders. Ultimately, will the Chancellor be so much better off in terms of hard cash?

Smaller, thrusting companies may well be unable to afford to proceed in the same way. Therefore, quite contrary to what appears to the Government's theory in wanting to clamp down on the big tycoon and help the little man, the Clause will work in precisely the opposite way in every respect. The small man has not got the profits which he can treat as net at the end of the year.

These are serious points calling for an answer. I have practical knowledge of these matters, and I know that very large companies such as the ones I am associated with will go on doing exactly what they were doing before, but the cost will either come off amounts put to reserve or it will not be paid out in dividends. Either way, the Chancellor will lose.

What is the real reason behind the Clause? A fly on the wall in the Treasury, before the Budget was produced, would have heard it admitted that there would be a high Bank Rate, that 3 per cent. mortgage loans and other

things were not likely to come about, and the talk must have been about what sop could be thrown to the Left of the party—"Let us have a go at businessmen's expenses, the yachts, the mistresses, the penthouses and the rest". It was done purely as an attempt to keep the Left of the party happy, in the knowledge that things would have to be done which would be unpopular with the Government's supporters. One can hear it said, "Have a go at businessmen. They are easy meat, and it does not really matter whether you make any money out of it or not". That is the basic philosophy behind this Clause and the others which we have been discussing today.

1.45 a.m.

I want to deal with what I regard as an astonishing differentiation. The only argument, as I understand it, of the Government is that entertainment is not necessary for the conduct of business. Recently, we debated a Private Member's Motion, when a picture was painted of businessmen still sitting at table and swilling brandy at four o'clock in the afternoon, with no business really resulting. That may be an arguable case but if it be the case that such entertainment is unnecessary and achieves nothing for the national economy, what about foreign visitors?

Why is it that entertainment helps to achieve export business, but not internal business? The Government spend much time putting forward peculiar laws on racial discrimination. The only case for this provision is that, to the Government, foreigners are more easily corruptible by good entertainment than our own businessmen. That is the biggest case of racial discrimination before the Committee.

The Government say that a businessman in England should not be and is not affected by lunches at four o'clock but that a businessman from Asia or Africa is. That is the logical explanation of their policy. There used to be a fascistic saying, "Wogs begin at Calais". The Government are responsible for a new thesis that "Non-wogs begin at Dover for business expenses."

Why have the Government made this exemption in favour of foreign businessmen? The only argument the Chief Secretary can put is that they are likely to be swayed by a good lunch and that this is



[SIR F. BENNETT.]  
not applicable to British businessmen. I have given a great deal of thought to this and I believe that no other explanation is possible. If I am wrong and other benefits do occur, I wonder why it is that, every day for months ahead, rooms in the Palace of Westminster and tables upstairs are booked by institutions and organisations which think it worth while to have hon. Members opposite to lunch, not partly at the expense of the taxpayer but wholly at his expense. I have not noticed that hon. Members opposite are noticeably absent from such functions.

Why is it that the C.O.I. and the Foreign Office hold these functions? Both of them have telephoned me to invite me to lunches at the total expense of the taxpayer. I am not exporting goods. [An HON. MEMBER: "Why do you not refuse?"] I have refused both of them. I want to be told why the businessman is at fault in accepting invitations from other businessmen. This provision is not to apply to politicians or Ministers. We see in *The Times* every day how worth while Ministers think it to go to the Savoy or to Claridge's. Do they add the cost of such lunches to notional benefit for Income Tax returns?

We should be told why British businessmen alone apparently do not and should not derive benefit from entertainment, but foreigners of all races and types need to be entertained to get export orders and Ministers and politicians need to be entertained to enable them to do their duty.

There has been more cant and humbug and class warfare about this Clause than about any other aspect of the Budget. Every hon. Member opposite knows that this is nothing more than a piece of naked class warfare in order to keep one half of the party opposite happy. The Government have to pay the penalty for Bank Rate and for supporting the Americans in Vietnam by throwing this sop to the Left-wing of their supporters.

**Sir Rolf Dudley Williams:** If there is one thing that I like not to have to attend, it is a business lunch. There is nothing that I find more disagreeable than having to go out and spend an hour or two with somebody with whom one is not very friendly to discuss some busi-

ness affair. I do it extremely rarely. I should not think that I give anyone lunch for business purposes more than once in three years.

One of the reasons why I do not like going out to a business lunch, especially in the West End, is that I spend my time falling over Socialist Members of Parliament who are enjoying them also. The Government side of the Committee—does the hon. Member wish to intervene?

**Mr. Alan Beaney (Hemsworth):** I remember going with the hon. Member to Gibraltar. Did you enjoy that?

**The Chairman:** Order. The question must be phrased, "Did he enjoy that?"

**Mr. Beaney:** I stand corrected, Dr. King.

**Sir Rolf Dudley Williams:** That was not a business expense. All I am saying to the Government side of the Committee is that every hon. Member on that side tries to get in on the act. They know it as well as I do.

The Prime Minister gets in on the act and he gets £4,000 tax-free for entertainment. He does not have to give any account of how or whether he spends it. It is supposedly given to him to maintain himself in a proper condition. What does he do? He cleans his own shoes when he goes to America. He does not employ a servant. He cleans his own shoes instead of getting on with the job of running the country properly. Let us have no more of this humbug—

**The Chairman:** Order. The reference to the entertainment expenses of the Prime Minister is in order. The rest is not.

**Sir Rolf Dudley Williams:** Thank you, Dr. King.

Tax-free allowances are paid to many officials in nationalised industries. No accounts are given to any public accounting body of how those sums are spent. This runs right through every part of the activities which are encouraged by the Government side of the Committee. Hon. Members opposite are always trying to get in on the act and to enjoy themselves by getting something for which they do not have to pay. When going off to attend a television function, with those dreadful meals which one has to sit through before going on the screen—the hon. Member

for Putney (Mr. Hugh Jenkins) knows about this; I expect that he has had plenty of free meals from television companies—

**Mr. Hugh Jenkins:** On a point of order, Dr. King. I regard the remark which the hon. Member has just made as extremely insulting and entirely untrue.

**The Chairman:** That is not a point of order.

**Sir Rolf Dudley Williams:** I have no doubt that it is very true indeed, if we could properly look into it.

As my hon. Friend the Member for Torquay (Sir F. Bennett) has explained, what lies behind this is spite. It is an attempt by the Government to divert attention from some of the things they are doing which their Left wing does not like, especially the hon. Member for Putney. To keep them quiet when they see operations going on by the Americans in Vietnam, and so on, they have to go for the businessmen.

**Mr. Richard rose—**

**Sir Rolf Dudley Williams:** The hon. Member must wait until he is called. He can make a long speech presently.

If the Government think that entertainment is wrong, why do they not make all entertainment a criminal offence? Why not say that there must be no business entertainment? If it is corrupting people, if it is a waste of money, why not say that anyone who entertains anyone for business purposes is committing a criminal offence? That is what the Government should do if the whole thing is dishonest.

The Government's action is a tremendous reflection on the Board of Inland Revenue. The Inland Revenue is extremely keen to examine any business expense. Only the other day, I saw that an enormous sum, something like £50,000, was charged back to a businessman is not being acceptable for expenses. It was spread over several years. Sooner or later the Revenue finds out when people have been swindling and then they have to pay, but to suggest that all business expenses have to be knocked out—I speak as one who does not have any—to overcome the malpractices of the few is scandalous and the Government are irresponsible to do it.

**The Chief Secretary to the Treasury (Mr. John Diamond):** I did not hear the hon. Gentleman say over how many years this £50,000 had been written back.

**Sir Rolf Dudley Williams:** I think that it was written back over three years. The gentleman concerned had done an extensive amount of travelling overseas. It was a matter which eventually was in the newspapers; I forget whether it was before the courts. This was charged back by the Revenue over three years. I stand to be corrected on that, but I think that it was three years. I think that the Revenue were quite right to do it, with a businessman or anybody else who gets money from expenses which are not justified.

To turn to the point of allowing entertaining of overseas visitors for business purposes, how can we be certain business will materialise from it? Are we certain that on every occasion this will result in a business advantage? How do we know the businessman is not entertaining charming ladies he has met abroad?

Are we sure this will keep the hon. Gentleman the Member for Putney quiet? Will this satisfy him? Or should we say no entertaining will be allowed at all? That is what the Treasury has to decide. Is it to allow any entertaining at all? If it is wrong to entertain people at all for business purposes let Ministers have the courage to say so, and say that this will be made a criminal matter. They will not do any such thing, of course, because they know it is essential to do this entertaining. We know that in no other business is entertainment so prolific as in the entertainment business itself. Does the hon. Member want to intervene?

**Mr. Hugh Jenkins:** If I catch your eye, Dr. King, I will intervene in the debate later.

**The Chairman:** It is not possible for an hon. Member to succeed in staking a claim to catch the Chairman's eye.

**Sir Rolf Dudley Williams:** I could have made that point to the hon. Member, Dr. King, but I thought it best that it should come from you.

What this really is, is a concealed extra tax on company profits. Entertainment will be permitted to go on, but it is not to be allowed for tax purposes. So it has



[**SIR R. D. WILLIAMS.**]  
to come out of the profits of the companies concerned. If it is one of the large companies with a household name entertainment will go on, it will be permitted by the executives, and the only people who will suffer from it will be the shareholders, although there will be the effect that the company will not have the reserves which are necessary to carry on its future investment plans. But a small company—

**Mr. Hugh Jenkins** *rose*—

**Sir Rolf Dudley Williams:** I cannot give way. The hon. Member is to make a speech later.

**The Chairman:** Order. Mere insistence by an hon. Member in attempting to intervene does not guarantee that he will intervene, if the hon. Member who has the Floor does not give way.

**Sir Rolf Dudley Williams:** I am sorry, but I think that the trouble is that the hon. Member has been told by his Front Bench that he will have to keep his mouth shut or he will not be allowed to pair.

**The Chairman:** When the Chair makes a Ruling it does not need assistance from an hon. Member.

**Sir Rolf Dudley Williams:** It will in many cases be quite impossible for a small company to bear the expenses out of its own profits and it is the very reason that many small companies are closely—

**Mr. Hugh Jenkins** *rose*—

**The Chairman:** I must ask the hon. Member for Putney (Mr. Hugh Jenkins) to refrain from seeking to intervene when the hon. Member is obviously not going to give way to him.

**Sir Rolf Dudley Williams:** Thank you, Dr. King.

A small company has to bear this expense out of its own profits. Very often, such a company is a closely controlled, or a director controlled company, and may well be subject to Surtax direction and will not be able out of its own profits to meet such expenses as these.

The fact that this legislation is pure spite, and that it will badly hit the smaller man and not the big man, should mean that the Committee should reject it.

2.0 a.m.

**The Chairman:** Mr. Diamond.

**Sir Peter Roberts** (Sheffield, Heeley): On a point of order, Dr. King. Will there be an opportunity later to continue the debate?

**The Chairman:** The hon. Gentleman has been a Member of this House for a long time and he knows that in Committee an intervention by a Front Bench Member does not necessarily end the debate.

**Mr. Robert Cooke** (Bristol, West): Further to that point of order, Dr. King. Would it not be to the convenience of the Committee if back bench Members had an opportunity to make their brief remarks and then the Front Bench could reply?

**The Chairman:** The hon. Member has been a Member of this House long enough to know that that is not a point of order. It is a point of argument.

**Mr. Diamond:** I think that having regard to the hour and to the fact that points have been made, I should have thought fully and, indeed, exhaustively, it would be for the convenience of the Committee if I were now to answer the debate.

**Mr. Hirst:** Only if there is a concession.

**Mr. Diamond:** If hon. Members wish to speak after I have finished, it will be my privilege to listen to an extension of the debate, but I was hoping that it would be convenient to the Committee if I were to deal with the debate that has taken place so far.

If I may put it in context, I hope that most hon. Members realise that what we are not talking about at all is whether entertainment expenses are proper, wise, unwise, or anything like that. What we are talking about is whether entertainment expenses shall continue to be allowed for tax purposes to the extent to which they have been allowed previously; that means, whether everybody's tax assessment should be computed on the same basis as hitherto. I am sure that the Committee realises that the purpose of computing tax is not to define the profits of an individual. The purpose of computing tax is to have a basis which is fair as between one individual and another. That is all we are talking about.

Here is a new arrangement—a definitely new and different arrangement—and any Government who introduce a totally different arrangement have to justify it. Here is a new arrangement which is to apply to everybody. If, therefore, it applies equally to everybody, there could not possibly be any claim for hardship at all because all that the tax system attempts to do is to see that there is a fair share of the burden between each individual. Therefore, all I have to do is to demonstrate, if this proposed system is not going to deal completely equitably with every citizen, why the Government are proposing it.

**Sir D. Glover :** The Chief Secretary said that this was a new rule of the Government—and I accept it—that applies to everybody. But there is one anomaly. It does not apply to the Prime Minister.

**Mr. Diamond :** The hon. Gentleman is wrong in that respect, too.

**Sir D. Glover :** It does not apply to the Prime Minister.

**Mr. Diamond :** The hon. Gentleman is wrong in that respect. [*Interruption.*] Perhaps it would be convenient to the Committee if I were allowed to continue my speech. If the hon. Member for Ormskirk (Sir D. Glover) does me the courtesy of listening to me half as closely as I listened to him, he will pay me a very great courtesy indeed.

The point I have to establish is that if we are not proposing to treat each taxpayer equitably we have to justify why we are adopting a new method. Nobody in the Committee has alleged for one moment that the present system is fair as between each taxpayer. On the contrary. The hon. Member for Exeter (Sir Rolf Dudley Williams) cited the case of a person—I gather that it was someone he knew about ; at any rate, the case came to his knowledge—whose entertainment expenses had been excessive to the tune of £17,000 a year. He had had an excess amount of £340 a week on which he had had an allowance for tax and, no doubt, Surtax. That, of course, is a glaring example of a case where an individual transfers to the rest of the community his burden of tax. As long as

we have it perfectly clear that we start on the basis that the present system is not fair, then we must find a system which is as fair as it can be.

**Sir Rolf Dudley Williams :** I am sure that the hon. Gentleman wishes to be fair. From the remarks he made it might be read that the person concerned was a personal friend of mine. That was not so. The case was reported in the newspapers.

**Mr. Diamond :** I am always anxious to give way in case I have done an injustice when referring to an hon. Member. It was unfortunate that when the hon. Gentleman referred to my hon. Friend the Member for Putney (Mr. Hugh Jenkins) three times he was not prepared to give way. That, as he knows, is against the normal practice of the Committee and against his normal custom.

We will get to the heart of the matter more quickly if I deal, first, with the speech of the hon. Gentleman the Member for Nottingham, South (Mr. William Clarke). He dealt with two closely interwoven themes. The first was the change. Why was it necessary to have any change, he asked, since the present system was satisfactory? He said that under Schedule D and Schedule E there was adequate control and that we did not need any change. His second theme was, in effect, this statement, "We are prepared, if there is to be a change, to adopt it, but not with this differentiation, for example, entertainment for the home customer and entertainment for the foreign buyer".

I will deal with the first theme first. It is just not the case that we have a satisfactory situation at present. This is the problem which has been troubling Chancellors of the Exchequer for a long time. The right hon. and learned Gentleman the Member for Wirral (Mr. Selwyn Lloyd) made some extremely relevant remarks on 17th April, 1961, when dealing with the problem with which we are trying to grapple now. He said—and I am not quoting his exact words—that he thought that there was something behind the strong feeling that existed that some so-called business entertainment goes further than purely business motives. He described this as an unhealthy feature on business and social grounds. My right



[MR. DIAMOND.]

hon. Friend the Chancellor, when introducing the Budget, said very much the same.

We must deal with the problem which exists and which creates inequity as between taxpayers because certain people get away with more tax than they should, which must be carried on the backs of the others. And it has social problems, as well. We must deal with this problem which has faced many Chancellors, but which, according to the hon. Member for Nottingham, South does not exist. He considers that the Revenue has all the powers it needs and he says that the Government are either calling the Inland Revenue incompetent or the taxpayer dishonest. Neither he nor I are calling the Inland Revenue incompetent.

After a third of a century of practical experience with it, and after six months' experience at the top level of the Inland Revenue, I assure the Committee of the respect I have for it and that I acknowledge the ability of those who operate within it. Nobody is saying that every taxpayer is dishonest. One is, therefore, driven to the conclusion that there is something wrong with the hon. Gentleman's logic. It is just not right to say that however much power the Inland Revenue has at present one can deal with this problem by giving it powers. One cannot. It has been tried, and it has failed.

It has been tried by the right hon. and hon. Members opposite when they were the Government, and it has been tried by the right hon. and learned Gentleman the Member for Wirral. Every Chancellor has pointed out the problems that arise. We are all aware of expense-account living, and of the irritation it causes. We are all aware of the social problem it is; and that there must be a "fiddle" going on somewhere when people can manage to live at this kind of level of consumption on salaries that are quite inadequate to cope with it. We are all aware that it has been going on. It cannot be tackled by giving the Revenue powers, because the Revenue has powers and the problem still rests with us.

If it is not absolutely clear that the problem still rests with us, let me give just a few examples of what has been happening. The hon. Member for Exeter referred to a particular case,

which, I think he said, he had read in the newspapers. I shall refer to actual cases, which I shall not, of course, identify. If I may, I shall give four examples.

The first example is that of a gentleman who is the controlling director of a family company, receiving a salary of about £9,000 a year. For several years, the company has reimbursed to him his expenditure on entertaining at restaurants and elsewhere at a rate of between £3,000 and £4,000 a year. More than half of this sum relates to entertainment at his home. Some guests consistently entertained him in their turn, but it was asserted, and had to be accepted, that the entertainment was solely actuated by business motives.

The full amount of entertainment expenditure was, therefore, allowed for tax purposes. We are not alleging any question of dishonesty. I am merely trying to point out that there is case after case of lavish expenditure arising under the existing situation, which every Chancellor has tried to cope with and for which he has failed to find a solution.

Let me give a second example. It is that of the controlling director of a family company who spent over £10,000 a year on business entertaining, which is considerably more than his salary. Although it was claimed that the entertainment expenditure was on business account, the inspector disallowed about 25 per cent. of it, and this was accepted under protest. Even so, it means that one individual's entertaining expenditure of over £140 a week was charged against tax—£140 a week. In one day of which details were given, about £60 was spent on business lunches, business dinners, and night clubs.

A third example is that of a gentleman who claimed, and has been allowed, £3,600 for business entertaining. Of that, £1,700 relates to the provision of a grouse moor for business guests—£1,700.

The fourth example relates to two partners whose allowable expenses in one year amounted to £33,000. That included a ton of Christmas turkeys for gifts to business contacts. Nearly £600 was spent on one party for 70 guests. I could give many further examples, but I fear that I would weary the Committee—



**Mr. Antony Buck** (Colchester): I am obliged to the Chief Secretary for giving way. It would help the Committee if he were able to tell us, in connection with his first example, something of the nature of the turnover of the company, so as to put it all into perspective. And perhaps, being an accountant, the hon. Gentleman can tell me, a lawyer, how it can conceivably be said that the provision of a grouse moor is "necessarily" provided. What has always puzzled me is how, under the interpretation of the statutes, these things are required as being "wholly and necessarily", and so on. How can they be?

2.15 a.m.

**Mr. Diamond**: I am grateful to the hon. Member, because this makes it clear that the present arrangement is totally inadequate. These expenses are allowable by law. They are fully disclosable, have been disclosed and allowed by the law.

**Mr. Hirst**: The tax inspector allowed them, but if he should have disallowed them the fault is in the argument.

**Sir F. Bennett**: If the ton of turkeys to which the Chief Secretary referred were sent to foreign buyers it would still be allowable after the Bill became law.

**Mr. Diamond**: It is always a mistake to give way to the hon. Member. We are trying to deal with this in a serious way. If anyone wants to be frivolous afterwards, he can be.

I recognise that there is a serious point here because certain individuals will find their tax bills different from what they were before. They want to be assured that the new system deals fairly as between taxpayer and taxpayer, which the old system did not. I am, therefore, demonstrating instances—only a few, I could give many more of the same kind—showing that under the law as it exists—*[Interruption.]* It is no use the hon. Member for Colchester (Mr. Buck), who is a lawyer, trying to give a judgment on facts of which he has not the full details before him. These are matters which have been before the Revenue and the full details have been ascertained by the Revenue.

There is no dispute as to the facts. The Revenue knows the law and is satis-

fied that these claims could not be disallowed. I have given a case where, after long argument, a part was disallowed and, after protest, partial disallowance was accepted.

**Sir D. Glover**: I do not wish to destroy the case made by the hon. Gentleman, but to bring four cases without any background is, I think he will agree, a little unfair. *[Laughter.]* It is all very well for hon. Members opposite to laugh. If a firm is doing £10 million of business a year, £7,500 a year in expenses is justified. If it were £7,500 on a turnover of £10,000, it would be excessive.

**The Deputy-Chairman**: I hoped that the hon. Member would intervene shortly and not make a speech.

**Mr. Diamond**: I am not treating the hon. Member as a judge. I am putting all the facts before him. I do not regard him as a complete expert on tax law. I am giving the facts and everyone must use common sense in considering whether the Inland Revenue allows this expenditure because it wants to do so or because it is according to law. The simple answer is that we are in that situation at the moment. Every Chancellor has been aware of this problem and has attempted to deal with it.

**Mr. Edward Heath** (Bexley): I recognise that the Chief Secretary is treating this as a serious matter and I agree that it is a subject which ought to be considered seriously, but he has had addressed to him a straightforward question, which has puzzled a large number of us in all these discussions. When examples of the kind he has given, including that of the famous grouse moor are produced, we want to know why they have been passed as necessary in the business interest. The Chief Secretary has replied that because the Revenue has passed a claim it must, therefore, be right.

To a layman that is not sufficient, because we know perfectly well that if the Revenue challenges a claim for expenses the onus of proof rests on the person who put in the claim to show that it was necessary. Those who have had experience of this matter know that this is the process which is followed. I cannot believe that an Inland Revenue inspector, of his own volition, merely says, "This is absolutely necessary" and that



[MR. HEATH.]  
is the end of the matter. Inspectors must receive guidance. I hope, as he is treating the matter seriously, that the Chief Secretary will explain why these expenses were necessarily incurred.

**Mr. Diamond :** I am grateful for the intervention of the right hon. Gentleman, which demonstrates that the Committee was not fully aware that expenditure of this kind was going on under the law. The right hon. Gentleman is misinformed about the law. There is no rule of the kind he attempted to give with regard to Schedule D expenditure. He is thinking about Schedule E expenditure. The whole basis of the arrangement between the Revenue and the taxpayers is that the Revenue does not interfere with the way the taxpayer runs his business. It is for the taxpayer to say whether he thinks it wise or unwise to incur business expenditure—so long as it is business expenditure.

If the Revenue were put in a position of saying, "I think that it is right to pay that girl £15 a week, I think that it is wrong to pay that man £12 a week, I think that it is wrong to incur that kind of business expenditure," it would be quite impossible. The Revenue never interferes. It is for the businessman to run his business his own way and the Revenue is concerned with the profits arising and taxes those. [AN HON. MEMBER: "Rubbish."] I do not think that the hon. Gentleman will find a comment like "Rubbish" very persuasive. It just demonstrates that the hon. Gentleman and right hon. Gentlemen opposite were not aware of what was going on and show signs of not now being prepared to accept the facts because they go against their pre-conceived attitude.

**Mr. Heath :** This is a very late hour. If the Chief Secretary wants to bring this Clause and the proceedings to a conclusion at a satisfactory hour he must address himself to the question which is seriously put to him. It was not a question of saying that these things were not going on. We have often heard accounts of them. An example has been given of a case brought before the courts and dealt with. I said that we wanted to understand why it was that if the word "necessarily" is there—

**Mr. Diamond :** It is not.

**Mr. Heath :** Then the hon. Gentleman is arguing that as far as individuals are concerned it was there and that the action could have been taken because this necessarily implies a judgment and that it is made by the Revenue.

**Mr. Diamond :** The right hon. Gentleman misjudges me if he thinks I am not trying to give him a full, frank and serious answer. I was trying to demonstrate that he was just misinformed about the law. It is no use the right hon. Gentleman getting up and saying that under Schedule D the word "necessarily" is included. It is not. If he is referring to Schedule E there is more than "necessarily". So far as Schedule E is concerned, an individual has to go through more than that one hoop to satisfy, as we all know. I am talking about business expenses incurred by companies. There is nothing to prevent a company incurring expenditure if it alleges that it is in the interests of the company—

**Sir D. Glover :** By whom?

**Mr. Diamond :** Many at present succeed in establishing that it is business expenditure. This is what has happened. I am giving the Committee the cases to demonstrate that under the present—[*Interruption.*] I shall listen with complete calm to the hon. Member for Ormskirk, although he made the kind of speech that stimulated every one of my hon. Friends in one way or another. The hon. Gentleman has interrupted many times. On most occasions he has not even asked me to give way. Whenever the hon. Gentleman wants me to give way, I will gladly do so. I hope that the hon. Gentleman will treat this matter with the seriousness with which he asked me to treat it.

**Mr. Graham Page (Crosby) :** The Chief Secretary has led the Committee to believe that "necessarily" is not in the Section. Indeed, it is not. In Section 137 the phrase used is

"wholly and exclusively laid out or expended"

for the purposes of the business.

**Hon. Members :** But not "necessarily".

**Mr. Graham Page :** Surely those are even stronger words.

**Mr. Diamond :** I am sorry. I assume that the hon. Gentleman has not come across this kind of problem, either before



the commissioners or anywhere else. What is now happening is that, when I give the Committee the facts, right hon. and hon. Members opposite are unwilling to accept them. The hon. Member for Crosby (Mr. Graham Page) has corrected the right hon. Member for Bexley (Mr. Heath), for which I am grateful. I am not giving cases of dishonesty—not one. I am giving cases where the facts are known, declared, ascertained, and where expenses are allowed for tax purposes because they are expenditure which is properly allowable under the law as it exists at present.

Therefore, a different solution must be adopted, because the present system is revolting to many, challenging to many others, irritating to most of us, and a loss to the Revenue. Nobody can allege that the scale of entertainment which goes on in many cases is of a kind which any one of us here would want to approve. Therefore, something different must be done about it. This is why things cannot be left as they are. It would be absurd to put upon the Revenue the responsibility of saying that one level of expenditure was right and that another was wrong, or that it was right to entertain a certain man at the Savoy, whereas another man should have been entertained only at Lyons Corner House. As it would be absurd to place that kind of decision upon the Inland Revenue, we are driven to the conclusion that the fairest way as between taxpayer and taxpayer is to disallow entertainment expenditure of this kind completely. That is what we are completely driven to.

Right hon. and hon. Members opposite, during the 13 years they were the Government, found no way of dealing with the problem. They now say that we have a new formula; they say that the reasonable figure which is introduced is a new formula. They must realise this. If this would have been a satisfactory formula which would have solved all our problems, right hon. and hon. Members opposite would have adopted it when they were the Government. There is nothing magic about it. This is the only way of dealing with the problem, and we have felt it right to deal with it. Hon. Members opposite did not do it. That is all there is to it. There was gross inequity going on which carries on up to today. From this day on the matter

will be dealt with fairly as between all taxpayers. All taxpayers will have them disallowed and everybody's tax will be calculated on the same basis.

**Sir F. Bennett:** Except in relation to foreign buyers.

**Mr. Diamond:** As to foreign buyers, there is a simple explanation. The hon. Member for Torquay (Sir F. Bennett) need not have invented all these things, even if it gave vent to his feelings. There is a simple explanation. It is normal courtesy to entertain a visitor from abroad. It is normal courtesy which is reciprocated. It is the kind of courtesy which one would wish to allow. That is why we have adopted in the Bill the provision to do with the reciprocity which goes on.

Entertaining customers at home is a different matter. Businessman after businessman finds himself caught, against his will, in this competition, where one man entertains at a certain level, the next man has to entertain at a higher level, so the first man entertains back at a still higher level. They get caught up in this competition which is wasteful all the way round. I hope, therefore, that I have satisfied the Committee that we are proceeding on this on the most serious basis, on the basis of fairness as between taxpayer and taxpayer. We are dealing with a problem which has confronted every Government for a long time, which right hon. Gentlemen opposite were not prepared to deal with and which we have.

2.30 a.m.

**Mr. Heath:** I must tell the Chief Secretary that, eloquent and precise though he was in his opening remarks, the last sentences were so hasty and skimmed that he has completely failed to convince the Committee. I hope that I can treat the matter seriously, as the hon. Gentleman did.

When the hon. Gentleman came to the point why the Bill allows these expenses for those who are possible purchasers of goods in this country and who come from overseas, he said that it was merely courteous, but this, of course, is avoiding the whole issue.

I must put this to him plainly and seriously. The Chancellor has, in the Bill, allowed expenses of this kind, for



[MR. HEATH.] entertaining people who are coming here, presumably, with the specific purpose of buying goods in this country, to be allowed for tax. He has done this quite deliberately, and it is not just a matter of courtesy. It is because the Chancellor wants to see business carried on, and let us give the Chancellor credit for that. He believes that it will encourage the business he wants to see. I think that everybody in this Committee agrees with him. He is absolutely right and he is justified in doing it.

Until the Chief Secretary spoke I gave the Chancellor and his advisers credit for believing that by the phrasing of this subsection the Chancellor was instituting a system which would enable this to be carried on without abuse. [HON. MEMBERS: "Oh."] Yes, because I expect these things to be carried on without abuse.

**Mr. Richard:** I thank the right hon. Gentleman for giving way. Is he seriously telling the Committee, at half past two in the morning, that the words "reasonable having regard to all the circumstances" were stronger than the words "wholly, exclusively and necessarily" or "wholly and solely"?

**Mr. Heath:** I credited the Chancellor with wanting to prevent abuse because that is what he said in his Budget speech. He said he wanted to do it by tightening up the law. If the Chief Secretary says that the Chancellor is doing it by loosening the law, then he should say so. But "a kind and on a scale which is reasonable having regard to all the circumstances" allows of a judgment by those who have to enforce the law, of which they can take full advantage. I have no doubt at all that they can do that. I gave the Chancellor and his colleagues credit for doing that.

**Mr. Richard:** I do ask the right hon. Gentleman again. Is he saying that the phrase "reasonable having regard to all the circumstances" puts a lesser burden on the taxpayer than the words "wholly, exclusively and necessarily"? Which is worse for the taxpayer to have to prove, the old words or the words we have here?

**Mr. Heath:** We have already had the argument about "necessarily", which the Chief Secretary says does not apply to

companies. He himself first raised the question of "necessarily", and that is why I rose at all. But let us leave that on one side. I do not wish to argue with the hon. Gentleman about this phrase. If he thinks that the Chancellor should have put in the old phrase, well and good, I do not mind. All I am saying is that I accept that the Chancellor's phrase should prevent abuse as far as the entertainment of overseas buyers coming into this country is concerned.

What is the purpose of it if it is not to prevent abuse? The Chief Secretary has just said that the problem is insoluble. He is arguing, therefore, that this does not prevent abuse. He said that all Governments have faced this problem and that it is insoluble. If it is insoluble, he is saying that the Chancellor has put into the Bill a phrase which means nothing and will not prevent abuse. Which proposition is the Chief Secretary arguing? Is he saying that expenses which are allowed for customers coming to this country will permit of abuse and that he will not be able to stop it? Is he saying that anybody who comes to this country can be entertained on any scale and that this will go on without any possible means of preventing it?

**Mr. Diamond:** I admit straight away that I did not deal at length with this point, purely because of the lateness of the hour. I made it quite clear to the right hon. Gentleman that the present system is unsatisfactory. I made the point, particularly, that had it been as simple as introducing a form of words including the word "reasonable" it would have been done by the right hon. Gentleman's Government a long time ago, but it is not capable of being dealt with in that way. The proposed words relating to expenditure on entertaining foreign customers will give the Revenue certain limited additional powers of inquiry which will be of some help in the limited field of entertaining of that kind.

I am not saying, and it would be inconsistent with what I previously said if I did, that this form of words stops all kinds of abuse. I go further and say that we hope that there will be no abuse. If expenditure in this field is abused we will be compelled to do in the matter of



entertaining foreign customers what we are compelled to do about entertaining domestic customers.

**Mr. Heath:** I thank the Chief Secretary for that explanation. On the advice which I am given, and on my reading, the words

“of a kind and on a scale which is reasonable having regard to all circumstances”

do not give the Government limited access to information. This House gives them everything they require to control this expenditure. It may well be that the judgment will be challenged. Every judgment of this kind that is made will be challenged. We accept that. At one moment the Chief Secretary gave the impression that it would be very difficult if a judgment were challenged. I do not accept that. This provision allows various standards to be laid down by those who enforce the law, and one would expect them to enforce it in such a way as not to allow the abuses which the hon. Gentleman cited.

I take it that this phrase gives the Revenue power to a considerable degree to see that there is no abuse in the entertaining of purchasers in this country. I would gladly provide stronger language if the Chief Secretary wants that. Presumably, if there is stronger language he would use it. I am prepared to give it to him in the context of overseas. The argument which I want to follow from this is that the Chancellor and the Chief Secretary have accepted the principle that, from the point of view of the conduct of business between nations, entertainment

“of a kind and on a scale which is reasonable having regard to all the circumstances”

is justifiable. That must be the basic principle from which they work. I believe that what follows is that

“entertainment of a kind and on a scale which is reasonable having regard to all the circumstances”

is also justifiable in business inside a nation. My hon. and right hon. Friends have given many examples of the way in which this is carried on—in a way which is essential to the business. We could give many examples from our own personal experience in business. The Chief Secretary has not explained why he cannot use powers to prevent abuses

in trade within this country which are to be used to prevent abuses in respect of customers coming to this country. That is the crux of the matter.

We all recognise that there are great emotional attachments to the question of expenses, but I hope that we can consider seriously why the same effective method cannot be used to ensure that those who are justified in having expenses allowed for business can have them allowed inside this country. The Chancellor could very well take the view that, having got this method of dealing with those coming to this country, he could use the same method for dealing with those at home and yet prevent the obvious abuse about which he spoke. That is the crux of the matter.

I had hoped that the Chief Secretary would take the view which the Financial Secretary took on Clause 13, for the Financial Secretary took a practical approach to the question of covenants and admitted that there are cases in the professions in which covenants are justified. He intends to see whether there can be a form of words in the Bill to allow them to continue. But he could not accept the view that he should go wider in the personal cases. That was a practical approach.

The Chancellor has been anxious to impress upon the country that he does not wish his administration, in the Exchequer or generally, to be regarded as anti-business. This is a wise approach of which the First Secretary would approve. The adoption of my proposal would do much to show that the Administration is not anti-business, but is prepared to approach the problem in a more practical way to meet the genuine requirements of business, while preventing abuse.

I hope that the Chancellor, who has given personal attention to this matter, will look at the situation in the light of the Amendment. We accept that he is doing his utmost to prevent abuse in the entertainment of customers coming to this country and that he would be fully entitled to do the same in respect of business and commerce inside the country. I hope that he and his colleagues will adopt the same approach as the Financial Secretary adopted in the question of covenants for professional men.



2.45 a.m.

**Mr. Hugh Jenkins :** I intend to make a short general point and then to reply to the rather scatter-brained but virulent attack made on me earlier by the hon. Member for Exeter (Sir Rolf Dudley Williams), who, I am sorry to say, has left the Chamber.

It is surprisingly difficult to draw a line between courtesy and corruption. It is legitimate, proper and reasonable that business people conducting relationships with each other should from time to time extend the courtesy of entertaining each other. We have common ground there. Taking it to the other extreme, the Chief Secretary has given examples in which this courtesy has been taken to a point approaching corruption, although it was legal. The expenditure of money on that scale cannot be justified morally, even if it was legal. We cannot justify expenditure on that scale being carried out not only at the expense of the organisation concerned but also, at least in part, at the expense of the community.

This is the point at which the necessity for altering the law comes about. What the Government are seeking to do in this Clause is to ensure that if a firm, an organisation, or an individual decides that it is necessary for entertainment to be given, the cost of it shall fall on that organisation or individual and not on the nation. Hon. Members opposite are trying to confuse the issue by claiming that entertaining is itself being excluded.

I have been attacked ; it has been said that I have accepted, in my professional experience, entertainment from television companies. It may be that, accustomed to the looser standards of the business world, the hon. Member for Exeter was entitled to believe that, but I can say that, during the 15 years I have spent in the entertainment business, I have never accepted favours from employers, and particularly not television employers.

So far as Equity is concerned, it is a rule we have always followed. We may sometimes give entertainment, but when we do it is paid for from the subscriptions of our members. There are organisations which have their own standards and do not exploit to the full all the legal possibilities. There are organisations which believe that it is improper for their officials to place themselves under any

obligation to another person. The Government are merely trying to tighten up standards in the business world.

**Dame Patricia Hornsby-Smith :** Is the hon. Member seriously suggesting that no member of Equity, if he happened to be in the studio—and he has completely turned round the point which my hon. Friend the Member for Exeter (Sir Rolf Dudley Williams) made—would not accept any hospitality that might be offered? Does the hon. Member seriously suggest that if he was in a studio for five or six hours he would never do that? If that is what he is asking the Committee to believe then it just does not make sense.

**Mr. Jenkins :** The right hon. Lady seems to think that I am an actor, but I would say that the hon. Member for Exeter is more skilled in that art than I am. I am a trade union official and so far as the trade unions are concerned, officials maintain their independence and do not accept entertainment from employers.

The other attacks made upon me—although the hon. Gentleman may not appreciate the fact—were really compliments in that he seemed to suppose that I was in a position to influence the course of Government action and that I had had something to do with this Clause of the Bill. I am delighted to believe it is thought that I have that sort of authority. If I had, I would say there are other ways in which one would try to influence the Government rather than through this particular Clause.

You have been very kind, Sir Samuel, in allowing me to reply to the attack made upon me. I have for a few minutes escaped from the Amendment, but to sum up, I would say this. The Government are trying to stop up a nasty leak, trying to draw the line between what is legitimate and what is not. Hon. Members opposite have been doing their best to prevent them.

There is a difference between the exchange of hospitality between companies or businessmen at home and expenditure on entertaining an overseas guest. The point the Government make here, indirectly if not directly, is that the nation which helps to meet the charge should derive some benefit from it. If a businessman entertains an overseas visitor,



it is quite possible that the country as a whole will derive a benefit from the result of the entertainment. Therefore, an exception is made in that case. This is the point. It has not been made hitherto, and it is time that it was.

**Sir P. Roberts :** If passed, the Amendment would loosen the powers which the Inland Revenue has on normal Schedule D and E cases. There is no doubt about that. Hon. Members opposite who were getting so excited a little while ago make a valid point: obviously, we accept that the Clause as it stands would be weakened. I am sure that, if the principle of the Amendment is accepted, we should be prepared to consider the possibility of putting in tighter words later, if necessary. Let us have that clear. There is no doubt what the Clause would mean, if amended.

I should not encourage my right hon. Friend the Member for Bexley (Mr. Heath) to put teeth into the Clause as it stands in respect of overseas customers. I understood him to say that he might be prepared to consider putting teeth into the words at a later stage, but it would be most unwise to do that, with the Clause as it now stands, and it would be going further than the Government themselves wish to go. There has been some confusion about that, and that it ought to be cleared up.

We have not yet discussed the real crux of the debate. The hon. Member for Putney (Mr. Hugh Jenkins) spoke about doing something to stop abuses—*[Interruption.]* Sir Samuel, the hon. Member who is almost undressed and just outside the Committee is talking in such a loud voice that I can hardly hear myself speak. If he is to come in in that state of sartorial disorder, he should at least keep quiet. *[HON. MEMBERS: "Get on with it."]* I am trying to address you, Sir Samuel. I was so much interrupted by the noise on my left—*[Interruption.]*—that I could not—

**Sir D. Glover :** Other Members making a noise are outside the Committee, too.

**The Deputy-Chairman :** Order. I hope that hon. Members will allow speeches to be heard without so much comment from both sides.

**Sir P. Roberts :** It is very difficult to do what the Government are trying to do, that is, to make it easier to control the so-called abuses. It is not fully realised that we are here talking about a form of entertainment which is allowed in respect of staff but not allowed in respect of a guest. I hope that the Chief Secretary realises what is in his own Bill.

I take the example of a workmen's canteen in which, say, 1,000 workmen eat each day. The manager brings in a guest. What will the procedure be? I want enlightenment about this. The difficulty and novelty of so many provisions in the Bill is such that we almost want instruction. I hope that the Committee will bear with me because we must try to get this clear. If we have the case of one guest among a thousand people in a canteen, I assume a record will have to be kept, a ticket given to the company accountant and at the end of the year the auditor will have to go through it all and the matter will go to the inspector of taxes. Just think of the difficulties that will arise to effect the control the Chancellor wants.

The problem is that one will now have to differentiate between what is wholly necessary or not; there will be a new distinction between guests and employees which will be far more difficult to do and will raise far more problems. The Chief Secretary did not deal with this. Unfortunately, at this time of night, we must take it, but, nevertheless, a large number of people in business want an answer.

If the inspector of taxes does not take the word of the auditor, the book work will be fantastic. The hon. Gentleman did not apply his mind to this aspect. How does he think this system will be instituted without vastly increasing the Inland Revenue and without companies vastly increasing their accounting staffs? Then there is the question of travelling in cars. Suppose a man travelling in his firm's car gives a lift to a friend. What the Chancellor wants to do will cause enormous problems. In a later Amendment a limit is suggested. Unless the Government put some limit to the enormous number of pieces of paper that will be involved, the system will be unworkable.



[SIR P. ROBERTS.]

Another question concerns definition of an overseas customer. The Bill contains such a definition, but no Amendments have been put down to that. However, this Amendment deals with overseas customers. We must define an overseas customer more clearly. Let us take the case of an American company with a subsidiary here. [Interruption.]

On a point of order, Sir Samuel. I am constantly being interrupted by an hon. Member with his feet up, who is talking with the sartorially undressed hon. Gentleman. I cannot hear what I am saying. They are outside the Committee.

**The Deputy-Chairman:** I hope that hon. Members both inside and outside the Committee will be quiet enough to allow other hon. Members to be heard.

**Mr. Robert Cooke:** Further to that point of order, Sir Samuel. A Minister of the Crown is lying partially dressed outside the Committee. That is where the trouble is.

**The Deputy-Chairman:** That is not a point of order. I have already dealt with the matter and I do not need the help of the hon. Member for Bristol, West (Mr. Robert Cooke) to apply them.

**Sir P. Roberts:** Although the clothes of the hon. Member do not upset me, Sir Samuel, he is outside the Committee and should keep quiet.

**The Deputy-Chairman:** I have dealt with that point and I hope that the hon. Member for Sheffield, Heeley (Sir P. Roberts) will get on with his speech.

**Sir P. Roberts:** I will not be drawn. I sat on the benches opposite a long time, and through many Finance Bills. I hope that the Government will notice this. If Government supporters want to delay business, I do not think that they are well advised. I am being interrupted, Dr. King, by hon. Members opposite who are sitting in their seats, who have not caught your eye and who are making it difficult for me to make my speech at this time of night. I ask for your protection, Dr. King. This side of the Committee is perfectly quiet.

3.0 a.m.

**The Chairman:** My predecessor in the Chair just now asked hon. Members to listen to the hon. Member who was

speaking and I repeat the request. This, after all, is a place where one hears things of which one disapproves. That is what Parliament is about.

**Sir P. Roberts:** I am obliged, Dr. King.

**Mr. William Hamling** (Woolwich, West): On a point of order, Dr. King. The hon. Member was threatening us on this side of the Committee.

**The Chairman:** That is not a point of order. I did not imagine that the hon. Member was issuing threats.

**Sir P. Roberts:** If I wanted to threaten the hon. Member, he would know that I was doing it.

**Hon. Members:** Big stick.

**Sir P. Roberts:** If, after those interruptions, I may be allowed to come back to the point I was trying to make, I was dealing with an American parent company with a wholly-owned British subsidiary. The British subsidiary company, let us say, has one of the grouse moors or one of the big entertaining establishments which is paid for, so to speak, from the profits of the British company. If the owners of the American company come over to their subsidiary and if they bring their friends over with them, will they be customers? They may not have the entire shareholding. I see the difficulty, because this is one of the things which has always upset me when overseas companies come in and use lavish expenses against the British taxpayer.

We are catching a lot of things. Is the Chief Secretary satisfied that we are catching this one? I should like to see it caught. I am frightened that under the words of the Clause, those gentlemen will still be able to come over and have their recreation here at the expense of the British taxpayer. This is something that the hon. Gentleman should consider when looking at the definition of "overseas customer", because it is a loose definition of "customer". Even if the companies were limited in America or France, there might well be a loophole. I should like the hon. Gentleman to consider the question and to tell me, tonight if possible, whether I am wrong in my interpretation or whether there is no need for me to worry, because worry I do.

It must be made clear from this side that as a party we are not in favour of lavish expenses. Let me say—[*Laughter.*] It shows, Dr. King, the ignorance of hon. Members opposite who laugh. Let me tell them something else, because they look as if they are in a laughing mood. The average businessman who is any good, who is a good man and a good employer, does not like to see lavish expenditure either. [*Interruption.*] The ignorance on the benches opposite is appalling. Never mind, we have to put up with this degeneration in the Committee.

**Mr. Raphael Tuck** (Watford): Is the hon. Member aware that the majority of the night clubs are said to exist on business expenses?

**Sir P. Roberts**: The hon. Member may have first-class knowledge of that. I certainly have not. If he can speak to us later in the debate and tell us of his experiences, we shall be interested. I should think that that was an entirely scurrilous statement.

The average businessman who goes overseas tries to win export orders, which we know the Left wing of the Labour Party is always trying to denigrate. Basically these people, on whom our exports depend, are as much in favour as my right hon. and hon. Friends, and the Chief Secretary, of ensuring that the abuses do not exist. That is part of their job. Admittedly, there are one or two offenders—a very small section of the business community—who abuse it, but from some of the remarks we have heard tonight from the other side of the Committee it seems to me that hon. Members opposite have a complete misapprehension of the keen desire which good business has to bring down business expenses. I personally am delighted to have any weapon which can help me, in the various companies with which I deal, to keep these expenses down to the minimum.

We have to remember two things. First, in the business world there is the idea of having to keep up with the Joneses, that if *x* spends so much one's company must do likewise or it will be thought to be bankrupt. Anything which can correct that is, to my mind, good. The second thing is that people who come from overseas to sell their goods in competition with our own goods have in the past been the people who have tended to

push these expenses up. That ought to be watched as well.

I remember that during the war American soldiers with higher pay than our soldiers had could afford more than British soldiers could. That caused a certain amount of feeling, and we could get the same sort of thing in business circles if we do not watch out. The hon. Member opposite, with his arms stretched out, and his braces showing, astonished me. He seems to have little idea—

**The Chairman**: I hope that the hon. Member will keep to the subject we are discussing. A reasonable amount of interruption and comment ought to pass without his breaking into his own speech.

**Sir P. Roberts**: I am trying to make a speech, and, as you know, Dr. King, that area of the Committee is a little vocal. I look to you to protect me from it, and I hope that, if I can keep to my theme, I should not detain the Committee much longer.

**Mr. Raphael Tuck**: Ought the hon. Member to touch on the sartorial elegance of hon. Members on this side?

**The Chairman**: I hope that hon. Members on both sides will allow the Chair to look after order.

**Sir P. Roberts**: The point I am trying to make is that responsible business and politicians wish to see that this expenditure is kept down. It is only a small section—that is the point I am trying to get over—that the community who are leading the Government into this action.

**Mr. Diamond**: The hon. Member is making a sympathetic speech. He said that he, and many business people with responsibility similar to his own, want this level of expenditure to be kept down. He made it quite clear that in his view, which I share, the word "reasonable" will not do that. He made that clear at the start of his speech. Would he care to suggest how this level of expenditure is to be kept down?

**Sir P. Roberts**: I was referring to management in industry by itself. I do not think that the Government themselves can. This is one of the troubles, I think, that Socialists think that the Government have got to do this. I believe that industry itself must do it. It must be done by example, and done by lowering the idea of keeping up with the Joneses.



[SIR P. ROBERTS.]

Basically, the principle which the Government are bringing in is one which good management welcomes. It is only bad management which does not. When hon. Members opposite jeer and shout about this, they must realise that really they are jeering and shouting about bad management, not good management. I hope that they will differentiate between the two. It seems to me they have got into the habit of supposing that all profits and all business must be attacked. That is what I very much deplore.

I conclude with points to which I should like an answer from the Minister. First, there is the question of the method of administration for the visitor and the employer; and, secondly, there is the question of overseas customers if they happen to be the overseas owners of British companies

**Sir Spencer Summers** (Aylesbury): I wish to deal with the somewhat limited but vital point raised by my right hon. Friend the Member for Bexley (Mr. Heath), who drew attention to the fact that the Government were seeking to avoid abuse in connection with the entertainment of foreign persons. It is not correct to assert that the wording in lines 3 and 4 on page 9 of the Bill is weaker than the present arrangements affecting entertainment expenses.

The phrases "wholly and exclusively" in connection with Schedule D and "wholly, exclusively and necessarily" in connection with Schedule E still apply and, as I understand, are now reinforced. This is a genuine and, I suggest, welcome attempt on the part of the Government to strengthen the hands of the Revenue in dealing with improper claims for expenses.

I want to highlight one feature which seems to me to clinch the argument of my right hon. Friend. I call in aid the speech of the Chief Secretary. He said, in effect, that Government after Government had failed to do anything about this situation because the powers of the Revenue were such that if an expense were seen to be wholly in connection with business, the law precluded the Revenue from challenging it. My right hon. Friend said that one could not claim, "This is justified as a form of expenditure, and that is not" because if both

were without question incurred in the course of business both of them must be allowed.

With this wording, the situation which my right hon. Friend described as being unsatisfactory to achieve the desired object is completely changed because the Revenue is now given the power to challenge the degree to which expenditure is incurred, even if it is wholly in the course of business. If the degree is on a scale which, in the judgment of the Revenue, is unreasonable having regard to all the circumstances, it can be thrown out, and if it is thrown out and the taxpayer so affected thinks the Revenue is unjustified in so doing he can go to the court about it.

The fact remains that with these words, for the first time, the degree to which it is justified is open to the Revenue to assert—a power which hitherto we have been told was lacking. Further, we have been told that that is the defect in the law as it is at present. I suggest that these words are strong and effective and will do the job adequately where an overseas buyer is concerned. I am prepared to believe that the Government would not tolerate them unless that were so; and, if that is so, surely there is every reason to permit their effectiveness to be tested in the home field also. Ministers sit shaking their heads, but they must choose which way they are going to have it.

Either the words will be of no use because they cannot stop abuse in the case of the overseas buyer, or else they will effectively stop it because they give new powers to the Revenue which it did not have before.

3.15 a.m.

**Mr. Diamond:** I dealt with precisely that point. The hon. Gentleman is trying to say that these additional words will solve the problem from the point of view of domestic entertainment. I have said that they will not. I repeat that they will not. I repeat that had it been possible for these words to have solved it they would have been introduced by previous Chancellors in former Governments.

I add again that they will be of some help in the limited sphere of overseas entertainment, so to speak, but if they are not adequate and if they do not serve the

purpose, then we come back to the interesting suggestion which was made; that the only solution is the self-discipline of the firms themselves, and if that discipline is not exercised we will be compelled, as any Government would be, to treat the expenditure of entertainment costs from the overseas point of view in the way we are now treating domestic entertainment expenditure.

**Sir S. Summers :** It is totally insufficient for the hon. Gentleman to make assertions like that and expect us to believe that they are sufficient evidence to show that what he is saying is right. Nor is it convincing for him to say that if some fresh words would do the trick they would have been thought of before now. That is a completely unconvincing answer and about as futile as what some people say of modern improvements and inventions, "Why was it not thought of before?"

The hon. Gentleman evaded the point when he drew attention to the inadequacy of the present situation. After saying how impossible it was for the Revenue to challenge the degree to which such expenditure was justified and that these powers permitted the Revenue to challenge the degree, he said that they must, therefore, be not just a bit of help, but that the whole situation must be transformed. He must take my right hon. Friend's suggestion much more seriously than he has.

**Mr. Miscampbell :** The Chief Secretary said that my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) had said that he had tried to grapple with the problem we are discussing. Many of my hon. Friends and I have had the feeling throughout our discussion of this question that the Government are not really prepared to grapple with the problem.

It is difficult to accept that the Government are not able to find a form of words which would solve most of the difficulties which face us. My hon. Friend the Member for Aylesbury (Sir S. Summers) suggested that the words

" . . . on a scale which is reasonable having regard to all the circumstances "

would be sufficient. Be that as it may, what we are discussing—because it is agreed that entertainment will continue;

we accept that it must necessarily and properly be used as a business means—is another impost upon industry. The trouble is that, to a large degree, industry will have to continue with this expenditure.

At this late hour I will not delay the Committee for long. It is difficult to understand why the Government wish to confine business entertainment expenditure to customers only. Are they not aware that in many instances foreigners come here on business and are not customers—people wishing to sell to us or to show us a patent or a new invention? Is an American or German who wishes to sell us something excluded? If so, why? What principle are the Government adopting?

I remember the occasion very well when, during his Budget statement, the Chancellor turned to his own back benches and said, in effect, "If there is to be this entertainment, at least we need not pay for half of it." That has been touched on already by my hon. Friend the Member for Torquay (Sir F. Bennett), and it is very questionable whether it is true. If one looks at £100 of expenditure which takes place after we have Corporation Tax, if it is expended it is removed from the possibility of two things happening to it. It could have been given to the shareholders, in which case Income Tax would have been paid on it, or it could have been ploughed back into the business when, later, it would have become, if properly applied, a capital gain in the hands of someone.

It is questionable how much the Government will save at the end of the day. One must, therefore, ask why they should go to all the trouble of this exercise to try to stop perfectly proper legitimate business entertaining. The answer has been given—it is largely a political exercise—

**Mr. Diamond :** Let me repeat it once again. We are not trying to stop perfectly legitimate business expenses, to use the hon. Gentleman's words. We only want them to be taxed.

**Mr. Miscampbell :** I am obliged to the hon. Gentleman. But one comes back to the question: why are you trying to, if you accept that they are legitimate?



**The Chairman:** Order. The hon. Gentleman must address the Minister through the Chair.

**Mr. Miscampbell:** I do apologise, Dr. King. Why is it not the Government's purpose to try to make sure that this can be accepted as a proper business expense?

Perhaps I may turn from that point for a moment to deal briefly with something that has not yet been mentioned this evening. The Bill will not only inhibit ordinary entertaining, which has been discussed, but it will also inhibit the giving of small gifts, which has been common in business. Many of these gifts are diaries—we hon. Members get them from a business firm each year, with our names on. Why should this be stopped?

**The Chairman:** Order. Let me help the hon. Member. We have an Amendment dealing with that subject later.

**Mr. Miscampbell:** Thank you, Dr. King. I was only raising it at such a late hour because we manufacture diaries in Blackpool—

**The Chairman:** The fact that the hon. Member manufactures them in Blackpool does not put this part in order on this Amendment.

**Mr. Miscampbell:** I shall not trespass further, Dr. King, but will simply say that once again we have a situation in which the Government, quite regardless of the business health of the country, are prepared to put on firms a further impost simply to further their own particular political principles.

**Mr. Stephen Hastings** (Mid-Bedfordshire): I want briefly to draw the Committee's attention to two points, both of which have regard to the distinction which the Government seek to make over entertainment in this country. I should like to cite the example of a recent export deal amounting to between £3 million and £4 million for this country. I believe that the purpose of this distinction is not just courtesy to overseas customers, as the Chief Secretary seemed to hint at—a hint that my right hon. Friend the Member for Bexley (Mr. Heath) picked up. The purpose of the distinction is exports. It is to sell. As my right hon. Friend

said, this is absolute sense. It makes sense to this side, at least.

The deal I have in mind—a successful and, I think, important one—cost two years of effort. There was a great deal of entertaining in this country and elsewhere. I was myself involved. I assure any hon. Member who thinks that after two or three days of lunches and dinners to be kept up to almost this time of the night to argue the hardest aspects of a deal of this kind is no fun. It is a hard school and one is forced to take part in entertaining from time to time in the export trade.

The point I put to the Chief Secretary—if he can afford to listen for a few moments—

**Mr. Diamond:** I hope that the hon. Member will not misunderstand me. I have listened to every word he has said.

**Mr. Hastings:** I am glad to hear the hon. Gentleman say that. He had the aspect of reading as he held a paper in his hand.

The entertainment involved in this deal stretched over two years and consisted partly of entertaining people in this country who would not fall into the category of the Bill as overseas customers, but they were certainly buyers from overseas customers although they did not fit the descriptions laid down in the Bill. If it is not a matter simply of courtesy, but of export trade and balance of payments, it seems that this distinction is not valid. I should be glad to have the opinion of the Chief Secretary on that point if he addresses the Committee again.

The deal was in capital goods. With this distinction we would never have been able to offer those goods at the prices we did offer them and bring off the deal unless we were able to sell the same goods in this country, and aggressively. We would not have achieved that sort of sale without entertaining in precisely the same way as we entertained the people interested in export. In regard to the company I have in mind there is a range of capital goods of the greatest importance to this country for its balance of payments. There was no distinction whatever between what is done in this country and what is done with regard to the export trade.

If this distinction is not valid, what reason can there be for making it in the Bill? It is up to the Chief Secretary and all hon. and right hon. Members opposite to pay serious attention to this Amendment. I think that the Chief Secretary would agree that all the points that have been made from this side of the Committee have been serious ones and that this is not a filibuster. Without doubt, there are holes in this Clause and they have regard to business efficiency and exports—something with which I am daily concerned. I therefore hope that he will take very seriously not only the points I seek to make, but others which have been made.

**Mr. Eldon Griffiths** (Bury St. Edmunds): I agree entirely with the Chief Secretary that the heart of this debate is very simple. It is not whether business entertainment is proper or improper, but whether or not it should be regarded as a legitimate cost of doing business and, therefore, allowed as a tax deduction. I am all for stamping out abuses in entertainment where there are abuses, and I agree that they exist, but the Chief Secretary did not convince me that the way of going about it that he suggested will succeed.

3.30 a.m.

The hon. Gentleman seemed to emphasise that the thing uppermost in his mind was whether or not it was going to be equitable. Was it going to be the same for everybody? A perfectly reasonable principle. But there is another point I would turn his attention to and that is: is it efficient? Will it help industry and exports? He did not touch upon that point at all.

I should declare an interest in the sense that I do not have an expense account and wish I did. For many years I did have one, as an editor of a very large and powerful news magazine. I used to have an entertainment allowance and I think it fair to say that I entertained many members of the present Government with that allowance. I used it very well and as a result I knew fairly well what was going on. Now I do not have an entertainment allowance I very seldom know what is going on, which is one of the penalties of leaving journalism and coming to the House of Commons. They key to the larder is lost.

In losing my own entertainment allowance I have not, as hon. Members opposite have, become envious of those who do have them. On the contrary, I recognise the usefulness that can and does occur in industry, farming and commerce from being able to deduct from Income Tax the reasonable costs of entertaining clients. There are abuses and hon. Gentlemen opposite love to wallow in them, but it is a gross libel on industry to suggest, as the Chancellor and Members opposite have done, that expense account entertaining is a big racket at the public's expense.

It is a lie to say that of the great majority of firms and the Chancellor knows it. The great majority of lunches, or whatever other entertainment there is, by firms and commercial travellers, are a useful contribution to the trade of those firms and I challenge the Chancellor to deny it.

One of the reasons expense accounts exist and have been allowed for tax deduction is that the general level of tax on our executives is far too high. It is not possible, under our present levels of taxation, to reward many executives, and trade union officials, for their hard work unless they are given some form of compensation additional to their taxed income. Some hon. Members pretended to be shocked at the idea that expense accounts are, in a sense, additional income, but they are being disingenuous. It happens; it is a fact of life in all sections of our society, in most countries of the modern world.

The businessman has his expense account, the miner has his free coal, the typist has her luncheon vouchers and the railwayman gets his free tickets—and so do Members of Parliament. These are perfectly normal, widely accepted and necessary costs of running a modern economy and if we are to be forced by a lot of Government Pecksniffian Puritans to give up these necessary expenses of doing business, then it is the economy that will suffer.

If the Chancellor does not believe that, he is simply not a man of the world. Until such time as we reduce overall levels of taxation on our executives we shall have to face the fact that business firms will seek to reward them for extra



[MR. GRIFFITHS.]

work by giving them some form of compensation other than their taxable income. We have to face this fact. If the Chancellor carries on every method will be taken to get round the law somehow. It is almost an invitation to new types of ingenuity in fighting this new kind of law.

Speaking of ingenuity, I wish to refer to the intervention of the hon. Member for Putney (Mr. Hugh Jenkins), who, I am sorry to see, is not here. The hon. Gentleman said that the real point about expenses was: who is to pay for them? Is it "them", he asked, or is it "us"? The hon. Gentleman got quite a cheer from hon. Members opposite when he said that. What did the hon. Gentleman mean by "us"? Presumably, he meant the Government. This was typical of the attitude of hon. Members opposite. The Government as such have no money of their own. They get it from the "them" the hon. Gentleman was talking about, the "them" being all of us as taxpayers. It was improper for the hon. Gentleman to ask, "Who pays—them, or us?", if the Government can stick their hands into the taxpayer's pocket at any time they like.

**Mr. Arthur Palmer** (Bristol, Central): Surely my hon. Friend the Member for Putney (Mr. Hugh Jenkins) pointed out what is obvious. When he said "us", he meant the general body of taxpayers.

**Mr. Griffiths**: It may be that some taxpayers do not consider the present Government simply to be "us". They have different views. The hon. Member for Putney also spoke of a narrow line between courtesy and corruption. This is a very nice phrase. I have the impression, having entertained many hon. Members on both sides, that courtesy is what one receives and that corruption is regarded as what one gives. A very shady distinction is made there. It all depends which side of the table one is on.

I turn briefly to one specific group of people who are affected by the Clause, namely, journalists and correspondents. My hon. Friend the Member for Cardiff, North (Mr. Box) mentioned this point. Most of them—not all—have expense accounts. These expense accounts, in my experience, are rigorously checked and

supervised. The probability is that as a result of the Clause these expenses will be either cut out or cut down; but apparently only for British journalists, not the American Press corps in London, nor the Germans, nor the French, nor even the Russians. The expense accounts will not be touched. This is perfectly reasonable—the British Government will tax only their own subjects.

It must be recognised that this change will do damage to the competitive position of the British Press in our own capital city. I know this from many years' experience as a journalist who has entertained politicians. Hon. Members who disagree with me might like to give me some practical evidence to show why I am wrong. If there is a choice between going to lunch at the Dorchester with an American correspondent who has a nice fat expense account, or going downstairs to the Members' Bar and having a pint of beer with a British correspondent, there is not a Member on the Government Front Bench or a member of the former Government who is not tempted to choose the Dorchester. The British Press will increasingly be placed at a disadvantage against their American colleagues in this country.

I turn a third and more basic argument. As the law stands, reasonable entertainment of customers, clients or news sources is regarded as a legitimate cost of doing business. The Government recognise this. That is why they have left in entertainment of foreign customers. If it is a legitimate expense to entertain the foreign buyer, why is it not legitimate to do the same for the British buyer? If it is right to entertain Mr. Krupp, if he comes here from Germany, or someone from the United States, why is it wrong to entertain a man who comes down here from Scotland on business? The distinction does not make sense. These two things are not on all fours. It is discriminatory.

I was struck by a letter written recently by A. P. Herbert, in which he spoke of two publishers who were after a new book. One of them was an American. One was British. They were both after the same thing—the rights to publish his book. He asked this question: is he to have these two gentlemen round a table and the one from the United States



on his left may be charged up as an expense because he is a foreign buyer, whereas the man sitting on his right-hand side is not to be charged up as an expense because he is a British buyer? The administrative difficulties are obvious.

It is simply not "on" to expect a person such as Herbert or any other businessman in this country to discriminate between the man who sits on his right hand and who comes from abroad, and the man who sits on his left at the same table and who happens to be British.

There is one great danger of abuse that will arise here, and it can perhaps best be expressed in an apocryphal story which I am told is already making the rounds. It is of the British businessman arriving at a factory in this country and not being introduced as "Mr. Diamond" but as "Herr Diamond", not as "Mr. Callaghan" but as "Monsieur Callaghan". One does have this sense among businessmen that a great deal of malarkey will be played along these lines.

A second anomaly will be the distinction between entertainment by directors or salesmen of private companies and that by Her Majesty's Ministers or their officials, the Armed Forces or ambassadorial posts abroad. I have received as a journalist, on many occasions, very lavish entertainment from the Government, whether at Lancaster House or whether in the form of brandy and cigars from the Army or the Royal Air Force, and the hon. Member for Ebbw Vale (Mr. Michael Foot) knows that this is true.

I have had the greatest hospitality from the nationalised industries, from British Railways, for example. One has splendid hospitality there—very few private firms have ever given me the kind of hospitality which I have received from British Railways, or from the National Coal Board or the Electricity Board. I thoroughly approve of it. They were selling their wares to me as a journalist, possibly for publicity in the United States, or for better understanding.

But what is the position now? Are Ministers to continue to entertain at the taxpayers' expense while businessmen are not allowed to do so? Are the nation-

alised industries to go on giving lunches and private industry be prevented from so doing? This is discriminatory, applying a double standard, one thing for the nationalised industries and another for the private sector of the economy.

It is part, I fear, of a growing legislation of envy. The trader who comes here and who is to do business with someone selling abroad is good—he can have lunch on the Chancellor. But the trader who is not doing business abroad is bad and must pay for himself. The customer from Nigeria or Communist China can have a tax-free lunch, but the customer from Wales or Bury St. Edmunds must go hungry or pay for it himself.

The Chancellor's aim in this Clause was clear from the beginning. He wanted a bit of cheap, spurious publicity. He poses as a sort of Robin Hood of the Government, taking away from the bloated expense account "wallahs" and giving it to the poor. I believe that it derives in the end from the Prime Minister's famous phrase that this is a vulgar country. Here is the phrase—they would take care of all this, sweep it away, there was not to be any more vulgarity and the reformers would arrive. That is what we have whenever we hear members of the Government. When the Prime Minister, in particular, is speaking about this question of vulgarity, we see this nasty, mean and envious streak coming out. We saw it from the Prime Minister on television the other evening; we hear echoes of it tonight and it is enshrined in this Clause.

I want very much to see the stamping out of abuses in expense accounts where they exist. I am quite sure that there is unity about that on both sides of the Committee, but I am also certain that by creating this distinction between the foreign buyer and the British buyer, and by using some of the language which has been used tonight, all that the Chancellor is doing is to add to the cost of doing business in this country and creating problems and evasions which will trouble the right hon. Gentleman for a long time to come.

3.45 a.m.

**Mr. Hirst:** The Chief Secretary, in his usual courteous way—and I do not remember his doing anything in any other



[MR. HIRST.]  
way—has not been very effective. I remember a right hon. Gentleman of his party, who made speeches on foreign affairs, who, I found if I listened carefully for long enough, came back eventually to where he started. I rather think that of the Chief Secretary tonight. I am disappointed. I hope that we shall have greater clarity on this subject—I am glad to see the Chancellor here, in his usual grinning form.

We all know that what is behind this legislation is, "If we cannot all have an expense account nobody shall". A great deal of the expense to which reference has been made is ordinary business expenditure. It is not greatly abused. We have dealt with this abuse business—the grouse moors and the rest—and we are now down to brass tacks. Some hon. Members opposite do not like advertising, but it has to be accepted that it is an essential business expense. Unquestionably, for some people advertising takes the form of entertaining. Some professional people are not allowed to advertise in the accepted sense and they have a legitimate way of doing business by entertaining. It is part of their necessary function.

It is absurd to draw a distinction, if there is one—and my hon. Friend the Member for Nottingham, South (Mr. William Clark) made clear that there was not one—between the overseas customer and the home customer. But what about the agent? A large number of people in this country, though not as many as in some others, do their selling through representatives of foreign buyers who are ordinarily resident here and, therefore, are not people who can be legitimately stood a glass of beer. The agent is employed by a foreign firm and sits in London or wherever it may be to transact that firm's business. It makes a nonsense of things if, because that person does not flit across the Channel to and from Dover on the requisite number of days a year, he is not treated in the same way as a buyer from overseas. This proposal of the Chancellor's just will not work. That is the truth of the matter, and possibly we have spent too much time on this nonsense. If the Chancellor will allow him, I should like to have the Chief Secretary's attention particularly for my next point.

**Mr. Eric Ogden** (Liverpool, West Derby): On a point of order. The Chief Secretary's inattention is my fault. The hon. Member for Shipley (Mr. Hirst) was speaking of an agent and I thought it proper to draw the attention of my hon. Friend and my right hon. Friend the Chancellor of the Exchequer to the fact that the position of the agent is dealt with in a later Clause and another Amendment.

**Mr. Hirst:** That is not a point of order. I am not accusing the Minister of discourtesy; I never do. But I had been making some very general remarks, to which he might not have wished to listen so closely, and I am about to make a point on which I want an answer. If I am wrong about it, I want to know, because if the Government will do nothing about it, I intend to put down an Amendment on Report to deal with it.

I am informed that a trade association is in a peculiar position. A trade association may entertain a foreign trade association or trade delegation, the purpose of whose visit is almost exclusively to promote trade. A very considerable trade association, such as the Federation of British Industries, which is soon to become a much bigger organisation, is quite often asked officially to do entertaining which otherwise would be done by the Government. Such an organisation does much to help promote trade, but I am informed that on the wording of the Bill—and my own quick glance at it confirms this view—a trade association in the sense in which the Bill is drafted is not a business carrying on trade and therefore even in the narrow—forgive the word—stupidity of the Clause it would not be allowed even to do what is legitimate for every firm, and that is to entertain a foreign customer.

I have a difficult and long-winded Amendment on the subject for Report, but I should like to know whether the right hon. Gentleman is seized of the point and is prepared to do something on behalf of the Government to put it right. Private enterprise on Report, as I know very well, is not very successful, and it is better for the Government to deal with these matters. I therefore hope that they will relieve me of the need of putting down my Amendment.

**Mr. Robert Cooke:** At this late hour I will not indulge in a long reply to



some of the provocative interjections which have been made from the Government benches. I have never been a businessman, but I have been fairly close to business as a Member for a great commercial city for more than eight years and I have had plenty of experience of meeting people of one kind and another over meals. No doubt they were charged as expenses. There are, therefore, certain questions which I should like to put to the Minister. He could have saved himself this trouble by not rising to reply so prematurely, because there were two other hon. Members on their feet when he rose at the Box. I am flattered to see the Chancellor here. Perhaps he will be interested in some of the criticisms which I want to make of his proposals and in my support of the Amendment.

In making his case the Chief Secretary used some selected tax cases, although he did not reveal their identity. When my hon. Friends replied he said that they did not know the details of those cases. In other words, he tried to make his case by giving selected examples without being able to give the Committee the full details and without my hon. Friends having the facts on which to make a judgment. He was giving only half the picture and he was certainly using highly selective figures. Very little help was given to his argument as a result.

Much criticism has been made of the use of expense accounts to give meals to people in commerce, but I put it to the Chancellor that a meal can be, often is and no doubt always will be, a period for work in the world of business. The meal at which some sort of work does not take place is probably a waste of time. The Chancellor laughs, but if he looks at his own working day he will realise there are few days when he does not conduct some sort of business over a meal. Some days it may be only a sandwich, but it is his meal, and he will find he is conducting some business with one of his colleagues or a member of his staff. That is what these so-called expense account meals are all about.

I see that the hon. Member for Poplar (Mr. Mikardo) is in his place. I hope he will not leave the Chamber because I want to deal with him in a moment. [*Interruption.*] Lest I should be drawn prematurely into a series of exchanges

with some hon. Members opposite, I will make my main point. The expense account meal is being attacked by this provision which my hon. Friends are seeking to amend; but it is a period of work. My hon. Friends have dealt with the various criticisms of the idea that meals for those from abroad should be exempt but that meals for those who live in this country should be caught.

If one seeks to do business with someone from a distant part of the United Kingdom one is unlikely to succeed without some sort of entertainment. The North-East could be an example. Hon. Members opposite have often painted the picture of the North-East as a depressed area which is in need of some sort of support, and if a business man went there to have a look at the place with a view to doing business it is unlikely that those in the North-East would have much success if at the end of his long journey he got nothing better than a curled up sandwich in a third-rate boarding house.

The Chancellor may laugh, but if he tried to get a business man from the North-East down to Cardiff he would not take him to a boarding house in Bute Town and give him any odd thing for a meal. He would take him to that rather nice little restaurant by the docks. That would not be gorgeous luxury, and when we hear that expression from the other side of the Committee hon. Members are talking of those people caught by the revenue. Many can be caught.

**Sir D. Glover:** The Chief Secretary cited four cases but was very careful not to say what activity those four firms were engaged in. Even under the Bill, if they were in the export business they would have to stand in a white sheet. It is not the amount of the expense that matters but the way in which it is incurred.

**Mr. Cooke:** I said that I would not speak for long. Many of the points have been made by my hon. Friends, but I felt that there were certain things which should be said by someone who could look at the matter impartially; someone not engaged in business himself but who has had connections with business men in a large city and who knows that business lunches are working periods; an experience very different from that of some hon. Members opposite, to whom I will come to in a moment.



[MR. COOKE.]  
4.0 a.m.

I come now to my last point. I shall make it moderately rather than create what one might describe as a flaming row at this hour of the morning, though there are some things I could say which would prolong the debate and cause a commotion. But we should look at the problem dispassionately. We have been provoked from the back benches opposite and from the Front Bench, with the Secretary of State for Education and Science suggesting to my hon. Friend the Member for Ormskirk (Sir D. Glover) that he should put his guests up in a comprehensive school in Bristol. What that had got to do with the argument I do not know.

We can draw only one conclusion from what the Government are doing, and all the sneers and sniggers we have heard from hon. Members opposite are proof enough that it is right. There is a political content in this. [HON. MEMBERS: "Hear, hear."] There is the case given away. For political reasons, hon. Members opposite feel that there is something here which must be cut down or destroyed. The Clause has been put in out of motives of envy.

The hon. Member for Poplar is still here. He will recall a speech he made on 26th February when he talked out a Bill called the Emoluments of Top Management Bill. He said that on every occasion when he came away from an expense account lunch there could be seen people sitting at tables at about a quarter to 4, after their fourth double brandy, saying that, of course, the only real way to progress was to make the workers give up their tea breaks. This idea that the world of commerce indulges itself in that way and makes that sort of remark is typical of the sort of attitude which hon. Members opposite adopted on that occasion. We had the forecast that something like this Clause would be in the Budget. Even the Minister on the Front Bench suggested that it would come.

I am left with the conclusion that hon. Members opposite see something here which is to be envied and, therefore, destroyed. I hope that the Chancellor will think carefully again and realise that by giving in to some of the more militant Socialistic forces on his side he may do real damage to the world of commerce

on which his whole future and that of the country depends.

**Mr. Ian Mikardo (Poplar):** On a point of order, Dr. King. May I ask for your guidance and seek your protection? At the beginning of his remarks, the hon. Member for Bristol, West (Mr. Robert Cooke) said that he would deal with me. Members of the Committee will recall that he did no such thing. I am very disappointed. Can you protect me, Dr. King, against being deprived of my pleasures in this way?

**The Chairman:** That was a fascinating point, but in no way was it a point of order.

**Mr. Geoffrey Wilson:** There is one point which has not had much attention but which may cause great difficulty in the implementation of the Clause. I refer to the definition of "overseas customer". I have two sons-in-law whose positions will serve to illustrate the problem. One is English, He is not ordinarily resident in this country. He is resident in India and not carrying on a trade in the United Kingdom. He manages a factory in India and, presumably, although the factory is a subsidiary of a British company, he would be an overseas customer entitled to entertainment under the Clause. The other is an Indian who is resident in this country and presumably would not be.

We shall get extraordinary anomalies out of this definition. It will cause a great deal of difficulty. Perhaps we can have an explanation of how it is proposed the definition shall be interpreted.

**Mr. Buck:** I should like the assistance of the Chief Secretary a little further on the definition of "overseas customers". Difficulty may arise under that definition. For instance, a German businessman living in Hamburg may be the director of a British company which trades overseas and also be involved in another company which could be said to be trading in the United Kingdom. We may have persons in this dual rôle, foreigners living abroad but in some capacity carrying on trade in the United Kingdom. I should be interested to hear from the hon. Member how such a problem is likely to be dealt with and how he sees the definition of "overseas customer".

**Sir D. Glover:** I do not apologise for speaking again in this debate. I believe we are in danger of doing great damage to British commerce. I believe the Chancellor and the Chief Secretary have set out to do something on which there is no hostility between the two sides as to aim. There are views on entertainment. I think abuse is far less than the Chancellor thinks. But I do not think that this Clause, unamended, will stop the abuse where it takes place.

This is, perhaps, the fundamental problem. The Clause is putting a heavier burden not on the large international companies but on the small developing companies, on the individual traveller. The Chief Secretary never answered the problem of the individual traveller who is perhaps working partly on salary and partly on commission and not earning a great deal of money but whose legitimate expenses are now to be grossed up with his income and made subject to tax. These problems are genuine.

The Chancellor's attitude is that the Committee not being in favour of adultery he is going to do away with adultery by abolishing marriage. This all-enveloping thing is doing virtually that.

I am not asking the Chancellor to take out the Clause, because he is committed to it. What I ask him to do, perhaps not tonight, but before Report, is to see whether he cannot bring in something on the lines of what he brought in for the overseas buyer to cover the small independent trader and particularly the commercial traveller. If he brought in a Clause to cover that on the same basis as the overseas buyer, I should not mind if he specified a maximum figure of, say, £1 or so a day. If he does not do that, he will cause a serious burden to a responsible and respectable element of the population and one in which there is no outlet for them. There is no other way for them to overcome the problem.

I shall not delay the Committee at this hour. The Chief Secretary did not reply to this real and serious problem. I never know when the hon. Gentleman nods his head whether he means that he agrees with me or the opposite. The Chancellor is ignoring this. If his wording for the overseas buyer applied to the home buyer, I think that he would find that it would cut out 90 per cent.

of what he now regards as abuse. It would give the Inland Revenue the opportunity of saying, "Glover, Smith, justify these expenses. Why did you have to spend £20 on this?" The right hon. Gentleman can do it for the overseas buyer. I think that he can do it for the home buyer.

Before the Chancellor disrupts the whole basis of our commercial life, which has grown up over many years, will he try bringing in a Clause to apply to the home buyer that he is bringing in for the overseas buyer? If he finds that it does not work, he can come back to the House of Commons. We are not talking about thousands of millions of £s. Once the Chancellor has brought in the Clause, he will bring a far greater weight of hardship upon those who have never abused the entertainment arrangements and who have no redress under the Bill. I ask the right hon. Gentleman to reconsider the matter before Report.

**The Parliamentary Secretary to the Treasury (Mr. Edward Short)** rose in his place and claimed to move, That the Question be now put.

*Question,* That the Question be now put, put and agreed to.

*Question,* That the words proposed to be left out, to "being" in line 3, stand part of the Clause, put accordingly and agreed to.

**Mr. James Scott-Hopkins** (Cornwall, North): I beg to move Amendment No. 41, in page 9, line 3, after "person", to insert:

"or of a customer of that person at a trade exhibition or agricultural show"

**The Deputy-Chairman (Sir Samuel Storey):** With this Amendment, we can discuss the following Amendments:

Amendment No. 108, in line 39, leave out from "himself" to "of" in line 41.

Amendment No. 107, in line 44, leave out from "who" to "is" in line 45.

Amendment No. 42, in page 10, line 4, at end insert:

(c) any person who is the agent for an overseas customer within paragraph (a) of this subsection.

**Mr. Scott-Hopkins:** Thank you, Sir Samuel. As the Committee will realise, the Amendment concerns a much



[Mr. SCOTT-HOPKINS.] narrower point than the Amendments we have been discussing. [*Interruption.*] It concerns—[HON. MEMBERS: "Speak up."] If hon. Members opposite did not talk so much among themselves they could hear.

**The Deputy-Chairman:** Order. I hope that hon. Members will allow speeches to be heard.

**Mr. Scott-Hopkins:** Thank you, Sir Samuel.

The Amendment concerns particularly agricultural shows, which, as the Chancellor will realise, are part of the window of the countryside and are extremely important for the agriculture industry. The Amendment includes also trade exhibitions which have the same effect for industry. At agricultural shows a great many firms have their goods on display and entertain their customers there while in the process of selling their goods. I am asking the Chancellor for only a small concession here. One wants to see these agricultural shows continue, and it is only on the basis I have described that to a large extent they are kept going in our countryside. That is my first point.

4.15 a.m.

The second point to which I want to draw the Committee's attention is an anomaly which could easily arise. At these agricultural shows we have farmers from abroad. One could, for instance, have three farmers from Belgium who would go into one of the exhibition tents and there be entertained, and one could, presumably, say that the expense of the entertainment is legally allowed. Straight behind them come three British farmers, but the expense of entertaining them would not be deductible. So the Clause will create an anomaly.

The Amendment would help to keep the agricultural shows going, and it would also make the administration of the Clause more possible if this small concession were made to agricultural shows and trade exhibitions. I do not think it would harm the principle of the Clause or do any damage, or breach the principle the Chancellor is trying to establish. On the contrary, it would be of value to those who care about keeping our agricultural shows going, and would

be of value to trade exhibitions. I hope that the Amendment will be accepted.

**Mr. Diamond:** I do not think I can advise the Committee to accept this Amendment. There is really no valid distinction between entertaining at one place and at another. To claim that it is permissible and deductible for Income Tax purposes to entertain a person at the Empire Exhibition, for example, but not permissible or deductible to entertain that person at a restaurant is really to claim a distinction which is completely invalid. I am sorry, but I cannot recommend the Committee to accept the Amendment.

*Amendment negatived.*

**Mr. Hirst:** I beg to move Amendment No. 113, in page 10, line 20, at the end to insert:

(9) This section shall not apply to advertising calendars or advertising diaries supplied by firms and companies to their customers and to potential customers.

**The Deputy-Chairman:** It will be in order also to discuss Amendment No. 303, in page 10, line 20, at end insert:

(9) This section shall not apply to the provision by any person of an article bearing a clear and permanent advertisement and not exceeding £3 in value.

**Mr. Hirst:** This is a quite small Amendment, but it has considerable significance. It arises out of the fact that entertainment, by definition, includes gifts of various kinds, and although there are many other examples which could be advanced with equal force, I am raising the question of advertising calendars, diaries and such like. As we all know, it is customary among a large number of firms to order calendars and advertising diaries in considerable quantities and to send them out at Christmas as gifts, and that this is a quite important matter to some industries.

I have here one of the letters which, no doubt, other hon. Members have received. It is from the Master Printers' Alliance. I will quote a short extract from it, because it is so often the case that a quotation can make a point in shorter time than a speech. It says:

"This Alliance, no less than the trade unions, is gravely concerned at the threat to security of employment owing to the serious loss of business in the general printing industry presented by Clause 14 of the Finance (No. 2) Bill. Under this Clause no deduction may be made in computing profits chargeable to tax

for any expenses incurred in providing business entertainment, including gifts, and we are advised that advertising calendars and advertising diaries would be regarded as gifts and would not come within the scope of the exemption for certain advertising matter provided in sub-clause 14 (8)."

I underline that because, if the Chief Secretary can assure the Committee that they could come under Clause 14(8), a great deal of trouble would be removed. Millions of advertising calendars and diaries are purchased for distribution. Therefore, this is a very serious matter. I have no interest in the printing or publishing of calendars, or anything like that, but I take an interest in a matter of major importance to the industry which affects the employment of a vast number of people. I trust the hon. Gentleman will give some satisfaction on this point.

**Mr. Diamond:** I am afraid that for reasons which I am going to put to the Committee I cannot find myself persuaded by what the hon. Member for Shipley (Mr. Hirst) has said.

Let me be quite clear. These articles do not rank as gifts manufactured by the particular taxpayer in question, goods bearing his own name, which would rank as advertising expenditure. These diaries, in general, would be gifts which are excluded by the Clause, and the difficulty is that a diary is sometimes quite an expensive article. There are many diaries which cost £2, £2 10s., and £3 a time—the price of a bottle of whisky—and there is no distinction between making a gift which is a bottle of whisky and a gift which is a diary. One cannot draw a line.

One has considered this Amendment very sympathetically, but no line can be drawn. I am afraid, therefore, that I must tell the Committee that as this is logically part of the exclusion and there is no administrative way of distinguishing between what is one kind of gift and another kind of gift, I cannot recommend the Committee to accept the Amendment.

**Mr. Box:** In supporting the Amendment, I ask the Chief Secretary to give some further elucidation of his argument about the word "gift".

I should also like to bring another aspect of the matter to his attention. I refer to Amendment No. 303, which seeks to exclude articles bearing advertisement

matter to the value of £3. Hon. Members will be familiar with various small articles bearing advertisements. I refer to things like pencils, pens, ashtrays, cocktail mats, drink trays, car key rings, road maps, car cleaning sets, rulers, brushes, shoe horns and similar items.

I have here one very good example which has been lent to me by a colleague and which shows how ridiculous things can get. It is a thermometer supplied by a very well-known firm in Ireland and describes the best temperature and condition for drinking Guinness. I hasten to assure hon. Members that between the high and low temperatures there is plenty of scope. Surely if the Chancellor intends to include items of this nature we are getting into rather a ludicrous state.

It seems to me that if these are to be regarded as gifts and liable to taxation we shall damage the advertising industry. We shall hurt the manufacturers, because I imagine that there are manufacturers who specialise in the production of these articles and we may cause a certain amount of unemployment if their orders are drastically reduced.

I cannot believe that the Chancellor is so small minded that he really wishes to catch items of this description. I hope, therefore, that the Chief Secretary will, on behalf of his right hon. Friend, agree to accept the Amendment and also agree to exclude items up to £3.

**Mr. Buck:** I was surprised to hear the Chief Secretary say, even at 4.45 in the morning, that there was no difference between a bottle of whisky and a diary. Diaries, calendars and the other items mentioned by my hon. Friends are obviously clearly different from the other items mentioned by the Chief Secretary. They are especially different since they are so nearly akin to advertising material.

A calendar is given to someone. It is placed on the wall in his home or place of business, and as the months pass he turns the pages to find another picture and another advertisement showing the merits of the firm which presented the calendar to him. The same applies to a diary, only more so, because it may be carried on the person and referred to more regularly. This is obviously advertising material and completely different from other types of gifts.



[MR. BUCK.]

Many people in my constituency are undoubtedly employed in the manufacture of these articles. It will be a grave blow to them, as well as to the printing industry and art workers who deal in diaries and calendars. In this connection, will it be permissible, under the Bill as drafted, for firms to send diaries, calendars and like gifts to prospective customers abroad? I ask this because subsection (2) refers to "entertainment" but not "business entertainment." The latter phrase has been described in the broad sense and I understand that it would include such gifts, but I would like to know.

I hope that we will be given an assurance that gifts such as diaries and calendars may be sent to potential customers abroad. This is not a light matter. I fear that it may affect a number of my constituents and I hope that the Government will have second thoughts on the subject.

**Mr. Diamond:** The hon. Gentleman will be glad to know that I am advised that the provision means that it is perfectly permissible to deduct for tax purposes the expenditure of sending diaries of this kind to customers abroad.

4.30 a.m.

**Mr. Hirst:** The Chief Secretary has not been forthcoming on my Amendment, and I want him to have clearly in mind that many of these calendars and diaries are printed and the pictures for them obtained a long time ahead. We have had this argument before when we have discussed Christmas cards in Finance Bill debates, so it is not a "phoney" point. Many firms place orders for thousands of pictures and other component parts of calendars, and it will make a great deal of difference to them if this fairly expensive type of advertising is to be made almost impossible by not being regarded as an ordinary business expenditure like any other form of advertising. That should be kept in mind.

I am not very impressed by Her Majesty's Government, as everyone knows, but I do not want them to look sillier than is necessary, and how silly will they look if we have to get down to this sort of thing with calendars and diaries? We cannot hope to maintain reasonable decency in this regard, and

have the respect of the people, if the Government are to be so crassly stupid as this. I ask the Government to try to rescue themselves from this ludicrous position before the Report stage.

**Sir D. Glover:** There is no doubt at all that a calendar is a form of advertising. If we send it to our customers it is, presumably, a gift, and it would not, therefore, be allowable as a business expense. But if we send our calendars to our customers and also to 1,000 potential customers it is an advertising campaign. In that case, would it escape tax? One is not just sending it to one's customers as a reward for faithful service, but to a large number of potential customers to bring one's name to their attention.

**Mr. Box:** The Chief Secretary has made no attempt to deal with my question about small gifts. Will he say "Yea" or "Nay" whether these petty items are to be subject to tax under this Clause? Are such things as pencils and Biro pens to be subject to this tax?

**Mr. Diamond:** The hon. Gentleman is quite right—I did not deal with his Amendment, which went wider than the previous one and dealt with items not exceeding £3 in value. By his Amendment, instead of giving one bottle of whisky one could give a case, because the value of each item would be less than £3. One could send five cases to each customer, if that were desired. That is something that one obviously cannot contemplate at the moment.

*Amendment negatived.*

**The Deputy Chairman:** I am of the opinion that the principle of the Clause and matters arising therefrom have been adequately discussed on the Amendments, and I therefore propose to put forthwith the Question, That the Clause stand part of the Bill.

*Question, That the Clause stand part of the Bill, put and agreed to.*

*Clause ordered to stand part of the Bill.*

*Clause 15 ordered to stand part of the Bill.*

**Mr. James Callaghan:** I beg to move. That the Chairman do report Progress, and ask leave to sit again.

We have made some progress, Sir Samuel, and I am very glad to move this Motion. For some of us it seems a very long time since we had the last Division, but never mind, we have reached the end of our labours for the evening.

*Question put and agreed to.*

*Committee report Progress; to sit again upon Monday next.*

## WAYS AND MEANS [19th May]

### INCOME TAX (COMMON INVESTMENT FUNDS)

*Resolution reported,*

That provision be made with respect to the income tax chargeable on income arising from common investment funds established under the Administration of Justice Act 1965 and in respect of dividends on shares in such funds.

*Resolution read a second time.*

*Question, That this House doth agree with the Committee in the said Resolution, put forthwith, pursuant to Standing Order No. 90 (Ways and Means Motions and Resolutions), and agreed to.*

*Instruction to the Committee on the Finance (No. 2) Bill that they have power to make provision therein pursuant to the said Resolution.*

## RAILWAY WORKSHOPS, DONCASTER

*Motion made, and Question proposed, That this House do now adjourn.—[Mr. Howie.]*

4.36 a.m.

**Mr. Harold Walker** (Doncaster): I hope the House will forgive me for detaining it at this late hour. I am glad to have the opportunity to get out of the heady atmosphere of champagne and caviare down to the more bread and butter question of the repair and manufacture of locomotives in British Railway workshops, particularly in my constituency of Doncaster.

There have been several recent important decisions which compel me to raise this subject. The forward new building policy announced by the British Railways Board in June, 1964, is intended to concentrate new locomotive

building in the hands of two private manufacturers. This means that at the Doncaster workshops new locomotive building will cease at the end of 1965 and thus bring to an end 114 years of railway history. It was in 1851 that the church bells of Doncaster pealed out the good news of the decision of the Great Northern Railway to establish its principal workshops in the town.

Since that date such famous locomotives as "The Flying Scotsman" "The Silver Link" and the world record breaking "Mallard"—names which were once on every schoolboy's lips—have borne testimony to the unsurpassed skill and craftsmanship of the Doncaster engineers. The break with such a proud tradition is not easy for men who have devoted their lives to the industry, particularly when it is accompanied by the shadow of redundancy. Neither they nor we can overlook the fact that this is an area of workshop manufacture where the ability to be commercially competitive has been tried and proved over many decades.

To take away from our publicly-owned workshops that work for which they are equipped and laid out, and which they are supremely competent to perform, gives a faintly hollow ring to the Minister of Transport's recent statement about extending the manufacturing powers of the workshops. Clearly, giving such power is insufficient. The will to use it is also important. The motives of the Board on locomotive manufacture are understandable—to concentrate development and its related costs. The private manufacturers' ability to combine home and export production programmes certainly offers an attractive advantage, but the implementation of the Minister's proposals removes this advantage and makes concentration equally practical within the public sector. It seems not unreasonable to hope that the Board may be induced to review its decision of 1964 in anticipation of the impending Bill and thus relieve the burden of anxiety which presses so hard on our people in the workshops. I think of my own constituency but I am pleased to see present my hon. Friend the Member for Darlington (Mr. Ted Fletcher), because there are places such as his own constituency which are more severely affected in this respect than my own.



[MR. WALKER.]

It is rather odd to be slicing off a large part of the production of the public sector of our industry and creating from it a new, near-monopoly in the private sector at a time when we might be expecting that advances would be made in pushing forward the frontiers of public ownership. It is hardly surprising that people tend to call this "creeping denationalisation".

I am not pleading the case for an alternative monopoly right to be vested in the British Railways Board, nor am I necessarily making a plea for my own constituency workshops to play the conspicuous rôle in this field that they played in the days of steam. I am arguing for the chance for perhaps otherwise redundant workers, within the framework of the railway workshops, to use their skill and ability to satisfy the future locomotive needs of their own industry. I hope that my plea will not fall on deaf ears and that the Board will act to stop any immediate redundancies and not lag behind other industries in introducing those social advances which might help to redistribute the work load. The shorter working week and the longer holiday sought by men in the workshops to get into step with other industries would have a useful marginal effect.

The opportunity for the workshops to make replacement components, and to be equipped for this purpose, would make a considerable contribution to the speedier handling of scheduled repairs to locomotives, in which work my constituency locomotive shops are proving themselves particularly able.

I am sure that the opportunity for the workshops to do this work would increase efficiency inside the shops and speed up the turn round of repairs. I hope that in the modernisation programme being implemented in the workshops, provision will be made for re-equipping in order to enable them to carry out that kind of work.

The workshops have shown their ability to do it already, because it is in line with the traditional work they performed in the days when they manufactured their own locomotives. The present dependence upon outside suppliers must be an irksome brake on workshop efficiency. In

order to ensure the continued full use of equipment and manpower in the workshops, the possibility of manufacturing for other publicly-owned industries should be investigated.

The possibility of a closer liaison between publicly-owned industries should also be carefully examined. I have in mind the manufacture of coal-cutting and other machinery required by the National Coal Board. It seems to many of us to be entirely wrong for the Board to spend large sums of public money on developing new kinds of coal-cutting machinery and on research only for private industry to reap the fruits of this expenditure. I argue the right of our workshops to manufacture this kind of equipment so that we can keep it in the public sector for the public good.

I ask my hon. Friend the Parliamentary Secretary to urge my right hon. Friend the Minister to recognise not only the need to hasten the proposed legislation—I am very conscious of the obstacles here—but also to make urgent representations to the Railways Board to review its policies in anticipation of the promised legislation.

4.45 a.m.

**Mr. Ted Fletcher** (Darlington): I am grateful to my hon. Friend the Member for Doncaster (Mr. Harold Walker) for curtailing his speech to allow me a few minutes to emphasise what he has said, particularly as I represent the railway town of Darlington. My hon. Friend referred to the historic connection between his workshops and Doncaster. Darlington goes back even further in history. For over a century we have had railway workshops in Darlington and my constituents have a very great interest in this short debate.

It seems to us that the future of railway workshops should be considered in the context of the new policy laid down by the Labour Government since last October, namely, the review of line closures, and also the Minister's intention to allow British Railways workshops to compete in the open market for tenders. In these circumstances, it is necessary for the Railways Board to review the position as to the future of the workshops. There is a growing volume of evidence since 1962 that British Railways



workshops have completely underestimated the volume of the repairs which will be required to maintain the present fleet. It has completely over-estimated the number of redundancies that should take place. This is borne out by the fact that many railway workshops now work a considerable amount of overtime. This includes some shops in Darlington. As much as 30 hours a week are now being worked in overtime in many workshops.

My hon. Friend has drawn attention to the campaign waged by the previous Administration against a nationalised industry. I draw attention to what has happened at the Darlington locomotive works. Even whilst the Railways Board was refusing to defer redundancy, contracts were granted to outside industry—to the A.E.I. in particular—for new diesel locomotives, when an order was being currently completed in the Darlington works. As far as I am aware, A.E.I. has not got any locomotive building works. Much of this work is put out to subcontractors. The jigs, the tools, the templates, and the fixtures in Darlington North Road shops were transferred to a private firm—Beyer-Peacock in Manchester—so that it could fulfil a sub-contract for part of the order for diesel locomotives. This action was taken by the Railways Board in spite of the assurance given by Sir Steuart Mitchell at that time to the Railway Shopmen's National Council that everything possible would be done in the granting of new orders to alleviate the necessity for redundancy at Darlington. Machinery and equipment were disposed of to private enterprise. At the same time, the manpower in the workshops has been allowed to run down.

I did address a Question to the Minister on 22nd March asking him what reduction had taken place in the manpower of the railway workshops over the last five years. I was informed by the Minister that 24,000 jobs had disappeared in British railway workshops over the last five years. So it seems to us that over the five years of Tory rule preference has been given to private enterprise, and publicly-owned industry has been deliberately sabotaged for doctrinaire reasons and, as a consequence, the labour force has been allowed to run down too rapidly.

I do not want an assurance that under any circumstances the railway workshops

in Darlington, due to close at the end of 1966, will remain open, but an assurance from the Minister that a detailed look will be taken at the capability of the North Road workshops to see if they are a viable undertaking.

I believe—and I have had many opportunities since October of looking into this matter—that the railway workshops can compete with private industry. No one would expect the workshops to be kept open for the sake of sentiment, but I believe that given an opportunity to tender in the open market for contracts, with the reservoir of skill we have in Darlington, locomotive work and repairs could be executed at competitive prices.

I do hope that we can have some assurance that if this review is undertaken a decision will be made at an early date. Over 1,400 men are wondering what is going to happen to their accumulated skills after the end of 1966. It is only right and proper that assurances should be given of continuity of employment for these people.

We have already had in Darlington the closure of Stephens and Hawthornes, a private firm with 1,000 men, and 1,000 have been dismissed from the railway workshops in Darlington.

The 1,400 men who remain are still a viable workshop unit, and I would urge upon the Minister the necessity to have a detailed look at the situation in Darlington. Facts and figures can be brought to the attention of the Railways Board and the Ministry to prove a case for the continuation of the North Road workshops.

I am certain that if we can get this assurance from the Minister we can convince him that we have a good case. I would like to thank my hon. Friend the Member for Doncaster for having left me a few minutes for this intervention in order to be able to add to what he has said.

4.54 a.m.

**The Joint Parliamentary Secretary to the Ministry of Transport (Mr. Stephen Swinger):** At the end of a long debate we have reached a most important subject—that of the future of the railway workshops. I want straight away to thank my hon. Friend the Member for Doncaster (Mr. Harold Walker) for the points



[MR. SWINGLER.]

of which he has given notice, and to say to the hon. Member for Darlington (Mr. Ted Fletcher) that the matters which he has raised will be most carefully investigated. Any points which I cannot cover in my reply, I can assure him I will deal with in correspondence, and they will be very carefully reviewed.

This subject which the hon. Member for Doncaster has raised is one which I know is of great importance to him and to his constituents. I understand that in Doncaster the railway workshops are known very simply as "the plant", despite the fact that apart from the railway workshops Doncaster is no mean industrial centre.

I think this term of affection reflects not only the pride which the people of Doncaster feel in the historic traditions of these great works—there can be few who have not heard of "Mallard" and the "Flying Scotsman"—but also the part which they play in the economy of the district.

My hon. Friend the Member for Doncaster has referred to two quite separate but nevertheless connected subjects, and I move straight away to the question of the manufacture of locomotives. I am aware of the interest on this side of the House in the removal of the statutory restrictions on the manufacturing powers of the nationalised industries. This is a matter that falls within the sphere of legislation. I notice your sharp eye upon me, Mr. Deputy-Speaker, and on this occasion I cannot therefore do more than call my hon. Friend's attention to the Minister's statement that it is the Government's intention to remove the statutory restrictions on the powers of the nationalised workshops at the earliest opportunity to enable them to compete on the same basis as other kinds of workshops for whatever business in the home or export market that they can do.

Under the legislation which we have inherited, the Transport Act, 1962, each of the four nationalised transport boards, including, of course, the Railways Board,

"shall from time to time submit to the Minister proposals as to the manner in which their powers of construction, manufacture and production . . . are to be exercised, and shall exercise those powers in accordance with those proposals as approved by the Minister with or without modification . . ."

Hon. Members will recollect that in February 1964 under the Conservative régime the Railways Board submitted proposals to the then Minister of Transport and he approved five of the six paragraphs of the proposals, except that he reserved his judgment on them, in so far as they concerned locomotives, until April of last year, when he approved them also in that respect. But he turned down the sixth proposal concerning the manufacture of wagons for private owners to use on nationalised railways in the country.

As the House knows, the Railways Board resubmitted the sixth proposal when the present Government assumed office and my right hon. Friend at once approved this proposal, as we made clear through our manifesto that we would do immediately we came into power, namely that we would remove by administrative means the restriction imposed on nationalised industries.

I should like my hon. Friends to note two points with regard to the operation of this Section of the 1962 Act. First, our position is that the initiative in the submission of proposals rests at the moment with the British Railways Board. Secondly, once the Minister has approved the Board's proposals, modified or not as he considers necessary, these proposals become binding upon the Board and the Board must act in accordance with them.

The current approved proposals merely state what has been the existing practice in the railway workshops. They are now assembling rather than making locomotives, as my hon. Friend has said. They are making the frames, bodies and bogies and so on and then incorporating the mechanical and electrical parts bought from private industry. These parts make up three-quarters of the total cost of the locomotive. The fall-off in new locomotive building is having repercussions in the railway workshops, as we well know. The present programme of replacing steam locomotives with diesel and electric is now almost complete. After the end of 1966 the only home demand for main line locomotives will be made up almost entirely of replacements. This compares with an annual delivery at present to British Railways by their own workshops and trade together of about 400.

I must stress two further points. First, the responsibility for assessing tenders and placing orders, subject to anything which

may be laid down by the approved manufacturing proposals, rests solely with the Board. The Minister has no say in the placing of orders. Secondly, Section 13 of the Act gives the Minister no control over repairs and maintenance, only over manufacture. This is because repair and maintenance, being connected with operational decisions, are essentially matters of management.

In this connection, may I take the opportunity of dealing with the point which my hon. Friend raised about the manufacture by Railways Workshops of spare parts. There is nothing in the Act or in the proposals which prevents the Board from making spares for their own purposes. But the exercise of the power, and the source from which the spares are obtained, is a matter for the Board's own managerial judgment. As regards the question whether there has been a shortage of spares, I am sure that the Board will note what my hon. Friend has said and will investigate it and take any appropriate action.

May I say one or two words about the question of "The Plant" itself. Under the plan for the modernisation of the Railway Workshops, published by the then B.T.C. on 19th September, 1962, Doncaster was selected as one of the main workshops for retention. The present position is that the staff strength in Doncaster Railway Workshops is 3,632. National investment in the modernisation of workshops as proposed by the present plan has been approved to the tune of £17 million. This includes £1,220,000 for Doncaster, a substantial investment. With regard to staff in 1965, the original forecast for Doncaster was that the fall-off in new building of locomotives would affect about 325 men but that with adequate retraining the redundancy should not be more than 100. It has been pointed out in this connection that, at Doncaster and certain other

works, it was essential that more men should be available to work on diesel repairs. The trade unions were asked to look at the problem of retraining men who would otherwise be declared redundant, to enable them to acquire the necessary skills outside their existing crafts.

I should have liked to have been able to say that there will be no redundancy at Doncaster in 1965 and that this problem had been eliminated; but, with proper consultation, and retraining schemes, I am informed by the Railways Board that redundancy at Doncaster in 1965 will be fewer than the one hundred to which the original forecast had been reduced. It is impossible as yet to say what the final figure will be.

Therefore, I conclude by saying that the Doncaster works have inevitably been affected by the falling off in the building of new locomotives, although this is partly balanced by the increasing need for workers skilled in diesel repairs; but the Board has had to give warning of possible redundancy. The relatively small scale of the redundancy should not blind us to the fact that, in greater or lesser degree, very real personal problems can be involved; but, the Board's record shows that everything possible will be done to see that any staff who might be affected are fairly treated, and everything done for their resettlement in the shortest possible time.

We hope to give the railway workshops an expanding future in spite of the situation we have inherited. We have removed the previous restriction—

*The Question having been proposed after Ten o'clock on Thursday evening and the debate having continued for half an hour, Mr. DEPUTY-SPEAKER adjourned the House without Question put, pursuant to the Standing Order.*

*Adjourned at six minutes past Five o'clock a.m.*



Thursday, 20th May, 1965

## HOME DEPARTMENT

### Itinerant Caravan Dwellers

21. **Mrs. Renée Short** asked the Secretary of State for the Home Department if he will take steps to strengthen the powers of the police to deal with itinerant caravan dwellers.

**Mr. George Thomas**: My right hon. and learned Friend is aware of the problems which can be caused by itinerant caravan-dwellers; but he does not consider that any satisfactory or lasting solution to these problems can be achieved by legislation enlarging or strengthening the powers available to the police under the general law.

### Commonwealth Immigrants

8. **Mr. Longden** asked the Secretary of State for the Home Department if he will seek to empower the immigration officers who are to be appointed to assist staffs overseas in dealing with applications for entry certificates, to make a health check of an immigrant in his country of origin, and to refuse certificates on any of the grounds upon which admission into the United Kingdom may be refused under the terms of section 2 of the Commonwealth Immigrants Act 1962.

**Sir F. Soskice** Section 2 of the Commonwealth Immigrants Act, 1962, gives immigration officers power to refuse Commonwealth citizens admission to the United Kingdom on various grounds, including medical grounds. Entry certificate officers are already instructed to bear this in mind, when considering applications for entry certificates, and applicants are informed that grant of an entry certificate will not exempt them from refusal on medical grounds. We have not hitherto thought it right to insist on a health check before granting an entry certificate, but the feasibility of health checks in the country of origin is among the questions being explored by the mission under the leadership of Lord Mountbatten which is at present discussing with a number of Commonwealth Governments means of regulating the flow of Commonwealth immigrants to this country.

41. **Mr. Geoffrey Lloyd** asked the Secretary of State for the Home Department whether he has now completed his review of immigration arrangements; and whether he will make a further statement.

**Sir F. Soskice**: I would refer the right hon. Gentleman to the Answer I gave on 6th May to Questions by the hon. Member for Louth (Sir C. Osborne).

42. **Mr. Gurden** asked the Secretary of State for the Home Department what changes he has made in his instructions to immigration officers, in view of Her Majesty's Government's policy on the need for restriction of entry.

**Sir F. Soskice**: On 4th February I informed the House of new instructions I was giving to immigration officers in order to check evasion of the control over Commonwealth immigration. I have no further changes to announce at present.

54. **Mr. Thorneycroft** asked the Secretary of State for the Home Department whether he will make a statement on the net immigration figures in the first three months of 1965; and whether he will now issue instructions for a large curtailment in the issue of A and B vouchers.

**Sir F. Soskice**: The net balance of immigration for the first three months of 1965 from Canada, Australia and New Zealand was 5,765 and from the other Commonwealth territories 13,518. The corresponding figures for 1964 were 4,137 and 12,345. The Government have postponed further consideration of the voucher scheme until after we have the report of the mission, under the leadership of Lord Mountbatten, that is discussing with a number of Commonwealth Governments means of regulating the flow of Commonwealth immigrants to this country.

71. **Sir D. Renton** asked the Secretary of State for the Home Department if he will give the figures for the net increase of Commonwealth immigrants from Asia, Africa and the West Indies in the first four months of this year; what have been the results of his attempts to prevent

evasion of the Commonwealth Immigrants Act; and whether he will make a statement.

**Sir F. Soskice:** In the first four months of this year the total net inward balance of immigration for Commonwealth territories other than Canada, Australia, New Zealand and those in the Mediterranean was 18,898. The corresponding figure for 1964 was 17,401. As to the rest of the Question, I would refer the right hon. and learned Gentleman to the answer I gave on 13th May to a Question by the hon. Member for Louth (Sir C. Osborne).

### Police (Recruitment)

22. **Mr. Goodhart** asked the Secretary of State for the Home Department how many men with university degrees were recruited by police forces in England and Wales between 1st April, 1964, and 1st April, 1965.

**Mr. George Thomas:** The available statistics relate to calendar years. Five men with university degrees were recruited in 1964.

23. **Mr. John Cordle** asked the Secretary of State for the Home Department what percentage increase in the police force it is his objective to achieve as the result of the recruitment advertising campaign to be undertaken by his Department during the next 12 months.

**Sir F. Soskice:** My objective is to see that the police have the men that they need to carry out their difficult and vital tasks, and I have set on foot a review of establishments that fall short of requirements.

The best current estimate is that the needs of the service are of the order of 15,000. I hope that this year's expanded campaign will make a significant contribution towards a further increase in the number of recruits, but it is not possible to measure this precisely.

49. **Dame Joan Vickers** asked the Secretary of State for the Home Department how many Commonwealth immigrants have been recruited into the police forces of England and Wales since 1948.

**Mr. George Thomas:** No central statistics are kept of the origin of British subjects recruited into the police; and

my right hon. and learned Friend would not feel justified in asking for a special return.

### Walton Prison (Building Staff)

24. **Mr. Heffer** asked the Secretary of State for the Home Department whether it is now possible to introduce a five-day week for building trades operatives employed in the prison service at Her Majesty's Prison, Walton, Liverpool.

**Miss Bacon:** A five-day week working schedule for this staff will be introduced on 28th May.

### Juvenile Delinquency

25. **Mr. Brooke** asked the Secretary of State for the Home Department what new action he has initiated against juvenile delinquency.

**Sir F. Soskice:** My colleagues and I are urgently considering what new measures are desirable and practicable for dealing with children who are delinquent and for helping those who are at risk and their families. We hope in due course to publish our conclusions as a basis for discussion.

### Prostitutes

#### (Bayswater-Notting Hill Area)

26. **Mr. Shepherd** asked the Secretary of State for the Home Department what information he has from the Commissioner of the Metropolitan Police as to the number of prostitutes known to be operating on the streets in the Bayswater-Notting Hill area.

**Miss Bacon:** The Commissioner estimates that anything up to 40 prostitutes are operating in the streets of this area at any one time. The number of different women arrested or cautioned for loitering or soliciting in the area in the first three months of 1965 was 90.

### London Taxis (Six-Mile Limit)

27. **Mr. Dudley Smith** asked the Secretary of State for the Home Department what progress he has made with the consultations in his effort to extend the present London taxi meter limit; and if he will make a statement.

**Mr. George Thomas:** After considering the views expressed to him by all sections of the London cab trade, my



right hon. and learned Friend has informed them of his conclusion that some revision of the six-mile limit is needed, certainly in terms of controlled fares, and has invited their co-operation in working out the details. Consultations have been renewed on this basis.

#### Affiliation Orders

28. **Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that the maximum order that can be obtained by an unmarried mother in a court against the father of her child is 50s. per week and that any payment awarded by the court is taxed as unearned income and ceases to be payable upon the death of the father, irrespective of the size of the father's estate; and whether, in order to ensure that wealthy putative fathers should give proper support to their children, he will seek to amend the Affiliation Act to enable larger amounts to be awarded and to enable lump sums to be claimed against the estate of a deceased father.

**Mr. George Thomas:** My right hon. and learned Friend is considering the need to amend the law to enable amounts larger than 50s. a week to be ordered in affiliation proceedings. Consideration of the possibility of providing for claims against the estate of a deceased putative father must await the report of the Committee which is considering the law of succession in relation to illegitimate persons.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that an unmarried mother seeking to enforce or vary an order made in respect of her child under the Affiliation Act has to make such an application in open court; and whether he will seek to amend the Affiliation Act in order to protect the mother from publicity.

**Mr. George Thomas:** My right hon. and learned Friend is considering the desirability of bringing the law relating to affiliation proceedings in line with that relating to the matrimonial and guardianship proceedings in magistrates' courts, and this is one of the matters which would be dealt with.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that the rule preventing an un-

married mother commencing proceedings against a putative father more than 12 months after the birth of the child is resulting in hardship to the child; and whether he will seek to amend the Affiliation Act to enable proceedings to be commenced beyond the existing time limit.

**Mr. George Thomas:** The object of this rule is to ensure that proceedings are brought while evidence is still fresh. It is in the child's interest that there should be no delay in commencing proceedings, and my right hon. and learned Friend has no evidence that the rule causes substantial hardship.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that an unmarried mother cannot enforce an affiliation order against a father who is resident in a Commonwealth country; and whether, in view of the increasing number of Commonwealth citizens in this country, he will seek to amend the Maintenance Order (Facilities for Enforcement) Act, 1920, so that it expressly includes an affiliation order.

**Mr. George Thomas:** My right hon. and learned Friend is considering the possibility of making this and other amendments to the Maintenance Order (Facilities for Enforcement) Act, 1920. This will require Commonwealth consultation with a view to reciprocal legislation in Commonwealth countries.

#### Illegitimacy

29. **Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that the seducer of a married woman living with her husband cannot be ordered to make any payment for a child born out of the affair; and whether he will seek to amend the Affiliation Act to ensure that such putative fathers no longer can escape from their responsibilities to their children.

**Mr. George Thomas:** This proposal would entail a departure from the presumption that a child born during the subsistence of a valid marriage is legitimate. My right hon. and learned Friend is not satisfied that such a change in the law would be desirable or free from difficulty.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware of the practice in some continental countries whereby formal but private recognition of paternity by the father of an illegitimate child may be given; and whether he will seek to amend the Affiliation Act to enable such formal recognition to be accorded privately by the clerk to the magistrates or other appointed officer of the court.

**Mr. George Thomas:** I understand that such a practice does exist in some continental countries, but that in some cases, where an element of doubt as to paternity may arise, the public authority before which the formal recognition is being accorded may advise that court proceedings should nevertheless be taken. On present information my right hon. and learned Friend is not satisfied that the practice has any advantage over the making of payments under a voluntary agreement, which, if the putative father subsequently refuses payment, enables the mother to bring proceedings for an affiliation order at any time.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware of the need of research into the problem of unmarried fathers; what action he will take to encourage such research; and whether he will seek to amend the Affiliation Act to enable officers of the court before proceedings are commenced to interview, on the application of an unmarried mother, the alleged putative father with a view, in suitable circumstances, to encouraging the parents of an illegitimate child to marry.

**Mr. George Thomas:** If my hon. Friend will give me details of the matters which in his view require research, my right hon. and learned Friend will be glad to consider them. As at present informed he sees no reason to think that a statutory procedure is needed to encourage the parents of illegitimate children to marry.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that any court order made against a father of an illegitimate child is payable unless there is a special direction only until the child is 13 years of age and that in no event can the order be extended

beyond 16 years of age; and, in order that fathers may be ordered to give proper aid to children suffering from physical or mental disability and in need of further educational assistance, he will seek appropriately to amend the Affiliation Act.

**Mr. George Thomas:** Under Section 7 of the Affiliation Proceedings Act, 1957, the court has power, if a child to which an order relates is engaged in a course of education or training after attaining the age of 16 years, to order payments to be made towards the child's maintenance up to the age of 21. My right hon. and learned Friend is considering the possibility of extending this provision to cases in which illegitimate children between the ages of 16 and 21 are dependent for reasons other than education or training.

#### Child Care (Research)

30. **Mr. Sharples** asked the Secretary of State for the Home Department how many research projects have been instituted by his Department under Section 45 of the Children and Young Persons Act, 1963.

**Miss Bacon:** My right hon. and learned Friend is assisting the National Bureau for Co-operation in Child Care to survey the results of research into child care which have been published in this and certain other countries since 1948, and to carry out research into the operation of two family advice centres. He is also contributing part of the cost of the National Child Development Study (1958 Cohort) which is being undertaken jointly by the Bureau and other bodies. As regards research into adoption, I would refer the hon. Member to the reply which I gave to a Question by my hon. Friend the Member for Pontypool on 9th April.

#### Vehicle Speed Checks (Barograph Recording Instruments)

31. **Mr. Biggs-Davison** asked the Secretary of State for the Home Department, what consideration he has given to the application of the barograph principle to radar used by the police to check the speeds of motor vehicles.

40. **Mr. Charles R. Morris** asked the Secretary of State for the Home Department to what extent radar speed check equipment in current use by police authorities in this country is based on the barograph principle.



**Mr. George Thomas:** Meters fitted with barograph type recording instruments are generally used to estimate the average speed at which traffic is moving rather than the speeds of individual vehicles. My right hon. and learned Friend is not aware of any grounds for taking out of use the standard type of meter used by police forces in this country.

#### **Jury Service (Departmental Committee's Report)**

33. **Mr. Boston** asked the Secretary of State for the Home Department what plans he has to alter the qualifications for jury service so as to increase the number of people eligible to serve, in the light of the recent Report of the Departmental Committee on Jury Service.

**Miss Bacon:** As I said on 29th April in answer to a Question from my hon. Friend the Member for Leicester, North-West (Sir B. Janner), my right hon. and learned Friend is studying the Report carefully, but he is not yet in a position to make a statement about legislation.

#### **Vivisection (Littlewood Committee's Report)**

34. **Mr. Burden** asked the Secretary of State for the Home Department if the Report of the Littlewood Committee on Vivisection is now available; and when he will make known its recommendations.

51. **Mr. Buchan** asked the Secretary of State for the Home Department what plans he has for the introduction of fresh legislation as a result of the Littlewood Report on Vivisection.

**Sir F. Soskice:** The Report was published on 29th April. I am considering it, but am not yet in a position to make any statement.

#### **School Crossing Patrols**

36. **Mr. Biggs-Davison** asked the Secretary of State for the Home Department by what criteria the Metropolitan Police accept and refuse applications for school crossing patrols; and what procedure is adopted.

**Mr. George Thomas:** Each case is considered on its merits, having regard to the number and ages of the children involved, to the traffic and road conditions at the crossing and to any special factors that may be relevant. Counts

are taken of children and traffic at material times and a recommendation is made by the local police. An independent assessment and recommendation is made by officers of the Traffic Branch, New Scotland Yard, and a decision is reached in the light of these two recommendations.

#### **Unemployment, Northern Ireland**

38. **Mr. Rose** asked the Secretary of State for the Home Department whether he will make a statement on his recent official visit to Northern Ireland.

45. **Mr. McMaster** asked the Secretary of State for the Home Department following his recent official visit to Northern Ireland, what proposals he has relating to new Government measures in Great Britain to help reduce the level of unemployment in Northern Ireland and to assist the Government of Northern Ireland in the steps they are taking to promote further industrial development throughout Ulster; and if he will make a statement.

**Sir F. Soskice:** During my visit to Northern Ireland, I had valuable informal talks with members of the Government of Northern Ireland and with representatives of many walks of life there. The Government gives continuing co-operation and support to the Government of Northern Ireland in tackling the problem of unemployment there and the forthcoming visits to Northern Ireland by my right hon. Friends the First Secretary of State and the President of the Board of Trade indicate the importance which we attach to concerting the industrial and economic plans of the two Governments aimed at making the fullest use of the industrial and labour resources available in the province.

#### **Maintenance Orders**

39. **Mr. Awdry** asked the Secretary of State for the Home Department whether he will introduce legislation to increase the amount of maintenance which a magistrate's court can award for the benefit of children.

**Mr. George Thomas:** My right hon. and learned Friend is considering the need to increase the present limit, but he cannot at present say when it will be possible to introduce legislation for this purpose.

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that maintenance of arrears due under court order from a putative father cannot be obtained against the estate of a deceased father; and whether he will seek to amend the Affiliation Act to enable such arrears to be properly claimed.

**Mr. George Thomas**: The procedure for enforcing arrears makes provision for the court to take account of good reasons for failure to make payments and to remit all or part of the arrears in appropriate cases. These provisions could not operate after the death of the defendant and without them a change of the kind proposed might work injustice. My right hon. and learned Friend is not aware of any evidence that the existing provisions cause substantial hardship.

#### Courts (Suspended Sentences)

43. **Mr. Peter Mills** asked the Secretary of State for the Home Department what has been the result of his consideration of the introduction to this country of the suspended sentence.

**Miss Bacon**: I am sorry that I cannot at present add to the Answer which I gave on 28th April to Questions by the hon. Member for Oxford (Mr. Woodhouse).

#### Prisoners (Home Leave)

44. **Mr. Peter Mills** asked the Secretary of State for the Home Department what progress he has made in his exploration of methods to enable prisoners to earn the privilege of seeing their families at home.

**Miss Bacon**: Suitable prisoners in certain categories are at present allowed one period of home leave towards the end of their sentence; a copy of the current instruction is in the Library. My right hon. and learned Friend is considering the possibility of extending the scheme, but he is not at present in a position to make any announcement.

#### Alfred George Hinds (Free Pardon)

46. **Mr. Woodnutt** asked the Secretary of State for the Home Department when he will reply to Messrs. John Robinson and Jarvis's letter of 30th December, 1964, asking him to consider recommending the granting of a free pardon to Alfred George Hinds, in respect of his

conviction in 1953 to a sentence of 12 years' preventive detention for the Maples robbery.

**Miss Bacon**: A reply has now been sent, indicating that my right hon. and learned Friend has referred this case to the Court of Criminal Appeal under Section 19(a) of the Criminal Appeal Act, 1907.

#### Prison Committal Orders (Private Hearings)

48. **Mr. William Wells** asked the Secretary of State for the Home Department how many persons were in custody on 1st May, 1965, having been committed by an order made by a judge sitting in camera.

**Sir F. Soskice**: I am informed that one person only was so in custody on 1st May, 1965.

#### Adoption Orders

50. **Lord Balniel** asked the Secretary of State for the Home Department what alterations he is considering making to the rules governing the procedure for making adoption orders in the courts.

**Miss Bacon**: My right hon. and learned Friend is looking again at the point raised in a Question by my hon. Friend, the Member for Pontypool (Mr. Abse) on 9th April. In addition, he has sent to various bodies for their comments a draft of various proposed amendments to the Adoption (Juvenile Courts) Rules, two of which involve minor changes in the procedure for making adoption orders in the courts, particulars of which I will send to the hon. Member.

#### Foster Children

52. **Lord Balniel** asked the Secretary of State for the Home Department whether he is aware that a foster parent may foster one child after another for periods of less than one month at a time and so escape the provisions of notification required under Section 3 of the Children Act, 1958; and what steps he is taking to remedy this anomaly.

**Miss Bacon**: There are good practical reasons for limiting these provisions to children fostered for more than a month, but if the hon. Member has evidence that might justify widening them, I hope he will send it to me.



**Lord Balniel** asked the Secretary of State for the Home Department whether he will seek to amend Section 3(1) of the Children Act, 1958, which provides that a person who proposes to maintain a foster child must give written notice to the local authority before receiving the child, so as to ensure that the person who yields up the child shall also have to give written notice.

**Miss Bacon:** My right hon. and learned Friend has some doubt whether such an extension of the law would be efficacious, but he has noted this suggestion for future consideration.

**Lord Balniel** asked the Secretary of State for the Home Department whether he is aware that there is some evasion of the law which provides that a person who proposes to maintain a foster child must give written notice to the local authority two weeks before receiving the child; and what steps he is taking to secure compliance with the law.

**Miss Bacon:** My right hon. and learned Friend recognises that the requirement to give written notice may not be generally known. Local authorities are responsible for giving necessary local publicity, and the Home Office has arranged for broadcasts to be made during the "Government announcements" period and for the production of a poster which has been widely distributed. The most effective way of securing compliance with the law is for local authorities to bring prosecutions in suitable cases.

#### Foreign and Commonwealth Students

55. **Mr. Thorneycroft** asked the Secretary of State for the Home Department what steps he takes to ensure that students arriving in this country restrict their activities to the studies that they have undertaken and return to their countries of origin upon the conclusion of those studies.

**Sir F. Soskice:** All students subject to the Aliens Order, 1953, or the Commonwealth Immigrants Act, 1962, are now admitted only for such a period as (with extensions) may be necessary to enable them to complete their studies. An application by a student to stay on in the

United Kingdom after completing his studies will be granted only if he has an acceptable case on other grounds.

#### Guardianship (Amending Legislation)

53. **Mr. Patrick Jenkin** asked the Secretary of State for the Home Department whether he will introduce legislation to amend the law of guardianship to give, in the absence of any court order to the contrary, the mother of the child under 21 years of age guardianship rights equal to and concurrent with the rights of the father.

**Miss Bacon:** A Bill on this subject, introduced by the hon. Member for Plymouth, Devonport (Dame Joan Vickers), is already before the House.

#### Farm Produce (Review of Law of Larceny)

56. **Mr. John Wells** asked the Secretary of State for the Home Department if he will introduce legislation to increase penalties for stealing farm produce off the land.

**Miss Bacon:** The Criminal Law Revision Committee is making a comprehensive review of the law of larceny. These penalties will be looked at in the light of the recommendations made by the Committee.

#### Coloured Regular Police Officers

58. **Mr. W. T. Williams** asked the Secretary of State for the Home Department what police authorities employ coloured police officers, and in what numbers.

**Mr. George Thomas:** My information is that there are no coloured regular police officers in England and Wales, but that there are three coloured men serving as special constables, with the Plymouth, Gloucestershire and Luton police forces respectively.

59. **Mr. W. T. Williams** asked the Secretary of State for the Home Department how many applications were received by the Metropolitan Police authority from coloured persons for appointment as police officers during the years 1963 and 1964; and how many of these were rejected, and for what reasons.

**Mr. George Thomas:** My right hon. and learned Friend is informed by the Commissioner of Police of the Metropolis that during 1963 and 1964 a total of 23 coloured persons, none of whom was appointed, applied to join the Metropolitan police. Seventeen of them failed in one or more respects to satisfy the requisite standards of age, height, physique or education; five of the others were recent arrivals in this country; and one was found on interview to be unsuitable.

#### **Prostitution, Balham**

**57. Dr. David Kerr** asked the Secretary of State for the Home Department what evidence has been obtained by the Metropolitan Police as to the extent of the growth of prostitution in Balham; and what measures are being applied to the problem.

**Miss Bacon:** I understand from the Commissioner of Police of the Metropolis that after the enactment of the Street Offences Act, 1959, loitering for the purpose of prostitution diminished considerably in Balham. Since then there has been some increase, of which the extent is difficult to assess, but it is not thought to have reached its former level. Special patrols are employed, within the limits of manpower available, to deal with this problem.

#### **Train Wreckers**

**60. Dame Irene Ward** asked the Secretary of State for the Home Department whether, as a deterrent against train wreckers, he will seek to extend the fine of £10 on children of 10 to 14 years of age to £100, with power to obtain the money from parents, and to extend to other classes of young people increased fines adjusted proportionately.

**Miss Bacon:** Methods of dealing with young offenders are under review, and my right hon. and learned Friend will bear in mind the hon. Member's suggestion in that connection.

**62. Dame Irene Ward** asked the Secretary of State for the Home Department what consultations he has had with the Railways Board on their proposals for increased penalties for train wreckers.

**Miss Bacon:** My right hon. Friend the Minister of Transport consulted my right

hon. and learned Friend about the increased maximum penalties proposed by the Railways Board in their private Bill now before Parliament and in revised byelaws which they intend to make under the Transport Act 1962. My right hon. and learned Friend is in agreement with the proposed increases.

#### **Immigration Officers (Courtesy)**

**61. Mr. Gresham Cooke** asked the Secretary of State for the Home Department, in view of the two recent cases of discourtesy, details of which have been given to him, and in the interests of the good name of this country and of the tourist industry, he will now instruct immigration officers at all times to show courtesy and consideration towards foreign tourists visiting this country.

**Mr. George Thomas:** Though the hon. Member has furnished details of two complaints, one of them was only received by me yesterday. I have not had time to make the necessary enquiries but these are being set in hand and I will write to the hon. Member in due course. The other complaint was the subject of thorough inquiry, the results of which were communicated to the hon. Member on 6th May. No discourtesy was disclosed, but the passenger concerned should have been dealt with more expeditiously, and an appropriate apology was made.

My right hon. and learned Friend attaches great importance to the prompt and courteous clearance of all travellers through the controls at our ports, and immigration officers receive careful instruction to that end in the course of training. It appears to my right hon. and learned Friend that in general they carry out their difficult duties with noteworthy tact and discretion.

#### **Private Security Organisations**

**63. Mr. Neil Carmichael** asked the Secretary of State for the Home Department if he is aware of the growing anxiety throughout the country at the increase in the number of private security forces; and if he will take steps to examine the uniforms used by these commercial organisations to ensure that there is no possible confusion with those of county or city police.



**Mr. George Thomas:** My right hon. and learned Friend is aware of the activities of private security organisations and he keeps in touch with the situation. Under subsection (2) of Section 52 of the Police Act, 1964, it is an offence to wear any article of uniform so nearly resembling that of a member of a police force as to be calculated to deceive. My right hon. and learned Friend has no reason to think that this provision is ineffective, and in general he sees no cause for anxiety at present.

**Mr. Carmichael** asked the Secretary of State for the Home Department if he will seek powers to obtain figures as to how many private security organisations now offer their services commercially in this country and how many uniformed people are at present employed by these organisations.

**Mr. George Thomas:** My right hon. and learned Friend does not require special powers in order to obtain this information.

#### **Coroners' Courts, Beckenham (Accommodation)**

64. **Mr. Goodhart** asked the Secretary of State for the Home Department whether he is aware of the shortage of court accommodation for coroners serving the Beckenham constituency; and when it is planned to improve the position.

**Mr. George Thomas:** This is not a matter in which my right hon. and learned Friend has any responsibility.

#### **Train Robbers (Prison Precautions)**

68. **Mr. Dudley Smith** asked the Secretary of State for the Home Department if he will take extra precautions to ensure that the men convicted and sentenced for their part in the great train robbery do not escape from prison; and if he will make a statement.

**Miss Bacon:** Precautions have been taken. It would not be in the public interest to give details.

#### **Drugs**

66 and 67. **Mr. Woodhouse** asked the Secretary of State for the Home Department (1) whether he will request a report from the Chief Constable of

Oxford under Section 30 of the Police Act, 1964, on the scale of drug-peddling in the city;

(2) what information he has received from the Chief Constable of Oxford on the extent of drug-addiction among students at the University.

**Mr. George Thomas:** My right hon. and learned Friend is in touch with the Chief Constable about these matters and is awaiting a report from him.

**Mr. Hobden** asked the Secretary of State for the Home Department if he is aware of the continued spread of drug taking, particularly among teenagers; what plans he has for seeking new powers to deal with this; and whether he is satisfied that the security services at the point of manufacture are sufficient to prevent the unauthorised removal of drugs from that source.

**Sir F. Soskice:** I have noted with concern suggestions that drug taking is increasing and I am watching the position closely. The Interdepartmental Committee on Drug Addiction was reconvened last year to study certain aspects of the problem and its report is expected soon. I am satisfied that those concerned in manufacturing and handling dangerous drugs take strict security precautions in accordance with the conditions of their licences and regulations. The Drugs (Prevention of Misuse) Act, 1964, makes no provision as regards the custody of the drugs controlled thereunder. The possible need for further controls is being kept under review.

#### **London Boroughs (Report)**

65. **Mr. Pavitt** asked the Secretary of State for the Home Department why the Report of the Boundaries Commission on the London Boroughs was issued to the Press before it was released to hon. Members.

**Mr. George Thomas:** This was not a Report by the Boundary Commission for England, but statutory notification of certain provisional recommendations—a matter entirely for the Commission. When in due course the Commission submits final recommendations for England as a whole, the presentation of its Report to Parliament will, of course, precede publication.

### Crime Prevention (Television)

69. **Mr. Tilney** asked the Secretary of State for the Home Department how many police authorities use television cameras for crime prevention and detection; and what steps he is taking to encourage such use.

**Mr. George Thomas:** My right hon. and learned Friend understands that only one police force is using television cameras in this way. He is keeping in close touch with the experiment through the Home Office Police Research and Planning Branch, but a considered assessment cannot yet be made.

### Law on Abortion

70. **Mr. William Hamilton** asked the Secretary of State for the Home Department what progress has been made in the preparation of legislation to modernise and liberalise the law on abortion.

**Miss Bacon:** I have at present nothing to add to the Answer which I gave on 25th March to the Question by my hon. Friend.

**Mr. W. T. Williams** asked the Secretary of State for the Home Department whether he will now introduce legislation to make abortion legal on medical advice following a criminal offence or when there is danger of a deformed child.

**Miss Bacon:** I would refer my hon. and learned Friend to the reply which I have given today to a Question by my hon. Friend the Member for Fife, West (Mr. William Hamilton).

### Prison Officers (Pay Increase)

**Mr. Charles Morrison** asked the First Secretary of State and Secretary of State for Economic Affairs, into which category of exceptions to Her Majesty's Government's incomes policy, as outlined in paragraph 15 in the White Paper on Prices and Incomes Policy, the increase in salary for approximately 8,000 prison officers of 6 per cent. backdated to 1st January, 1964, and a further 3½ per cent. backdated to 1st January, 1965, comes.

**Sir F. Soskice:** I have been asked to reply.

The recent increase of 6 per cent. backdate to 1st January, 1964, was

determined in accordance with the recommendations in the report of the Wynn-Parry Committee (Cmd. 544), which recommended that the pay of prison officers should move with the pay of other civil servants on comparable salary levels. It took account of all relevant developments since the last comprehensive review of prison officers' pay took effect in December 1958.

The further increases of 3½ per cent. from 1st January, 1965, and 1st January, 1966, are in line with the principles set out in the White Paper.

### Speed Limit Enforcement (Radar Meters)

73. **Mr. Fisher** asked the Secretary of State for the Home Department whether he is satisfied with the accuracy and reliability of radar meters as a method of trapping motorists thought to be exceeding the speed limit; and if he will make a statement.

**Mr. George Thomas:** I would refer the hon. Member to the reply which I gave to a Question by the hon. Member for Twickenham (Mr. Gresham-Cooke) on 29th April.

### School Crossing Attendants

**Mr. Lubbock** asked the Secretary of State for the Home Department (1) if he will seek to impose an age limit on persons employed as school crossing attendants;

(2) if he will seek to require that persons employed as school crossing attendants should undergo eyesight and hearing tests;

(3) if he will seek to ensure that persons employed as school crossing attendants should pass an examination on the Highway Code.

**Mr. George Thomas:** My right hon. and learned Friend has no power to issue directions in these matters. Section 47 of the Road Traffic Act, 1960, requires local authorities and, in the Metropolitan Police District, the Commissioner of Police of the Metropolis to satisfy themselves of the adequate qualifications of persons appointed as school crossing patrols, and to provide requisite training of persons to be appointed. It is obviously desirable that a patrol should have satisfactory eyesight and hearing.



My right hon. and learned Friend would be reluctant to suggest the general imposition of an arbitrary age-limit. Many elderly patrols give good service—indeed, but for the pensioners who are prepared to do this work many more of the crossings than at present would not be manned. Appointing authorities should, however, have regard to the fitness and alertness of applicants for appointment, whatever their age, and should keep these under review.

The training of school crossing patrols in the Metropolitan Police District includes study of the Highway Code. A copy of the Commissioner's instructions for training patrols has been sent to all school crossing authorities, who were also advised to issue a copy of the Highway Code to each patrol, with particular reference to the stopping distances of vehicles. Officers instructing and supervising patrols can judge without a formal examination whether patrols can apply in practice the parts of the Highway Code which are relevant to their duties.

#### Prisoners (Remission of Sentence)

**Mr. Crawshaw** asked the Secretary of State for the Home Department whether his Department will adopt a system of remission of sentence based, *inter alia*, upon the satisfactory completion by a prisoner of a day or days' work while in prison.

**Miss Bacon**: This kind of system operated until 1940. It was then abandoned as the growing complexity and widening range of prison industries made it difficult to administer effectively and fairly.

#### Road Transport (Dangerous Substances)

**Mr. Gregory** asked the Secretary of State for the Home Department what developments have taken place in the discussions with local authorities, fire associations and industry regarding the carriage by road of dangerous liquids and substances; and if he will make a statement.

**Mr. George Thomas**: I would refer my hon. Friend to the reply which I gave today to his earlier Question on this subject.

#### Affiliation Proceedings

**Mr. Abse** asked the Secretary of State for the Home Department whether he is aware that in proceedings under the Affiliation Act an accused man can protect himself from self-incrimination by refusing to give evidence and at the same time may procure witnesses to allege that any one of them may be the father of the child; and whether he will seek to amend the Affiliation Act so that the Swedish practice may be followed which enables all such witnesses to become by order of the court paying fathers.

**Mr. George Thomas**: There is power to issue a witness summons against a defendant in affiliation proceedings. From the enquiries my right hon. and learned Friend has made I understand that no practice of the kind described exists in Sweden. Such a practice formerly existed in Denmark, but was abandoned in 1961. There would in my right hon. and learned Friend's view be serious objections to introducing such a practice in this country.

#### Jury Service (Allowances)

**Mr. Boston** asked the Secretary of State for the Home Department if he will take steps to increase the allowances paid to those undertaking jury service.

**Miss Bacon**: My right hon. and learned Friend is reviewing these allowances in the light of the recommendations of the Departmental Committee on Jury Service and of the allowances payable in respect of certain other public duties.

#### Children Under Care

**Lord Balniel** asked the Secretary of State for the Home Department whether he will set up a working party to review the law relating to the protection of children whose care and maintenance are undertaken for reward by people who are not relatives or guardians, so as to take account of experience gained by the local authorities since 1958.

**Miss Bacon**: The Department and its inspectors keep in close touch with local authorities and their children's officers about the operation of the Act, and my right hon. and learned Friend is ready to consider any suggestions by the authorities or their associations for improving the law.

### Juvenile Delinquents

**Mr. Hector Hughes** asked the Secretary of State for the Home Department if he is aware of the success in other countries of the system by which juvenile delinquents are sent out of prison and approved schools to do cleaning and other constructive work for old-age pensioners and other private citizens; and if he will adopt similar methods in Great Britain.

**Miss Bacon:** Yes; similar methods have been in use in borstal institutions and approved schools in this country for many years. The work is entirely voluntary, covers a wide range of activities, and is permitted to boys and girls who have reached a sufficient degree of maturity and responsibility. It has not so far proved possible to extend it to young offenders in prison.

### Civil Servants (Criminal Records)

**Mr. Hector Hughes** asked the Secretary of State for the Home Department what psychiatric or psychological advice he seeks and applies in cases where civil servants with criminal records in the past are on the point of promotion.

**Sir F. Soskice:** If it is considered necessary, psychiatric or psychological advice is obtainable about any officer at any stage in his career either from the Treasury Medical Adviser or from the appropriate professional officers in my Department.

### Parliamentary Constituencies

**Mr. Biggs-Davison** asked the Secretary of State for the Home Department, in view of the fact that representations with regard to the provisional recommendations of the Boundary Commission for England affecting Parliamentary constituencies are to be made within a period of one month, whether he will introduce legislation to extend this period.

**Mr. George Thomas:** My right hon. and learned Friend has no present evidence that the period of one month is creating difficulties, or is likely to do so.

## BASUTOLAND

### Under-Secretary of State (Visit)

74. **Mr. Turton** asked the Secretary of State for the Colonies what opportunities

were afforded to the Basutoland Chamber of Commerce to submit their views to the Parliamentary Under-Secretary during her recent visit to Basutoland.

**Mr. Greenwood:** My hon. Friend's visit was widely publicised in the territory. No request was received from the Chamber of Commerce to meet my hon. Friend.

## BRITISH GUIANA

### Merchant Shipping (Shipowners' Liability)

**Sir Knox Cunningham** asked the Secretary of State for the Colonies what progress is being made in British Guiana in passing local legislation to incorporate the terms of the Merchant Shipping (Liability of Shipowners and Others) Act, 1958, into the legal system of the territory; and if he will make a statement.

**Mr. Greenwood:** I have nothing to add to the reply given to the right hon. Member on 2nd February.

## ADEN AND NEW HEBRIDES

### Merchant Shipping (Shipowners' Liability)

**Sir Knox Cunningham** asked the Secretary of State for the Colonies whether Aden and the New Hebrides, insofar as British nationals are concerned, have indicated their views as to the terms of the Merchant Shipping (Liability of Shipowners and Others) Act, 1958; and what progress is being made in the application of such terms to these territories.

**Mr. Greenwood:** Aden's views are still awaited. As regards the New Hebrides (in so far as British national are concerned) a draft Order in Council extending the Act to British legal system in the Territory is in preparation.

## ECONOMIC AFFAIRS

### Diabetic Foodstuffs (Prices)

75. **Mr. Arthur Lewis** asked the First Secretary of State and Secretary of State for Economic Affairs whether he is aware of the excessive charges being made for diabetic foodstuffs; and whether he will refer these items to the National Board for Prices and Incomes.



**Mr. Albu:** My right hon. Friend understands that there has been no general increase in prices recently and, on the information available to him, sees no justification for a reference to the National Board for Prices and Incomes.

#### **Short Brothers and Harland (Consultants)**

**Mr. McMaster** asked the First Secretary of State and Secretary of State for Economic Affairs if he will now announce the names of the consultants appointed by the Government to study the affairs of Short Brothers and Harland; and what will be their terms of reference.

**Mr. George Brown:** I have decided, in agreement with Short Brothers and Harland Ltd., to appoint Messrs. Arthur D. Little for this assignment. As I informed the House on 2nd February, the task of the consultants is to carry out a comprehensive review of the company's potential, to report on the scope which may exist for redeploying the company's resources and to recommend measures for effecting redeployment so as to make the maximum contribution to the sound development of the Northern Ireland economy. It is not intended to pre-judge the company's place in the aircraft industry, which the Plowden Committee will be considering. It will not, therefore, be part of the consultants' review to advise on the level of aircraft and allied orders to be placed with the company in the future.

### **BOARD OF TRADE**

#### **Sporting Events (Black Market Tickets)**

77. **Mr. Kenneth Lewis** asked the President of the Board of Trade whether he will initiate legislation to make it an offence to sell tickets for sporting events at black market prices outside the grounds on the day of these events, and arrange for this legislation to be effective prior to the World Cup football series in Great Britain.

**Mr. Darling:** No.

#### **Cadco Group Companies**

76. **Mr. Hamilton** asked the President of the Board of Trade when he expects to receive the report of the inquiry into the Cadco affair; and in what manner

he will inform the House of the contents of the report.

**Mr. Darling:** The inspectors appointed under Section 165 of the Companies Act to investigate the affairs of three companies in the Cadco group expect to conclude their inquiry shortly. My right hon. Friend will decide whether to publish their report when he receives it.

#### **Hawker Siddeley 125s (South Africa)**

**Mr. Ennals** asked the President of the Board of Trade how many permits have been granted for the export of Hawker Siddeley 125s for use in South Africa.

**Mr. Redhead:** No licence application has been received.

#### **Staggered Holidays**

**Mr. G. Campbell** asked the President of the Board of Trade whether Her Majesty's Government will take steps to establish in England and Wales a system of staggered holidays for different towns and areas, similar to that existing in Scotland, to replace the present Bank Holidays, with the object of reducing congestion and discomfort.

**Mr. Darling:** I agree that there are advantages in the Scottish system of locally arranged town holidays. I do not think, however, that the imposition of a system of this kind by the Government in England and Wales in substitution for bank holidays would be acceptable to public opinion.

#### **Commonwealth Preference (Rhodesia)**

**Mr. Biggs-Davison** asked the President of the Board of Trade what estimate has been made by his Department of the effect on British exports of a withdrawal of Commonwealth preference enjoyed by the United Kingdom in Rhodesia.

**Mr. Redhead:** It is not possible to make such an estimate.

#### **Non-voting Shares**

**Mr. Pounder** asked the President of the Board of Trade, in view of the fact that the unrestricted use of non-voting shares for take-over purposes can result in the disfranchisement of large numbers of shareholders, if he will now introduce legislation to abolish non-voting shares

for Stock Exchange companies, or to restrict their use in large-scale financial transactions.

**Mr. Darling :** No. While I am aware of the arguments for some restriction on future issues of non-voting shares, I am not convinced that the abolition of such shares, where they already exist, is practicable or desirable.

### Rhodesian Tobacco

**Mr. Biggs-Davison** asked the President of the Board of Trade what arrangements have been made by his Department with regard to the administration for the replacement of Rhodesian tobacco imports; and what estimate has been made of the effect of so doing on the balance of payments, particularly with the United States of America.

**Mr. Redhead :** I do not foresee any serious difficulty, balance of payments or otherwise, in replacing Rhodesian tobacco should it, unfortunately, ever become necessary to do so.

### Aberdeen

**Mr. Hector Hughes** asked the President of the Board of Trade what steps he has taken during the last three months to build advance factories in Aberdeen to attract industries there and to encourage exports of Aberdeen products to northern Europe.

**Mr. Darling :** My right hon. Friend has taken no recent steps in regard to the building of advance factories at Aberdeen. He will, however, consider the city's claims when drawing up any future programme. The Board of Trade continues to assist firms in the Aberdeen area in their efforts to export to northern Europe.

## EDUCATION AND SCIENCE

### Initial Teaching Alphabet

80 and 81. **Mr. Dalryell** asked the Secretary of State for Education and Science (1) what reports he has received from Her Majesty's inspectors on the use of the initial teaching alphabet in the teaching of reading in infant schools;

(2) if he will take steps to bring to the attention of local education authorities, head teachers and teachers the advantages to the child when learning

with the initial teaching alphabet; and what steps he will take to help local education authorities and teachers to avail themselves of this medium.

**Mr. R. E. Prentice :** My right hon. Friend has received reports from Her Majesty's inspectors which, though necessarily provisional, are encouraging. But it will be several years before the experiment in the use of the initial teaching alphabet is complete.

### University Studies (Meteorology)

82. **Sir H. Legge-Bourke** asked the Secretary of State for Education and Science if he is satisfied with the opportunities now available for university students to read meteorology, and that the supply of graduates in this subject is sufficient to meet the requirements of Government Departments; and if he will make a statement.

**Mr. Crosland :** Five universities at present offer opportunities for specialised study of meteorology, and further developments, I understand, are being actively considered in consultation with the Meteorological Office. Graduates in mathematics and physics are also suitable for this work, but there is a general shortage of well-qualified people in these disciplines. Questions relating to the staffing of the Government's meteorological services are a matter for my right hon. Friend the Secretary of State for Defence.

### Historic Buildings

83. **Mr. Robert Cooke** asked the Secretary of State for Education and Science what facilities exist in his Department for the study of historic buildings and their amenities.

**Miss Jennie Lee :** None. Responsibility for these matters does not rest with my Department.

### Research and Development (Expenditure)

**Mr. Wainwright** asked the Secretary of State for Education and Science what amount was spent on research and development in the United Kingdom in the years 1960 to 1964, respectively; and what percentage of each amount was



spent in England, Scotland and Wales, respectively.

**Mr. Crosland:** Surveys of expenditure on research and development in the United Kingdom are made every three years and the last inquiry (for 1961-62) showed that the amount spent was £634 million. A new survey in respect of 1964-65 is now in progress. No analysis was made in the 1961-62 survey of the amounts spent in England, Scotland or Wales.

#### Compulsory Purchase Orders

**Mr. Jopling** asked the Secretary of State for Education and Science how many compulsory purchase orders promoted by local authorities he has refused to confirm after appeal during each of the last five years to the most convenient date.

**Mr. Crosland:** The numbers are as follows:

1960	...	...	...	2
1961	...	...	...	5
1962	...	...	...	1
1963	...	...	...	2
1964	...	...	...	2

#### University Admissions (Queen's University, Belfast)

**Mr. W. T. Williams** asked the Secretary of State for Education and Science what were the grounds which led the University Central Council for Admissions not to include the Queen's University of Belfast within its remit.

**Mr. Crosland:** The Universities Central Council on Admissions is an agent of the universities. I understand that the decision whether to take part in its scheme is a matter for each university, and that the Queen's University, Belfast, has not so far participated fully, but maintains informal relations with the Council.

#### Society for Anglo-Chinese Understanding

**Mr. Freeson** asked the Secretary of State for Education and Science if he will take steps to facilitate educational work in schools by the Society for Anglo-Chinese understanding.

**Mr. R. E. Prentice:** I hope that the schools will take every opportunity of

promoting knowledge and understanding of the life and outlook of other peoples, but it is for them to decide how this can best be done.

### NATIONAL FINANCE

#### Paymaster General

**84. Mr. Robert Cooke** asked the Chancellor of the Exchequer whether he will publish a White Paper on the present work and future development of the Paymaster General's Department.

**Mr. MacDermot:** No.

#### Import Surcharge

**85. Mr. G. R. Howard** asked the Chancellor of the Exchequer, in view of the improvements in Great Britain's export trade, when the rest of the import surcharge will be removed.

**Mr. MacDermot:** I have nothing to add to my right hon. Friend's reply to the hon. Member for Southend, West (Mr. Channon) on 4th May.

#### Rootes Group (Chrysler Corporation)

**Mr. Bruce-Gardyne** asked the Chancellor of the Exchequer what is the percentage of the total number of voting and non-voting shares, respectively, in the Rootes Group now held by the Chrysler Corporation.

**Mr. Callaghan:** The detailed distribution of holdings is not a matter for me. I refer the hon. Member to the answer given by my predecessor on 29th July, 1964, for the undertaking given as to any action which might lead to Chrysler Corporation acquiring a majority holding of voting shares in Rootes Motors Ltd. This undertaking remains operative.

#### British Petroleum Company

**Mr. Hattersley** asked the Chancellor of the Exchequer what United Kingdom tax has been paid by the British Petroleum Company Limited in the last 10 years.

**Mr. Callaghan:** I cannot say more about the tax affairs of a particular taxpayer than is revealed by published information. For some of the last ten years the accounts of the British Petroleum Company made provision for

United Kingdom tax; for other years the accounts showed a credit for tax which included a recovery out of taxed income of earlier years. Over the period the credits exceeded the provisions by over £16 million.

### Ex-Regular Service Men (Pensions)

**Mr. Onslow** asked the Chancellor of the Exchequer what would be the estimated annual cost of allowing former Regular Service men who do not qualify for a service pension, and who subsequently join the Civil Service, to count their period of forces service towards their entitlement to a Civil Service pension; and whether he will introduce legislation to permit this.

**Mr. MacDermot**: The number of such former Regular Service men is not known, and the cost cannot therefore be estimated. The Government do not propose to introduce legislation to this end.

### Premium Bonds

**Mr. Pounder** asked the Chancellor of the Exchequer what were the total sums of money invested in premium bonds in Northern Ireland during 1964; what was the value of prizes for that year; what were the values of prizes expressed as a percentage of the sums invested; and if he will give the comparable figures for England and Wales, and for Scotland, respectively, in that year.

**Mr. MacDermot**: The figures are as follows:

PREMIUM SAVINGS BONDS FOR THE YEAR 1964

	<i>Value of Sales in 1964</i>	<i>Cumulative value of Sales as at 31st December, 1964</i>	<i>Value of Prizes in 1964</i>	<i>Value of prizes in 1964 as a percentage of cumulative sales</i>
	£	£	£	Per cent.
Northern Ireland ... ..	644,637	4,879,519	149,650	3.07
England and Wales ... ..	84,260,277	621,452,452	18,207,475	2.93
Scotland ... ..	4,113,172	32,725,719	942,850	2.88

NOTE: The table compares the value of prizes won in a region with the value of Bonds sold in that region. It is not possible to compare the value of prizes won in a particular region with the sum remaining invested in that region, as separate regional figures for withdrawals are not available.

### Civil Servants (Pay Increases)

**Mr. Charles Morrison** asked the Chancellor of the Exchequer into which category of exceptions to Her Majesty's Government's incomes policy, as outlined in paragraph 15 in the White Paper on Prices and Incomes Policy, the increase in salary for 3,000 Civil Service instructional officers of between 5 and 8½ per cent. comes.

**Mr. MacDermot**: As my right hon. Friend the First Secretary of State explained to the House on Tuesday, 11th May, 1965, pay revisions in the Civil Service are based on the Priestley Commission principle of "fair comparisons" with comparable outside employment. In accordance with the 1964 Civil Service Pay Agreement, the settlement for instructional officers was based on a pay research survey of the pay and conditions of service in comparable outside employment at 1st January, 1964, and will take effect from that date.

The cash increases range from 3.7 per cent. to 8.6 per cent. The compounded annual rate of increases over the 6½ years

since the last pay revaluation based on outside comparisons in July, 1957, range from 3.3 per cent. to 4.0 per cent.

**Mr. Ian Gilmour** asked the Chancellor of the Exchequer into which category of exceptions to Her Majesty's Government's incomes policy, as outlined in paragraph 15 in the White Paper on Prices and Incomes Policy, the increase in salary for 15,000 tax offices employed by the Inland Revenue of 10.9 per cent. and back-dated to 1st January, 1964, comes.

**Mr. MacDermot**: As my right hon. Friend the First Secretary of State explained to the House on Tuesday, 11th May, 1965, pay revisions in the Civil Service are based on the Priestley Commission principle of "fair comparisons" with comparable outside employment. Tax Officers were the subject of a pay research survey. As the parties failed to reach agreement on the amount of the increases due on the evidence of the Survey, reference to the Civil Service Arbitration Tribunal was necessary. As the Survey related to pay and conditions



of service in comparable outside employment at 1st January, 1964, in accordance with the 1964 Civil Service Pay Agreement, this was the operative date of the scale awarded by the Tribunal for tax officers.

The scale awarded by the Tribunal gives increases on existing pay of 1.2 per cent. at the minimum and 7.7 per cent. at the maximum, with somewhat larger increases in the middle of the scale. The compounded annual rate of increase at the maximum over the 6½ years since the last pay revaluation based on outside comparisons in July, 1957 is 4.3 per cent.

## MINISTRY OF HEALTH

### Immigrants (Medical Examination)

86. **Sir C. Osborne** asked the Minister of Health if he will now take steps, similar to those taken in Canada and Australia, which would have the effect of compelling would-be emigrants to have a medical examination before they leave their native country for Great Britain; if he will institute a study of the Canadian and Australian experience in this regard; and if he will make a statement.

**Mr. K. Robinson:** I am aware of Canadian and Australian practice. The arrangements for the medical examination of immigrants to this country are being kept under review in the light of current experience, and they will be further reviewed when the mission under Lord Mountbatten has completed its discussions with Commonwealth governments.

### Compulsory Purchase Orders

**Mr. Jopling** asked the Minister of Health how many compulsory purchase orders promoted by local authorities he has refused to confirm after appeal during each of the last five years to the most convenient date.

**Mr. K. Robinson:** None, in the years 1960 to 1964; two orders out of the total number were confirmed with modifications after objections.

### Food Poisoning

**Mr. Newens** asked the Minister of Health if he will make a statement on the recent outbreak of food poisoning in the Epping urban district and Epping and Ongar rural district.

**Mr. K. Robinson:** Investigations by the medical officer of health suggest that the illness was caused by eating bread made from a batch of flour contaminated in transit. The contamination was an isolated local occurrence; inquiries of other medical officers of health into whose areas batches of the same flour were delivered revealed no similar incidents.

## PASSPORTS

87. **Mr. Dodds-Parker** asked the Secretary of State for Foreign Affairs whether he will replace passports by identity cards such as are used for movement between the countries of the European Economic Community, limiting these identity cards for travel between the United Kingdom and those countries represented at the Council of Europe.

**Mr. George Thomson** No. Simplified "British Visitors Passports" may already be used for travel to all members countries of the Council of Europe except Cyprus, which has not so far asked to be included in the scheme. In view of this I see no reason to re-introduce identity cards for the limited purpose proposed by the hon. Gentleman. I would refer him to the reply I gave to my hon. Friend the Member for Swindon (Mr. Francis Noel-Baker) on 3rd May.

## AGRICULTURE, FISHERIES AND FOOD

### Sheep (Ear-Mark)

88. **Mr. R. W. Elliott** asked the Minister of Agriculture, Fisheries and Food if he is aware that the present method of ear-marking sheep for purposes of fatstock subsidy, causes considerable suffering; and if he will inquire into the possibility of using a more humane method.

**Mr. Hoy:** It is necessary to apply a permanent ear-mark to sheep certified for fatstock subsidy in order to prevent subsidy being paid more than once on the same animal. The present method is the result of a great deal of investigation, and we try to ensure that it is used humanely and efficiently. We are always willing to examine any fresh suggestions.

## POST OFFICE

### Mail (Indecent Literature)

89. **Mr. Allason** asked the Postmaster-General whether he is satisfied that the present penalties are adequate for the offence of sending indecent literature through the post, in view of recent cases; and whether he will now introduce legislation to increase the penalties.

**Mr. Joseph Slater:** My right hon. Friend has no reason for thinking that the present maximum penalty for an indictable offence under Section 11(1, b) of the Post Office Act, 1953, is inadequate. But it is a question whether the maximum penalty to which a person is liable on summary conviction under the same Section of the Act should not be increased and this is under consideration.

## TELEPHONE SERVICE

### New Installations, East Leake (Delay)

**Sir M. Redmayne** asked the Postmaster-General whether he is aware of the delay in the installation of new telephones in the East Leake area of Nottinghamshire; and what plans he has for an improved service.

**Mr. Joseph Slater:** I am sorry that 26 applications for telephones in the East Leake area are at present delayed because of shortage of exchange equipment. The provision of additional equipment is in hand and the outstanding applications should be met by the autumn of this year.

## NATIONAL PROVINCIAL BANK LIMITED v. AINSWORTH

90. **Mr. Grant** asked the Minister without Portfolio, in view of the decision of the House of Lords in the case of National Provincial Bank Limited v. Ainsworth, whether he will introduce legislation to give security of tenure of the matrimonial home to deserted wives.

**Sir E. Fletcher:** I would refer the hon. Member to the Written Answer I gave on 19th May on this subject to the hon. Member for Pontypool (Mr. Abse).

## COMMONWEALTH DEFENCE

Q7. **Mr. Hamling** asked the Prime Minister if he will propose a Conference of Commonwealth Prime Ministers to co-ordinate plans for mutual defence.

**The Prime Minister:** No, not a special conference. We already have, of course, a number of defence links of various kinds with Commonwealth countries and, as my hon. Friend knows, the Commonwealth Prime Ministers are due to meet in London next month.

## ORDNANCE SURVEY (MINISTERIAL RESPONSIBILITY)

**Mr. Ensor** asked the Prime Minister which Minister will in future be responsible for the Ordnance Survey.

**The Prime Minister:** My right hon. Friend the Minister of Land and Natural Resources will take over responsibility for the Ordnance Survey from my right hon. Friend the Minister of Agriculture, Fisheries and Food on the 1st of June. An Order in Council to that effect has been made and is being laid before the House today.

## COMMITTAL ORDERS

**Mr. William Wells** asked the Attorney-General how many orders have been made since 1st January, 1960, by judges sitting in camera committing persons to prison.

**The Attorney-General:** Ten.

## HOUSING

### Council Houses (Regular Ex-Service Men)

**Mr. Onslow** asked the Minister of Housing and Local Government if he has now decided whether to send a circular letter to all local housing authorities in England and Wales to remind them of the recommendation made by his Department in 1955 that applications for council houses by regular Service men on discharge should be considered exclusively on the basis of their housing needs without any regard to the length of their residence in the locality.



**Mr. Mellish :** I would refer the hon. Member to my replies to Questions by the hon. Member for Chichester (Mr. Loveys) and other hon. Members on 11th May.

## LOCAL GOVERNMENT

### Clearance of Derelict Sites, Stoke-on-Trent

**Mr. Ellis Smith** asked the Minister of Housing and Local Government what schemes have been agreed on within the City of Stoke-on-Trent; which are being worked on at present; and if he will set out this information in tabular form in the OFFICIAL REPORT and give the corresponding information for North Staffordshire.

**Mr. MacColl :** The authorities concerned with these areas have informed my right hon. Friend that the following schemes for clearing derelict sites have been started or agreed in principle. In some cases work is being carried out by the National Coal Board.

#### STOKE-ON-TRENT

Scheme	Work started on site or agreed in principle
Levelling of tipped area at Sprink Bank Road, Chell Heath, for public open space—21.5 acres ... ..	Started
Removal of red ash mounds at Clough Street (north side), for industrial estate—6 acres ... ..	"
Filling of marlhole at Clough Street (south side) for public open space—5.5 acres ... ..	"
Filling of marlholes at Fenpark Road (north side), Fenton, for public open space and housing—20 acres ...	"
Filling of marlholes at Fenpark Road (south side), Fenton, for public open space—14 acres ... ..	"
Filling of marlholes at Planway brickworks, Pittshill Station, for public open space—19 acres ... ..	Agreed
Levelling of spoil heaps at Heathcote Road, Longton, for housing, education and public open space—22 acres	"
Levelling and filling of land at Tidswell Street, Sandford Hill, for public open space and playing fields—8 acres ... ..	"
Levelling of pit heap at Anchor Road, Longton for sports arena—5 acres	"
NORTH STAFFORDSHIRE	
Filling of derelict area at Bemersley, Brindley Ford, Biddulph Urban District—5.4 acres ... ..	Started
Treepianting at Bignall End, Audley, Newcastle-under-Lyme Rural District, to improve appearance—2.2 acres ... ..	"

Work started on site or agreed in principle

#### Scheme

Levelling of waste tip by further tipping at Great Oak Road, Bignall End, Newcastle-under-Lyme Rural District, for agricultural use—2 acres ...	Started
Tipping in disused railway embankment at Crackley Gates, Silverdale, Newcastle-under-Lyme Rural District, for agricultural use—1½ acres ...	"
Removal of tip at Holditch, Newcastle-under-Lyme Borough, for colliery sidings—14.62 acres ... ..	"
Landscaping scheme for surface buildings and tips at Victoria Colliery, Biddulph Urban District—40 acres ...	Agreed
Filling of quarry at Halls Road, Biddulph Urban District, for public open space—11.1 acres ... ..	"
Reshaping of and planting on old tips and slag heaps at Birchenwood Colliery, Kidsgrove Urban District for residential and industrial land and for landscaping—112 acres ...	"
Treatment of two disused collieries at Talke Pits, Kidsgrove Urban District, for industrial land and for landscaping—115 acres ... ..	"
Landscaping and general rehabilitation scheme at Bathpool Park, Kidsgrove Urban District, for public open space—100 acres ... ..	"
Landscaping of and planting on tips and other land at Leycett Colliery, Newcastle-under-Lyme Rural District—45 acres ... ..	"
Landscaping of disused railway cutting and spoil tips at Silverdale/Scot Hay, Newcastle-under-Lyme Borough and Rural District—75 acres ... ..	"
Treatment of disused clay workings and spoil tips at Chesterton, Newcastle-under-Lyme Borough, for industrial land and landscaping—90 acres ...	"
Tipping at Steventons Marlhole, Newcastle-under-Lyme Borough, for agricultural use—37 acres ... ..	"

#### Rate Relief

**Mr. Geoffrey Lloyd** asked the Minister of Housing and Local Government whether he now proposes to initiate legislation to provide rate relief on ground of hardship for those eligible for but not receiving National Assistance.

**Mr. Crossman :** I would refer the hon. Member to my reply to his Questions about rate relief on 12th May.

#### Compulsory Purchase Orders (Rejections)

**Mr. Jopling** asked the Minister of Housing and Local Government how many compulsory purchase orders promoted by local authorities he has refused to confirm after appeal during each of

the last five years to the most convenient date.

**Mr. MacColl:** The information available relates to all orders which have been rejected, whether or not there were appeals. It is set out in the table below:

1960	...	...	...	...	69
1961	...	...	...	...	83
1962	...	...	...	...	60
1963	...	...	...	...	73
1964	...	...	...	...	96

#### Historic Buildings (Adjacent Development)

**Mr. Robert Cooke** asked the Minister of Housing and Local Government what was the date and number of the recent circular he issued to local planning authorities reminding them of the need to take special care in dealing with proposals for development near historic buildings; and whether he will place a copy in the Library.

**Mr. MacColl:** 7th August, 1963; No. 51/63. I have arranged for a copy of the circular to be placed in the Library.

### LAND AND NATURAL RESOURCES

#### Motorways (Trees and Shrubs)

**Mr. Costain** asked the Minister of Land and Natural Resources how many trees and shrubs his Department has made available for use on motorways in the last 12 months.

**Mr. Willey:** During the year 1964-65, a total of 408,000 trees and shrubs were planted on motorways and trunk roads in England and Wales. Of these, some 39,000 were supplied by the Forestry Commission.

### COAL

#### Output per Manshift

**Mr. T. G. D. Galbraith** asked the Minister of Power if he will give the average output in tons per man day of coal mined in Great Britain in 1938, 1947, and each year subsequently, and also show the annual percentage change for the period since 1947.

**Mr. John Morris:** Figures of output per manshift for each year since 1947

are published in Table 16 of the Ministry of Power Statistical Digest, 1963. The comparable figure for 1938 was 23.0 cwts.

### SCOTLAND

#### Universities (Teaching Staffs)

**Mr. McInnes** asked the Secretary of State for Scotland what are the numbers of teaching staff at each of the four older Scottish universities; and how many of these in the case of each university are professors.

**Mr. Ross:** I would refer the hon. Member to the Answer given to him by my right hon. Friend the Secretary of State for Education and Science on 24th February.

#### Law Reform Committee (Recommendation)

**Mr. James Hamilton** asked the Secretary of State for Scotland whether he has considered the Thirteenth Report of the Law Reform Committee for Scotland relating to dangerous agencies escaping from land; and if he will make a statement.

**Mr. Ross:** The Law Reform Committee, with one dissentient, recommended against any change in the law on this subject, and I have decided, after consultation with my right hon. and learned Friend the Lord Advocate, to accept this recommendation. I acknowledge, however, that the law relating to liability based on fault—one aspect of which was considered by the Committee in its Report—has been the subject of some criticism; and it may be that the proposed Scottish Law Commission will think this a suitable topic for review.

### ROADS

#### Level Crossing Scheme, Countesthorpe

**Mr. Farr** asked the Minister of Transport why the Leicestershire County Council has been prevented from carrying out the Countesthorpe Level Crossing Scheme, although it is over three years since the last train ran.

**Mr. Tom Fraser:** I understand that Leicestershire County Council has been negotiating with the Railways Board for



the land needed for widening the road and that agreement has now been reached.

## **PUBLIC BUILDING AND WORKS**

### **House of Commons (Star Court Scheme)**

**Mr. Robert Cooke** asked the Minister of Public Building and Works who authorised the work so far carried out on the Star Court Scheme; and what has been the cost to date.

**Mr. C. Pannell:** I authorised this work after consultation with the authorities of this House and my colleagues. About £500 has been spent so far.

### **Plaster Board Supplies (Scotland)**

**Mr. Buchanan** asked the Minister of Public Building and Works what is the present position in Scotland with regard to plasterboard in the building industry in terms of the sufficiency of supply and delivery dates; and if he will make a statement.

**Mr. Boyden:** The position in Scotland does not differ substantially from that in England and Wales. Delivery periods, though varying according to circumstances, are still generally very long but as I told the hon. Member for Ilford, North (Mr. Iremonger) on 17th May production is in the course of being increased and the present difficulties should ease progressively.