

# HOUSE OF COMMONS

Monday, 17th May, 1965

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

## PRAYERS

[Mr. SPEAKER *in the Chair*]

## ORAL ANSWERS TO QUESTIONS

### PUBLIC BUILDING AND WORKS

#### Member of Parliament (Letter)

1. **Mr. Evelyn King** asked the Minister of Public Building and Works why he replied in his Ministerial capacity to the hon. Member for South Dorset in a letter dated 20th January to the effect that representations regarding his condition of employment made by a South Dorset constituent to his Member of Parliament were not fitting.

**The Minister of Public Building and Works (Mr. Charles Pannell)**: I wrote three times to the hon. Member and wished to make it clear that employees must not be encouraged to believe that they can obtain special concessions by approaching their Member rather than by using the normal negotiating machinery available to all.

**Mr. King**: Is it not a fact that any aggrieved citizen has an historic and traditional right to appeal to hon. Members of this House? Is not any attempt to interfere, or tell a constituent it is not fitting for him to write to his Member of Parliament, an example of monstrous Ministerial arrogance which back benchers on all sides of the House will resent?

**Mr. Pannell**: I could not hope to match the arrogance of the statement we have just heard. I have never disputed the right of an industrial employee to approach his Member of Parliament, but an aggrieved employee can take his case to the management direct or through his trade union. It was because these methods were not exhausted in the case about which the hon. Member wrote to

me that I made the remark he complained of. I am as sensitive to the rights of individuals—having had to represent them for a long period—as the hon. Member is likely to be.

**Sir Knox Cunningham**: Will the right hon. Gentleman say since when it has become unfitting for a Member of Parliament to approach the Crown in the matter of an employee through the Minister who is responsible for the Crown as in this case?

**Mr. Pannell**: I am sure that we should have a state of complete industrial anarchy if people thought that was the first appeal rather than the last. I am very anxious to keep all the channels open, but it would be very wrong to encourage the belief anywhere that people can, through their Member of Parliament, get something which they cannot get through a proper approach, through the proper negotiating machinery.

**Mr. King**: Is not it a fact that whatever the rights of trade unions, to which we give great sympathy, what the Minister wrote was:

“It is not fitting that representations of this kind”——

**Mr. Speaker**: Order. A verbatim quotation from a document is out of order at Question Time.

**Mr. King**: May I give notice that I shall endeavour to raise this matter on the Adjournment?

### Historic Buildings

2. **Mr. Robert Cooke** asked the Minister of Public Building and Works whether he will take steps to produce more effective protection to the amenities and surroundings of historic buildings officially listed as of merit and the subject of expenditure by his Department.

**The Parliamentary Secretary to the Ministry of Public Building and Works (Mr. James Boyden)**: Planning control over the amenities and surroundings of historic buildings, whether or not they are the subject of expenditure by this Department, is a matter for my right hon. Friend the Minister of Housing and Local Government, whose Department recently reminded local planning authorities of the need to take special care in dealing

with proposals for development near historic buildings.

**Mr. Cooke :** Surely the Minister does care about what happens to the surroundings of places which his Ministry has to preserve? Is not he aware that this is a great recommendation of the Gowers Report and the one which has not been implemented? Will he please bear that in mind?

**Mr. Boyden :** The answer to the first part of the supplementary question is, "Of course".

### Grace and Favour Residences

4. **Mr. William Hamilton** asked the Minister of Public Building and Works how much he intends to spend this year on grace and favour residences within his control; and whether he will itemise this expenditure in relation to each residence.

**Mr. C. Pannell :** I do not control grace and favour residences. With permission, I will circulate details in the OFFICIAL REPORT.

**Mr. Hamilton :** Can my right hon. Friend give me one good reason why public money should be spent on these residences at all? Is he aware that there are some very wealthy people occupying these houses and that we are constantly being told that where a person can maintain and rent his own accommodation he ought to do so, and pay out of his own pocket? Will my right hon. Friend look at this again very carefully in view of the representations of banking and other interests that public expenditure ought to be curtailed?

**Mr. Pannell :** My job is to look at the actual cost. I am here not the client but the contractor. It would be worth while to state that grace and favour residents are responsible for internal decorations, tenants' repairs, heating and lighting. I doubt whether this whole matter can be put fairly in any answer to a question of this sort.

**Mr. Boyd-Carpenter :** Is not it a fact that many of these residences are occupied by people who have given long and distinguished service to this country and in many cases by their widows?

**Mr. Speaker :** Order. The Minister is not responsible for the choice of occupants.

**Mr. Shinwell :** Even if a case could be made out in certain circumstances for this being continued, should not it put an end to all the silly talk about subsidising council houses?

**Mr. Pannell :** Again I am not responsible for that. Generally speaking, there is accord between my right hon. Friend and me, but there are many things to be put on the record. Although the work carried out is a charge on my Vote, the residents are asked to pay for any special requirements.

**Mr. Hamilton :** In view of the unsatisfactory nature of the answer, I wish to give notice that I shall endeavour to raise the matter on the Adjournment as soon as possible.

### Details are as follows :

#### Hampton Court Palace

	£
Chocolate Court: installation of lift to serve six grace and favour residences ... ..	9,000
Apartments 10 and 64: renew lead work to roof ... ..	5,000
Apartment 4: reoccupation services	3,000
Apartment 32A: reoccupation services ... ..	3,000
Internal painting of staircases ...	800
Minor maintenance services ...	160

#### Kensington Palace

Apartment 4: adaptation of sanitary services ... ..	1,500
Minor maintenance services ...	780

#### St. James's Palace

York House: main roof: renew tiles and lead work, rebuild chimney stack and point chimney stacks ... ..	3,000
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### Building Materials

5. **Mr. William Hamilton** asked the Minister of Public Building and Works to what extent the shortages in the supply of building materials have been overcome.

7. **Mr. Bence** asked the Minister of Public Building and Works what progress he is making in overcoming the shortages of building materials.

**Mr. Boyden :** As I told the House on 15th March, I expect the difficulties over the supply of building materials to diminish during the course of the year as additional capacity becomes available.

**Mr. Hamilton :** Can my hon. Friend give an assurance that the house-building programme will not be upset by the current shortages of building materials? Can he give an indication of what representations he is getting from local authorities on this point? Are they, on the whole, satisfied with the current position?

**Mr. Boyden :** I cannot be a prophet, but the difficulties are mainly local. At present, over the country as a whole, the situation is reasonably satisfactory.

**Mr. Bence :** In view of the fact that in Scotland we still have surplus labour and surplus manufacturing conditions, would my right hon. Friend consult the Scottish Office to see to what extent more of this industry can be introduced into Scotland, thereby helping Scotland to make a greater contribution to the supply of house-building materials?

**Mr. Boyden :** We are in touch ; in fact, Scotland has a surplus of bricks.

**Mr. Boyd-Carpenter :** Has not one of the factors which has eased the Minister's problem been the falling off in house building because of the shortage of mortgages and high interest rates?

**Mr. Boyden :** No, Sir. In fact, the number of starts which the builders are contemplating is at least as good as last year's.

**Mr. Emrys Hughes :** Is not the Minister aware that the building of houses is being held up in Ayrshire and all over Scotland due to the lack of supply of plaster board and that contractors are writing to their Members urging—

**Mr. Speaker :** Order. There is a specific question about plaster board, unless I am deceived, further along.

**Mr. Hughes :** On a point of order. Surely plaster board is a building material?

**Mr. Speaker :** Yes, but we shall not get it answered without anticipating a Question further down. That is the point. That makes the difficulty.

*The following Question also stood upon the Paper :*

**Mr. IREMONGER :** To ask the Minister of Public Building and Works if he will

make a statement about the shortage of plaster board for the building industry.

**Mr. Speaker :** Mr. Iremonger. It seems that he is not here.

**Mr. Emrys Hughes :** On a point of order. Would you give a Ruling, Mr. Speaker, as to what the position is now about my question on plaster board?

**Mr. Speaker :** I have called the next Question and I am now going to call another one.

#### Departmental Staff (Historic Buildings)

18. **Mr. Onslow** asked the Minister of Public Building and Works what is the total number of persons in his Department employed on the restoration and preservation of historic buildings.

**Mr. C. Pannell :** I am sorry for the delay in finding the reply, but there are so many absentees. I thought that the Opposition were anxious to get into the fray.

The answer is: 397 full time ; 49 for part of their time.

**Sir D. Renton :** Surely the right hon. Gentleman is not saying that the work of his Department in relation to the maintenance and repair of historic buildings is discharged entirely by the numbers of people which he has given? Is not a good deal of work also given to contractors?

**Mr. Pannell :** The Question did not ask that. It concerned those people in my Department.

**Mr. Shinwell :** On a point of Order, Mr. Speaker. If this absenteeism is continued, will not we be able to get through all the Questions in one Session?

**Mr. Speaker :** If we do not have too many points of order.

#### Whitehall Citadel

26. **Sir R. Thompson** asked the Minister of Public Building and Works whether the Whitehall Citadel is currently in use ; and for what purpose.

**Mr. Boyden :** The Citadel is used to House the Navy Department's Whitehall Wireless Station and for conference purposes.

**Sir R. Thompson :** Could the hon. Gentleman say whether, in view of the acute pressure on office space in London now being felt on account of the expansion of Government Departments, he could find a more fruitful use for these buildings, unless, of course, it would be more provident to demolish them?

**Mr. Boyden :** I can speak personally on this, and I dare say that the hon. Member for Croydon, South (Sir R. Thomson) also can. The Citadel is a horrible place to work in.

**Sir R. Thompson :** Would not the hon. Gentleman therefore feel that it might be appropriate for the Cabinet to be accommodated there in future?

### Building Trade Operatives

27. **Mr. Costain** asked the Minister of Public Building and Works what was the total number of building trades operatives employed in the London region on office building in 1963 and 1964.

**Mr. Boyden :** Separate details for office building are not available, but the estimated figure for 1963 was 20,000, and for 1964 22,000.

**Mr. Costain :** Is the Minister aware that other Government Departments and other Ministers have given these figures in the House, and that they have written to me to say that the Minister of Public Building and Works is responsible for statistics? How can the Minister now say that the figures are not available?

**Mr. Boyden :** We have not improved them as much as we should like compared to the achievement of the previous Government.

### Public Departments (Services)

28. **Mr. Shepherd** asked the Minister of Public Building and Works what is the charge made by his Department for designing, engineering and supervisory services in respect of buildings erected for other Departments.

**Mr. C. Pannell :** The cost is normally borne on my Department's Votes. When recovered from another Department, an addition of 20 per cent. is made to the cost of construction.

**Mr. Shepherd :** Is not this figure of 20 per cent. on the cost outrageous? Will the right hon. Gentleman say what is the normal cost which is charged as a percentage of total building operation so that the House can compare it with the normal charges which obtain for professional advisers outside?

**Mr. Pannell :** The charge covers the full range of services provided, including salaries, accommodation and associated costs, and is calculated from the cost of the service performed in relation to the Ministry's staff bill. The charge of 20 per cent. is a flat rate but applies to all clients with a few minor exceptions.

**Mr. Shepherd :** The right hon. Gentleman has not answered my question. What does it amount to as a percentage of cost on average?

**Mr. Pannell :** The original Question did not ask for that information, but I would be prepared, of course, to take up with the hon. Member specifically any matters which he has in mind. This is a case of the swings and the roundabouts. It was intended to give a global answer, not an evasive one.

29. **Mr. Shepherd** asked the Minister of Public Building and Works what is the charge made by his Department for acquiring freehold and leasehold building for other Departments.

**Mr. C. Pannell :** For the Post Office, the full cost of the staff time spent on acquiring premises for them. For an Exchequer department, our out-of-pocket expenses: for a non-Exchequer body a sum equal to the scale fee of the Royal Institution of Chartered Surveyors.

**Mr. Shepherd :** Can the right hon. Gentleman say whether the Government Departments are allowed any freedom to use either the services of his Department or the services of outside bodies, if they think that these services are to be preferred?

**Mr. Pannell :** No, Sir. Generally speaking, we do this for the Post Office, but, of course, we often put the work out to other people, that is all. But we act as the general agents for the Post Office.

### House of Commons (Public Admission)

30. **Mr. McNair-Wilson** asked the Minister of Public Building and Works what steps he will take to provide shelter for members of the public, who are unable to gain admittance to St. Stephen's Hall, when waiting for admission to the Strangers' Gallery of the House of Commons.

**Mr. C. Pannell** : I understand that the police have been given discretion by the authorities of the House to allow members of the public to wait in Westminster Hall in wet weather.

**Mr. McNair-Wilson** : Is the Minister aware that there is more seating available in Westminster Hall than there is outside St. Stephen's Entrance? Would he not agree that this Hall, being as large as it is, could be used by the public to wait in, rather than just waiting for wet weather, as a possibly permanent feature?

**Mr. Pannell** : Yes, Sir. I am looking into this matter. I am sure that the authorities of the House will take notice of the views of the House. Sometimes, however, this is not an easy question. The authorities are opposed to a greater use of Westminster Hall, because it would interfere with its use by hon. Members and would add to the task of the police in controlling the queue. This Question conflicts in some ways with the Sessional Order. This is not an easy matter to settle, but we are anxious to meet the public's need.

### House of Commons (Press Accommodation)

32. **Mr. Marten** asked the Minister of Public Building and Works if he will provide additional accommodation where hon. Members can meet Lobby and Gallery correspondents.

**Mr. C. Pannell** : I cannot provide accommodation for this purpose at present.

**Mr. Marten** : Will the Minister nevertheless give very serious attention to this Question, which was mentioned in the Green Book? I am sure that he will do everything possible to find accom-

modation in order to get on with this quickly.

**Mr. Pannell** : Yes. I am sure that the hon. Member does not underestimate my difficulty in this matter. I have read the book to which he referred, but all suitable accommodation in the House is already taken up, and I do not know whether we can look in some other direction. But at the present time, in view of the building in Star Court and so on, we tend, as I am sure everybody wishes us to tend, to put the needs of hon. Members first. I think that I have explained previously that I am very sympathetic towards providing what accommodation we can for the Press, but it is just not available at the moment.

### House of Commons (Star Court Scheme)

33. **Sir D. Glover** asked the Minister of Public Building and Works if he will display a model of the Star Court Scheme, together with plans and detailed drawings.

**Mr. C. Pannell** : Yes, but not until the Select Committee have had a chance to see it.

**Sir D. Glover** : Could the Minister inform the House when the Select Committee are likely to have reached a conclusion and when we are likely to see these plans and detailed drawings?

**Mr. Pannell** : That is not a matter for me. Reference to the Select Committee in this matter is almost a matter of privilege. It would be impertinent if I stood at the Box and reflected on their proceedings at all. But I understand that the Select Committee have already had some meetings. It seems to me that if the House delegated to a Select Committee questions which arise from the remit to Mr. Speaker, then it was courteous that a rather smaller body should look at the matter first. There is no discourtesy to the House. As soon as I can I will see that the body of Members have recourse to all the information which I have.

### House of Commons (Hairdressing Saloon)

45. **Mr. Ian Lloyd** asked the Minister of Public Building and Works whether he will take steps to arrange for modern fixtures and fittings to be installed in

the Members' hairdressing saloon in the House of Commons and for the saloon to be redecorated.

**Mr. C. Pannell:** No, Sir. Two new basins were fitted in 1960, and the saloon was completely redecorated last year; and I can only say this—that personally I like the Victorian Gothic.

**Mr. Lloyd:** Will the right hon. Gentleman give us some kind of assurance that he will look at this matter? Is he aware that, however much he may be wedded to Victorian Gothic, there are those of us on this side who would like something more fitting and belonging more to the twentieth century?

**Mr. Pannell:** I am afraid that if the hon. Gentleman wants a Beatle haircut he cannot get it in this House. I am greatly interested and have seen and spoken to a great many hon. Members who use the hairdressing saloon and have found that they rather liked the atmosphere of the place. There is no particular demand, except from people who came in at the last election, to try to alter this hairdressing saloon.

**Mr. Snow:** Is my right hon. Friend aware that Victoriana should be maintained and sustained; that there are many excellent qualities of Victoria's age that we should respect, and that we have no respect at all for the demands of the political Teddy boys opposite?

**Mr. Speaker:** Order. That is a bit wide of the hairdressing saloon.

**Sir Knox Cunningham:** Would it be possible to get a Beatle wig in this House?

**Mr. Pannell:** Mr. Speaker has just ruled out the previous supplementary question as irrelevant, and I merely characterise this one as being rather silly.

#### House of Commons (Members' Post Office)

47. **Sir Knox Cunningham** asked the Minister of Public Building and Works if he will investigate the methods of ventilation in the Members' Post Office and sorting room of the House of Commons, with a view to installing fans or other means of improving conditions for those working there during the summer; and whether he will make a statement.

**Mr. Boyden:** These two rooms are air-conditioned through the main House of Commons air-conditioning system. Any change in temperature requested by the staff will be made immediately by the Engineer in the Control Room.

**Sir Knox Cunningham:** Does the hon. Gentleman appreciate that the conditions are far from perfect in really hot weather, and will he bear this in mind and keep an eye on the situation?

**Mr. Boyden:** The staff have not actually complained but I have had a look at the position. A small thing that could be put right is to remove a waste-paper basket which obstructs two ducts.

#### Polaris Base, Gareloch

44. **Mr. Emrys Hughes** asked the Minister of Public Building and Works how many men were employed at the end of April on the Polaris submarine base at Gareloch; and how many of them were construction workers, plumbers, joiners, engineers or plasterers.

**Mr. Boyden:** The figures are 1,148 and 862.

**Mr. Hughes:** As these 1,148 men are building workers badly needed for housing, for schools and for construction work, will my hon. Friend assure the House that this scheme is not given priority over these necessary things?

**Mr. Boyden:** Matters of policy of that description are not for me. Unfortunately, in the building industry, materials and men are not always in the right place. The duty of my Department is to try to see that they get into the right place.

**Mr. Hughes:** Will the Minister assure us that there are no shortages of plaster board on this scheme?

**Mr. Boyden:** No, Sir. There is a shortage of plaster boards, as I would have explained in answering Question No. 6.

#### Historic Monuments (Public Admissions)

48. **Mr. Park** asked the Minister of Public Building and Works how the attendance figures and receipts for 1964 at the historic monuments in his care compare with those for 1963.

**Mr. Boyden :** In 1964, some 8,330,000 people visited monuments at which there is an admission charge, and the revenue amounted to just under £427,000. These are record figures, and represent an increase of upwards of 703,000 visitors and more than £61,000 in revenue over the 1963 total.

**Mr. Park :** While thanking my hon. Friend for that reply, may I ask him whether he does not believe that the position could be still further improved if he were to include among the historical monuments under his care some hon. Members opposite?

**Mr. Boyden :** There is, in fact, a committee meeting on this subject later today, when my hon. Friend's suggestion can, perhaps, be considered.

### Fire Surveyors and Officers (Pay)

49. **Dame Irene Ward** asked the Minister of Public Building and Works on what date the negotiations with fire surveyors and fire officers were concluded ; and with what result.

**Mr. Boyden :** Agreement has not yet been reached.

**Dame Irene Ward :** On a point of order, Mr. Speaker. I could not hear what the Minister said.

**Mr. Boyden :** Agreement has not yet been reached.

**Dame Irene Ward :** Could I, then, ask the Minister—in view of the undertaking I was given some months ago that negotiations were about to be concluded—when we may expect the Department to honour the undertaking given to these people?

**Mr. Boyden :** As the hon. Lady knows, this sort of negotiation is a tricky business, and the Department is proceeding as fast as possible.

**Dame Irene Ward :** That's no answer.

**Mr. Speaker :** It appears to be an answer.

## DUCHY OF LANCASTER

### Social Security (Review)

35. **Lord Balmiel** asked the Chancellor of the Duchy of Lancaster which independent bodies working in the field

of social welfare have submitted evidence to him in connection with his review of social security.

**The Chancellor of the Duchy of Lancaster (Mr. Douglas Houghton) :** A number of organisations and individuals have written to me, but none has sent any formal evidence.

**Lord Balmiel :** Is the right hon. Gentleman aware that his reluctance to consult certain private occupational pension schemes has given a widespread impression that his scheme will hit at private occupational pension schemes? Will he give an assurance that such schemes will play a major and increasing part in the social security provisions of this country?

**Mr. Houghton :** I deny any suggestion of a refusal or hesitation to consult anybody about anything in this review. The door is wide open to anybody who wishes to send anything in. I assure the hon. Member that we shall not overlook any representations which anyone cares to make. As to the representatives of occupational pension schemes, I have had conversations with at least one body, and in any case it is obviously one of the major questions of the review as to how to reconcile the interests of the occupational schemes and the State scheme.

**Mr. William Hamilton :** Could my right hon. Friend say which independent bodies, if any, were asked for information by or sent evidence to the previous Administration when they were introducing their graduated scheme and what notice was taken of it?

**Mr. Houghton :** That seems to me to be a question addressed to the benches opposite. I have no knowledge of it.

**Mr. Ridsdale :** How long will this review take? Surely the Minister has enough evidence already from my hon. Friend the Member for Abingdon (Mr. Neave), especially about non-contributory pensioners, many of whom are in urgent need.

**Mr. Houghton :** The review is proceeding, and we are making good progress, but I cannot say how long it will be before it is complete.

**36. Lord Balmiel** asked the Chancellor of the Duchy of Lancaster whether he will list the independent bodies working in the field of social welfare which he has invited to submit evidence to him in his review of social security.

**Mr. Houghton**: No invitations have yet been issued. As I told the hon. Member for Wanstead and Woodford (Mr. Patrick Jenkin) on 24th March, the Government will be seeking the views of major organisations on particular issues as they arise, but this will not be until work on the review is further advanced.

**Lord Balmiel**: As many months have passed since this review was initiated, surely the time has come when the right hon. Gentleman should be able to invite outside bodies to give evidence? Could he give an assurance that when he says that he will listen to their evidence he means that he will listen more seriously than his right hon. Friend the First Secretary of State intended in his undertaking to listen to the steel companies?

**Mr. Houghton**: We shall consult other people as soon as we are able to do so. I have given the noble Lord an assurance that this will be done, and it will be done. I wish he would stop behaving as if he were the Billy Graham of the Conservative Party.

**Mr. Ridsdale**: On a point of order. Six of my hon. Friends had Questions down to the Paymaster-General. They passed the Table and then the Paymaster-General in a very autocratic and evasive way transferred these Questions to other Ministers. What protection have we against that?

**Mr. Speaker**: That raises no point of order. I am not responsible for transfers.

## PAYMASTER-GENERAL

### Home Information Services (Co-ordination)

**37. Mr. G. Campbell** asked the Paymaster-General, in view of the fact that he is not himself responsible for the co-ordination of home information services, what administrative machinery is available to him to carry out his responsibility for answering Questions on such co-ordination, and from which Departments it is drawn.

**The Paymaster-General (Mr. George Wigg)**: The Civil Service machinery is available to me and Departments are consulted as appropriate.

**Mr. Campbell**: As it can hardly be full-time work, may I ask whether this staff also assists the Paymaster-General in his other duties?

**Mr. Wigg**: Yes, Sir.

**Mr. Dodds-Parker**: Does that include collecting dossiers on all Members of Parliament, or just those on the Government side of the House?

**Mr. Wigg**: The hon. Member knows that that question is silly, so I will not trouble to answer it.

**Mr. Goodhew**: Perhaps the right hon. Gentleman can tell us what these other duties are?

**Mr. Wigg**: The hon. Member knows quite well that if he wishes to question the nature of my duties he should put a Question down to my right hon. Friend the Prime Minister.

**Hon. Members**: We did.

**38. Mr. G. Campbell** asked the Paymaster-General what steps he is taking to improve the co-ordination of home information services in explaining Government policy on land use and the granting of planning permission.

**Mr. Wigg**: None, Sir.

**Mr. Campbell**: Can the Paymaster-General explain reports in the Press recently that there are conflicting views between the Ministry of Land and Natural Resources and Housing and that this is what is holding up the presentation of the Land Commission Bill?

**Mr. Wigg**: I am not responsible for what appears in the Press, particularly that section of it which hon. Members opposite inspire in the Tory Press.

**Mr. Boyd-Carpenter**: Does the right hon. Gentleman's Answer explain why in fact there is no co-ordination and why, in particular, his right hon. Friend the Minister of Land and Natural Resources has nothing whatever to do in the allocation of land by way of planning permission?

**Mr. Wigg:** If I ever needed lessons in co-ordination I should not go to the right hon. Gentleman.

**Mr. Campbell:** Why is it that in Scotland, where the Minister of Natural Resources has no responsibility, it is possible for one Minister to carry out all his duties?

**Mr. Wigg:** I cannot do better, in reply, than to draw the hon. Member's attention to the Answer which was given on 12th November in col. 1186.

41. **Mr. Goodhew** asked the Paymaster-General whether Her Majesty's Government is satisfied with the co-ordination of home information services in explaining the Government's views on closer political, military and commercial relations with Europe; and if he will make a statement.

**Mr. Wigg:** Yes, Sir.

**Mr. Goodhew:** Would the right hon. Gentleman explain, when he replies with the phrase "Yes, Sir", whether he is saying that he is satisfied with the co-ordination of information or whether he is saying "Yes, Sir" in answer to my Question, which asks if he will make a statement?

**Mr. Wigg:** I am saying "Yes, Sir" because I am satisfied.

**Mr. Goodhew:** Will the right hon. Gentleman make a statement, because there seems to be a good deal of confusion resulting from the various statements made by right hon. Gentlemen opposite, as to whether or not this Government intend to go into Europe?

**Mr. Wigg:** The confusion exists, not unnaturally, in the hon. Gentleman's mind. From my point of view, I am satisfied and I said so.

**Mr. Dodds-Parker:** Why is the right hon. Gentleman making so much fuss and mystery about activities for which he is paid so much, if, in fact, there are any activities?

**Mr. Wigg:** That is a good debating point, but I do not know where it gets us. As I said before, if hon. Gentlemen opposite wish to know the precise nature of my duties in this Administration—and this goes for the duties, in this and in other Administrations, of a Minis-

ter without Portfolio—they must put down Questions to my right hon. Friend the Prime Minister. It is not a matter for me. *[Interruption.]*

**Mr. Shinwell:** Is my right hon. Friend aware that there is no mystery whatever about the activities of hon. Gentlemen opposite; they are gunning for my right hon. Friend and he is justified, therefore, in treating them with the utmost contempt?

**Mr. Wigg:** I am obliged to my right hon. Friend.

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

**Mr. Wigg:** I beg your pardon and that of the House, Mr. Speaker. I am obliged to my right hon. Friend for his remarks. If I am being gunned for by the Conservative Party I regard that as no greater compliment, because I am no pseudo-Tory. I hate their guts, I always have and I always shall. *[Interruption.]*

**Several Hon. Members** rose—

**Mr. Speaker:** Order. The House must conduct Question Time with reasonable courtesy, both sides of it, otherwise it degrades itself.

**Mr. Shepherd:** On a point of order. Is there anything that you or the House can do to protect the reputation of the House from the kind of behaviour—*[Interruption.]*

**Mr. Speaker:** Order.

**Mr. Shinwell:** Tell the hon. Member for Cheadle (Mr. Shepherd) to behave himself.

**Mr. Speaker:** Order. I am being addressed on a point of order. Part of the requirement of behaving oneself is for hon. Members to allow the Chair to hear what is being said.

**Mr. Shepherd:** I was asking, Mr. Speaker, if there is anything the House or you can do to protect the House and its reputation from the kind of behaviour and answer we have just heard from the Paymaster-General, since I feel that that answer must be degrading to our reputation?

**Mr. Speaker:** I indicated that I thought that the House should abstain from that kind of thing in the interests of its reputation.

**Mr. William Hamilton :** Further to that point of order. This cannot go by default. You recognise, no doubt, that the abuse originated on the opposite side of the House, Mr. Speaker, so that my right hon. Friend is perfectly entitled to reply in kind.

**Mr. Speaker :** That is why I did not assign any blame exclusively to either side of the House but said that hon. Members should abstain from it. I said both sides, that is what I meant and that is what I maintain.

**Mr. Biggs-Davison :** On a point of order. Is it not a gross abuse for a Minister of the Crown contemptuously to refuse to account for his duties to the House of Commons? Are not Ministers still responsible to Parliament for their duties?

**Mr. Speaker :** That raises no point of order for me. If the answer which is given on some topic is thought to be insufficient that is not a matter for the Chair.

**Mr. G. Campbell :** On a point of Order. In view of the unsatisfactory nature of the Paymaster-General's reply, I beg to give notice that I shall seek to raise the matter on the Adjournment.

### Information Services (Publications)

39. **Sir J. Eden** asked the Paymaster-General what regular publications are now being sponsored by the Government's information services.

**Mr. Wigg :** I am making inquiries and I will ensure that the result is communicated to the hon. Gentleman.

**Sir J. Eden :** That reply is even more irrelevant and displays a greater degree of ignorance than is normally shown by the right hon. Gentleman. Would he make some attempt to show some courtesy to the House of Commons and give us at least a reasonable Answer to the Question on the Order Paper?

**Mr. Wigg :** The hon. Member does not seem to be aware that his Question covers the whole range of Government information services. I am not responsible for that. I am responsible only for the home services. In answer to

the Question, I am telling the hon. Member that I am not in a position to give the information which he wants at this stage. I am therefore making inquiries. That is quite proper.

**Mr. Boyd-Carpenter :** Is it not the right hon. Gentleman's duty to answer Questions in this House? Since my hon. Friend's Question relates only to "regular publications", why does the right hon. Gentleman not know the answer?

**Mr. Wigg :** I could give an answer, but I prefer to give an accurate one. [HON. MEMBERS: "Oh."] I am sure that this seems foreign to the right hon. Gentleman, looking back on his past record. The Question relates to a whole range of Government activities. If the hon. Member for Bournemouth, West wants a specific answer on the foreign services he must put down Questions to the Departments concerned. If he wants an answer to those relating to the C.O.I. then I can give it to him, but I am not sure of the points at this stage, since exhaustive inquiries have not yet been made. Therefore, I prefer to wait and then give a full and accurate answer.

**Mr. Ridsdale :** Is it not time that the Paymaster-General arranged some training courses for the civil servants in his Department?

**Mr. Wigg :** I should have thought that even the hon. Gentleman would have concentrated his attack on me and not on my civil servants.

**Mr. A. J. Irvine :** Is it not perfectly clear that the Question about regular publications is full of ambiguity and that nobody knows the real answer? [Interruption.]

**Mr. Wigg :** My hon. and learned Friend is perfectly correct. It is an appalling reflection on the ignorance of hon. Gentlemen opposite that they do not know that there are some publications which are paid for—and for which, therefore, one can get the information from the Stationery Office—while other publications are free and are put out by Departments. In view of this, it takes a fair while to get the sort of information sought in the Question.

### Security

40. **Mr. Kershaw** asked the Paymaster-General what steps he is taking to ensure the security of his Department; and if he will make a statement.

42. **Sir F. Bennett** asked the Paymaster-General what steps he is taking to ensure the security of his Department; and if he will make a statement.

**Mr. Wigg**: The normal rules for security in Government Departments are, of course, enforced.

**Mr. Kershaw**: I thank the right hon. Gentleman for that helpful reply. Will he say whether the new form of positive vetting or the old form is employed in his Department?

**Mr. Wigg**: The question of positive vetting in my Department is subject to the normal rules. The hon. Gentleman can be assured that the rules are being fully carried out.

**Mr. Shinwell**: Is my right hon. Friend aware that we have much more security now than we had during the last 13 years?

**Mr. Wigg**: My right hon. Friend is perfectly right. This is another sphere in which we were left a legacy which was a disgrace to those who were responsible.

**Mr. Boyd-Carpenter**: Can the Paymaster-General quote any case in the previous Administration where a member of the Cabinet left confidential papers in a public restaurant?

**Mr. Wigg**: If there were, we could be perfectly sure that the behaviour of the hon. gentleman who found them would be very different from the way he behaved last week.

**Mr. Biggs-Davison**: Is it not a fact that there is not really anything at all to secure in the right hon. Gentleman's office? Is he not presiding over a picturesque, historic vacuum?

**Mr. Wigg**: I hope the hon. Gentleman realises that I am not the first person to hold this office. The right hon. Gentleman who was my predecessor held this office. I hope that I will discharge it more

honestly, more straightforwardly and more competently than he did.

**Sir D. Renton**: In view of the right hon. Gentleman's apparent unwillingness to perform the duties for which he was seconded to the Government, has not the time come for him to be sent back to his regiment? [*Laughter.*]

**Mr. Wigg**: That got some laughs, but what relevance it has to the Question I do not know. If hon. Gentlemen opposite want to know the nature of my duties they can ask my right hon. Friend the Prime Minister just what they are. However, to make reflections, as the right hon. and learned Member for Huntingdonshire (Sir D. Renton) appeared to do, on the fact that I served in the ranks of the Regular Army is just the action of a cad.

### HOUSE OF COMMONS CATERING

43. **Mr. Rankin** asked the hon. Member for Liverpool Exchange, as Chairman of the Kitchen Committee, how many measures are obtained from a five-gill bottle of gin in each of the various bars under the control of her Committee.

**Mrs. Braddock**: Thirty-two measures are obtained from the bottle of gin, which contains 26½ fluid ounces.

**Mr. Rankin**: I thank my hon. Friend for that reply, but is she aware that her figures show that, sold by the measure, a bottle of gin provides an income of £4? Is she further aware that that represents a profit of 51 per cent. on the retail price of the bottle, not on the cost price? Since other beverages, such as whisky, show a profit sold in the same way of 70 per cent., and sherry even more, does she not think that it would be worth her while looking closely into this system of pricing in the House, because it seems to violate the policy of the Government?

**Mrs. Braddock**: Being a complete teetotaler, I know nothing whatever of the measures, the drinking, the costs, or anything else regarding spirits, but I will promise my hon. Friend to make all the inquiries I can from the experts in the House and let him know the answer.

**Mr. Maxwell-Hyslop :** Is the hon. Lady aware that milk, a teetotal commodity retailing at 9s. 4d. a gallon in the House, shows a mark-up of over 300 per cent. on what the farmer gets for it?

**Mrs. Braddock :** If the hon. Gentleman will put down a Question, I will get him the answer.

## HOSPITALS

### Staffordshire Mental Hospitals (Nursing Staff)

51. **Mr. Hugh Fraser** asked the Minister of Health why senior posts on the nursing staff of Staffordshire mental hospitals are not advertised; and why preference is given to men in the appointment of assistant matrons.

**The Parliamentary Secretary to the Ministry of Health (Mr. Charles Loughlin) :** Hospitals exercise their discretion in this, but my information is that most of the hospitals mentioned advertise these posts. I am also advised that no preference is given to men.

**Mr. Fraser :** Would the Parliamentary Secretary consider that the exercise of their judgment on this sort of thing is not always up to what the Minister has been told? I am sure the Minister will agree that it is important that these posts should be advertised as otherwise there is fear of victimisation by certain members of the staff. Surely, in female wards there should be fully qualified female nurses in charge? Would the hon. Gentleman look at both allegations?

**Mr. Loughlin :** I can assure the right hon. Gentleman that we have already looked into the situation in the hospitals in the area to which his Question refers. I can assure him that there has been no preferential treatment given to the men. There may have been an increase in the appointment of men, but that is in the nature of things today because of women leaving to get married. Most of the jobs have been advertised. If the right hon. Gentleman likes to give me details of any particular case or cases, I give him an assurance that I will go into the matter very fully.

**Mr. Fraser :** Will the hon. Gentleman see that all these posts are advertised?

I do not see any point in their not all being advertised.

**Mr. Loughlin :** In practice, I think that they have all been advertised, but what the right hon. Gentleman may have found, as I have found, is that where there has been no response to an advertisement in the first instance, the hospital management committee has made an appointment without re-advertising, because of the failure of response.

### Royal Sussex County Hospital (Accident Centre)

56. **Sir T. Beamish** asked the Minister of Health if he will reprint in the OFFICIAL REPORT the instructions sent on 15th October by his Department to the Brighton and Lewes Hospital Management Committee, postponing for two years the urgently needed accident centre at the Royal Sussex County Hospital; and what representations he has received about this decision, in view of the present inadequacy of the casualty department.

**The Minister of Health (Mr. Kenneth Robinson) :** No such instruction was issued by my Department. I have received representations from my hon. Friend the Member for Brighton, Kemptown (Mr. Hobden), the hon. Member for Brighton, Pavilion (Sir W. Teeling) and from Brighton County Borough.

**Sir Tufton Beamish :** Is the Minister aware that his hon. Friend made a positive allegation that this postponement for two years resulted from a concrete directive issued on polling day by the previous Administration? Is it not quite clear from his reply that that is not the case, and will he please bear in mind that there is a great and growing need for an accident centre in Brighton and do his utmost to give it high priority?

**Mr. Robinson :** I know that there is the need for a modern casualty department, although I understand that the present one, admittedly inadequate, is doing well. I have already said that no circular was issued by my Department. This postponement was decided by the regional hospital board as a result of reviewing its own programme which it found would have been overloaded had this item remained in it.

## SYMPHONY ORCHESTRAS (OVERSEAS TOURS)

58. **Sir J. Eden** asked the Secretary of State for Foreign Affairs what is the amount of public money that has been given in each of the last five years through the British Council to provincial symphony orchestras for tours abroad; how this compares with the allocation of funds for this purpose by the British Council to London symphony orchestras; and what plans he has to improve the relative position of provincial symphony orchestras.

**The Minister of State, Foreign Affairs (Mr. Walter Padley)**: In the past five years, the British Council paid £22,225 to one provincial symphony orchestra in the financial year 1961-62 in connection with an overseas tour. In the same period the Council paid £113,383 to London symphony orchestras in support of tours to foreign countries. None of these payments were subsidies to the orchestras concerned but arose from guarantees against loss. Requests for assistance by all symphony orchestras are considered in the light of what will best promote British interests overseas at a given time.

**Sir J. Eden**: Will the hon. Gentleman always bear in mind the claims of provincial symphony orchestras to get as much support as possible for their tours abroad? Is he aware that recently the Bournemouth Symphony Orchestra was arranging a tour of Europe, including Eastern Germany, and had very little financial support for the venture? Will he give such claims as sympathetic a hearing as he can?

**Mr. Padley**: It is not the function of the British Council to subsidise orchestras in this country, nor has it power to make such grants. It can assist overseas tours in appropriate cases by giving a guarantee against actual loss. In all appropriate cases approval of the advisory committee is sought. The chairman of that committee is Lord Harewood.

**Mr. Snow**: Will my hon. Friend be careful about the Bournemouth Symphony Orchestra because not so very

long ago the conductor refused to play Russian music on the ground that it supported the Communists?

## VICTIMS OF NAZI PERSECUTION (COMPENSATION)

59. **Sir B. Janner** asked the Secretary of State for Foreign Affairs if he will make representations to the German authorities regarding the necessity of providing full compensation for those victims of the Nazis who are excluded under the present law because they were living in Eastern Europe on October 1953 or were otherwise unable to claim by that date.

**Mr. Padley**: Her Majesty's Government have drawn the attention of the Federal German Government to the widespread concern expressed in this House and elsewhere that all persons who suffered Nazi persecution should be equitably treated in the matter of compensation.

**Sir B. Janner**: I thank my hon. Friend for that reply. In view of the fact that the final decision in respect of these claims is to be made very shortly in Germany, will my hon. Friend make a further attempt to bring the Germans to realise the importance of this very necessary provision for the victims of Nazism?

**Mr. Padley**: Her Majesty's Government have no formal standing in this, but, without going into the details of specific categories, we have made known to the Federal German Government our concern about this matter and our sympathy with the request made by the United Nations High Commissioner for Refugees. If we judge it appropriate and useful, we shall certainly make further representations.

**Sir T. Beamish**: Is the Minister of State aware that a certain number, although not a large number, of those excluded from compensation under the present laws and the new draft laws are not in fact British subjects and that the British Home Office has a direct responsibility? Will the hon. Gentleman look at those particular cases?

**Mr. Padley**: Yes, certainly, but it is difficult to renegotiate a treaty which

is 10 years old. We hope that the Federal German Government will be generous when they amend the Indemnification Law.

**Captain W. Elliot :** Will the hon. Gentleman bear in mind that there are many Poles in Germany who have received nothing from the Germans in compensation for what they suffered? I understand that the reason was that the West German Government did not recognise Poland. Now that they do recognise Poland, will the hon. Gentleman take up this matter with them?

**Mr. Padley :** I shall certainly bear that point in mind, but this matter is determined by a treaty negotiated 10 years ago. Although we can make representations, the hon. and gallant Member will, I am sure, recognise that there are difficulties.

### VIETNAM

65. **Mr. Emrys Hughes** asked the Secretary of State for Foreign Affairs with what terms of reference British policemen are serving in South Vietnam.

**Mr. Padley :** The police advisers are attached to the United States Operations Mission in Vietnam. Their duties are to assist this organisation in advising the South Vietnamese Government on all aspects of police work.

**Mr. Hughes :** Has the attention of the Minister been drawn to a rather remarkable interview with these police which appeared in the *Daily Mirror* last week? What are British policemen doing helping the South Vietnam Government? Is the hon. Gentleman aware that these policemen said that they were sick of the tortures used by the people who employ them? Is it not time that they were brought home?

**Mr. Padley :** The police officers have dissociated themselves entirely from the substance of the report.

**Mr. Biggs-Davison :** Has not this country reason to be grateful for the presence of this mission in Vietnam? [*Interruption.*] Has not this country, as well as Vietnam, reason to be grateful for the work of this mission? Is it not the case that all these exceptional measures of assistance to the South Vietnamese will

become unnecessary as soon as aggression from the North ceases and a settlement becomes possible?

**Mr. Speaker :** Order. This appears to be miles wide of the terms of reference of British policemen as reported apparently in the *Daily Mirror*.

**Mr. Rankin :** In view of the serious nature of some of the crimes taking place in this country, would not these policemen be better employed at home rather than abroad?

**Mr. Padley :** There are six British advisers on police matters in South Vietnam. I do not believe that to bring them back would make a useful contribution to the conquest of crime in Britain.

**Mr. Michael Foot :** In view of the serious nature of the allegations which were made in the report in the *Daily Mirror*, and in view of the fact that my hon. Friend the Minister of State has said that these statements have been repudiated by the policemen concerned, will he undertake to make a full examination of the whole matter and give a report to the House, in HANSARD or by other means, so that we may look at the whole investigation which has taken place?

**Mr. Padley :** The article in question did not refer to conduct of the British police officers. Certainly the matter to which my hon. Friend has referred can be looked at.

**Sir F. Bennett :** Is the Minister of State aware that, while we support what is going on with reference to our police officers, the Prime Minister, in answer to a not dissimilar Question put by me, said that although there was diplomatic support for the Americans in South Vietnam, there was no intention of any British personnel becoming involved in South Vietnam? How does the hon. Gentleman square that with his Answer today?

**Mr. Padley :** I have made it quite clear that these six police officers are not engaged in military activities in any way but are merely acting in a civil advisory capacity in Vietnam.

**Mr. Hughes :** In view of the unsatisfactory nature of the Answer, I beg to give notice that I shall raise the matter on the Adjournment.

## MINISTRY OF LAND AND NATURAL RESOURCES

### Water Supplies

67. **Mr. Wallace** asked the Minister of Land and Natural Resources whether the preliminary assessment of the position regarding water conservation he has received from the Water Resources Board reveals any areas where there are likely in the future to be difficulties in providing sufficient supplies of water.

70. **Mr. Harry Howarth** asked the Minister of Land and Natural Resources whether the statement regarding water conservation submitted to him by the Water Resources Board indicates any regions where water supplies are surplus to forecast requirements.

**The Joint Parliamentary Secretary to the Ministry of Land and Natural Resources (Mr. Arthur Skeffington)**: The preliminary survey made by the Water Resources Board shows those river authority areas which, on the available information, are "problem" areas, that is, those which are already facing supply problems or will do so in the 1970s and 1980s, and "surplus" areas, that is, those areas which have water resources surplus to their needs. The "problem" areas are the South-East England; North-West England; Northumbria; South Wales; and West Midlands areas. The "surplus" areas in relation to the "problem" areas are: for South-East England, the Great Ouse, Thames and Hampshire areas; for North-West England, the Cumberland and Lancashire areas; for the Northumbrian area, Cumberland, the Yorkshire Ouse and Scotland; for South Wales there are abundant sources which need to be redistributed; and for the West Midlands, the Severn and Wye.

**Mr. Wallace**: Is my hon. Friend aware that the answer to this problem would most likely be a national water grid?

**Mr. Skeffington**: My hon. Friend will no doubt realise that the Minister is charged with the responsibility of bringing before the House in due course arrangements which will look at this problem from the point of view of the nation as a whole.

**Mr. Boyd-Carpenter**: Is it intended to publish in rather fuller form the facts referred to in the hon. Gentleman's Answer to his hon. Friend?

**Mr. Skeffington**: My right hon. Friend would rather wait for a fuller report from the Water Resources Board. At his request this was a preliminary estimate so that we may begin to know the size of the problem to be evaluated. We want rather more detail before it can be published.

## MILITARY AIRCRAFT (ANGLO-FRENCH MEMORANDUM)

**The Secretary of State for Defence (Mr. Denis Healey)**: I rise to inform the House that after discussions with our French colleagues, M. Messmer and M. Jacquet, my right hon. Friend the Minister of Aviation and I have today signed a Memorandum of Understanding on the joint development of two military aircraft.

The first is a supersonic fixed-wing aircraft which we shall use both in the Royal Air Force and the Royal Navy as an advanced trainer to replace the Hunter and the Gnat, and which the French will use both as a trainer and in the light strike rôle. Both Governments will commit enough funds to enable the prototype stage of aircraft and engine to be completed, and the intention of both Governments is to proceed to full production.

Both Governments are convinced that there will be a wide variety of uses for aircraft with variable geometry in the middle and late 1970s and thereafter and this is the basis for the work which is to be done on the second aircraft. The Memorandum of Understanding provides for each side to examine such an aircraft in relation to the projected operational needs, to formulate the technical specification and to make preliminary industrial studies, with the full intention of entering upon a joint project in due course. Both Governments will commit funds for the design, construction and development of the engine and the provision of engines for the prototype aircraft. Safeguards have been written into the Memorandum to enable either Government to withdraw for reasons of national importance.

This Agreement, Mr. Speaker, puts the seal on the recent understanding between President de Gaulle and my right hon. Friend the Prime Minister. It offers far-reaching prospects for the future of our

[Mr. HEALEY.]

respective aircraft industries and an exciting challenge to the skill and experience of our scientists and engineers on the frontiers of aerodynamics.

**Mr. Soames:** I congratulate the right hon. Gentleman on seeking to maintain the momentum of Anglo-French co-operation in the aircraft industry which was pursued so vigorously and effectively by the previous Government, particularly as to the Concord.

Is the right hon. Gentleman aware that agreement with the French on the trainer project had been virtually completed in October of last year? Will he tell the House why it has taken so long to reach fruition with a formal signing? Will he confirm that the swing-wing aircraft is only a design study and that there is as yet no operational requirement or specification for it? Will he endeavour to make this a truly European project? With this in view, has he in the early discussions he has been having with the French also had discussions with the Germans and other European countries?

Finally, would the right hon. Gentleman also confirm that in his view it will be necessary still to order the F111 to bridge the gap between the Canberra, which will be going out of service in the late 1960s, and this aircraft, which will be coming into service in the middle or late 1970s, made necessary by the cancellation of the TSR2?

**Mr. Healey:** I thank the right hon. Gentleman for his kind words. I understand the natural chagrin he feels that he was unable to conclude such an agreement while his party was in power.

As for the reason for the delay between October and the present, when we got into office we found that the basis on which the previous Government were negotiating made it quite impossible to reach an agreement with the French, because the previous Government wanted the strike trainer itself to have variable geometry and this would not have met the French time scale. It was only because the present Government were prepared to adapt their operational requirements to those of a potential co-operator, something which the previous Government never did in any field, that we were able to reach the agreement today.

On the question of the use of the variable geometry aircraft, as the right hon. Gentleman knows, it is likely that we shall have to withdraw from service during the middle and late 1970s the Buccaneer, the Lightning and the Phantom. We are satisfied that the variable geometry aircraft now under consideration with the French Government is likely to be a suitable replacement for some, or possibly all, of these aircraft, which will then be obsolescent.

On the question of co-operation with other European countries, the French Government and we ourselves recognise the advantages which can flow from associating other allied Governments with the projects at a suitable stage. We have, therefore, agreed to consider jointly at the appropriate stage informing other Governments of the nature of our projects and inviting them, if this seems suitable, to co-operate with us on the projects themselves.

On the question of the F111A, it is a fact that the variable geometry aircraft now under consideration with the French would not be in service in the Royal Air Force until eight to 10 years after we require a replacement for the Canberra and, therefore, there is no relationship between the F111A problem and the variable geometry aircraft now under consideration with the French.

**Mr. Paget:** Would my right hon. Friend tell us a little more about what is meant by the cancellation clause, which he said may be invoked for reasons of national interests? Are the national interests contemplated a change brought about in our commitments, a change brought about in the escalation of price within the contract, or what?

**Mr. Healey:** The cancellation clause relates primarily to the question of the likely performance and cost of these projects, both of which are still at an early stage. Under the Memorandum of Understanding which we have signed, either side can withdraw from either project by giving 12 months' notice. Until 1st June, 1967—that is, over two years from now—either side can withdraw from the variable geometry aircraft without giving 12 months' notice, but the Government withdrawing will be required, if the other so wish, to complete their work on the engine within

agreed financial limits. I must point out to my hon. and learned Friend that we should not have entered into this arrangement if we had thought it likely that we should wish to withdraw.

**Sir Ian Orr-Ewing :** Has the Secretary of State come to any agreement on the development of the ancillary equipment for these advanced projects with the French? In particular, is the British electronics industry to be given a reasonable chance of tendering for and developing the necessary equipment? Would he bear in mind that some very sophisticated equipment was developed and virtually completed for the TSR2 and that some of this at least might be available and suitable for incorporation into one or both of these projects?

**Mr. Healey :** I will certainly bear the latter point in mind. I can assure the hon. Gentleman that British industry will be given full opportunity to tender for the equipment in both aircraft, though it is far too early to say precisely what will be the requirement for the ancillary equipment.

**Mr. Dalyell :** Are the preliminary industrial studies to begin soon, because from the correspondence the Secretary of State entered into with me, he will know that there is some urgency about this in relation to Ferrantis and the electronic complex round Edinburgh?

**Mr. Healey :** The studies have, in a sense, already begun and they will proceed as fast as we can possibly bring them forward. We are fully conscious of the need to give British industry the maximum opportunity to tender for part of this project in time to keep it going.

**Mr. Maude :** Could the Secretary of State be a little more specific about the far-reaching prospects for the aircraft industry? Is he saying that a trainer and a design study for a variable geometry aircraft will fill the gap caused by the cancellation of three major projects? Whereas these new projects would have come in very nicely in the programme after the three major projects, if they had been carried through, will it not leave a gap in the aircraft industry which these new projects will not wholly fill?

**Mr. Healey :** I must point out to the hon. Gentleman, as I have already to the House in an earlier debate, that there would have been no chance whatever for accommodating either of these collaborative projects inside our aircraft programme if we had kept in the programme the three purely British projects, which we have now cancelled. There would simply not have been the money available. There would not have been the money available for the three British projects either, and that is why we have cancelled them.

**Mr. Frank Allaun :** Will my right hon. Friend give the House a very approximate estimate of the total cost of these projects, because before embarking on such sophisticated measures as this should not we have some idea of the tremendous expenditure involved, particularly as many of us think that it would be better spent on non-military projects?

**Mr. Healey :** I cannot give my hon. Friend the full details of the cost of the projects, because that will depend on the number of aircraft ordered. The unit cost of the aircraft finally produced will depend on the size of the total market. We recognise the advantage, for that reason, of associating not only two but more countries in the project at a suitable stage. But I can tell the House now that the agreement commits us to an initial expenditure of about £20 million on the two aircraft.

**Mr. Lubbock :** Is it the Government's policy to try to set up machinery for co-operation with the European aircraft industries in a much wider field than this, or are any future ventures of this kind to be carried out on a purely *ad hoc* basis such as, for example, the aircraft which we are currently discussing with the French?

Can the right hon. Gentleman say whether any offer has been made to the other European aircraft industries to participate in the production of the strike-trainer aircraft, even if they cannot be involved in its design and development?

Finally, can the right hon. Gentleman say to what extent the design or development work of these two projects that he has mentioned will enable the firms in

[MR. LUBBOCK.]

the industry to hold on to staff which would otherwise have been displaced by the TSR2 cancellation?

**Mr. Healey :** In reply to the last point, it will not be possible for the firms to hold on to all the men displaced by the previous cancellations, nor would it be our desire that they should do so. One of the reasons for the earlier changes in the aircraft programme was to enable the country to deploy resources more efficiently from the point of view of the national interest as a whole. This inevitably means some running down of the total number of people employed in the aircraft industry.

As to the other question, we are continuing contact with all other European countries which have aircraft industries. I discussed the possibility of common projects with the German Government when I was in Germany a few weeks ago, but it is our experience, which I think right hon. Gentlemen opposite will confirm, that any international project is a very difficult thing to get off the ground.

One cannot really start usefully an international project on the basis of more than two countries co-operating. Once one has got it started, there may well be a case for associating others. As I have already explained, this is envisaged in the Memorandum of Understanding.

**Mr. Soames :** Would the right hon. Gentleman confirm that the specification will be such as to enable this aircraft to carry and deliver, if need be, the tactical nuclear weapon?

**Mr. Healey :** I cannot confirm that at present. What I can say is that we are satisfied that the operational requirement for a variable geometry aircraft of medium weight and size is fully established in both countries.

### COLLIERY EXPLOSION, RHONDDA VALLEY

**The Minister of Power (Mr. Frederick Lee):** With your permission, Mr. Speaker, I wish to make a statement.

I regret to inform the House that at about one o'clock this afternoon there was an explosion at the Cambrian Colliery, Rhondda Valley. First reports indicate that about 28 persons are missing.

Investigations are now taking place and I have meanwhile decided that a public inquiry should be held under Section 122 of the Mines and Quarries Act, 1954.

I should like to express my deep sympathy to the relatives and friends of the men who are missing, and my hope that the injured men will recover quickly.

**Mr. Selwyn Lloyd :** Is the right hon. Gentleman aware that my right hon. and hon. Friends and I wish to be associated with his expression of regret at this very tragic accident, and sympathy with all those who have suffered thereby?

**Mr. Lee :** I am much obliged to the right hon. and learned Gentleman.

**Mr. G. Elfed Davies :** This is a very sad moment for me, because whilst this colliery is not actually in my constituency but is in the constituency of my hon. Friend the Member for Rhondda, West (Mr. Iowerth Thomas), many of those who work in this colliery live in my constituency.

I am sure that I am expressing the wish and desire of my hon. Friend in extending sincere sympathy with the relatives and friends of my comrades who are still missing.

May I thank the Minister for the statement he has just made and for the assurance that a public inquiry will be held.

**Mr. Lee :** I am much obliged to my hon. Friend.

### PERSONAL STATEMENT

**Mr. William Hamilton :** With permission, Mr. Speaker, I wish to make a personal statement.

During the course of the debate on the War Damage Bill last Wednesday I made reference to a Sir John Gilmour as being a shareholder in the Burmah Oil Company. The record shows that I apologised to the hon. Member for Fife, East (Sir J. Gilmour) for the mistake I made in assuming that he was the Sir John Gilmour referred to.

I wish to make it clear that the information supplied to me by the Library staff was, as usual, entirely accurate and that the error made was entirely mine.

**FINANCE (No. 2) BILL***Considered in Committee.*

[Dr. HORACE KING in the Chair]

3.48 p.m.

**The Chairman:** I have a brief statement to make. As some hon. Members will know, I have had placed this afternoon in the Lobby my provisional selection of Amendments in the earlier part of the Bill. Since then I have had representations made to me by hon. and right hon. Members. I have given them very careful consideration and, as a result, I have made an important modification in the grouping.

Front Bench Members will already have had this information but, for the benefit of the Committee as a whole, I would ask hon. Members to look at the fourth group, the Amendments considered with Amendment No. 8. I have pulled out of that group and have selected for discussion Amendment No. 89 with which we shall also consider Amendments No. 11, No. 18, No. 19, No. 90, No. 91 and No. 92, with a Division if necessary on Amendment No. 90.

Therefore, the order of events before the Committee will now be: first, the Amendments under No. 1, then Amendment No. 3, then No. 86, then the surviving Amendments grouped under No. 8; then the Amendments under No. 14 and then the Amendments that I have mentioned under group 89.

**The Chancellor of the Exchequer (Mr. James Callaghan):** I beg to move,

That the order in which proceedings in Committee on the Finance (No. 2) Bill are taken shall be Clause 1, Schedules 1 to 4, Clauses 2 to 5, Schedule 5, Clauses 6 to 41, Schedules 6 to 9, Clauses 42 to 83, Schedules 10 to 18, Clauses 84 to 90, new Clauses, Schedule 19, new Schedules.

This is a standard form of Motion that has been moved every year and I trust that it will be as convenient to the Committee this year as it has been in the past. It has relevance to our proceedings because it enables the Clauses that we discuss to be taken immediately before the Schedules that relate to them. Perhaps it is particularly relevant on this

occasion, when we have a very big task in front of us.

I might add, in that connection, that, as we are proposing some sweeping reforms in our code of taxation, my mind will not be closed inflexibly to technical Amendments that will improve and not hinder the purposes of the Bill; and that, although in normal years I have not always noticed this flexibility, it will be present at least on this occasion.

I hope that we shall be able to hear the arguments, at any rate, at a reasonable time of day and be able to do our business in the way that would best suit all of us on both sides of the Committee.

**Mr. Edward Heath (Bexley):** The Chancellor of the Exchequer is, of course, quite right in saying that we are beginning consideration of a long and complex Bill. I am sure that the Committee is glad that the Chancellor has been able to come here to move this procedural Motion. There must have been many on both sides of the Committee who, over the week-end, were wondering whether he would be able to be with us and whether he would move this Motion or withdraw the Finance Bill altogether. [HON. MEMBERS: "Oh."] Yes, it is for the Chancellor's Bill that we are considering these arrangements, and the electorate has given us its verdict on the Bill.

The net loss to the Chancellor and his hon. Friends of 901 seats works out at four seats for every page of the Bill, not a bad achievement for the Chancellor at his first "go" and I am sure that, being an honourable gentleman, he would not want all the blame to rest on the Prime Minister and the First Secretary.

The Chancellor has expressed the hope that his mind will not be as rigid and inflexible as it has been so far in considering these matters with a Budget or a Finance Bill. We share his hope that he will become more flexible with the passage of time. The amount of time which passes will depend probably on his flexibility. The Bill presents difficulties for all of us because of the time at which we are starting on it. The right hon. Gentleman will recall that last year we had a very short Finance Bill and we started the Committee stage three weeks and five days after Second Reading. This is the longest Finance Bill for 55 years

[MR. HEATH.]

and we are starting on it exactly seven days after Second Reading. Both sides of the Committee find themselves in difficulty because of the ghastly mess into which the Government have got their business. The whole Committee will suffer as a result of having to deal with this immensely complicated affair seven days after Second Reading. It will make difficulties for all of us.

Schedules 1 to 4 are being moved up to be taken with Clause 1. The reason is that the Chancellor is cheating. Last year on the Finance Bill we had a separate Clause for each of these items. On this occasion we have them all put in one Clause, presumably because the Patronage Secretary has told the right hon. Gentleman that he simply cannot risk discussion of four separate Motions that the Clause stand part of the Bill. I must tell the Chancellor that this is not in the tradition of the Finance Bill. I am sorry that he has done it.

We notice, also, how much has been put in the Schedules which would normally go into the Clauses, but we have to take it as the Chancellor wants it and bring up all these things on the Clauses. Does the right hon. Gentleman really think that by bringing all these four Schedules up to Clause 1 it will do any good with his constituents in Cardiff, where there has been the greatest swing away from him in the country—15 per cent. overall, and in one ward a swing of 23·2 per cent. against him? I doubt whether bringing up the four Schedules to one Clause will alter the situation in Cardiff.

There is also a point about bringing up to Clauses 6 to 41 all the Schedules concerned with the Capital Gains Tax. There are among them a good many Clauses which are not concerned with the Capital Gains Tax. It might have been convenient to have had the Schedules up to the original Clauses, but perhaps the right hon. Gentleman was worried about these Clauses being interrupted by the Whitsun Recess. Then we have the next lot of Clauses 42 to 83 and the Schedules brought together, where the same problem will arise, but no doubt the right hon. Gentleman is worried about that being interrupted by the Summer Recess.

Lastly, there are Clauses 84 to 90, where no doubt the right hon. Gentle-

man fears that we shall be interrupted by the Christmas Recess. I assure him that we shall do our best to help in all these difficulties and we shall see what the view of the country is on his Finance Bill. We shall do our best to help him by a very thorough and detailed consideration of the Bill.

*Question put and agreed to.*

*Resolved,*

That the order in which proceedings in Committee on the Finance (No. 2) Bill are taken shall be clause 1, Schedules 1 to 4, Clauses 2 to 5, Schedule 5, Clauses 6 to 41, Schedules 6 to 9, Clauses 42 to 83, Schedules 10 to 18, Clauses 84 to 90, new Clauses, Schedule 19, new Schedules.

**Clause 1.**—(INCREASE OF DUTIES ON SPIRITS, BEER, WINE, BRITISH WINE, AND TOBACCO.)

**Mr. W. R. Rees-Davies** (Isle of Thanet): I beg to move Amendment No. 1, in page 1, line 16, to leave out subsection (1).

I move, also, to leave out Schedules 1, 2, 3, 4, which cover the whole range of beer, wines and spirits, both British and otherwise.

**The Chairman:** Order. The hon. Member is to move his first Amendment only. The others are consequential and will be discussed with it.

**Mr. Rees-Davies:** Yes, Dr. King, I was about to say that the main Amendment is the first one and that the others which are discussable with it are Amendments Nos. 4 to 7, in page 121, line 1, leave out Schedule 1; in line 31, leave out Schedule 2; in page 122, line 1, leave out Schedule 3; and, in line 23, leave out Schedule 4.

As my right hon. Friend the Member for Bexley (Mr. Heath) has already said, we have begun a long and arduous task. The first thing that we want to get clear is that this group of Amendments pinpoints generally the policies of Her Majesty's Government and the principles upon which they operate. It is useful as a pipe-opener for the general range of the debate later and I will try to set out briefly the backcloth against which the Government's policies are set.

The purpose is to penalise private people with punitive taxation, to permit profligacy in the public sector quite openly, to deny personal pleasures to

the public, particularly to the purse of the pensioner, and to push up prices. These generally will be the resultant effects of the Budget as a whole and these will be seen, in particular, in relation to these Amendments.

As the Minister of Housing and Local Government was sipping his glass of Chablis in Prunier's, which resulted in his losing his papers at the time, and as the First Secretary was taking a good pull at his gin to fortify himself after his recent escapades and to drown his sorrows at the recent results, the Chancellor of the Exchequer, whom I am delighted to see here, was reminding himself of his philosophy last year on the subject of whisky and "purple hearts" and was being reminded by those in the Official Box how he could get out of the difficulties of what he said on that occasion. Unfortunately, when he considered these matters with his colleagues they overlooked the attention which they ought to have given to their philosophy which we on this side of the Committee have always said attacks the simple pleasures of life.

It is basically because we on this side believe in reducing taxation and have always said that the Socialists believe in a rapid increase of taxation in the private field, but never believed in a control over their profligacy in the public field, that these Amendments pinpoint one very useful aspect of this debate.

Last June, the Chancellor first of all attacked the then Prime Minister, who had made it quite plain that if the Labour Party was returned to power there would be an increase in taxation. The present Chancellor said:

"The Socialists may be going to raise taxation in the future. I do not think that that is true, and certainly the Prime Minister has no occasion for saying it."

The right hon. Gentleman also said, referring to our record, that

"It is a record which I am sure the Government will be proud to publicise among their records—that they have raised taxation on spirits to the highest level ever."

This Government have now not only broken the record on spirits twice running and gone off with the cup, but they have done it also on wines and on beer as well to a level never achieved before.

4.0 p.m.

The most attractive observation which the Chancellor made at that time was when he was amusing on this point and said:

"We have had a lot of discussion about drugs, I read that Professor Capps, a professor of forensic medicine, has said that as many people take drugs today as drink. I do not know what he includes among the drugs . . . while a bottle of whisky costs 45s., one can buy purple hearts . . . for 6d. a time".

It is sad to have to eat one's words, but the public are entitled to know that, last year, the Chancellor was strongly expressing the view that in no circumstances should there be a higher rate of penal taxation on wines and spirits. He said—these are his words—that

"those who have been directing their attention against alcohol might ask themselves whether we have now reached a situation in which they might transfer their activities".—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, c. 945-6.]

I start by drawing attention to those observations, because I shall show quite plainly that on certain items we have now reached the limit. The law of diminishing returns is operating. What will the general effects be? First, there will be growing demands for pay and income rises to meet the standards which the normal man and woman expects today. If you ask the ordinary person to pay a penal amount more for his wines, his spirits and his beer, there will be a profound effect on the First Secretary's incomes policy for which the right hon. Gentleman claims so much. It will drive a coach and horses straight through it by leading to further pay demands.

The second effect will be that those who cannot afford to pay these increases will suffer rationing by the purse, something which profoundly affects many constituencies where there is a large number of elderly people and those living on small fixed incomes who cannot hope to find more money to meet the increases.

The third effect—this is a matter about which I know a certain amount myself—will be on the tourist trade. This year, there has been a higher number than ever before coming in from overseas, and many of these people stay for their holidays in this country. It is not idle to suggest that a good many people, when they go on holiday, want to drink a good deal more than, perhaps, they drink otherwise, and when they come here as

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tourists they like to be able to sit down and have good food and good drink, to go to the "pubs" and enjoy themselves.

We have now reached a stage when prices are so high that many people claim that it is more expensive to feed here than it is to feed in Paris—and, goodness knows, that is high enough. Undoubtedly, the cost of a meal, if one drinks at all, is so high now compared with other tourist countries that there is a serious effect upon the tourist trade. The recent increases will in due course have to be carried by the public—they have been carried by the trade to a large extent hitherto—and this is likely to have a growing adverse effect upon restaurants, hotels and other sections of the trade.

The export trade, also, is affected in this way. There is acute resentment at the continuance of the import surcharge imposed last October. True, it has been reduced to 10 per cent., but no indication has yet been given that this charge, which was originally to be carried for only a few months, is not likely to be something of a permanency. The tax now applied by the Budget on top of the surcharge will lead to a form of double taxation which was really never intended by the Chancellor, according to his stated aims last October when he said the purpose was purely to reduce imports. We now find that the resultant effect, in fact, is double taxation. It is worth remembering that both wines and spirits have been regarded as foodstuffs, but they were specially excluded from the exemptions which were applied to foodstuffs at the time.

The next factor which calls for attention is the complete lack of imagination in the Budget. There are other directions in which the Chancellor could have looked to find the tax, if tax was required, and, in any case, I am by no means certain that his present proposal will succeed. It certainly does not succeed if the purpose be to siphon off some consumer expenditure at this level, because, although it may have some such effect, on the one hand, there will be increased demands, on the other. If it be the purpose, which I should have regarded as a proper purpose, to secure the maximum yield for the Treasury, there is no doubt that we have reached

the stage when the higher taxation will produce a lower yield and will not achieve the purpose of obtaining the full benefit of taxation for the benefit of the Treasury.

I turn now to each of these items in turn. First, the wine and spirit trade. Here we have broken all known records. It is true that 10 per cent. was put on by my right hon. Friend the Member for Barnet (Mr. Maudling) in April, 1964. There was then the further tax of 15 per cent. applied by the surcharge in October, 1964, and now, in April, 1965, there is over 4s. a bottle on spirits—taking into account, of course, the necessary costs of interest borne by the trade in respect of the 4s. increase—and there is the best part of 1s. on wines. A bottle of whisky or gin now carries 34s. in taxation, and this in a trade in which there has been no complaint that the ratio of overheads and profit margins to prices was not reasonable.

What is the position in which the Treasury finds itself here? Consumption per head of the population per year is about three bottles of wine and about three bottles of spirits. Plainly, if further revenue for the Treasury were desired, there is immense scope for expansion, particularly in wines. But there is scope for expansion only if the purpose is to secure the maximum yield by having moderate and, if possible, reduced prices. The evidence provided by the Budget is quite to the contrary. Taxes have been imposed recklessly and without regard to the basic purposes of taxation in this connection, namely, to secure the maximum benefit to the public by the highest yield to the Treasury. The law of diminishing returns has at last begun to operate in two respects.

For the first quarter of 1965, there was a fall in imports of wines from 5¼ million gallons to 4¼ million gallons, a quite dramatic fall. In spirits, the fall has been from 1,146,000 proof gallons to 711,000, again an immense fall. It may be true that this is due in substantial part to people holding off buying as a result of the 15 per cent. surcharge, but it is equally true that the new charge now being put on by the Chancellor has led to prices which many members of the

public now find intolerable and are not willing to pay.

Evidence on the question of yield is not far to seek. The Chancellor will recall that, in 1949, when wine consumption was falling badly, Sir Stafford Cripps halved the duty on bulk light wines, and the resultant effect was that, over a period of years from 1949 to 1963, consumption increased no less than 13 times; it went up once almost for every single year, year by year. The revenue to the Exchequer increased by over 8 times. Significantly, bottled light wines were not included in that reduction of tax. The result of their inclusion in 1960, however, was an increase within three years of 230 per cent. in the yield of the revenue on light wines.

It is impossible to deny that if one takes a sensible reduction in taxation one increases consumption and overall revenue. This is a clear, plain case. Therefore, if the Chancellor has imposed the taxes not to secure a benefit and yield to the Treasury but for some other purpose, it must be one of two. It must either be to prevent inflation, in which case I say he is wrong because it will increase the demand and prices will rise, or it is in the pursuit of syphoning off private purchasing power in order to assist the public sector, a matter about which we complain so bitterly.

**Mr. James Tinn** (Cleveland): Would not the hon. Gentleman agree that, while a reduction in the tax on wines might have a beneficial effect on the revenue to the Treasury, the increased consumption would have a harmful effect on the balance of payments?

**Mr. Rees-Davies**: I will deal with that argument in some detail in a moment. It is a fair point to make about harm to the balance of payments, and it ought to be replied to, and I shall deal with it.

I want to continue my argument on the main question of yield and consumption. I deal, first, with whisky. I am not a Scot and do not drink whisky. I have never touched it in my life. I know that that is a terrible thing to admit, but if one is partly Irish and partly Welsh and, in fact, a Man of Kent, that is perhaps some excuse for not drinking whisky. In Kent we pro-

duce our own beverages, though they have not perhaps such a high alcoholic content.

The consumption of whisky was 73 per cent. more in 1964 than in 1939. It is nothing like as great as the amount which used to be drunk in the 'twenties, and the reason is the heavy rates of taxation imposed by both sides of the House of Commons over many years. But no one has previously achieved a double tax such as that which hit the industry in October and now hits it again, to such an extent that the retail price of whisky is now 48s. 6d. a bottle. I suggest that if more revenue is required there, a substantial reduction in tax would lead to a very much higher yield of revenue. I am sure that there will come a time when the Treasury will have to look in that direction in order to meet the heavy burdens now on the Department.

Another thing to be considered is the cost to the wines and spirits trade. Every time the Government have made these tax changes—it has happened thrice in the last year—the result has been to cost the trade a fortune. It has had to print new brochures and publicise new trade rates. On top of that, the trade now has to face an additional 33½ per cent. in the postal charges for sending out the brochures. The last change was made by the Chancellor before Christmas. All this has led to a great waste in both materials and manpower, because everything that was done in November now has to be done over again.

It is a good thing that what is being done now is being done at this time of the year, but, if the Chancellor had intended to do it, it would have been simpler if he had put up this rate of taxation as well as the import duty last November and so saved some of the expense.

**Mr. John Rankin** (Glasgow, Govan): Would not the hon. Gentleman agree that during the period the retailer of whisky has adapted his measure, which is not defined by Statute, to meet these circumstances and is still making a gross profit, which is quite difficult to define?

**Mr. Rees-Davies**: I would not agree with the last point. Of course, the measures are changed. If, within a couple of

[MR. REES-DAVIES.]  
years, the price of whisky rises to such an extent as it has done, it becomes like the nectar of the gods and one has to pay for and treat it in that vein. But the gross and net profit margins at the moment, in view of the attempt by the trade for a short period to carry this immense and penal taxation, are very low. I do not think that they can be maintained for ever. It will be very difficult to maintain them as they are in the future.

4.15 p.m.

I turn to what I think is the strongest of all the cases. I would ask the Chancellor to be good enough to try to give this matter separate consideration from the other matters. I refer to the position of port wine. I was concerned with my hon. Friend the Member for Rye (Mr. Bryant Godman Irvine) with the representations for a reduction in the incidence of taxation on port wine in 1958 and 1960.

I would remind the Committee of the ludicrous situation in which the Chancellor found himself in relation to this trade. In 1939, port wine was sold to the extent of 3,840,000 gallons. Ten years later, in 1949, the quantity had fallen to about a third—1,430,000 gallons. Following representations in 1958 and 1960, the duties were about halved, to assist port wine—from 50s. to 26s.—and the consumption began to increase steadily—it increased by over 200,000 gallons. The trade was just getting under way when port wine was retaxed. The tax has now gone up to 35s. per gallon, so that more than half of the tax has been reimposed.

There were three simple reasons for the lengthy representations which took place. First, it was thought reasonable that people should be allowed to drink port wine. It is very widely based. Women drink it. People of all classes and all kinds drink it. The consumption had fallen a great deal. Also, we were dealing with a country of great friendliness to our own—Portugal. A large amount of British capital has been put into the port wine trade of Portugal, and that capital is closely linked with one of our most friendly allies in E.F.T.A. Portugal's trade with us depends upon her being able to import goods from us, and

for that purpose port wine is one of her main exports.

As to the balance of payments, in 1964 our exports to Portugal amounted to £35 million and our imports from Portugal were £25 million. Therefore, an increase in the export of port wine to this country would still leave us with a very substantial favourable balance of trade with Portugal.

There is a special case here. This has been recognised in previous years on both sides of the House of Commons. Therefore, I would ask the right hon. Gentleman to look into the port wine trade and consider whether he cannot entirely exempt port, which is a particular form of wine, from duty. The result of what has happened is that there has already been a marked falling off not only in the amount of port being brought into the country, but in its consumption. Shortly, we shall have to start all over again on the path of trying to bring about an increase in consumption. That will bring benefit in the way of yield to the Treasury. It will also bring benefit in another way. Looking to the future, I would say that one of the nicest drinks if one has a little leisure is port wine. It really helps. It is better to drink port after dinner than brandy. I would add that I like port. I drink it.

**Mr. Rankin:** The hon. Gentleman should sell it.

**Mr. Rees-Davies:** I am trying to sell it. It is a pity that, having gone on many deputations over the years, to try to secure a fair opportunity for the trade, I see the whole thing reversed this year at one stroke and all the good undone by this very silly provision.

There is a tax of 35s. a gallon on heavier sherries. The tax before the war was 8s., so the rise has been 4½ times. It is now about 5s. 6d. a bottle. There is great anger and resentment in Spain at the retention of the surcharge, just as there is in Portugal and France. Our exports to Spain last year totalled £67 million and our imports £60 million, so this is another case in which we would be entitled to a substantial increase of sherry and port while still retaining a proper balance of trade. It would benefit the Treasury and certainly do no harm to our balance of payments. The figure of consumption of sherry has shown

some increase, but I am informed that, following this latest tax increase, it will show a substantial fall.

Then there is the question of taxation on beer. We would agree that tea and beer affect every individual in the country. Basically, we are a tea and beer drinking nation. I am prepared to concede that a further 1d. a pint on beer plus another 1d. resulting from increased overheads in the past year means a total increase of 2d. a pint. I concede that this is not yet reaching the law of diminishing returns because, in the main, beer is a cheap drink. But when the Chancellor lifts a pint of beer to his lips he drinks his first half pint as tax. Only with the other half does he get the enjoyment. It is a deplorable picture.

It was always considered that the tax on beer could not get beyond 8½d., but now we are reaching new and dizzy heights. The tax has gone up to 9½d. If one levies an increase on a man's beer it is pointless to argue that he will not, in union negotiations, manage to gild the lily a bit and claim a higher wage which will include something to compensate for the rise in the price of beer.

The duty on beer has gone up by four times compared with pre-war. It used to be 2½d. a pint. The actual price of beer, however, has only gone up by just over three times. The price level of beer, without the heavier tax increases, would, therefore, be in line with other classes of goods. If the price of beer charged by the brewers had been allowed to rise at the same rate as the taxation, the cost would now be 1s. 11d. a pint instead of 1s. 7d.

**Mr. Rankin :** But when a man drinks a pint of beer he knows that he is drinking a pint and that the measure is safeguarded by Statute. The amount is denoted on the glass. Would not the hon. Gentleman agree that the same should prevail with spirits instead of leaving the matter to be wangled?

**The Chairman :** Order. Whether or not the hon. Member for the Isle of Thanet (Mr. Rees-Davies) agrees is not in order in this debate.

**Mr. Rees-Davies :** I am glad, Dr. King. We shall have to debate the measures on a more suitable occasion. However, there is enough force in what I am saying

and no doubt in what my hon. Friends will be saying to draw the Chancellor's attention to this matter.

What will be the effect of this additional tax on beer? There will be a fresh impetus to rising prices, further wage claims and a perfectly natural desire by the unions to want more, with spiralling prices as a result. What has been the position of the beer industry? It has installed modern bottling methods. It has kept its overheads down by efficiency. The total labour force is only 70,000 throughout the country. It is a pity that, at a time when brewers have managed to keep the labour force at a reasonable figure, overheads down and prices fairly reasonable, they find themselves going "over the top" because of the new tax.

**Mr. Eric Lubbock (Orpington):** The hon. Member for the Isle of Thanet (Mr. Rees-Davies) was asked whether he would deal with the balance of payments argument. He must have something to say on that, for we must recognise that the difference between imports and exports from one particular country may not be relevant to the question of the balance of payments as a whole.

**Mr. Rees-Davies :** I have dealt with the cases of Spain and Portugal. I shall not go into the general question whether or not the surcharge is desirable, since that would not be in order. But one is entitled to point out, for instance, that France is the second highest consumer of whisky in the world and that it is one thing to have a surcharge for some months to secure a dramatic drop in imports but quite another to maintain it so long against the French, who largely depend upon their exports of wine to us just as our exports of whisky to them are so important to us.

In the case of such imports and exports, there is a fair balance of trade between Britain and France in wine and whisky just as there is a balance with Spain and Portugal. The fair balance of trade in such commodities with these countries should be borne in mind when the Government consider the retention of the surcharge which, in my belief, should not be held on indefinitely.

**Mr. John Hall (Wycombe):** Does not my hon. Friend recall that, after the surcharge was imposed, there was a

[MR. HALL.]  
campaign in France against the drinking of whisky in an attempt to stimulate the sale of wine?

**Mr. Rees-Davies :** I am glad that the French are not tempted to resist altogether the pleasures of life. If the Chancellor continues with this type of provision, however, he will be hitting basically many pleasures of life. In practical terms, he will not be getting the yield for the Treasury that he could get. To argue that one prevents inflation by this type of charge on the public is to live in cloud cuckoo land.

**The Chairman :** In discussing the Amendment moved by the hon. Member for the Isle of Thanet (Mr. Rees-Davies) the Committee may also consider Amendment No. 2, in the name of the hon. Member for Rye (Mr. Bryant Godman Irvine), in page 2, line 4, at end insert:

Provided that the last-mentioned rates of excise duty shall not be charged on British wine being such intoxicating liquor as is mentioned in subsection (1) of section 2 of the Finance Act 1956 (excise duty on strengthened cider and perry) and that the rate of excise duty set out in Schedule 4 to the Finance Act 1964 shall accordingly continue to be charged on such British wine.

**Mr. Bryant Godman Irvine (Rye):** I beg to move, in page 2, line 4—

**The Chairman :** Order. The hon. Gentleman can speak about his Amendment, but he must not move it.

**Mr. Bryant Godman Irvine :** I was interested to hear the careful survey by my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies) of the variety of beverages available to people in this country. But I was saddened that he did not find time even to mention the beverage I am asking the Chancellor to consider. It is a beverage with which the right hon. Gentleman will be familiar because, for nine years, I have from time to time asked the Committee to look at the problem. Indeed, if my memory serves me right, a long time ago the right hon. Gentleman himself gave me some slight encouragement in the matter.

The Chancellor said today that he hoped that a little flexibility would be shown in the Committee. I am now giving him a magnificent opportunity, because I hope that he will be flexible in considering strengthened cider. I put on

the Notice Paper some words which came directly from those moved by the Opposition last year. I hope that they commend themselves to the Chancellor. Over the years I have been embarrassed on some occasions by the support given to me by the then Opposition over the question of strengthened cider. This is an opportunity for them to be able to make good some of the intentions which they have expressed during that period. The solution—

4.30 p.m.

**Sir Rolf Dudley Williams (Exeter):** Can my hon. Friend say whether any of those who supported him in the past are among the seven Government Members in the Committee at the moment?

**Mr. Godman Irvine :** I thought that it was an indication of the support being given by Government Members to the Chancellor's Budget.

**Sir Douglas Glover (Ormskirk):** The support they have on those benches is far greater than that which they have in the country.

**Mr. Timm :** If the hon. Gentleman has any doubt about the support for the Chancellor's Budget he has only to call for a Division and we will be glad to show him the support.

**The Chairman :** I think that we have had enough badinage. We must get back to perry.

**Mr. Godman Irvine :** The case I have put on a number of occasions to the Government has been that this beverage is made entirely from British produce and benefits the people who grow apples and pears in this country. It is, therefore, a matter which should receive support from the Treasury. There is a product known as British Wine and the Chancellor knows perfectly well that it has as its foundation must, which is imported and it does not, in fact, do the farmer and the horticulturist any good at all. That is why I ask the Chancellor to consider this matter and see whether he cannot pay more attention to fortified cider than the hon. Member for Thanet was able to do when he was making his survey.

There are three reasons for my asking the Chancellor to look at this proposal

favourably. The first is that when we last considered it the then Member for Kettering, now Lord Mitchison, said that on only one occasion had wine duty been reduced and that was during the period of Sir Stafford Cripps as Chancellor. That seems to be a precedent which the present Chancellor might like to follow. Secondly, over a period of nine years I have had on most occasions support from the then Opposition and it seems that this is now a very good opportunity for them to act on the principles that they expressed on those occasions. At the moment the Government do not seem to have found many ways in which they can please the farmers, so here is a modest proposal which the farming community could support.

I would like to commend to the Chancellor the following observations by the then Member for Kettering, in the debate last year, when he said:

"The Tory achievement in this matter appears so far to have been confined to a reduction introduced when Lord Amory was Chancellor, only in respect of sparkling wine and port. Now the Government have an opportunity to reconsider their proposed increase in respect of a humbler beverage, and to do so in the interest of many growers."—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, c. 959.]

I hope that those words will commend themselves to the Chancellor.

**Dr. Reginald Bennett** (Gosport and Fareham): Before I address myself to the Committee in support of the Amendment so ably moved by my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies) I should declare an interest, although it might be better to precede that, in turn, by declaring a lack of interest on the benches opposite, in that only one Minister, one Whip and one P.P.S., who have no option but to be here, are sitting opposite, plus two back benchers out of the whole of the Labour Party. Only those two are interested in this greatest, or bulkiest, of Finance Bills.

After declaring this lack of interest, I declare my own interest by pointing out that I am a member of the committee of management of a co-operative wine society, with about 40,000 members. I have, therefore, some reason to know from the trade side just how shattering this incessant upping of the duties on wines and such things is to this country.

This is the second attack which has been delivered by the right hon. Gentleman in only a few months on the trade and the people. It is an attack, in the first instance, on an almost universal pleasure and one with a great deal of social content. It is a blessing to the community as a whole and everybody knows it. It is also, as my hon. Friend pointed out, an imposition of rationing by purse on the people who live on pensions and small fixed incomes. My constituents at least are concerned and I am quite sure that this disservice to their simple pleasures will be treated by them with even more emphasis in the future than this Labour Government were treated on Thursday and Saturday and other days last week.

This is a straight-out attack on one of the simple traditional pleasures of everyone in the country and I think it is most reprehensible on that ground alone. It is, of course, crippling for the industry. It has put up the cost of attempting to circulate price lists and it is cutting down the turnover out of which the money to pay those costs could be met. It is bound, in turn, to be reflected by the fact that the countries with whom we deal on the Continent of Europe—

*Notice taken that 40 Members were not present;*

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

**Dr. Bennett:** Thank you, Dr. King. I am glad such a large number of Members opposite has been collected to listen to my powerful speech. I see that they are not now interested. How unfortunate that they have produced a big Bill and they do not even like it. I know that the Under-Secretary of State for the Home Department, the hon. Gentleman the Member for Cardiff, West (Mr. George Thomas), has no particular interest in this first Amendment. Perhaps, indeed, he would like to go further than the first Amendment. I am glad that he has come back to listen to the heart-rending words I am going to use.

**Sir Rolf Dudley Williams:** My hon. and gallant Friend will realise that the Assistant Postmaster-General is here today. He has just put the cost of postage up 33½ per cent.

**Dr. Bennett:** Yes, adding greatly to the cost of transmission of these lists.

**The Chairman:** Order. Committee debates may be a little broader than debates in the House, but not as broad as that.

**Dr. Bennett:** I will confine myself to the fact that the Assistant Postmaster-General will not have so much of a thirst from licking stamps in the near future.

I was about to say, when I was so graciously interrupted, that we were bound to be faced with retaliation from the continental wine-growing countries. They have been growling—annoyed and furious—at the surcharge which was so unfairly levied on their produce, in a way which is still incomprehensible because the basis of price on which the surcharge was made was never clearly stated.

They are being subjected, quite obviously, to a further callous impost on their goods and they will, I am quite convinced, have no option but to discriminate against British exports in the same fields. This is the only thing they can do. I shall deplore this, but so shall we all, because the Chancellor of the Exchequer will lose more by the restriction in trade than he will gain from these extra imposts on beverages.

I cannot think why he has done this. I can only believe that he finds this tax the easiest way of “raising the wind” when a floundering Administration are in difficulties for money. This seems to be the obvious thing, because this is a finite product—one which can be caught and taxed—and it is the easiest victim which has thus been selected for victimisation.

My hon. Friend the Member for the Isle of Thanet thought that there were two reasons why the Government were inflicting this further tax, but I believe that there is another. I hope that this will interest the hon. Member for Cardiff, West and that he will stay to hear it. I suspect that hon. Members who represent those large cities in South Wales have been got at by the teetotal wing of their party, and that this imposition is another gesture of appeasement to yet another rebellious wing of the Labour Party. I believe that, in the name of the hon. Member for Cardiff, West and his hon. friends, we are being

subjected to what I can only describe as “creeping prohibition”, or teetotalism by the backdoor.

I think that that is the only possible reason, apart from the Government's general difficulty of raising money, for this absurd tax-upon-tax being clamped on perfectly innocent and valuable beverages within a few months. I therefore add my voice to the protests which have come from all over the country against this grossly unjust and improper imposition.

**Sir D. Glover:** When he moved the Motion at the beginning of our proceedings today, the Chancellor of the Exchequer said that the Budget was a reforming Budget. Although it may be a Budget to bring about many alterations, it is certainly not a reforming Budget. I cannot see any reform in putting more and more impositions on the enjoyment of the people.

As I walk home at night along Parliament Street, and pass the statue of Oliver Cromwell, I am very much inclined to see in his features much of the physiognomy of the new Chancellor of the Exchequer.

**Mr. Callaghan:** I am very flattered.

**Sir D. Glover:** The right hon. Gentleman may say that he is very flattered, but the Lord Protector got into power on a policy very similar to that on which the present Government got into power, and then ground the faces of the people and brought about a society in which there was no joy, but only trouble and tribulation. He was eventually thrown out and 305 years had to go by before the people ever allowed a similar organisation to get back into power. After seven months, they have lost the support of the people.

**The Chairman:** Order. I enjoy the historical reminiscences, but we must come to the Amendment.

**Sir D. Glover:** I do not want to go too wide and I suggest that I am speaking to the Amendment which tries to stop the Government from taking away from the people the ordinary joys of the average human being. What do the Government proposals mean? They mean that there is

to be a further increase slapped on smoking, which brings solace to many millions.

**The Chairman :** Order. The Amendment on smoking has to come later.

**Sir D. Glover :** The proposals mean increased taxation on drink. That made in Scotland and known as spirits, wines imported from overseas, and even cider and wines produced in this country are all to bear increased taxes, although by no stretch of the imagination could that be said to have any effect on our balance of payments problem.

4.45 p.m.

I now want to go some way with the Chancellor of the Exchequer on these imposts. Every Chancellor has found it convenient to increase the taxes on wines, spirits, beer, and so on, when he has wanted to reduce consumption, the amount of money spent over the counter or over the bar, in other words, to reduce the demand on our resources.

If the Chancellor were logical in this increase, and were carrying his policy through to any logical conclusion, he might get my reluctant support—and it would be very reluctant if I gave him my support at any time. However, the Chancellor's present policy is rather like the new-fangled taps. There are two taps, hot and cold, but all the water comes out of one spout. What is now going on is that the Chancellor is turning off the hot tap, but turning on the cold tap as much as he can. The public is being asked to face these increased burdens on incomes while, at the same time, the Government's policy in the public sector is to open the tap wider and wider, so making these impositions on the individual pointless and self-defeating.

The real criticism of the provisions in this part of the Finance Bill is that they would not be necessary if the Chancellor were carrying out a proper, frugal manipulation of the country's economy. These taxes only represent the belief of the Labour Party that one can get strength through misery.

**Mr. Thomas Swain** (Derbyshire, North-East): Is the hon. Gentleman saying that with his usual convenient loss of memory?

**Sir D. Glover :** There is no loss of memory.

**Mr. Swain :** Has he forgotten the time when he supported his right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd), who put a tax of 15 per cent. on children's mineral waters, sweets and chocolates?

**Sir D. Glover :** I did not find it pleasant to support those proposals.

**Mr. Swain :** They went through.

**Sir D. Glover :** If the hon. Gentleman will allow me to continue the argument, may I say that I did not find it pleasant to support those proposals, but as there was a stop at both ends of the economy it was a coherent policy for reducing the demand on our resources. The present Chancellor of the Exchequer is making the public suffer all these impositions, but is opening the tap at the other end and so not reducing the demand on our resources.

**Mr. Swain :** Would not the hon. Gentleman agree that giving £83 million to the Surtax payer was closing the tap at one end while taking revenue from other people?

**Sir D. Glover :** That intervention was very helpful, but that was not done in the same Budget.

**Mr. Callaghan :** As a matter of historical fact, Surtax was reduced in April and the regulator was increased in July.

**Sir D. Glover :** If the right hon. Gentleman had thought that there was something wrong about that, he would have done something about it in his Budget. He knows perfectly well that what was done was essential, or the brain drain would have been even heavier than it now is.

**Mr. R. J. Maxwell-Hyslop** (Tiverton): Would my hon. Friend agree—

**The Chairman :** Before the hon. Member for Tiverton (Mr. Maxwell-Hyslop) intervenes, and in case his intervention is out of order, can I remind him that we are discussing not the Budget in general and a previous Budget, but the Amendment? I think that the digression has gone far enough.

**Sir D. Glover:** Thank you for your protection, Dr. King. I was assailed from this and the other side of the Committee and, as you will appreciate, in such conditions it is very difficult to keep in order. I was doing my utmost to keep to the narrow point of the Amendment. The trouble is that when I make speeches in the House of Commons, so many hon. Members opposite cannot take it that I am always interrupted. I do not mind a bit, because usually they help me to make my speech.

To go back to the Amendment, my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies) made the case so widely and fully that it is not necessary to enter into any long discussion on wines, because my hon. Friend's argument for not making these tax increases on the basis of the individual commodity concerned was so strong that I am sure we will all support him if he presses his Amendment to a Division.

The important reason which I have made is that these impostes are acceptable to Parliament and could be acceptable to the country only if they were part of a coherent plan which the Chancellor had put to the nation. I oppose these increases because the Chancellor has not made such a coherent or viable plan to overcome the problems that confront him.

**Mr. J. Grimond** (Orkney and Shetland): In many ways it seems unnecessary to go over this debate, because we had it last year, when a powerful and incisive speech was made by the Chancellor against the proposals which he is now defending. I recommend hon. Members to read what the Chancellor said. I wish to give the following quotation from his speech of 2nd June:

"It should be taken into account that the increased tax enters into the retail price index. I have constantly made the point about various actions of the Government in this connection. By their own acts they make their own incomes policy more difficult . . ."

He said that his predecessor

" . . . by means of this Clause"—

which increased the price of beer—

"is helping to raise the cost of living. Every pint of beer drunk in clubs and 'pubs' will affect the cost of living. Only yesterday Mr. Frank Cousins pointed out in a speech the difficulty which he and his executive will

find, because of the increased cost of living, in moderating wage claims."

The right hon. Gentleman the Member for Nuneaton (Mr. Cousins) has a lot of difficulties in life, poor man.

"Here the Government, as they have done with rents and general interest rates, are operating against them. The Government's left hand does not know what its right hand is doing."

The trouble about the present Government is that their left hand knows all too well what their right hand is doing.

The Chancellor was eloquently supported by his hon. Friend the Member for Bermonsdey (Mr. Mellish), who is now Joint Parliamentary Secretary to the Ministry of Housing and Local Government. Referring to the Conservative spokesman, the hon. Gentleman said:

"The right hon. Gentleman really does not know what is going on outside. He has said that this tiny little tax makes not the slightest difference. To the vast majority of the people of whom my right hon. Friend the Member for Cardiff, South-East (Mr. Callaghan) was talking, it is a tremendous hardship."

One would think that those were conclusive arguments, but they were very ably rebutted—and by whom? They were rebutted by the right hon. Member for Kingston-upon-Thames (Mr. Boyd-Carpenter), who was at his blindest. The right hon. Member pointed out that an increase in the tax on beer and spirits was neither here nor there. He said that it would, of course, marginally raise the cost of living, but what was that, he asked. He said:

"The effect of increasing the beer duty is one-fifth of a point—a variation which quite a minor fluctuation in the price of vegetables can produce."—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, cc. 948, 951.]

So we have been through all this before. The only difference this time is that the minuet has changed sides. [AN HON. MEMBER: "What did the Liberals say last year?"] I will come to that. I have no doubt that we have been consistent throughout.

To be serious about this matter, I do not think that the Budget as a whole has been widely criticised on the ground that it is too deflationary. There are many people who, bearing in mind the situation inherited by the Government, would be prepared to support certain increases in the taxes on consumption. But, whilst we have to broaden the basis of the taxes on

consumption, we cannot go on, year in, year out, simply increasing the taxes on beer and spirits. I leave aside tobacco. The stage is being reached when, in terms of total consumption, these taxes are having an effect which would be disastrous to the Revenue if they were continued. They are actually being increased.

I notice, although this was not made clear by the hon. Member for the Isle of Thanet (Mr. Rees-Davies), that taking into account the extra tax, the amount which the Inland Revenue will collect from the tax on spirits, beer and wines this year will be higher and not lower than the estimate. Therefore, the total revenue will be higher. I think that I am right in saying, however, that consumption will not be higher.

I wish to make a brief constituency point. In my constituency we have two distilleries. They make an enormous amount of money for the Revenue and they are playing an important part in the export trade. They are worried lest it be thought that we can indefinitely carry on the export trade of whisky with a declining home market. They certainly feel that we cannot do this. I do not want to exaggerate—they are doing reasonably well and I do not want to cry wolf too loudly—but there will come a time when all the extra taxation which it is from time to time necessary to place on consumption, and which is always levied on this trade of beer, wines and spirits, will harm this trade, which is vital to the Exchequer and to our exports.

If the Chancellor is embarking on a course of fiscal reform, high in his priorities in the coming year should be an examination of the ways of raising taxation on consumption and broadening the base. Whether this is done by an overall sales tax or whatever it may be, I am certain that we have to come to this sooner or later. I know the objection to it, but we cannot continue to pile taxation upon a few commodities simply because they are ready at hand.

The main criticism which can be made of the Chancellor is not that he has introduced a Budget which is overall unduly deflationary, but that the Budget, taken into account with the other parallel measures, will not encourage investment in private productive industry. That is

the real criticism of the Budget. Therefore, I merely leave those two points with the Chancellor. While I sympathise with him in the dilemma which he faced last autumn, surely high on his priority list should be an examination of the whole structure of taxation on consumption, and surely, also, in his fiscal taxation measures, he should not do anything more to discourage productive investment.

**Mr. Ian Gilmour** (Norfolk, Central): I gather from the Chancellor's presence that he will be answering the debate on this unpopular subject. I admire his courage, if not his sensitivity. As we have already heard from my right hon. Friend the Member for Bexley (Mr. Heath), the recent electoral swing in Cardiff was 15 per cent. and in the Rumney Ward it was 23 per cent. That is very nearly a cricket score. Indeed, Mr. Ted Dexter's batting average this year is only 26 and I dare say that he now wishes he had stuck to politics.

In the Budget debate last year, the then Leader of the Opposition, now Prime Minister, said that in 1960 Lord Amory had waited until after an election to introduce taxes of this kind and he was surprised that my right hon. Friend the Member for Barnet (Mr. Maudling) had done it before an election. I dare say that the Chancellor is now feeling rather the same sensations and wishing that he had done it after rather than before the elections.

When I say that I do not admire the right hon. Gentleman's sensitivity, it seems to me that he might have been wise to have emulated his hon. Friend the Chief Secretary and stayed away from the debate on this subject, because, as the Leader of the Liberal Party has said, he made his views on this matter very plain last year, as, indeed, did the Chief Secretary.

Therefore, this debate should have been answered by the Financial Secretary to the Treasury, who, as the lawyers say, could have come to this debate with clean hands, because as far as I can see he was one of the hon. Members opposite who did not make an intervention on this subject last year and did not expatiate at great length on the iniquities of indirect taxes and how very much they hurt those who were least able to bear them.

[MR. GILMOUR.]

The Leader of the Liberal Party has already quoted the Chancellor of the Exchequer concerning the balance of payments. He did not quote him on the question of those who were least able to pay these taxes. On 15th April, he said:

"Yesterday's increases in the taxation on tobacco and alcohol shift the burden against the wage earner, against the man at the bottom end of the tax scale, and they increase the level of indirect taxation."—[OFFICIAL REPORT, 15th April, 1964, Vol. 693, c. 435.]

5.0 p.m.

That is quite true. It is that much more true this time because the increases are that much larger. Although it would be possible to argue that it was right to do it last year, but wrong to do it this year, it could not possibly be right, logical or conceivable to argue that it was wrong last year and right this year. It has now been doubled. The Chancellor said it was wrong to do it once and now he is doing it twice. It is not a question of a "minuet changing sides"—if a minuet does change sides—

**Mr. Grimond:** I am obliged to the hon. Gentleman for his correction. With respect, what I meant was the people who dance a minuet.

**Mr. Gilmour:** With respect to the Leader of the Liberal Party, that is still not quite right. One side has definitely changed, but we have not. It is reasonable for us to say it was right last year and wrong this year, but it is not possible for members of the Labour Party to say that what was wrong, in their view, last year should be done to an even greater extent this year. Therefore, I hope that the Chancellor does not think that that is just a question of partners dancing a minuet, and changing sides.

I agree with the right hon. Member for Orkney and Shetland (Mr. Grimond) that it is high time that the tax basis was broadened. I fully understand that the Chancellor may at the moment be more intent on broadening his electoral base, but, nevertheless, it is high time that the taxes on consumption were looked at and that whisky, beer and wine did not get a "drubbing" every time.

**Mr. Emrys Hughes** (South Ayrshire): Like the Leader of the Liberal Party, I have a distillery in my constituency, but I do not think that I am entitled to place

constituency interests before the interests of the nation as a whole. [HON. MEMBERS: "Oh."] I do not think that there is any reason to interrupt me at this point.

If we carry the argument advanced by the Leader of the Liberal Party to its logical conclusion we should continue to cheapen whisky to help the home market. That is a rather strange deviation from what used to be considered orthodox liberal doctrine. I remember when the Liberal Party was regarded as the chief political opponent of the vested interests of the drink trade. Here, by implication—I wonder what the non-conformist element in the Liberal Party will think of it—the Leader of the Liberal Party is advocating a cut in the price of whisky. I regard that as a most reactionary deviation from what used to be the old Liberal policy.

The Leader of the Liberal Party said that we should reconsider the whole system of taxation. Surely that is what the Chancellor is trying to do. We have heard no constructive alternative to taxing whisky. If we do not tax whisky, are we to tax milk? Imagine the uproar there would be if the Chancellor tried to do that. Are we to spread the burden broadly? When the Chancellor was in difficulties, and introduced a tax on petrol, which was a broadly spread tax, the Liberal Party opposed that. It seems that on this question the Leader of the Liberal Party is going down the slippery slope to perdition, and I want to save him from that.

**Mr. Michael Noble** (Argyll): I am inclined to agree with the right hon. Member for Orkney and Shetland (Mr. Grimond). There has not been over-much criticism of the Budget on the ground that it was too deflationary. There has been, and I think there still is, considerable criticism because it has done very little to help exports and practically nothing to increase the efficiency of industry. The right hon. Gentleman said that he was making a narrow constituency point because he has a distillery in his constituency. So, indeed, have many hon. Members on this side of the Committee.

Unlike the hon. Member for South Ayrshire (Mr. Emrys Hughes), I do not regard the distilling industry in Scotland as a narrow constituency issue. I regard it as one of the most important industries in Scotland and, therefore, I hope that the

Committee will forgive me if I talk mainly about the whisky industry.

Unlike my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies), I cannot honestly say that I have never drunk whisky. I can honestly say that occasionally I have drunk gin. To please the hon. Member for South Ayrshire, I might say that I have, on a few occasions, even allowed vodka to pass my lips. I have also, I am glad to say, drunk wine from time to time both light and heavy and occasionally I have had a glass of cider or perry.

It is whisky which, I think, important from the point of view of the interests of Scotland and although my hon. Friend the Member for the Isle of Thanet spent a good deal of time discussing the philosophy of the Socialist Government in their attitude to drink, pleasure and other things, I look on this problem much more as one not of their philosophy but of their policy towards industry.

The whisky industry is peculiarly Scots. I know that it is possible to buy bottles in Spain which are labelled Scotch type whisky, and in Japan one may get bottles with small print on the label indicating that it was not made in Scotland, but whisky the world over is a Scots drink and the reason is very largely—

**Sir Rolf Dudley Williams:** What about Irish whiskey?

**Mr. Noble:** Irish whiskey, if I may correct my hon. Friend, is something which is spelt differently and tastes much inferior to Scotch whisky.

The Scottish whisky industry is famous the world over, largely because of the efforts of the people who make it to sell it abroad. I think it remarkable that in the last six years the exports of whisky have risen from £56 million in value in 1958 to an estimated £92 million last year. If they have any sort of reasonable luck, in spite of the efforts of the Chancellor of the Exchequer, the whisky exporters will certainly sell over £100 million of exports this year. This is a considerable achievement, even in a country like Scotland, which takes a particular pride in the high ratio of its industrial production which is exported. Now 80.2 per cent. of the whisky produced is exported. The figure is even higher than that for textiles,

which are high in this admirable list, and 50 per cent. of the exports go to America.

A point made by my hon. Friend is worth drawing to the attention of the Committee again. Scotch whisky represents only 50 per cent. of the spirits consumed in this country. Before the war it was 70 per cent. The reason for the fall is the distillers of whisky have answered the appeals of successive Chancellors to do everything to boost exports, even though, as has often been the case in the past, it meant cutting consumption at home by rationing the amount of whisky available in restaurants, pubs and other places. The second reason why it has taken a considerable time for the consumption of whisky at home to rise to anything like its pre-war level is the relative tax position. I did not quarrel with my hon. Friend the Member for Isle of Thanet when he made a special plea for port and followed it with a special plea for sherry. I do not find that either of these drinks lie as happily and pleasantly on my stomach as a good glass of whisky. I think that the Chancellor was wrong to abolish the prescription charges and put up the price of whisky. He would have done better to put down the price of whisky, when he would have found that there would be a great deal less illness. This is a purely personal point of view.

**Mr. Emrys Hughes:** If the revenue is decreased by this Amendment being carried, what would the right hon. Member tax?

**Mr. Noble:** If the hon. Member will help me in my desire to get back a Government from this side of the Committee, I shall be able to tell him exactly what we would do. At the moment, without getting wildly out of order, I think that it would be a little difficult to pursue the hon. Member's suggestion.

In the case of port, sherry, British wines and even of cider, perry and gin, there have been Chancellors of the Exchequer since the war who have thought it right, for one reason or another, to reduce the rate of duty on these items. But there has not once been a Chancellor, of my party, I am ashamed to say, or from the other side of the Committee, not even from the Liberal

[MR. NOBLE.]

Party, who has made any attempt to reduce the duty on whisky. I have heard it said when discussing these problems with my friends in the industry in Scotland—I have often wondered whether it was a valid reason to put forward—that if we increase the duty on whisky in this country it acts as a stimulus to other Governments to put up the price of whisky in their countries as well. They say, reasonably enough, that if the British Government thinks that it is reasonable to pay 48s. 6d. for whisky and that that is a reasonable price, then they will put up the price in their countries and see if their people will pay it.

It is significant—I think the Chancellor knows this—that since April of this year alone Peru, Northern Rhodesia, Malta, Ireland and Switzerland have put up their duties on Scotch whisky. The inevitable result is a rise in price and, probably as a result, a good deal more difficulty in getting exports into those markets. Switzerland has been over the last year or two the most important new country to which we have been sending greatly increased amounts of whisky.

The real reason that I should like to try to persuade the Chancellor to look favourably at this particular one of the items which we are discussing is that it is considerably important to Scotland as a whole in the employment it gives. A good deal of this employment—as Scottish hon. Members know—is in parts of the country where it is difficult to get alternative ways of employing people. I think first, because they are my particular favourites, of the distilleries which produce the malt whiskies. They are almost all concentrated in outlying glens of Scotland and on the islands. A very small distillery in my own constituency was opened recently on Jura. It was the first industry to come to the island for a century. Although the employment which it offers is small, a very valuable extra amount of wages comes in week by week to a small community.

When one thinks of Glenlivet, Talisker, Glanmorangie, Bruichladdich, and Laphroaig these names slip off the tongue at least as gently as their products slip down the throats of the tired or the thirsty. Although it has not the same Gaelic sound, there is in the constituency of the right hon. Member for Orkney

and Shetland a distillery at Highland Park which I am certain would be able to produce a great number of barrels from its very large stocks in order to cheer up his supporters, who were perhaps a little depressed over the weekend.

5.15 p.m.

The malt distilleries may be the heart of the Scottish whisky distilling industry, but the grain distilleries are certainly larger in size and just as important for the employment which they give. One cannot help thinking of places like Dumbarton in the South and Invergordon in the North, where again much new employment for considerable numbers of people has been given in the last year or two. In looking round to see where he could raise the money, the Chancellor may have felt, because of the example given to him by earlier Chancellors, that it would not do any harm to put even more tax on Scotch Whisky.

**Mr. Robert Maxwell** (Buckingham): Hear, hear.

**Mr. Noble**: The hon. Gentleman who is so enthusiastic is probably better able to pay for it than many.

The point which is significant is that though exports have been rising very well—I think to the pleasure of the Chancellor; certainly to the pleasure of his predecessors—and though the home market has been rising very slightly, it is clear to those of us who know the position in Scotland today that the stocks of whisky maturing are increasing very steeply. There must come a time, if there is any turndown in exports or in home consumption, when there will inevitably be a risk of a very considerable drop in the employment in these distilleries. They cannot go on building up stocks at this rate in case the Chancellor changes his mind.

**Mr. Maxwell**: Would the right hon. Member not agree that whisky is not a necessity and that those who do not wish to pay the increased tax need not buy it or consume it? Would not a great deal better use of the Committee's time be made if we spent our time on dealing with those items in the Bill which really matter to the nation?

**Mr. Noble:** If the hon. Gentleman had taken the trouble to come into the Committee more than about ten seconds ago I should be more inclined to judge whether or not his contribution was likely to be useful. Whether he likes it or not, this is a matter of great importance to the country from which I come.

The suggestion which I would make to the Chancellor, because I do not want to be purely destructive in my criticisms of this part of the Bill, is that I believe, if his wish is to do something which would give substantial encouragement to Scotland and its employment and particularly to the Highlands—some of his colleagues are trying to get the Highland Development Bill through the House at the moment—that he should at least consider seriously the possibility of a differential in the tax on British spirits, and give some preference to Scotch whisky. I think that he could justify it on two grounds. The first is, as I said, that it would be a differential to help the areas which certainly need it. The second is that there is far more skill in the production of whisky than there is in the production of gin and vodka. It is certainly necessary to mature these for a great deal longer before they are fit to drink.

If my hon. Friend the Member for Isle of Thanet would like me to, I should be only too delighted to offer him a little eleven-year-old single malt whisky. Perhaps from that, he would acquire a taste for an alternative to brandy or port after a good dinner.

We in Scotland have welcomed, even though we do not entirely approve, the habit which has grown over the world of drinking Scotch on the rocks. I am speaking for a great number of my countrymen when I say that in respect of this action in the Finance Bill we in Scotland think that the Chancellor is doing his best to drive the Scots on to the rocks. We understand only too well that there are very few people in the country who will want to drink his health and that therefore the extra cash will not do them very much harm. But we also appreciate that there are millions of people in the country who will want to drown their sorrows in a little Scotch whisky—and these words will not be

wholly unfamiliar to the Chancellor of the Exchequer, because he used them from this side of the Committee last year.

**Mr. A. E. Cooper** (Ilford, South): We have had a number of speeches arguing the merits of particular drinks and why they should not be taxed, but I think that we should try to be rather more fundamental and ask ourselves not so much what is the harm which will be done in parts of the countries and industries affected by the tax but why the tax is necessary at all. The answer lies clearly in the complete and utter incompetence of the Chancellor of the Exchequer and the Prime Minister since last October. There are the guilty men.

**The Temporary Chairman (Sir Herbert Butcher):** Order. The scope for debate on this Amendment is limited.

**Sir Rolf Dudley Williams:** On a point of order. Surely my hon. Friend, in drawing attention to the fact that the reason for these taxes was the questionable behaviour of the Chancellor of the Exchequer, was in order.

**The Temporary Chairman:** When the hon. Member for Ilford, South (Mr. Cooper) goes out of order, I will so inform him. I was giving him warning signals.

**Mr. Sydney Silverman** (Nelson and Colne): The hon. Member for Ilford, South (Mr. Cooper) is saying that the necessity for these taxes lies in the incompetence of the present Chancellor of the Exchequer. If that is in order, would it be in order for those on this side of the Committee to say that it was due to the incompetence of previous Chancellors of the Exchequer? We could pursue the debate for a very long time.

**The Temporary Chairman:** I think that we should get on with the Amendment in Clause 1, page 1, line 16.

**Mr. Cooper:** I come back to my proposition that we are entitled to discuss the proposed taxes on the basis of their necessity and why they have been brought forward at this time. I cannot believe that I can possibly be out of order in developing such an argument. Having regard to the speeches over the weekend by the Chancellor of the Duchy of Lancaster and the Chief Secretary,

[MR. COOPER.]

may I put the position on the record and state that these taxes have been imposed to get the Government out of the mess into which they got themselves. Let us quote one or two things which right hon. and hon. Gentlemen opposite may not like. Speaking on 30th September, 1964, at Norwich, just prior to the General Election, the Prime Minister said:

"I repeat what I have said throughout the year. I do not believe that we are facing any danger to sterling, any run on the £, because the loan facilities available to us have been increased from the International Monetary Fund, from the United States and from Europe."

**The Temporary Chairman:** Order. I am sorry, but the hon. Member must not pursue that line of argument.

**Mr. Cooper:** Subsequently the Prime Minister went to America and made a speech drawing attention to the fact that we have these vast reserves of £11,000 million. If these reserves were available at the time, why did not the Chancellor—

**The Temporary Chairman:** Order. The hon. Member must please relate his remarks to the Amendment before the Committee.

**Mr. Cooper:** I am delighted to ask for your guidance, Sir Herbert. Can you quote from Erskine May to show that I am out of order in discussing the reasons for a particular tax?

**The Temporary Chairman:** The hon. Member must not ask me to quote from Erskine May. He must develop his argument in terms of the Amendment before the Committee and if I think that he is going out of order I must draw the matter to his attention.

**Mr. Cooper:** When the Chancellor opened his Budget in the very first sentences he said, "My task this year is to withdraw £250 million from the economy". He proceeded to argue why it was necessary to do so. In a two-hour speech he went through the various items of taxation which we are debating and which form part of the £250 million which he said that he had to withdraw.

**Mr. Maxwell:** On a point of order. Did we not deal with this on the Second

Reading of the Finance Bill? Surely it is not in order to deal with it now?

**Sir D. Glover:** Further to that point of order. Surely it must be in order to deduce reasons to show that if other things had been done these increases would not have been necessary.

**The Temporary Chairman:** That may well be, but not on the Question proposing that the subsection should stand part of the Bill.

**Mr. Cooper:** It is unfortunate that right hon. and hon. Gentlemen opposite are unwilling to face the facts. We are fully entitled to discuss why these taxes are being put on at this time. We are entitled to an explanation why the unfortunate people of this country are to suffer these further imposts.

**Mr. Sydney Silverman:** On a point of order. Is it in order to debate the Second Reading of the Finance Bill all over again on each Amendment as it arises, Clause by Clause? If not, ought we not to stop it now?

**The Temporary Chairman:** I have already made my Ruling clear. I should be grateful if the hon. Member for Ilford, South would debate the Question whether subsection (1) should stand part of the Bill.

**Mr. James Dance (Bromsgrove):** Surely it is in order, if the Chancellor tries to put on this extra taxation, to ask him why it is necessary?

**The Temporary Chairman:** The question before the Committee is whether taxation should be imposed on spirits, beer, wine, British wine and tobacco. Any arguments indicating that those commodities should not be taxed are in order, but it is not in order to have a general debate on the whole field of national taxation.

**Mr. Cooper:** I base my argument on the point which you have just made, Sir Herbert, when you said that any argument was in order which shows that these items should not be taxed. I submit that the case which I am putting is to show precisely why these taxes should not be imposed. Again I ask for your guidance and suggest that if I pursue that line of argument I am in order.

**The Temporary Chairman:** The hon. Member must keep his argument within the terms of the Amendment before the Committee, as, indeed, has been done by hon. Members who have already addressed the Committee.

**Sir Arthur Vere Harvey (Macclesfield):** On a point of order. My hon. Friend the Member for Ilford, South (Mr. Cooper) referred to the Prime Minister's visit to Washington. Surely if he were to refer to the possibility of the Prime Minister drinking some export whisky whilst in Washington he would be in order.

**The Temporary Chairman:** We had better see how we get along without further points of order.

**Mr. Cooper:** I will content myself at this stage by saying that had wiser and sounder financial policies been followed by the Chancellor and his colleagues these taxes would be quite unnecessary. Further, had—

**The Temporary Chairman:** Order. The hon. Gentleman must assist the Chair by not continuing with that line of argument.

**Mr. Cooper:** These taxes which we are now asked to pass simply give a nudge to higher prices generally, therefore to higher wages and therefore to roaring inflation. They will have a serious ultimate effect on our export potential.

5.30 p.m.

**Mr. Julian Ridsdale (Harwich):** I support the remarks of my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies) when he so ably moved the Amendment. Our attention has been drawn to the Committee stage of last year's Finance Bill and to some of the comments of the right hon. Gentleman who is now the Chancellor of the Exchequer. Last year he described the Finance Bill as "nasty, brutish and short". I suggest that this year's is nasty, brutish and long.

I recall my right hon. Friend the Leader of the Opposition saying that if the Socialists were elected they would introduce higher taxation. The right hon. Gentleman who is now the Chancellor said that he did not think that that would be so. How right my right hon. Friend

was. Indeed, in Committee on last year's Finance Bill, the present Chancellor said:

"The plain truth is that the duty on spirits is higher today than it has ever been in the whole history of these duties. It is a record which I am sure the Government will be proud to publicise among their records—that they have raised the taxation on spirits to the highest level ever."

What the Chancellor said before assuming his present office should be digested as the background to the action he is now taking. Indeed, the right hon. Gentleman said last year that the Government were making it too expensive to drown our sorrows, and added:

"It is an astonishing thing that while a bottle of whisky costs 45s. one can buy purple hearts in the black market for 6d. a time".—[OFFICIAL REPORT, 2nd June 1964; Vol. 695, c. 945-6.]

The present Chancellor said that when we were debating drugs last year. If the right hon. Gentleman really believed the words he was saying then, surely we should bear in mind now the comparability between the high price of spirits and the accessibility and price of drugs. Has not the Chancellor done absolutely nothing to help the arguments which he adduced last year?

I have been impressed with the remarks that have been made about the harmful effect of the high prices of spirits, including British wines, on our export trade. [*Interruption.*]

**Mr. Dance:** On a point of order. Is it in order for hon. Members opposite to keep up a continuous tirade of interventions from a seated position?

**The Temporary Chairman:** Order. Hon. Members must not intervene in a sedentary position.

**Mr. Ridsdale:** I appreciate that hon. Gentlemen opposite do not like being reminded of the words used by the Chancellor last year, particularly since he has done nothing to correct some of the wrongs about which he was complaining at that time.

Perhaps more important is the tax on beer. The price of beer enters into the retail price index and many facets of life. The increased price will not help the Government to secure their incomes policy. The cost of wine and beer is weighted at about 63 points in the cost of living index

[MR. RIDSDALE.]

compared with household goods at 62 points. Every pint of beer that is consumed in the coming months will, therefore, be bound to affect the cost of living. Not long ago the Chancellor said that there would be a one point rise in the cost of living, but considering that 2 or 3 million workers are being affected by this Budget—and have had their wages adjusted to meet price increases—what does he now consider will be the overall cost in terms of the purchasing power of those whose wages are attached to the cost of living index?

Has the Chancellor fully considered the human problems involved; the additional 1d. on a pint of beer which must be paid by the elderly? The old folk like their pint of beer, including the non-contributory pensioners for whom the Chancellor has done nothing and about whom the Government have acted so callously in the way they treated the Bill which was introduced by my hon. Friend the Member for Abingdon (Mr. Neave) and another Bill in the House of Lords recently.

In last year's Finance Bill debate the Joint Parliamentary Secretary to the Ministry of Housing and Local Government, the hon. Member for Bermondsey (Mr. Mellish), thought that dock workers could absorb the tax quite easily. Why have the Government imposed taxes on those who can least afford them? The hon. Member for West Ham, North (Mr. Arthur Lewis) said last year:

“ . . . old-age pensioners in my constituency . . . are in the position that possibly the only pleasure they get out of life is their pint of beer. . . .”—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, c. 952.]

That is precisely what the Chancellor has done, despite all the boasting that he and his colleagues have been doing. The Chancellor said last year that another small burden was being placed on the shoulders of those who were least able to afford it, yet his first action on assuming office was to increase the price of beer still further for those who are least able to afford it.

I would have preferred to see economies in Government spending. I do not like high taxes. The Government should have set an example by making economies, for they should not seek sacrifices from the poorest section of the community and do

nothing themselves. In addition to all this, the country will have to find £600 million for steel and—

**The Temporary Chairman:** Order. I hope that the hon. Gentleman will observe my earlier Ruling.

**Mr. Ridsdale:** We must broaden the basis of taxation and at the same time make economies in Government spending. Only by doing that will we prevent taxes like these from falling on one small section of the community—and this time it is those who are least able to afford it on whom the heaviest burden is falling. Because the Government's taxes are not spread widely enough they are inflationary and they will make it difficult for the finances of the country to be put in proper order.

**Sir A. V. Harvey:** I want to thank my hon. Friend the Member for Isle of Thanet (Mr. Rees-Davies) for so ably moving this Amendment. I confess that I was very surprised when the Chancellor of the Exchequer put this increased charge on beer. Of course, we all know what the right hon. Gentleman said last year, but one can quote many things said by a Government when in Opposition, and I discount a great deal of it. We knew last year that he did not mean a great deal that he then said. But why he had to put a 1d. a pint on beer I do not know. We can tax a commodity or a luxury up to a certain point, but to tax it beyond that point merely kills the returns that the Exchequer badly needs. The consumption of wines and spirits is down this year, and I am sure that that trend will continue when the impact of other measures is felt by the public at large.

There is no doubt that the surcharge imposed by this Government has had a serious effect on whisky exports. The French reacted very badly to the surcharge on their wines and silently resisted the consumption of whisky. That reaction has taken place elsewhere. We shall not know the full impact of that step for many months to come. My right hon. Friend the Member for Argyll (Mr. Noble) has referred to growing stocks of whisky in the distilleries. Those stocks represent money locked up, and instead of being in the distilleries they should be circulating and earning money for the country. This great trade as a whole is now nothing more than a Government tax collector.

It should also be remembered that wine is now not only drunk in the exclusive clubs and restaurants. It is drunk by millions of people—and a very good thing, too—who have gone abroad for their holidays and have acquired the wine-drinking habit. I remember just before the war driving in a motor car with Sir Winston Churchill. He asked me, "Do you want to live to be a great age?" At my age—this was more than 25 years or more ago—I thought that I would. Sir Winston said, "Then you have to do two things; you have to get your feet off the ground whenever you can and drink whisky fairly liberally in the evening." I am sure that is good advice. I have heard eminent medical people recommending whisky for elderly people whose blood is running thin—

**Mr. Emrys Hughes:** Bernard Shaw did not follow that advice and he lived longer than Sir Winston Churchill.

**Sir A. V. Harvey:** Yes, he went completely the wrong way, I am sorry to say, for many years of his life.

Whisky is now cheaper in many Continental countries than it is here. We have been told that it has gone up in price in Switzerland, but it is still cheaper there than it is here. It is also cheaper in Italy and in many other countries. It seems quite extraordinary that the producer country should charge its own people more for it. We must have a stable home market if we are to have good exports. Sir Stafford Cripps, when Chancellor of the Exchequer, saw the danger and reduced the price of wine.

Most serious of all is the effect this increase will have on our tourist industry. We know that prices in France are now probably comparable with those in New York, and the result has been a steady drift of tourists from France to Italy and Spain, and even as far away as Greece. We should try to get them here. We need to attract tourists from North America and elsewhere, but the prices are now becoming exorbitant and we may well lose tourists who might otherwise come here on these cheap package tours from the United States. Although they are Americans they cannot pay the prices charged here—

5.45 p.m.

**Mr. Maxwell:** I am extremely concerned that hon. Members opposite will

bring harm to our tourist trade if they keep on harping on high prices. Our prices are still the lowest, even with this slight extra cost, and hon. Members opposite do damage to the tourist trade by that kind of talk.

**Sir A. V. Harvey:** The hon. Member should cast his mind back to what happened in the House a year ago. He was not here then, I know, but he can read of it in *HANSARD*, or some of his right hon. and hon. Friends can tell him. We have to act as one in protecting the £, but when we come to the tourist industry hon. Members must be allowed to present the facts as they see them. I am not exaggerating. We have here an industry that can earn hundreds of millions of pounds for us, but we have to give it the facilities, and we must beat other countries to it. I have given France as an example of what can happen, and I do not want that to happen to us. The Chancellor must look at this taxation very closely.

My right hon. Friend the Member for Bexley (Mr. Heath), with his Resale Prices Act, has helped the Chancellor here. As a result of that Measure, whisky came down about 5s. a bottle in the supermarkets. That has more or less levelled out the new taxation, but I have no doubt that the price of whisky will again creep up to that charged in the off-licences.

The Chancellor is a fairly level-headed man—[HON. MEMBERS: "Hear, hear."]—I knew him before he became Chancellor of the Exchequer. I remember him when we were at the Admiralty. He has said earlier that he will be broadminded and will listen to the arguments that are advanced in regard to tourists, whisky imports, and so on. I hope that he will be fair-minded and will not mind giving way on certain matters if the argument moves that way. He has this enormous Finance Bill, which has been put together in a few weeks or months. Many eminent accountants, some of them the biggest in London, tell me that they do not yet begin to understand it and will need months to unravel its meaning. It will provide a field day for the lawyers and accountants for a year or two after it becomes law. I ask the right hon. Gentleman to look at all the things that have been mentioned and to be prepared to give way where there is a good argument.

**Sir John Eden** (Bournemouth, West): I little thought that so soon after having rather reluctantly supported an increase in these duties in previous years I would find myself in a position of having once again—and this time, perhaps, more openly—to deplore a further imposition. It seems to me extraordinary that the Chancellor of the Exchequer should have pressed these further imposts on these products. I join with other of my hon. Friends who deplore these increases for the general reason that they represent an increase in taxation overall. I sympathise with some of my hon. Friends who have tried to find out the basic reasons for these increases.

I respect your Ruling, Sir Herbert, and shall not attempt to pursue that line of argument, but these duties represent a real and general increase in taxation and it is for that reason, first and foremost, that they are to be deplored. They are to be deplored because they are imposed on wines, beer and spirits no less than other forms of taxation on other commodities are deplored. The duties we are discussing already yield about £576 million, and I believe that the right hon. Gentleman now hopes to get £616 million out of beer, wine and spirits.

That in itself underlines the phenomenal significance of these commodities. It underlines the degree to which their consumption affects everybody. We are not dealing with articles the purchase of which is limited to a few selected categories of people. We are dealing with drinks which are consumed by everybody. The fact that they are so much a part of our daily life is underlined by the amount of revenue which the Chancellor expects to get, even though he is making this fourth increase in four years in the duties on them. My disapproval of the proposals in the Bill and for this Amendment are because these imposts add to the general increase in taxation. This is one of the many increases that the Chancellor is imposing in addition to those which other Members of the Government have imposed. From today, for instance, we have to meet increased postal charges.

My second reason for supporting the Amendment is that while manufacturers, makers or purveyors of beer, wines and spirits well understand that

this is an easy, ready to hand, manner of raising the amount of revenue which the Chancellor requires and while they would not expect to be relieved of all forms of duty, they nevertheless are fully justified in asking that the imposition of tax on their products should be at any rate fair. Surely there is ample ground for saying that beer, wine and spirits carry such a high proportion of taxation already that the Chancellor could have looked to other sources of revenue which are no less ready at hand.

My hon. Friends and I have in mind taxes on certain aspects of betting, or on betting altogether. Previous Chancellors have considered that. I think that the present Chancellor is still looking at such a proposal. When answering this debate, I wonder whether he could say—

**The Temporary Chairman:** It would then be out of order.

**Sir J. Eden:** If I may be allowed to complete my sentence, Sir Herbert, I was about to ask if the Chancellor could say why he had found it necessary to turn again to these three commodities to find further revenue without bringing forward other matters which now are free of tax.

**Mr. Swain:** In view of the fact that Conservative Chancellors had the job of implementing increased taxation on these commodities during the last four years, does the hon. Member consider that it is the prerogative and right only of a Conservative Chancellor to implement taxation on these so readily taxable commodities? If so, for how long has the Conservative Party realised that these three commodities are already taxed to the limit?

**Sir J. Eden:** The hon. Member will understand, as I do, the difficulties imposed upon us by the rules of order in seeking to keep as closely as we are able to the terms of the Amendment under consideration.

That prevents me replying as fully as I should like, but in one sentence the reason why these taxes are so particularly pernicious in this Bill is that they are only one element in a general range of taxation increases. Under previous Budgets, taxation has been reduced and

that has made such imposts more tolerable. The hon. Member must recognise that the present tax makes it more difficult for people to afford the increased costs which taxes generally necessarily impose upon them.

My hon. Friend the Member for Harwich (Mr. Ridsdale) spoke of the effect the tax will have particularly on elderly people's enjoyment. Hon. Members opposite, just as hon. Members on this side of the Committee, know that in a club or a "pub" elderly people can be seen enjoying their only opportunity of a social gathering in a general meeting place where they can have a glass of beer or some other drink. One may argue that 1d. on beer is not much by way of an increase and that if a person wants beer he will find the extra 1d. to pay for it, but this increase must be seen in the general context of taxation increases right across the board.

That is why these increases are so pernicious and why it is so difficult for people to absorb them literally. A former Secretary of State for Scotland, my right hon. Friend the Member for Argyll (Mr. Noble) spoke most movingly and eloquently about whisky. Whisky is a great earner of foreign currency. One difficulty which my right hon. Friend did not elaborate, although he touched on it, is that whisky takes a long time to mature. Stocks have to be held for many years. The industry must find considerable difficulty in planning ahead, bearing in mind that it has been subjected to so many increases in duty, that the level of stocks must be connected with what is anticipated to be likely home sales and the support to which the product will have in overseas markets.

I hope that the Chancellor will have another look at the proposed further increase in these duties. I well recognise that this is an easy way of getting revenue. I have no doubt that he will say that people will go on drinking and I have no doubt that they will do so. I have no doubt that he will deny that the increase will affect people in a specially hard way. He might even go so far as to say that it would be a good thing for the people in view of the overall financial circumstances in which the Government have placed us if we all had to tighten our belts.

This is so typical of Socialist philosophy that he may trot it out again and suggest that we must be disciplined, that he will determine what is good and what is not good; he will determine what we should spend in our leisure hours and on our pleasures. This is a form of compulsory spending which we on this side of the Committee deplore.

The increase will especially hurt people of limited means. It is rationing by the purse with a vengeance. This is most extraordinary for a Socialist Government who, in their earlier incarnation, imposed physical rationing. They dare not do that now, but they bring in rationing by the purse, which is more despicable. I therefore hope that the Chancellor will reconsider the proposal.

6.0 p.m.

**Captain Walter Elliot** (Carshalton): I rise to support the Amendment. We have had two Socialist Budgets, one in November and one in April. As we know only too well, they have imposed a colossal burden of extra taxation on the nation. An increase in taxation is endemic in Socialism. I do not suppose that even the most controversial Member opposite would contradict me when I say, "The Socialists put them on, and we take them off".

It is a long time since Budgets were introduced only for the purpose of raising money by taxation to meet expenditure. Today, Budgets are brought in for the almost equally important reason of controlling the economy. We have heard a great deal from members of the Government about the purpose of the two Budgets. We have been told that they are to control the economy, to stabilise prices, and so on. If that is so, is this imposition the best way to do it? I should have thought that we wanted to encourage manufacturers and retailers to stabilise prices.

We have heard a great deal about the effect of a soft home market and of some manufacturers taking advantage of it and increasing their prices. As we know, inquiries are proceeding now into why the prices of the products of three industries have risen or are rising. That charge cannot be levelled against the wine, spirit and beer industries. They have not been taking advantage of a soft market, if it

[CAPTAIN ELLIOT.]  
is a soft market. They have maintained extraordinarily stable prices over the last decade.

**Mr. Swain:** Is the hon. and gallant Gentleman aware that every brewery company in the Midlands, including the Allied Brewery Company, put up the price of their beer by 1d. a pint almost immediately prior to the Budget? Was that deflationary?

**Captain Elliot:** The hon. Gentleman is wasting a great deal of time by his interventions. I want to get on with the debate.

I was considering the matter over a decade. I am sure that the hon. Gentleman would agree that, apart from the effect of the imposition of extra duty, the prices of wines, beer and spirits have remained remarkably stable. When the First Secretary of State writes to the Chancellor of the Exchequer and asks his reasons for increasing the prices of these commodities, will the Chancellor put a copy of his reply in the Library for us all to see?

If manufacturers with good records are to be treated like this, why should they keep their prices steady? What is their reward for doing so? I want to quote something said by the Prime Minister in 1961:

“What we need . . . is a system of industrial taxation that does far more to reward enterprise in expanding firms and, at the same time, penalises the slothful firms, and those which refuse to play their part in the national economy.”—[OFFICIAL REPORT, 26th July, 1961; Vol. 645, c. 456.]

I suppose that it would be fair to say that the Prime Minister included amongst the progressive firms those which keep their prices stable. I want to know what these impositions do to encourage such firms. Surely our object must be to encourage those industries. These increases have the reverse effect.

These increases do not penalise only the rich. Back bench Members and members of the Government have had a large increase in their salary. They will not feel the weight of these impositions. Those who will feel the weight are the old-age pensioners, the poor, and the retired people with modest incomes. Those old, lonely people who have a glass of wine, spirits or beer as solace—*[Laughter.]* Hon. Members opposite may

laugh. They may think that this is fun. They welcome these increases in prices for those people. I am sure that this will be noted in the country.

**Mr. Lubbock:** In view of what the hon. and gallant Gentleman has said, it would be very interesting for the country to know whether it is the policy of the Conservative Party to repeal these increases if it ever gets back into office.

**Captain Elliot:** I do not want to stray beyond the limits of the Amendment. A study of the debates on the last Budget will show the hon. Member for Orpington (Mr. Lubbock) that I spoke against similar impositions then.

**Mr. Lubbock:** What did the hon. Gentleman do when the duties were raised in the last Conservative Budget in May, 1964?

**Captain W. Elliot:** I thought that I had made it clear that in the 1964 Budget I supported an Amendment. The hon. Gentleman should study the record. I argued to the effect that the duties should be repealed. I believe that the imposition of these extra duties will discourage the firms which we ought to encourage. They will increase the cost of living. They will give an upward twist to the spiral of prices and as such will undermine the policy which has strenuously been pushed by the First Secretary. They will fail in their purpose.

**Sir Rolf Dudley Williams:** I have listened to discussions on this type of Amendment many times since I have been a Member of Parliament. I have listened to about 15 Budgets. On practically every one of those there were debates on the question of an impost on alcoholic liquors and on tobacco. When I watch a Chancellor of the Exchequer struggling against criticism of these taxes, if I can find anything to say to encourage him or anything on which to congratulate him I always desire to do so.

I wish to pay my tribute to the present Chancellor of the Exchequer. Already this afternoon he has pulled off a remarkable coup. He now has in the Chamber more back benchers than officials in the Official Box. I have no doubt that the whole of the Government Whips' office has been working overtime to persuade sufficient Members

to come into the Chamber and listen to the devastating criticisms being made of the Budget.

**Mr. Herbert Butler** (Hackney, Central): I have come into the Chamber particularly to hear the hon. Gentleman.

**Sir Rolf Dudley Williams**: I must confess that that is a tribute which is often paid to me, certainly by my hon. Friends. My experience is that during some of my speeches hon. Members opposite make different remarks.

I see that I have already succeeded in driving the Chancellor from the Chamber. Not only has the Chancellor succeeded in getting a few extra Members into the Committee. He has brought off a greater achievement—he has managed to get the hon. Member for Manchester, Cheetham (Mr. Harold Lever) here. I have heard some great speeches by the hon. Member for Cheetham. I have heard him make some lengthy speeches. I once heard him make one about short loans for long boats, or was it about long loans for short boats? That was a very entertaining speech. I hope that in due course we shall hear him applying his mind to the extra imposts which the Amendment, so ably moved by my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies), is designed to remove.

I want to make a few criticisms before I come on to my general remarks about the Amendment. It is an affront to the House of Commons that members of the Government have shown so little interest in the Amendment and, indeed, in the Committee stage so far. We now have a junior Treasury Minister present. I have no doubt that the Chancellor has found it urgently necessary to leave the Chamber for a short time. No doubt there is business to be done in his Department. I am sure that he has plenty of problems there.

But why is not the Minister of Technology here? Why is he not here this afternoon to support the Chancellor? Why does not he come here and say that the purpose of these extra burdens which are to be placed on wage earners is to enable the Chancellor to maintain wage stability? Does the Chancellor believe that this is the sort of Budget which will make it easy for the First

Secretary to negotiate wage stability with the trade unions? The First Secretary is not here, for this reason. When the Prime Minister formed his Government in October last he was faced with some grave problems. He realised that the Chancellor—I do not wish to be offensive—had only somewhat limited intelligence and, in order to take full charge of the Treasury and of our economic policy—

**The Temporary Chairman**: Order. The hon. Gentleman must direct his remarks to the matter before the Committee.

**Sir Rolf Dudley Williams**: I was afraid that you might find it necessary to draw my attention to that fact, Sir Herbert. I shall, therefore, leave the remainder of my remarks to the interesting speech which I propose to make on a later occasion, perhaps on the Third Reading.

If we are to discuss these Amendments, it is important that we should have with us the Ministers responsible for guiding the economic affairs of the country, and one of the most important Ministers in this respect is the First Secretary. The Chancellor has only limited authority. He is only the cashier, so to speak, but our economic affairs, as was the case when my right hon. Friend the Member for Barnet (Mr. Maudling) was Chancellor of the Exchequer, are the responsibility of the First Secretary. I should like to know from the First Secretary whether he considers that imposts of this nature will assist him to maintain wage stability. It is important when introducing new taxation that it should not be of the kind which will automatically lead to higher wage demands.

We must also consider the burden which is put on people with limited incomes. Reference has been made to old-age pensioners. Some elderly people, of course, are quite wealthy, but I am thinking of those who have few resources. These people will be hard hit by these taxes. Reference has been made to speeches which were made by hon. Members opposite last year in criticism of Government policy. The present Joint Parliamentary Secretary to the Ministry of Housing and Local Government, the

[SIR R. D. WILLIAMS.]

hon. Member for Bermondsey (Mr. Mellish), was very voluble last year. I am surprised that he is not here, because I would have thought that he, of all Members, would want to speak on this subject. He made a lengthy speech in the course of which he said:

“ . . . in a constituency such as I represent, where one in every five is an old-age pensioner . . . the main pleasure of the men is to have a smoke and a drink.”

The Chancellor, in the same debate, made a similar remark, as follows:

“ As my hon. Friends have pointed out, when one takes into account the other burdens put upon the pensioner, it means that there is a further small burden put on the shoulders of those who can least afford it.”— [OFFICIAL REPORT, 2nd June, 1964; Vol. 695, cc. 951 and 954.]

I should have thought that the right hon. Gentleman, speaking as he must with the authority of his party, would at least have had a few Members behind him to voice some criticism of these proposals.

We have heard no criticism from the Government side of these proposed increases in taxation. We had a rather trivial speech from the hon. Member for South Ayrshire (Mr. Emrys Hughes), who said that he was in favour of higher taxation on whisky, so far as I could understand it. I do not know what his constituents will have to say to him when he returns to his constituency. It is a monstrous increase.

I remember the criticisms which were made when the old-age pensioner concessions on tobacco were removed. Is the right hon. Gentleman going to introduce concessions for old-age pensioners? I have a personal interest in this matter. I am only eight years removed from being an old-age pensioner. If I find that the price of whisky is the same as it was before he got busy, I shall not look forward to that time with enthusiasm. Is the right hon. Gentleman going to give relief from this burden of taxation, or is he going to say “ We put the pension up—not so high as Members’ salaries went up, but at least we increased it.” In fact, what happens is that the pension goes up, prices and taxation increase and the pensioner is worse off.

6.15 p.m.

The real basis of this proposed increased taxation is that the Government believe in high taxation. This is one of

the techniques which they propose to employ, and they think that by doing so they can ensure social justice. I remember that the late Sir Stafford Cripps tried that one on and it was a complete failure. We had stagnation. People left the country for other countries where taxation was lower—

**The Temporary Chairman:** Order. The hon. Member is tending to stray from the Amendment before the Committee.

**Sir Rolf Dudley Williams:** I beg your pardon, Sir Herbert. I was trying to confine my remarks more closely to the Amendment.

I say to the Government that to increase taxation does not increase production. The more that taxation is increased the more stagnation we get. This proposal is just another of the techniques which the Socialists always employ. My party believes in the alternative, that by reducing taxation we increase production and get greater wealth.

**Mr. Robert Cooke (Bristol, West):** I am glad to be able to take part in these Committee proceedings as a Member representing a city which has a number of notable industries, including the aircraft industry, which was recently crippled by the present Government and, amongst other things, a wine producing and bottling industry of no mean significance.

Also, I follow in the constituency of Bristol, West a Tory Chancellor of the Exchequer, the late Sir Michael Hicks Beach, who actually reduced the duty on whisky. Indeed, if one wants to go back into history, we had in Bristol not long ago a byelaw which prohibited wheeled vehicles around the dockside lest the rumbling of the wheels should disturb the wine sleeping in the cellars beneath. Having said that, I speak with no personal financial interest in the wine trade, though anyone who represents a constituency where so many famous operators in that field have their headquarters could not be otherwise than interested from a constituency point of view.

I want to draw the Chancellor’s attention to a particular effect which the increase in the duty on spirits particularly will have. The other day the Chancellor

answered a Question of mine about the distribution from Government offices of spirits and wines purchased at wholesale prices and distributed in small quantities by people working in those buildings. I should make it clear that I put this Question down not to attack those people operating in that way from Government buildings, but because it was the only way that I could draw the right hon. Gentleman's attention to these matters. I know that this happens all over the country.

The increase in duty will continue to encourage the breakdown of the whole off-licensing structure. We had a Licensing Act some years ago. I was in the House at the time when we made it a little easier for the public to obtain drink from various outlets and a little easier for people who wanted to sell drink to get licences for their premises. This is a continuing process.

The point I wish to make is that the savage increase in duty on spirits will encourage this breakdown. The right hon. Gentleman must have this point in mind when he makes this proposal. It is a consequence of his action which he must take into account when legislating in the future. If by making these increases he is condoning the whole breakdown of the off-licensing structure in the country, well and good from his point of view, but we as a Committee have to look at both sides of the question.

There is no doubt that this increase will continue that process. One might even envisage that in the future all drinks will be bought wholesale by private individuals and distributed among their friends. This could easily make for lack of control over the sale of drink, and even lack of revenue to the Chancellor of the Exchequer, which would be a terrible thing from his point of view. It might also have extremely dangerous social effects, because one is encouraged by present high prices to try to obtain spirits at the best price by buying wholesale by the dozen. This might well be injurious to health and one might be encouraged to imbibe rather more than is good for one. This is an effect of the present increase which the Chancellor must take into account.

There is a different situation with regard to wine. Wines drunk in

moderation can be a positive boon to health.

**Mr. Percy Grieve (Solihull):** Hear, hear.

**Mr. Cooke:** I am glad to hear one of my hon. and learned Friends echoing that sentence. My hon. and learned Friend possibly finds on occasions that wine can be thought-stimulating or thought-producing, or perhaps it makes a dull and uncongenial brief that much more attractive to read. Certainly, the right hon. Gentlemen opposite share this view with me, as we have seen recently when Ministers of the Crown are happily engaged studying their papers and wining and dining themselves.

Quite apart from the happy social effects that wine drinking can have, which will be certainly injured by these increases, there is also the medicinal side of the picture. Wines in moderation are frequently prescribed for circulatory diseases. If one has a reduced circulation in the peripheries a little alcohol added to the bloodstream can dilate the capillaries and have a beneficial effect. [HON. MEMBERS: "Hear, hear."] I am glad that so many of my hon. Friends share my views, but even if this appears to be humorous to the Committee it is a true scientific fact that wines and spirits, and particularly wines, have their place in this respect.

The other effect which this increase in duty on wine may have can be detrimental to the whole future of the appreciation of wine. This is an age when the general public are becoming more and more appreciative of the benefits to be obtained from discrimination in this field. The days of Gin Lane and of wholesale debauchery have long since gone and the public are much more responsible in their use of alcoholic beverages. This increase in duty will have an extremely bad effect on the steady improvement in the public attitude and in popular appreciation of wine, because the duty is the same for the poor wines as for the good. Whether one buys poor or good wines one is still paying a greatly increased duty and there is no encouragement to go for the more expensive.

This positively discourages the appreciation of the more expensive, and it certainly discourages the laying down

[MR. COOKE.]

of expensive wines against the future. One will not be able to afford to lay down as much as one did in the past. I find it almost impossible to lay down any at all. I have not purchased a single bottle of wine since the Budget, and stocks are getting low. This discouragement of laying down wines will mean that in a future year there will be serious gaps when one finds that nothing has been laid down for 1965 because of this tremendous increase. One will have to buy at greatly enhanced prices and profiteering will take place. The Chancellor will not gain anything by the fact that laying down has been put off, and the public will be the losers, as is usual when there are these increases.

Another point concerns those of very modest means who can afford to spend only 12s. 6d. or 15s. for a bottle of sherry, and one cannot do very well at that price these days. If this is their limit they will have to go in for cheaper brands of drink. In the end this will be injurious. The cheap and nasty is encouraged, as usual.

As for the economic effects of the imposts, there is one serious one which my hon. Friend the Member for Bournemouth, West (Sir J. Eden) has already touched upon. This is the effect which the increase can have on the export trade. I hope that it is no secret to hon. Members opposite—if they do not realise it they certainly should do so—that we cannot have a healthy export trade in wines from this country unless we have a securely based home market and can arrange for supplies to be available in the foreign lands where the wine is produced.

Sherry is one of our Bristol specialties and is well known all over the world. A number of brands of Bristol sherry sell for large numbers of dollars in the United States. If a country which is bottling sherry for re-export to the United States finds its home trade severely threatened by increases in duty it may not be able to give continued orders to the sources of supply in Spain. We have already had difficulties there because of some other political activities on the part of hon. and right hon. Members opposite.

If the flow of wines from these foreign countries is interrupted it could well happen that we might never have the trade back because other countries would step in and say, "Britain will not take so much, so perhaps we can help you out." Some of the best wines are already in short supply in France, Spain and Portugal and we could lose for ever our pre-eminence in this trade. I know that one can make jokes about drink, and that some have been made this afternoon, but I hope that I have made it clear to the Government that, apart from the to-ings and fro-ings normal to any Amendment to the Finance Bill—and sometimes there are grave issues and sometimes some not so grave—this could be a serious source of damage to a vital export as well as a cause of inconvenience at home.

The concluding thought must be that exports, whether up or down, will have an effect on everyone in this country, but it is perhaps not so easy for everyone to see the effects. The ordinary man in the street does not know much about finance and the balance of trade, but the ordinary man knows what happens to him. He knows what happens to his purse and his bit of shopping on Saturday mornings and his little pleasures. The cruellest cut of all was when the First Secretary, in a broadcast after the Budget, was asked about the increases in duties on wines, spirit and tobacco, the very things on which the consumer would be hardest hit. I have not the exact words of his reply. It is difficult sometimes to remember some of the things that the right hon. Gentleman says on television, and perhaps sometimes he cannot remember them himself. On this occasion, if I may paraphrase, he said that he really did not care twopence about it, and neither did any of his hon. Friends.

That is the attitude of this Government to the small man, the ordinary man in the street. I hope that they will bear his interests in mind as well as the greater issues, the matters of trade to which I have referred, in which my City and my constituency are vitally concerned.

6.30 p.m.

**Mr. Dance :** I feel that a series of Chancellors have "caned" the drink trade very hard. It has been an easy way to collect taxation, but I am sure that we are reaching the point when we shall kill the goose which lays the golden eggs. In other

words, the rate of taxation is now too high.

I must declare my own interest in the trade to the extent that I own a small wine business. Quite a lot of things have been happening in our trade recently. In the first place, we have, at quite considerable cost to ourselves, improved the amenities and condition of the places in which people can drink. Public houses, for example, have been enormously improved; they are not the old gin palaces of the past. This has cost money, and people will invest money in this type of improvement only if they hope to see a return.

I know that already, as a result of the measures brought in by the Budget, takings are going down. It is a great misconception that the margin of profit on the selling of drink is extremely high. It is not so at all. Moreover, if one is trying to be competitive, as one does, of course, one has to compete against the supermarket which is selling whisky, gin, and so on, at very much reduced prices.

What is not always understood is that the supermarkets do not give the service which the smaller place does. In one shop with which I am connected, a man came in at half-past ten the other day and said that he wanted a bottle of whisky. When it was offered to him, he said that he wanted it at the supermarket price. When my manager said that he could go round to the supermarket and buy it, he replied, "But they are not open".

The point is that we have to compete with the supermarkets. As my hon. Friend the Member for Bristol, West (Mr. Robert Cooke) said, people would like to stock up from the supermarkets to the detriment of the normal dealers. If we price them out of the trade there will be a very detrimental effect on society as a whole. It must not be forgotten that most of the customers are not the sort of people who go to the Ritz, or Claridges. This tax affects every person who goes into a working men's club, or the ordinary shop. The effect is penal upon them.

To bring the point home, I give this little illustration. Two summers ago, my wife and I went on a cargo boat round the Mediterranean. When I tell hon. Members that the "cost of living" was 12 "bob" a bottle and that it is 48s. 6d.

here at home, they will realise roughly how much the Government are taking out of it.

**Mr. Maxwell-Hyslop:** And was not that bottle at 12s. a much higher proof, because it was exported?

**Mr. Dance:** I am grateful to my hon. Friend; I think that it was at least five degrees higher. In addition, of course, the shipping line which sold the drink was not giving it away; it must have made a profit on it as well. This really brings home to one just how much the State is taking out of the ordinary citizen's pocket by the duty on whisky.

*Notice taken that 40 Members were not present;*

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

**Mr. Dance:** I am most grateful to my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) for bringing other Members in to hear the important point I was making, that, on a boat trip I was making round the Mediterranean two summers ago, the cost of whisky, at a higher proof than the whisky one can buy in the shops at home, was 12s. a bottle, and the shipping line itself must have made a profit on it. Yet, as I say, we are now asked to pay 48s. 6d. a bottle. This brings home how much we have to pay in duty.

It is not just a matter of whisky, of course. I support what has been said by my hon. Friend, the Member for Bristol, West on the subject of wines. For generations, our London insurance market has been renowned, and, were it not for the great London insurance market, our invisible exports would dwindle greatly. But we also have a great market for port. Much of our port is brought into this country in cask, it is bottled here, and it is re-exported throughout the world. I have tasted first-class British export port in Sweden, for example. It will be an extremely bad thing if we price ourselves out of laying down this port not just for our own drink, but for re-export throughout the world.

Beer is a British drink. Only last Friday, I went round a steel works, and I was told that every time a vat, or whatever it is called, is tapped, all the men concerned have a pint of beer.

[MR. DANCE.]

Knowing what the heat was like last Friday, I could well imagine that the rate of evaporation would be fairly great, and I am sure that they all deserved and needed their pint of beer. If we put up the price, those steelworkers will have the right—in fact, anybody working in heavy industry might have the right—to say, “We want a bit more to cover the increased cost”. I sincerely hope, therefore, that the Chancellor will reconsider his proposal.

This increase on all forms of drink will create hardship in one way or another. As I have said, beer is a typically British drink. It is part of our British way of life. Beer is drunk in clubs and “pubs” by people in all walks of life. I urge the Chancellor not to drive this British way of life out of existence.

**Mr. Charles Morrison** (Devizes): I support the Amendment so cogently moved by my hon. Friend the Member for the Isle of Thanet (Mr. Rees-Davies) and admirably supported by many of my hon. Friends. I find it a little depressing that on this day in particular I have to support an Amendment to reduce one of our taxes, because I have read in the newspaper that President Johnson will ask Congress tomorrow to cut excise taxes by £625 million on 1st July, by an equal sum next January, and by a further £147 million between 1967 and 1970.

I have referred to that report because I wish to draw the attention of the Committee to President Johnson's reason for cutting taxes. He said that the booming economy in the United States, about which we hear so much at the moment, was bringing in greater revenue from general taxes than had been expected, that the new tax cuts would help to keep the economy flourishing, and that they would also remove handicaps from small businesses and families with middle and low incomes. That is the exact opposite of what is being done in this country now.

The Opposition believe that high taxation is symptomatic of Socialism. Even so, it is very remarkable that after such a period of time the Government should not have been able to introduce some more imaginative types of increased taxation than an increase in these excise duties. One would have expected them to introduce something more far-sighted.

But there it is. This type of action is steadily eroding the so-called incomes policy of that sad person, the First Secretary.

**Mr. Maxwell-Hyslop**: Would not “dissolving” be a better term than “eroding”?

**Mr. Morrison**: If my hon. Friend thinks so, I am prepared to bow to his opinion in this matter.

Speaking to a group of young Socialists the day before yesterday, the First Secretary said that it was the intention of the Government to draw the attention of the country to the record and legacy of the Conservative Government and to emphasise what they had done.

**The Deputy-Chairman (Sir Samuel Storey)**: Order. The hon. Member appears to be straying away from the Amendment.

**Mr. Morrison**: I am grateful to you, Sir Samuel, for keeping me on the straight and narrow path. I was about to say that I would hope that the First Secretary would draw the attention of the country to the lower Excise duties which existed under a Conservative Government.

My hon. Friends have dealt in great detail with most of the direct disadvantages of the increase in duties, and I shall not take up time by repeating them, but I think that the Committee ought to be aware of some of the rather more indirect disadvantages of the increase. It was stated in the *Sunday Telegraph* yesterday that the number of emigrants has risen by 25 per cent. and they gave a variety of reasons for leaving this country. Most were going abroad to find better opportunities, and some were complaining about the taxation burdens. This increase in Excise duties will merely add one more item to the burden of taxation.

It is this type of action, coupled with the growing insecurity and loss of confidence, which is making the Labour Government very unpopular. Although we all know that the days of the present Government are numbered, they would probably remain a little longer in office if the Chancellor were prepared to accept the Amendment.

**Mr. David Webster** (Weston-super-Mare): I have great pleasure in supporting the Amendment. The late Mr. Ernest Bevin must be turning in his grave. At the time of the Treaty of Dunkirk he approved of action to reduce the cost of imported wine, saying "I do not mind if the price of wine goes down provided that it goes down for the working man as well". I support that view. Taken in conjunction with the 15 per cent. surcharge on imports, the Government's measure is doing great damage not only to the economy as a whole but particularly to various sections of it.

I am glad to see the hon. Member for Bristol, South (Mr. Wilkins) present. Bristol has been dealt a very heavy blow. Its aeronautical industry has suffered. So has its tobacco trade. The hon. Member's views on this subject have been faithfully and well put. Also, Bristol's wine trade has been dealt a very heavy blow. I think that "below the belt" would not be an unhappy way of describing it in this context.

6.45 p.m.

We have had mumblings from the Government side asking what happened in previous Budgets. In 1958 Lord Amory substantially reduced the duty on beer. That is a matter in which I take great interest. On another occasion my right hon. Friend the Member for Barnet (Mr. Maulding) made me "legitimate". I have been brewing my own beer for a considerable number of years. It is very good beer and costs very much less than the beer produced by the commercial brewers. But I did not realise that there was a 99-year-old law on the subject. I had taken the opinions of two judges on the matter, and so it was an honourable error on my part. But I had been brewing without an Excise licence. I discovered that in the middle of a Budget. It was a matter of great alarm and concern to me, and I wrote to the Chancellor and apologised, and I sent him a picture of a country brewer from *The Times* of 99 years ago. With an odd Victorian sense of humour, it was Mr. Gladstone—I am glad to see the Leader of the Liberal Party here—who imposed the duty on home brewing. The picture was of an old lady who was putting a terrible home-made concoction down the throat of an unwell

come and unhappy visitor, and she was saying that because of the imposition of duty she would never brew the drink again, and the caption was "What a pity!"

There have been occasions in the past when the Conservatives have been responsible for the country's affairs and have reduced the duty and the Excise charges and made it more reasonable for people to live a happy life.

**Mr. W. A. Wilkins** (Bristol, South): Always just before a General Election.

**Mr. Webster**: Just after a General Election on two occasions. I would comment in that respect that the country has noted that the postal charges went up immediately after the local authority election. Otherwise the postal votes would have been rolling in much faster than they have done.

As an expatriate Scot, whisky is a subject in which I take the deepest interest. My right hon. Friend the Member for Argyll (Mr. Noble) spoke with great knowledge and wisdom on this subject. I understand that he did not speak about the tremendous evaporation losses which the whisky industry suffers. However, he spoke about the beneficial effects of whisky, and I agree with him.

The late Mr. Duff Cooper referred to this at an international conference on alcohol which he attended many years ago. The conference was held under the ægis of the League of Nations. A report was to be prepared about the evils of alcoholism. The conference discussed the subject in general and agreed that alcoholism was evil and must be stamped out. A number of high principles were accepted. Then the French delegate moved that wine and brandy should be left out because of their very great medical benefits. This was accepted. Then the Netherlands delegate moved that gin should be left out. In the end each country moved to leave out its own particular product. The British representative, who was a Scotsman, moved that whisky should be left out as well.

These products all have great advantages. I would mention, in particular, rum. As anyone who has been in the Services knows, to improve the morale of the troops on occasions they are given a tot of rum. Having served with Gurkha troops, I know the beneficial effect of

[MR. WEBSTER.] giving them a tot of rum and their great sorrow when the tot is served too late when they are on a military expedition. I notice my hon. Friend the Member for Plymouth, Devonport (Dame Joan Vickers) present. Many of her constituents have been drinking rum for many years while serving in the Navy. When one gets into the position of being what the doctors rather piously call "an habitual drinker", one gets a taste for the stuff, and when one retires as a Service pensioner on a pension meanly fixed by the present Government and still wishes to have one's tot of rum and one has lost the privilege of freedom from the Excise men, that is hardship indeed. I hope that all my hon. Friends will support the Amendment because there is great evil in what is being done.

I should like to know whether the Chancellor of the Exchequer consulted his right hon. Friend the First Secretary before he put on this excise impost. This is most important. The beer duty is a considerable element in the cost of living index and it will follow, to use the Prime Minister's expression, as the night the day—and we will probably see a bit of that during the debates on this Finance Bill—that there is bound to be an extra weighting to the wage claims which are put forward.

The First Secretary of State is always talking about percentages—3 per cent., 100 per cent., 4 per cent.—and various numbers and things like that. One of my hon. Friends has spoken of the steel industry. We know that in that industry people who have a heavy perspiration loss need beer to make up for that loss. [Laughter.] This is factual. I am surprised that all three hon. Members on the benches below the Gangway opposite are laughing about that. They seem to know little about the subject.

I am not a port drinker to any great extent, but we have great trading links with Portugal and Spain. There is great doubt whether our friends the Portuguese will declare 1964 a vintage year as a result of the combination of the import surcharge and the duty which is imposed upon port. One of the great alleviations in the life of man is a little liquid pleasure. The Chancellor, in a mood of pious pomposity, has contrived to some extent to take it away.

**Mr. Maxwell-Hyslop :** There are about 108 Amendments and new Clauses on the Order Paper, but if there was one which one could be certain would have drawn the First Secretary of State, if not like a bee to a honeypot at least straight to his place on the Front Bench, it would have been this first Amendment, not because of an excruciating pun because the right hon. Gentleman is First Secretary of State, but because it has to do with the taxation of liquor. I should have thought that it would prove irresistible. However, life is full of surprises.

I do not want to concentrate upon the more expensive things in the four Schedules which would be affected if the Amendment were passed. I was entranced, as well as intrigued and informed, by the excellent speech of my right hon. Friend the Member for Argyll (Mr. Noble). When he drew the attention of the Committee to the effect that this might have on, for instance, drinking "Cutty Sark" on the rocks, I was moved to wonder whether the State brewery at Carlisle might produce a whisky called "Cutty Wreck" which would show this magnificent ship on the rocks in a different sense of the word.

I am far more concerned with much the least expensive items, that is to say, cider and British wines. Presumably Clause 1, like the rest of the Bill, is designed, however inappropriately, to do two things. One is to finance the extravagances of Socialism and the other is to ameliorate in some way the economic disaster into which we have been drawn by the Government to date. In so far as it designed to do the latter, I should have thought that the occasion would have been taken to increase the differential in taxation between drink produced in this country and imported drink so that our balance of payments could benefit by the giving of a financial inducement to the consumption of home-produced liquor rather than to imported liquor. This, presumably, would be a logical follow-on to the 15 per cent. import surcharge.

If there is any rationality in the Chancellor's thinking—and I agree that it is not altogether reasonable to assume that there is—I should have expected that the difference in the rate of taxation between light British wine still at 16s. a bottle would be much greater than the 6d. which

separates that from Commonwealth or the 2s. 6d. which separates it from foreign. Surely, the occasion could have been taken to give a much greater incentive to the British producers of alternatives to imported wine.

Again, beer and cider are primarily drunk for purposes of quenching thirst as well as for enjoyment, and certainly the less expensive wines are consumed for the same purpose. If, therefore, we had had not an increase but a reduction in beer duty accompanying such increase in taxation on wines, however gastronomically undesirable this might be, at least one could make a case for it in terms of the balance of payments; and in the condition to which the Government have reduced the country one might be prepared to make a sacrificial gesture and sacrifice gastronomic considerations to economic considerations. Indeed, it is a sacrifice which, I am sure, all of us would be not only ready but willing to make.

One has only to look at the Schedules which would be eliminated by this excellent Amendment to realise that this occasion has been allowed to pass by entirely by the Government. Whether the First Secretary of State noticed this, and, indeed, what his responsibilities in this matter are, none of us knows, but the net effect is that the cost of living index has been put up. This is quite unchallengeable. Hardship has been inflicted on a considerable number of people and inconvenience on an even greater number.

The incentive to smuggling has been increased. If anyone thinks that this is a purely theoretical consideration, I would point out that some unhappy constituents of mine have only recently been released from one of Her Majesty's prisons because they found even the previous rates of duty so high as to place upon them an irresistible temptation to bring into the Port of Teignmouth contraband of an intoxicating nature which was innocent of the payment of any British duty.

Therefore, when there is such evidence that otherwise honest people at the previous rates of taxation find this temptation, which it would be inaccurate to describe as a new one, irresistible, the Government's moral guardians should consult their conscience about whether any further stress should be placed in such a direction or in such a kind.

Not only have temptation, hardship and inconvenience all been increased by the Clause, but even the economic opportunity of increasing the comparative disadvantage of drinking imported as opposed to home-produced liquor has been thrown away. It has been thrown away, but one wonders whether it has been thrown away consciously or negligently. Is this a deliberate act of Government policy to reduce the percentage difference between home-produced and imported wine, or is it due to negligence? If it is due to negligence, it is, I suppose, in a sense excusable. When, however, one has a document of 226 pages, it would, I suppose, be uncharitable to blame the Government for the first couple of hundred omissions of things that they ought to have done or the first couple of hundred of mistakes which they have made in doing things which they ought not to have done.

Even making allowances for considerations such as that, let us hope that having got only to the first Amendment, this is not the beginning of a trend which will make itself even more manifest as the debate continues for so many hours of so many days and of so many nights.

7.0 p.m.

**Mr. Peter Walker** (Worcester): I would like, first, to congratulate my hon. Friend the Member for Rye (Mr. Bryant Godman Irvine) on bringing forward this Amendment, enabling us to debate this subject. I would like also to express very real sympathy with the Chancellor of the Exchequer, because during the afternoon he has been under considerable attack. There have been many criticisms of the manner in which he has conducted his policy and he has been virtually without support from his own side the whole afternoon.

I would have expected that when their own Chancellor was under attack hon. Members opposite would have rallied round, but there has been not one speech from those benches in support of the Chancellor's proposals and we can only presume that, on this issue as on many others, many of the back benchers on the side opposite are in disagreement with those on the Front Bench. What is also noticeable is the absence of certain Members from the Front Bench opposite, who, I would

[MR. WALKER.]  
have thought, would have been here throughout the debate. I speak particularly of the First Secretary of State.

This is after all, of all the Clauses in the Finance Bill, the one which has the most direct effect upon the Government's incomes policy. Not only has the First Secretary been absent throughout the afternoon, but there has not been one Minister from the Ministry of Economic Affairs present. I can only presume that such little interest is now taken by the Government themselves in their own incomes policy that on a matter such as this they did not consider it of importance to be in attendance.

There are many other absentees among those who spoke last year in a debate on the same Clause, upon the social problems involved in this particular type of increase in taxation. For example, we had passionate speeches from the Prime Minister, from the Chief Secretary, from the Members for Fife, West (Mr. William Hamilton), Romford (Mr. Ron Fletcher), Bermondsey (Mr. Mellish), Leek (Mr. Harold Davies), West Ham, North (Mr. Arthur Lewis), Glasgow, Govan (Mr. Rankin), East Stirlingshire (Mr. Woodburn), Rotherham (Mr. O'Malley), Blyth (Mr. Milne), and Middlesbrough, West (Dr. Bray).

All of these last year considered it important to put the case against this particular type of taxation even though smaller increases than now proposed were involved. Why are they absent? Why have they not propounded the same arguments to this Chancellor as they did to the last? I hope that the Chancellor will give a very full reply to the points which have been made in this short debate in connection with trade, specific drinks and with the Government's incomes policy. I must confess I am a little disturbed that during the last four excellent speeches the Chancellor was away and as far as I can see the Member he left on the bench was taking no notes whatsoever. It may be necessary for me to repeat some of the points that have been made.

**Mr. Callaghan:** I have notes.

**Mr. Walker:** I am relieved to hear that and I hope the Chancellor will study them very carefully before he replies

because, like most of the points made this afternoon, they are very important ones.

The first section of this debate deals with the problems relating to specific drinks and I hope that the Chancellor will comment upon the point made by my hon. and learned Friend the Member for the Isle of Thanet (Mr. Rees-Davies) about our trade in port. Portugal is a very important trading country and there is considerable disturbance as far as the general trade in port is concerned. I hope that some specific comment will be made. I also hope the points made by my hon. Friends the Members for Rye and Tiverton (Mr. Maxwell-Hyslop) will be met.

I am particularly involved in the position of perry and cider. It will be interesting to hear the Chancellor's views on this topic this year. I hope that he will make this concession to this industry. Lord Mitchison, who was formerly the Member for Kettering, spoke on this subject last year. He described it as a simple drink. He said:

"It is good; indeed, it is excellent. It is made not entirely of apples, but mainly of apples."

He went on to say:

"... the Government have an opportunity to reconsider their proposed increase in respect of a humbler beverage, and to do so in the interests of many growers."—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, c. 958-9.]

Now the Government have an opportunity to reconsider their proposed increase in respect of the humbler beverage and to do so in the interests of the drinkers and the growers. I hope the Chancellor will tell us exactly what he will do as far as these two drinks are concerned. I would like to ask the Chancellor what information he has available when he decides to increase taxes such as these. What information has he of declining sales in particular types of drinks so that he is not hampered by proposing the imposition of a tax which will only result in the application of the law of diminishing returns? I would like to know what studies he made as to the difference in the current sales of British wine as opposed to foreign wine, heavy as opposed to light, and generally to know how he decided to make this particular schedule of increases.

A very important point in all this is the question of whisky. With a name like mine I would appear to have a vested interest in this particular type of drink. But alas, I do not have one. I do recognise how very important this matter is to the industry in the Highlands. There will be some disappointment in the Highlands that their case was almost so completely neglected by the representatives of the Liberal Party this afternoon. I believe they now look upon themselves as a kind of Celtic nationalist party, with most of their representation coming from that area. All we had from them was a cautious reference by the Leader of the Liberal Party that he did have a constituency interest, that there were one or two distilleries in his constituency.

**Mr. George Y. Mackie** (Caithness and Sutherland): I am waiting for an assurance from the hon. Gentleman that his party would repeal the duty on whisky.

**Mr. Walker**: I am glad that the hon. Member has arrived in the House to listen to the debate. I did not hear his party ask for this particular relief earlier this afternoon. If I may say so, all we heard from the Liberal Party was that it had views, but, as always, we did not gather what its views were. We shall be interested to know—there will be an opportunity for Liberal Members to speak later—exactly what their views are on this topic.

My right hon. Friend the Member for Argyll (Mr. Noble) went into great detail on this problem. He recognised the real problems of the Highlands in this matter and raised the question of the increase in stocks. Has the Chancellor any information on this? What increase in stocks is taking place at present?

**Mr. Webster**: Is it not regrettable that there is not a single Scottish Minister here to listen to this very important matter?

**Mr. Walker**: It is regrettable, but, of course, it is now becoming to be accepted.

**Mr. George Lawson** (Motherwell)  
*rose—*

**Mr. Walker**: If I may, on behalf of my hon. Friend, I welcome the Member

from Scotland. I hope that after I sit down he will make a contribution to the debate and give us his views about the problems of the whisky industry in Scotland and the particular effects of this Clause upon it. I am sure the whole Committee will listen with interest to the speech which the hon. Gentleman will make upon this particular topic.

I ask the Chancellor what information he has as to the immediate reaction of overseas countries in increasing the duty on whisky after increases here. Has this been the general pattern in the past, because our exports of whisky are being specifically handicapped by this type of provision? Knowing what a very important point it is, I hope that considerable attention will be given to it by the Chancellor, together with the point made by my hon. and gallant Friend the Member for Macclesfield (Sir A. V. Harvey).

The tourist industry is very important and has doubtless made representations to the Chancellor on this issue. My hon. Friend the Member for Macclesfield specifically dealt with the problem of beer and the fact that this type of taxation would have an effect on the incomes policy.

This brings me to the next section of my remarks, the effects of this taxation on the Government's incomes policy. The Chancellor of the Exchequer was very explicit on this subject last year. His words have been quoted back at him, and I do not wish to repeat them, but I would like him generally to comment on what he said last year about the effect of increases such as these, on beer and alcohol, on the cost-of-living index.

Last year, he made the staggering point that the content of the Retail Prices Index relating to alcoholic drinks was higher than that for household goods, higher than that for general miscellaneous-services and almost as high as that for fuel and light. I must, therefore, ask him what has changed his view from last year. Why has he decided that something which he strongly argued last year to affect the cost-of-living index should be used in this year's Budget as a major taxation proposal?

Some hon. Members opposite have suggested that we should not spend too much time discussing this Clause. It is interesting to note that the proposals in

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this and in Clause 5 are the only things which the Chancellor is doing in this Budget this year. All the other proposals, which are to take so much of our time later, are general plans for a Socialist economy of the future. The provisions in these two Clauses are the only things which the right hon. Gentleman is doing in terms of his financial policies within this Budget, and the whole emphasis is on indirect taxation and especially on this form, which, as he rightly pointed out last year, has a considerable effect on the cost-of-living index.

Will the right hon. Gentleman explain, particularly in view of the quotation which he made last year about Mr. Frank Cousins—[HON. MEMBERS: "Order."] No, the quotation mentioned Mr. Frank Cousins, who was not a Member of the House of Commons at that time. That is why I used that expression rather than refer to him by his constituency. The Chancellor then said:

"Only yesterday Mr. Frank Cousins pointed out in a speech the difficulty which he and his executives will find, because of the increased cost of living, in moderating wage claims. Here the Government, as they have done with rents and the general interest rates, are operating against them. The Government's left hand does not know what its right is doing."—[OFFICIAL REPORT, 2nd June, 1964; Vol. 695, c. 948.]

What were the views of the Minister of Technology yesterday this year? What does he think of this increase this year? He can still refer to it as his executive, as he is still general secretary of his union. In that capacity, does he consider that this will make it more difficult for him and his colleagues on the executive of that union to keep to the Government's incomes policy?

The Chancellor has to explain why he has favoured this form of taxation more than any other when it obviously has such a direct effect on his incomes policy. He must go on to explain his justification in terms of using this type of taxation. Last year there were those who argued that it was wrong to use this type of taxation because it so specifically hit two commodities. The Chancellor himself last year described the people who went along to the local club and who had a pint of beer at the beginning of the evening and two or three pints during the evening, this being pleasure and enter-

tainment to them. Other people, like the Chief Secretary and the hon. Member for Bermondsey, gave delightful and homely descriptions of the effects on a specific class of people.

7.15 p.m.

The hon. Member for Govan made a splendid speech saying that it was an anti-Scottish provision. I am pleased that the Chancellor has brought these two provisions into one Clause, because last year the hon. Member for Govan was declared to be out of order when these issues were dealt with in separate Clauses, because he said that they were unfair to Scots who, when they had a glass of beer, followed it by a "chaser", so that they got caught both ways—once on the beer and once on the whisky. He was declared to be out of order because at that time we were discussing only beer. This afternoon he could have made a good speech about the whole prejudice against the Scots.

I remember the Chief Secretary arguing last year that if we had to have this form of indirect taxation it would be better to use the regulator, to increase the tax rate over the whole sphere and not just specialise on these two taxes. The hon. Member for Ebbw Vale (Mr. Michael Foot) said how wrong it was for the Government to depend on taxes on tobacco for their future revenue and that the tax should gradually be eliminated.

What has made the Chancellor, who has been a long-standing advocate of concentrating on direct as opposed to indirect taxation, this year, in his first major Budget, concentrate so heavily on this form of taxation? Why has he decided to do something which immediately results in an increase in the cost of living? This form of revenue now means a tremendous volume of taxation for ordinary people, for it now amounts to no less than £616,000,000 in a full year, as my hon. Friend the Member for Bournemouth, West (Sir J. Eden) pointed out. For every family of four it is now about 15s. a week on beer and wines and tobacco, and yet it is on this area in respect of the incomes policy and in respect of the effects on the cost-of-living index that the Chancellor has decided to concentrate.

The best comment on this was made by the Chief Secretary, whom I now welcome to this part of the debate. He described a similar provision in the Finance Bill last year in these words:

“... achieves nothing in terms of an incomes policy; nothing in terms of a regional employment policy; and nothing in terms of national progress. It merely reveals the Chancellor's desire to have a final ‘dig’ at the workers.”

I must in all fairness say that my hon. Friend the Member for Nottingham, South (Mr. William Clark) quickly shouted “Nonsense” and the Chief Secretary went on to reply:

“The hon. Gentleman will no doubt have an opportunity later to explain why that is nonsense.”—[OFFICIAL REPORT, 7th May, 1964; Vol. 694, c. 1481-2.]

This year, the Chancellor will have an opportunity to explain why that is nonsense and I hope that he will now give the Committee a very full explanation.

**Mr. Callaghan:** With those last words, I think that I ought to give way to the hon. Member for Nottingham, South (Mr. William Clark) and to get him to explain why he thinks that it is a lot of nonsense. I have no doubt that he would do it better. I am willing to let him have a go if he would like to do so.

After about three and a half hours or more of debate there is no doubt that the last drop of juice has been squeezed from the grape, the last hop has been squeezed from the press and there is no more malt to be distilled into the whisky. If I myself have heard these quotations once, I have heard them half a dozen times. Without offence to anyone, I hope that we shall get more than one brief circulating among hon. Members opposite if we are to have many weeks of debate over the next month or so. However, I have no reason to complain of the quotations from my own speeches—

**Mr. Robert Cooke:** I speak from no brief; I have seen no brief.

**The Chief Secretary to the Treasury (Mr. John Diamond):** That was obvious.

**Mr. Callaghan:** My hon. Friend says that that was obvious, but I was about to say that the hon. Gentleman made one of the few relevant constituency speeches, taking a particular interest in his wine.

I was about to say that I was very flattered to hear all these quotations from my own speeches of last year. I was very conscious last year, when making them, that I might be in this position this year, and my expectations have been wholly fulfilled. That is why I took very little part in the Committee stage of the Finance Bill last year, but apparently not little enough.

I used to make speeches such as those that we have heard from hon. Members opposite and I used to listen to the replies of the kind which I have no doubt I am about to make. I found them unconvincing then, but I shall find them more convincing tonight when I make them.

The plain truth is, of course, that there has been a great deal of synthetic indignation throughout the debate. Anyone who has listened knows that there has been no real passion about this and no real depth of feeling. As the right hon. Member for Orkney and Shetland (Mr. Grimond) said, the partners have reversed themselves in the minuet. I will try to give some reasons why it is necessary to raise this taxation and why I have done it in this way. I will try to reply to some of the frustrated Second Reading speeches we have heard.

The question asked by some hon. Members was, basically, why should I not have found some other form of taxation? Others asked why I should have raised taxes at all. The hon. Member for Worcester (Mr. Peter Walker) was silent on this point, so we do not know the view of the official Opposition on it, although I gathered from him, from his reference to direct taxation in an intervention, that I needed to raise additional taxation. Does he agree with me that I needed to raise additional taxation, or would he have preferred me to find some other form of taxation than this one?

**Mr. Peter Walker:** As I explained in my earlier speech, my view is that if the right hon. Gentleman had never been Chancellor there would have been no need for this extra taxation.

**Mr. Callaghan:** But I am Chancellor and the hon. Gentleman has to face the situation as he finds it, whether he likes it or not, and he is still not answering

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my question. I assume that he believes that we should have raised the extra taxation in other ways. That deserves a reply.

I took the view that this was the year in which to do this because of the increase in direct taxation which took place in the autumn. We have to maintain a balance in these things. I raised direct taxation in the autumn to pay for the old-age pensions to a very large extent, and succeeded in doing so. I therefore thought that this was the year in which I should turn over to indirect taxation, thus keeping a balance.

The cost of the Amendment would be between £49 million and £52 million and I regret to say that I cannot advise the Committee to accept it on that ground. Assuming that there is agreement in the Committee that additional revenue is needed, the Amendment would make a substantial hole and I would have to find the money from some other source. I regret, therefore, that I cannot accept the Amendment.

I want now to come to detailed points. The hon. Member for Rye (Mr. Bryant Godman Irvine) made a speech, as he has done before, about the possibility of exempting perry and fortified cider from the duties. I have spoken in the past on his behalf. But I must now tell him that, having read and studied the case against his proposal, I am fully convinced of that case and I cannot support him any longer. Unfortunately, we have never before had a Chancellor who explained this case to the Committee. That is why I was not convinced before. I never realised what a good case there was against the proposal of the hon. Member for Rye. I do now.

The change was made in 1956 because the National Association of British Wine Producers represented that British wines were having to meet increasing and unfair competition from certain kinds of cider and perry, the strength of which was well above the normal for such products and which was obtained by special processes of manufacture and comparable to the strength of British wine. This higher strength was generally obtained by the addition and fermentation of sugar in quantities calculated not to sweeten the product, but to increase

the alcoholic strength to a level much above the normal level of cider.

I am glad now to give the hon. Member for Rye my reasons and I am sure that, after hearing them, he will not want to put his case again. It was necessary both to protect the Exchequer against the loss of British wine duty, because this perry and cider was so strong, and to hold a balance as much as possible in the fiscal treatment of alcoholic beverages. At the same time, it was not the wish to impose duty on ordinary cider, and accordingly the minimum strength at which the artificially strengthened perries or ciders became dutiable was fixed at 15 degrees of proof spirit, which is above the strength that cider or perry made by the simple fermentation of apple or pear juice would normally reach. Ordinary cider has since been made liable to Purchase Tax as a soft drink by the right hon. and learned Member for Wirral (Mr. Selwyn Lloyd). But strengthened cider and perry have continued to be classed as British wine.

The interesting thing is that most large producers of strengthened ciders and perries decided to reduce the strength of their products to less than 15 degrees of proof and this removed them from the scope of the duty. That was quite legitimate. Indeed, it was one of the purposes of the increase. But one manufacturer has not done so and it is his case that the hon. Member for Rye is quite properly putting. I have seen correspondence in the past and the hon. Member has written to me about it.

The case basically against the Amendment is that the object of the 1956 provision was to remove the unfair fiscal advantage the cider producers were receiving. The Amendment of the hon. Member for Rye would relieve strengthened cider or perry altogether and give their producers a fiscal advantage over wines of similar strength. This would be unfair and contrary to the intentions of the 1956 change.

**Mr. Bryant Godman Irvine:** I am obliged to the right hon. Gentleman. Although he may not have appreciated the strength of the case against him previously, most other hon. Members have read precisely these words that he has just read last year.

**Mr. Callaghan:** I can only congratulate those advising me for giving that

advice both to me and to my predecessor. I think, on reflection, that Lord Mitchison was going a little too far when he said that no deep principle was involved but that this was just another case of Government stinginess. I would like to withdraw those remarks.

There have been, Sir Samuel, from the Chairman, some Rulings concerning complaints in this discussion that we were not stopping a rise in public expenditure, which would be the alternative. I take it that you would not allow me to go into that at present and, therefore, I shall not do so except to say, in passing, that this is a singularly inapt remark to make in a year when I am undertaking to keep down the increase in public expenditure to 4½ per cent. I will leave the matter there.

**Mr. Peter Walker:** Will the right hon. Gentleman give way?

**Mr. Callaghan:** I do not think so, on that point, because the hon. Gentleman would be as out of order as I would be. A great many speeches have been made on the subject and I have confined myself to one question. I think that we might call it a draw.

In referring to the speech of the right hon. Member for Orkney and Shetland, I would pay personal tribute to the distillery, the Highland Park, to which he introduced me on an earlier occasion. I fully appreciate its products and I am glad to tell him that I examined carefully, as did my predecessors, I am sure, the question of elasticity in the treatment of these products before deciding whether to increase the taxation on them.

The hon. Member for Worcester asked me particularly about the effect on consumption. I will gladly give him my information. Spirit consumption has been going up steadily year by year. For example, in 1960 it was 15·3 million proof gallons and last year it was 18·7 million proof gallons. There seems to be a steady increase every year in exports and I am glad to say that they are keeping up well.

When I saw the whisky distillers recently, I thanked them on behalf of all of us—and I am sure that I speak for the committee as a whole—for the great efforts they are making in exports. If more industries could obtain a record like that—about 80 per cent. of total

production exported—the task of all of us, wherever we sit in this Committee, would be very much easier. The same thing is true about the trends of consumption for both wine and beer.

7.30 p.m.

**Mr. Noble:** Having paid that just tribute to the people who make and export whisky, is the right hon. Gentleman going to leave the matter, with these people getting hit on the head whatever they do in the same way as others who are not achieving this export effort?

**Mr. Callaghan:** Although it was alleged that I had done nothing to help exports, regarding the whisky industry I can say to the right hon. Gentleman—I have no doubt he will pass it on to his friends—that the export rebate is a considerable help to the whisky industry. The figure of rebate to the industry for 1965 in respect of exports is expected to be a little over £1 million. It may be as much as £1¼ million. This is a very substantial help. I hope that the right hon. Gentleman will not say that £1 million is of no consequence.

What the selling industries have to do—indeed, some are already doing it, and I have no doubt that the whisky manufacturers, who are very much alert in the field of exports, are doing it already—is to use rebates for the purpose of promotional advertising abroad, to send representatives abroad and generally to step up their efforts. That is what the rebate was intended for and I think that £1 million will be spent in that direction.

I am glad to say to the right hon. Gentleman that the answer to his question is, "No". I am certainly not hitting them on the head, I am doing my best, in the circumstances in which we are, to give a great exporting industry as much help as possible.

Wine and beer consumption is growing, although that of wine is much faster. We have heard a lot of Jeremiahs from the other side of the Committee. The consumption of wine is growing fast. We were told by one hon. Member that consumption was going down. The hon. Member for Worcester asked whether I knew the figures and whether I knew the difference between the two. I am glad to tell him that I do. The import of table

[MR. CALLAGHAN.]  
wines has been increasing at the rate of 16 per cent, a year for the last three years, a very considerable increase. The import of sparkling wines increased by 18 per cent. per year and the sales of fortified wines have been increasing at the rate of 9 per cent. per annum.

Despite the increases visited on them by previous Chancellors the sales of all these wines have been moving ahead very substantially. So far as I can see, there is no indication of any element of retaliation. There are others, who, after all, like drinking Scotch whisky whatever charge is put on it, and I hope that they will long continue to enjoy it.

The same is true of beer. I got out two figures while the hon. Gentleman was speaking. Five years ago the consumption was 26.2 million barrels. Last year, it was 30.1 million barrels. There again, consumption has gone up, although not so fast as the consumption of wine. This may be because of a change in public taste, I do not know, but consumption of beer has gone up with the other two; so although it is quite right to call attention to the possibility that at some time in the future the taxable limits on these beverages may be reached, it would be quite untrue to say that the position has been reached today. It is not so. Consumption is still moving up and I have placed my expectations of additional revenue upon the extrapolation of the figures we have had.

I say to the hon. Gentleman that I do not take a figure in the dark or stab a pin in it. We look carefully at the possible effect of increases of duty on the industries. I had the advantage of seeing the whisky manufacturers and discussing these matters with them, and reading representations made by the brewers and those concerned with wine. I am afraid, therefore, that I must reject the Amendment.

The revenue is needed. It is needed to lessen the pressure of demand. I believe that the duty is beginning to have that effect, although when I go, as I did last weekend, to some of the clubs in my constituency at Cardiff, I do not find that it is having the depressing effect which some people seem to think.

For example, pensioners, about whom we are told and, for whom I certainly voiced complaints last year, did not say

much to me about it. I found that they were saying, "Thank you very much for the increases in pension which we started to draw on 27th March". They have found it possible to absorb some increase here in their increase in pension. Therefore, I do not think that the case for the pensioners in the past is applicable on this occasion and in this year.

I must ask the Committee to reject these Amendments and support the Government in their endeavour to raise the necessary revenue.

**Mr. Heath:** I had not intended to intervene in the debate on this Amendment—and I do so now only briefly—but there are at least three of the remarks which the Chancellor has made which are so astonishing that I do not believe they should be allowed to pass without further mention.

The Chancellor commenced by saying that he knew that he was going to get caught out by what he said in debates in this Committee last year. He admitted this quite frankly. He went much further. He said that he had tried to take as little part in those debates last year as he could because he realised how difficult it would be for him if he became Chancellor the next year.

This is, first of all, the clearest possible indication that the right hon. Gentleman did not agree with what the then Opposition did last year, because he knew it was dishonest. Secondly, he said that even with the part which he did take he knew that he would get caught out on the arguments about policies which he would not be able to carry out in practice. Has ever a Chancellor come to the Government Dispatch Box and said with such clarity, lucidity and absolute frankness exactly how his policy has been spoken with two voices? Never before have I heard it said at that Dispatch Box in this way.

The right hon. Gentleman went on to say that there was not depth of feeling in this debate. My right hon. and hon. Friends have been pointing out, fairly, the consequence of the action taken by the Chancellor. There is no doubt that these extra duties produce hardship for a considerable number of people. There is no doubt that this action does make the incomes policy much more difficult. The present Minister of Technology was

right last year when he said so. He is right this year when, as Minister of Technology and still as General Secretary of the Transport and General Workers' Union, he says exactly the same thing, that the Government side of the Committee must be realistic. We did not hear a word about that from the Chancellor. We did not hear a thing about incomes policy and the impact of this legislation on the incomes policy.

What is the position? The Chancellor has told us that he knew last year when he opposed the measures carried through by my right hon. Friend the Member for Barnet (Mr. Maudling) that he might have to do it himself this year and that he would then justify it. The Leader of the Liberal Party said that the minuet had now changed sides. I always thought that the minuet was a rotary movement, and that it is difficult to change sides when making a rotary movement, but I believe that here there is an important point which I wish to make.

What we object to, and have done in the whole of this Parliament, is that the Chancellor, when we discussed the previous Budget, should have opposed measures which he tells us he knew he would have to carry out and justify and which he is now justifying in this Parliament. That has been the key to the behaviour of the party opposite all through the General Election and ever since. That is what we object to, that hon. Members opposite speak with two voices; that they know all the time they have to carry out policies for which they were blaming and criticising hon. Members on this side of the Committee. That is the fundamental aspect of their policy to which we object.

The second astonishing thing is this. When asking my hon. Friend the Member for Worcester (Mr. Peter Walker) what was his attitude towards indirect taxation, the Chancellor said he assumed my hon. Friend agreed that he had to raise the necessary money. My hon. Friend said that if we on this side of the Committee had been in the Chancellor's place we should not have had to look at it from the same point of view. We would not have had to make the same sort of calculations. The Chancellor said that this is not good enough, that what we must do is work on the basis that he is Chancellor and is in a mess. He says,

"Because I am the Chancellor and because I am in a mess, what would you have done?" This is not a fair proposition, because we are not the Chancellor and we would not have been in a mess. This is the second astonishing thing which the Chancellor has said today.

He said that we have to take into account the fact that in his first Budget he brought in direct taxation. He should have said that there was not a mention of it in his second Budget speech. There were two Budgets and two Finance Bills, and only now have we heard them brought together.

The third astonishing thing was that he urged and supported the Amendment in opposition when it was moved before by my hon. Friend the Member for Rye (Mr. Bryant Godman Irvine). Having read the case, he said that he is now absolutely convinced and is absolutely against my hon. Friend. This is the most astonishing statement. What does it mean? Does it mean that he never read the case before when supporting my hon. Friend and never bothered to listen to what he said, or that when he was under tutorials from Nuffield they taught him one case which supported my hon. Friend, but now that he is under the influence of the Treasury he is absolutely convinced the other way? The Treasury has triumphed yet again, and what a triumph.

When the Chancellor was reading out his statement, I was reading the statement of a year ago in the OFFICIAL REPORT and the words were exactly the same—

**Mr. Callaghan :** The Amendment is exactly the same.

**Mr. Heath :**—not only the arguments, but the exact phraseology and sentences. Does the Chancellor need to be convinced in exactly the same words and in the same sentences? There is a serious point here. We would have respected the Chancellor if he had put this into his own words. I believe that there is a very important point of democracy here. It is apparent that the Chancellor is just rejecting this Amendment without any real consideration, is reading out the brief which has been put in front of him and producing exactly the same arguments.

[MR. HEATH.]

People outside do not understand this attitude in the least—

**Mr. Callaghan:** Is the right hon. Gentleman supporting the Amendment?

**Mr. Heath:** We did not support it last year, but the Chancellor did. Now he comes along as Chancellor of the Exchequer and says, "I am reading out what is in front of me and therefore these are the reasons for rejecting the Amendment." That is not good enough for the general working of the Parliamentary system. This is a fundamental point. We expect the Chancellor of the Exchequer in discussion on future Amendments at least to be straight with us in explaining why he has changed his views. He has not explained why. He just read it out.

**Mr. Wilkins:** The right hon. Member is reading something out.

**Mr. Heath:** The hon. Member will not find any brief here. This is all written out—

**Mr. Wilkins:** I only meant that this is a very well-noted speech that the right hon. Gentleman did not intend to make.

**Mr. Heath:** I do not wish to claim any undue modesty, but my hon. Friends saw me writing while the Chancellor was speaking—

**Sir D. Glover:** On a point of order. I saw my right hon. Friend make these notes while the debate was going on. He had blank sheets when he started.

**Mr. Wilkins:** That is not the point. He said that he did not intend to make a speech.

**Mr. Heath:** It was only when I heard the Chancellor's opening words that I began to make notes. I started with a *tabula rasa* and I have finished with a *tabula rosa*.

7.45 p.m.

My final point is that, carrying this one stage further, I put it to the Chancellor that he and his party achieved success in the General Election in October by a very narrow majority very largely on his criticism of economic policies, which he termed "stop-go". He has admitted this afternoon that he knew

all the time that he would have to pursue the same policies when he was in power, if he got in. We shall never find the answer to our economic problems which have faced every Government and every Chancellor since 1945 until the party opposite stops trying to make political capital out of economic actions and treats the matter seriously so that the people of this country can understand what it is about.

This is absolutely fundamental to everything which we do in economic affairs. I hope, now that the Chancellor has frankly confessed his soul, that in future he will adopt this attitude on public platforms as well as in the House.

**Mr. Callaghan:** I do not think that I should complain about the speech of the right hon. Member for Bexley (Mr. Heath). The one who should complain is the hon. Member for Worcester (Mr. Peter Walker). He has been hoiked down to the Front Bench and given the opportunity of winding up the debate and then, when he has made his speech, he finds that his right hon. Friend cannot contain himself and has to speak. I am very sorry for him. I would say to the right hon. Member for Bexley that if he is going to lead a team it is not a bad idea to let them get on with their own work from time to time.

As for his other supercilious comments about Nuffield, I am surprised that he should say that, because he has recently accepted an invitation from that college to become a visiting Fellow. He shares their hospitality with me and I hope that he will not sneer at them. He was obviously allowed to go as wide as he did in his general comments, but, having sat and listened to the debate, I find it extremely odd to hear him talking about political speeches being made about economic problems, because what we have heard this afternoon, as I have said, is a whole series of frustrated Second Reading speeches which should properly have been made on the Finance Bill. He has added to them himself.

What we are discussing—I do not think that the right hon. Member mentioned it—is the duty on wines, spirits and beer. I did not hear any of these three words cross his lips, so busy was he trying to make an economic case out of a political matter—

**Mr. Ridsdale** *rose—*

**Mr. Callaghan** : I am dealing with him, not you.

**Hon. Members** : Order.

**Mr. Callaghan** : You know that I do not mean you, Sir Samuel. I can only deal with one at a time.

If we are to run this Finance Bill in a reasonable way, I hope that the right hon. Gentleman will accept the normal convention that when there have been two speeches from the Front Bench, at least as far as the Front Benches are concerned, we should then vote. [HON. MEMBERS: "Nonsense."] I have sat through proceedings on Finance Bills for many years and hon. Gentlemen cannot shout me down on this. There is a well-known convention that, although no Front Bench can control the back benchers, at least they can control themselves. The generally accepted convention for many years has been that, once a speech has been made from the Front Bench and a speech has been made from the other side, as far as the Front Benches are concerned we should vote.

When the right hon. Member for Bexley reflects on this, he will see that we shall get into a lot of difficulty unless we accept the normal convention which has operated in the past in the House. I do not believe that he intends to depart from it. Therefore, I hope that we can now proceed—I see that the right hon. Member for Sutton Coldfield (Mr. Geoffrey Lloyd) is aching to get to his feet. There are lots of other Amendments on which he can display his eloquence.

**Mr. Geoffrey Lloyd** (Sutton Coldfield) : As the right hon. Gentleman has referred to me, I must repudiate this idea of a convention that it is not possible for a Front Bench speaker to reply when he is dissatisfied with a Government statement.

**Mr. Callaghan** : I sat for 13 years and have often been dissatisfied, but because some conclusions had to be reached I contained my dissatisfaction. The right hon. Member for Sutton Coldfield was missing from the active affairs of the House for years before last October. He has now been rejuvenated and come back again. I am sure that we shall have many speeches from him. In the years of his absence, that is the way we ran it.

If we are to run it differently, we shall do so—

**The Deputy-Chairman** : Order. I think that the right hon. Gentleman is getting very far from the Amendment which we are discussing.

**Mr. Callaghan** : I entirely agree. I have made the point and I leave at that, because I take it that we are going to pursue these matters in the way we have in the past. I hope that we can come to a conclusion on the first Amendment, on which we have now spent four hours.

**Mr. Heath** : To make this clear, so that there is no misunderstanding during the weary days and nights of discussion which lie before us, I must say that I cannot possibly accept the Chancellor's suggestion that there is a convention that a member of the Opposition—either from the Front Bench or the back benches—having moved the Amendment, nobody follows the Government Front Bench if dissatisfied with the reply. In my experience, including four years as Chief Whip, it has almost always been the case that when an Amendment is moved from this side of the House this side of the House follows the Government spokesman. In fact, if the right hon. Gentleman will refer to the debate on this Amendment last year he will find that Lord Mitchison, then the hon. and learned Member for Kettering, spoke both before the speech of my right hon. Friend the Member for Kingston-upon-Thames (Mr. Boyd Carpenter) and again afterwards.

**Mr. Ridsdale** : I must stress how disappointed I am that the Chancellor did not deal with the effect of his tax increases on wages, particularly when he has the Minister of Technology sitting on the Front Bench and particularly in view of all the remarks which he made last year about—

**The Deputy-Chairman** : Order. I do not think that that comes within the Amendment.

*Amendment negatived.*

**Mr. John Farr** (Harborough) : I beg to move, Amendment No. 3, in page 2, line 8, at the end to insert :

"but the rates of duties of customs and excise on tobacco manufactured, or intended for manufacture as pipe tobacco, shall remain unchanged."

[MR. FARR.]

Unlike the last Amendment, this is a new Amendment. The last Amendment has appeared in one form or another in Finance Bill debates for quite a number of years, but I think that my Amendment has not appeared in any guise before the Committee in recent years.

I was glad to hear the Chancellor say that during the debate he would seize every sensible opportunity to improve the Bill, and I suggest that this is one of the rare opportunities which he may seize to do something new, refreshing and sensible for a change. I am not appealing against the incidence of Tobacco Duty generally. Every hon. Member realises that every Chancellor, and certainly every Socialist Chancellor, must have a ready method of raising revenue. For years revenue has been readily raised by increasing the duty on tobacco and drink.

I am asking the Chancellor to adopt a sensible new innovation. For years the standard formula of Chancellors when in fiscal trouble has been "A penny on the pint and 6d. on cigarettes". A 1d. on a pint of beer includes, in this Bill, the whole range of alcoholic beverage, with an increased duty, and 6d. on cigarettes includes the whole range of tobacco goods, including pipe tobacco, cigars and cigarettes

I am asking him to adopt a more sophisticated approach by putting his duty, if he needs money, only on cigarettes and cigars and not on pipe tobacco. It would be right, perhaps, if I here declared an interest, although I suppose that very few hon. Members who took part in the debate on the last Amendment have not an interest in the general imposition of duties on wines. I move my Amendment, however, entirely on medical grounds.

May I draw attention to a statement of the Medical Research Council which appeared in both the *British Medical Journal* and the *Lancet* on 29th June, 1957. It starts with the words:

"The increase in lung cancer . . ."

Perhaps I may read some words which are extremely relevant to the argument which I am addressing to the Committee:

"The increase in lung cancer. In their Council Report for 1948-50 the Council drew

attention to the very great increase that had taken place in the death rate from lung cancer over the previous 25 years. Since that time the death rate has continued to rise and in 1955 it reached a level more than double that recorded only ten years earlier: 388 deaths per million of the population in 1955 compared with 188 per million in 1945. Among males the disease is now responsible for approximately one in every 18 of all deaths."

The Report went on to say that certain comments could be made on these statistics—comments which were included in the opening remarks of the Report. One of the comments which the authorities who drew up the Report were unanimous in putting forward was that the trend over the last few years indicated that the incidence had not reached its peak.

Later in the Report—I will not trouble the Committee with this—there is a reference to official inquiries which have taken place in the United States, Finland, Germany, Holland, Norway, and Switzerland, as well as in the United Kingdom, all of which agree that there is more lung cancer occurring in smokers than in non-smokers.

Two very far-reaching, significant and detailed inquiries relating to this matter, both in the United States and in the United Kingdom, indicated that lung cancer was more liable to occur in those who smoked cigarettes than in those who indulged in pipe tobacco. One of the conclusions in this Report on Tobacco Smoking and Cancer of the Lung, produced by the Medical Research Council, is that a higher mortality has been noticed in cigarette smokers than in pipe smokers. A further point which has been noticed is a higher mortality in smokers than in non-smokers. In addition, there is a higher mortality in heavy smokers than in lighter smokers.

But it is particularly the first conclusion of the Report to which I would draw attention—that a higher mortality existed in cigarette smokers than in pipe smokers, and on this I am basing my appeal to the Chancellor of the Exchequer. It is more or less the linch pin of my case.

I have, however, further documentary evidence of a substantial nature to which I will briefly refer showing that lung cancer and many other diseases are more likely to occur in those who smoke

cigarettes than in those who smoke other forms of tobacco. This conclusion is also supported by a report which I have in my hand of the Royal College of Physicians, published in 1962. There is a good deal of evidence in this Report showing that many of the diseases and illnesses in this country are more prevalent among those who smoke cigarettes heavily, or who smoke them at all, than in those who do not smoke. This Report of the Royal College of Physicians rather sensibly produced four or five courses of action which it would recommend any Government to take. One significant recommendation was that the Government should increase the tax on cigarettes and adjust the tax on pipe and cigar tobaccos.

8.0 p.m.

The third piece of medical evidence I wish to submit comes from a report published by the United States Department of Health, Education and Welfare. Entitled, "The Risk of Developing Cancer", it stated that the risk of developing cancer of the lungs for cigar and pipe smokers, the combined group, was greater than for non-smokers, but much less than for cigarette smokers. A section of the report dealing solely with pipe smoking stated that it was found that even for men smoking 10 or more pipefuls a day and men who had been smoking pipes for more than 30 years the risk of death from lung cancer was little, if at all, higher than the risk for non-smokers.

That concludes the outline of the medical evidence which I have assembled. I hope that the Chancellor will agree that the cost of making this concession, in monetary terms, would be relatively insignificant. I urge him, realising that he needs to raise money from somewhere, to increase the duty on other forms of tobacco if he must but, just this once, to give it a try, based on the medical evidence, and exempt pipe tobacco from the increase. He could try it this once to see if such a step would be beneficial to the health of the nation, perhaps by encouraging those who must have some form of tobacco solace to swing from cigarettes to pipes. This has been done in other countries recently with success.

I appreciate that the right hon. Gentleman needs to raise revenue and that

tobacco and alcohol are ready victims for him to milk when necessary. However, I urge him to abandon the ham-fisted approach which has become a habit among, I regret to say, successive Chancellors of both parties and to take an enlightened step forward. He should not whitewash the lot, so to speak, but take an enlightened alternative which all public and medical evidence endorses.

I believe that the right hon. Gentleman is enlightened enough to mark my concluding words. In our debate on the previous Amendment a great deal was said about the old-age pensioner. I am sure that the Chancellor realises that in Britain the pensioner has an important rôle to play. However, in nine cases out of 10 the pensioner has a pipe in his mouth. I urge the right hon. Gentleman, in an enlightened and forward-looking manner, to do something to make it easier for the pensioner to enjoy his tobacco and, I hope, thereby live a year or two longer.

**Mr. Raymond Gower (Barry):** I hope that the Chancellor feels that my hon. Friend the Member for Harborough (Mr. Farr) presented his case not only in a persuasive but in an extremely moderate way. I hope, too, that he feels that there is a great deal of substance in what my hon. Friend said.

All the evidence suggests, as my hon. Friend pointed out, that the habit of cigarette smoking is dangerous in many ways, not only because of the risk of lung cancer. It is more dangerous to health than other forms of smoking. The history of tobacco taxation shows that increases in the duty do very little, if anything, to deter the cigarette smoker. In other words, when there is a general increase there is a period of a few weeks during which a number of people give up the habit, but they are quickly replaced by youngsters who become regular smokers and by people taking up the habit once again. Indeed, over the years the sales of cigarettes have continued to rise at a high rate, with all the dangers that my hon. Friend pointed out.

We also have a considerable amount of evidence to show that appeals to cigarette smokers—even propaganda and advertisements—telling them of the dangers of cigarette smoking have proved ineffective. We see, therefore, that

[MR. GOWER.]

not only should cigarette smokers be warned and helped but that they should be given positive inducement to change their smoking habits; and such inducement is contained in the Amendment. I would have been pleased had my hon. Friend included cigars for exemption.

**Mr. Robert Cooke:** My hon. Friend the Member for Harborough (Mr. Farr) did not, in fact, exclude them from the exemption about which he was speaking.

**Mr. Gower:** Nevertheless, I would have preferred my hon. Friend to have treated cigars as he has pipe tobacco, because the evidence shows that cigar smoking is much less dangerous than cigarette smoking.

**Mr. Webster:** Is not this rather like the question, "How fat is a fat man?" Would it not be difficult to define such things as the length of a cigar, remembering that there are many types and lengths of cigars? Would that not lead us on to arguing about the lengths of various types of cigarettes and which should and should not be exempt?

**Mr. Gower:** My knowledge of the length of cigars cannot be compared with that of my hon. Friend. I merely say that the available evidence indicates that cigar smoking, like pipe smoking, is far less dangerous than cigarette smoking, and I would, therefore, have liked cigars to have been treated in the same way as pipe tobacco. However, that can be done in the future. My hon. Friend has suggested a most valuable start in this discriminate, selective form of taxing tobacco. I know of instances on the Continent where this method has been successful. There are a number of countries where the tax is not all at the same level.

I therefore hope that the right hon. Gentleman will feel that here he has an opportunity to do something of tremendous value in terms of a Finance Bill. He can help his right hon. Friend the Minister of Health in his very difficult campaign against cigarette smoking. I strongly support the Amendment. I hope that it will be supported on both sides of the Committee, and I hope that the Chancellor will have little hesitation in accepting it.

**Mr. Ridsdale:** Of all the reforms about which the Chancellor has talked, the one essential thing that he has not done has been to broaden the basis of consumer taxation or make economies in Government spending. The result is that the increased duty on tobacco must bear heavily on those least able to pay it. This was recognised by the previous Labour Government, which provided tokens to lessen the impact of the duty on old-age pensioners and people with minimum means, who were thus able to continue with something they would not have been able to do.

Do the Government intend to bring in such a scheme now, especially in view of the difficulties of the non-contributory pensioners? Will the Chancellor of the Exchequer tell us why he is not able to help this special section of the community by some sort of tax remission, even though he may not be able to go as far as the Amendment suggests? No tax bears so heavily on those least able to afford it as does this one.

I have looked up some examples, and can find none better than that provided in last year's debate on the Finance Bill by one who is now a fellow Minister of the Chancellor at the Treasury. In that debate the hon. Member spoke very eloquently of the need to help those least able to afford this duty, yet, once again, we have the hardness and the hypocrisy of some hon. Members coming out and working against those whom last year they were seeking so very eloquently to help.

That eloquent spokesman last year said that an average family of two adults and two children and an income of between £1,750 and £2,000 a year, paid about 2 per cent. of their spendable income on Tobacco Duty. He said that a similar family with an income of between £11 and £13 a week paid not 2 per cent. but 5½ per cent. of their spendable income on the duty. The burden on that family was three times as heavy as that on the first. He also gave the example of the old couple with an income of between £4 and £11 a week who, between them, spent between 6 per cent. and 7 per cent. of their spendable income, not on the tobacco but on the duty on the

tobacco. That represented a very big proportion of their income—but the Chancellor of the Exchequer has turned the screw even tighter this year.

8.15 p.m.

The right hon. Member for Sowerby (Mr. Houghton), the Chancellor of the Duchy of Lancaster, supported by the present Chancellor of the Exchequer and a number of hon. Members opposite, moved an Amendment to the Finance Bill of 1960 to exclude this class of people from payment of the Tobacco Duty. He was supported by the Prime Minister and many hon. Members opposite with very eloquent speeches, but the first thing they now do is to put this burden on this section of the community.

In the debate on the previous Amendment today the Chancellor of the Exchequer said that pensioners this year had had a pension increase which would help them pay for the increases on beer and other items, but I would remind him that his right hon. Friend the Chancellor of the Duchy of Lancaster said, in 1960:

“I hope it will not be said that, although there is an increase in the Tobacco Duty affecting old-age pensioners this year, reliefs were given to them last year . . . which offset the addition which they will have to pay for their tobacco and cigarettes.”—[OFFICIAL REPORT, 18th May, 1960; Vol. 623, c. 1363.]

I hope that the Chancellor of the Exchequer will not use that argument tonight, but will tell us why it is not possible to reintroduce the token scheme. I hope that he will tell us why he has altered his opinion and now believes that an increased burden should be put on these people because, without an adequate explanation, such an action will be not only taken as hypocritical, but mean as well.

**Mr. Webster:** I have pleasure in supporting my hon. Friend the Member for Harborough (Mr. Farr), who will have earned the gratitude of all pipe smokers. There is something about tobacco right down its history since it was brought here from North America and described by that Scottish King, James I, as a “noxious weed”, that has got at the Puritan in all our souls. There has been a movement in the customs of the people away from smoking pipes—which often had to be smoked up chimneys—to a stage at which people smoke their cigarettes in public.

The incidence of lung cancer has increased very rapidly during that swing from the pipe to the cigarette. Many of us require tobacco to release us from nervous tension. It has been said by responsible Ministers on both sides of the House that in time of tension something is needed to help relaxation. If one accepts the assumption that people will smoke in any case, surely something should be done to give a concession that will swing them from the cigarette to the pipe.

I sympathise with what was said by my hon. Friend the Member for Barry (Mr. Gower) about cigars, because reports on lung cancer have stated that it is safer to smoke cigars or pipes than it is to smoke cigarettes. The difficulty about including cigars would be in distinguishing between the cigar and the cheroot, or the cigar and the Manikin, or the cigar and any other thing—there is also, of course, the Corona Corona. We would need a very complicated schedule.

**Mr. Gower:** It may be that my hon. Friend is absolutely correct, but I assume from the cheapness of cigars in Holland that they must carry much less duty than cigarettes do there. I am sure my hon. Friend, who has been in that country, has noted how very cheap cigars are in Holland.

**Mr. Webster:** I was there a fortnight ago and I do not wish to detain the Committee by talking about what I was doing there.

A pipe, although it may be a filthy thing after a time if it is not kept properly, has some effect in condensing nicotine and various carcinogenic by-products of tobacco when the smoke travels from the burning bowl to the mouthpiece. I have noticed that several Ministers of the Crown—the Minister of State, Board of Trade, for example—sport ingenious devices with metal condensers. That is either for the purpose of making the pipe whistle in the wind or to condense the nicotine in the tube and cool the smoke. The hon. Gentleman is not present now, but I would not expect him to be so while we are discussing this subject.

I expect that the Chancellor, like other Chancellors, will say that the problem is

[MR. WEBSTER.]  
that people would abuse this concession by using pipe tobacco to roll their own cigarettes. The number of people who roll their own may amount to a few thousand, but as a total percentage of the cigarette-smoking population it would be remarkably small. Any amount of revenue lost in that way should be borne in mind and accepted, but if we can swing people away from the habit of smoking tobacco direct in the mouth to smoking tobacco through a mouthpiece, we should do so. Many pipes are today fitted with ingenious types of filters. This is most helpful in cutting out the carcinogenic content which goes into the mouth.

I have noticed that the Postmaster-General is preventing the advertisement of cigarettes on television, but that in his election address that he was pictured sporting a pipe. I have also noticed that in society the pipe-smoker is most vilely discriminated against. If one goes to an important dinner, and smokes a pipe, one becomes *non persona grata*. If one goes into an aeroplane and smokes a pipe it is not approved of. If one goes to a theatre and smokes a pipe there are loud shouts of disapproval. We have a Prime Minister who not only cleans his own shoes, but also smokes a pipe, so we might expect a concession from the Chancellor in accepting this proposal.

**Mr. Robert Cooke:** I am sorry to oppose my hon. Friend the Member for Harborough (Mr. Farr) on this Amendment. He is always delightful company, but sometimes I have had to forgo his company because of a particularly foul pipe. I also dissent from my hon. Friend the Member for Weston-super-Mare (Mr. Webster).

Having made what the Chancellor described as the best constituency speech on the last Amendment, about wine, I might be considered as making not so good a speech on this subject because Bristol is a headquarters of the tobacco industry. I must oppose my hon. Friend the Member Harborough because I think his proposal is discriminatory. Although he seeks to help a group of people, and my hon. Friend the Member for Harwich (Mr. Ridsdale) made a good point about old people who get a particular enjoyment

—one of their very few enjoyments—from a pipeful of tobacco, I cannot support an Amendment which discriminates in this way.

Much play has been made about the effects of pipe-smoking and cigar-smoking on lung cancer. We have had a number of learned reports on the subject, but I suggest that they are often contradictory and there is not yet enough conclusive evidence to back the sort of case which my hon. Friend made. At least it is a disputed point among the scientific experts.

There is discrimination in advertising on television. This nanny of a Government have put a final ban on the advertising of tobacco on television, but before the ban was proposed there was a difference. Cigarette advertising was postponed to a particular part of the evening, whereas pipe tobacco was advertised earlier. My view is that there was a great deal too much tobacco advertising, although I would not have discriminated against it as this Government have done for people can make up their own minds.

If this Amendment were carried it would have far-reaching social consequences of which surely my hon. Friend has not thought. He said that it would drive people away from smoking cigarettes to the smoking of pipes. That is all very well for men. I suppose men would go back to Victorian and Edwardian habits, every man would be smoking a pipe, wearing a long beard and a tall silk hat as they used to do in this House, but what about the women? Are we to drive women into smoking pipes instead of cigarettes? [HON. MEMBERS: "Why not?"] I ask hon. Members who say, "Why not?" to reflect and consider how inelegant that would be.

**Mr. Farr:** If my hon. Friend inquired of women folk he would find that a woman would far rather have a husband around alive and kicking smoking a pipe than have no husband at all.

**Mr. Cooke:** I should hesitate to ask my hon. Friend's wife what she thinks of his pipe. I should refrain from doing so for fear of causing trouble. The idea of large numbers of women smoking a pipe is absolutely abhorrent to the Committee.

My hon. Friend the Member for Weston-super-Mare made a good point

on the subject of evasion. The Chancellor must be extraordinarily worried at the prospect of having discrimination in favour of pipe tobacco so that one could buy the stuff and roll one's own cigarettes. There would be an intense advertising campaign to increase, "Roll your own". One could buy tobacco in bulk and have a machine in which it was rolled and then distribute cigarettes to one's friends. It would be illegal to do it as a business and to sell to one's friends, but I am sure the licensing system would break down.

**Mr. Farr** indicated dissent.

**Mr. Cooke** : My hon. Friend shakes his head, but that is because he has not a devious mind like some people have.

**Mr. Farr** : I hesitate to interrupt my hon. Friend again, but I wish to point out that in some countries where this concession is made it is limited to pipe tobacco in flake form. I defy even my hon. Friend with his ingenuity to get a piece of tobacco in flake form into a cigarette.

8.30 p.m.

**Mr. Cooke** : I do not know if I would be out of order if I pursued this in detail. Having visited the factories of the British American Tobacco Company and the Imperial Tobacco Company in Richmond, Virginia, and seen a good deal of tobacco production of one kind and another, I can assure my hon. Friend that a very passable cigarette could be made by some ingenious process even out of the sort of tobacco—I nearly said "muck"—which my hon. Friend smokes. I am sure that the tobacco is of very fine quality. It is only that it gives a very foul impression when it is being digested or ingested, or whatever it is that happens in that machine of his.

I am sure that my hon. Friend was well-meaning in proposing the Amendment. If it is carried, we shall have a chaotic state of affairs. I doubt whether it will achieve the object my hon. Friend maintains it will have. For a time it might help those who, heaven knows, need helping in these days of increased prices and discrimination against the needy. The present Government's policies hit those sections of the community far more than they hit any other section of the community. However, in the end it might

back-fire on those very people. This is what my hon. Friend has not realised.

If this concession led to a wholesale evasion of duty and the loss of revenue from Tobacco Duty, what would be the Chancellor's reaction? He might try to increase the Tobacco Duty, which might result in the law of diminishing returns playing its part. He might find that it was a wasting revenue. Even if he did not find that, he might have to have resort to other means of raising revenue. My hon. Friend said that tobacco is fair game and is one of the ways in which the Chancellor can get some ready money easily. If the Chancellor found that money was not coming very easily by this means, he might cast his eye on other methods of taxation.

For that reason, if for that reason only, although my hon. Friends have made out a very strong case according to the evidence they have produced, I take the view that this concession might be of temporary benefit to those who definitely need help and might in the long run merely cause the Chancellor to cast his net over a wider field, and I could not support any proposal which would encourage him to do that.

**Mr. William Shepherd** (Cheadle) : I support the Amendment. Although it is not true that we can assent to the statement made by my hon. Friend for Weston-super-Mare (Mr. Webster) that we know what the carcinogenic substances in tobacco are, I nevertheless hope that we shall not follow the line taken by my hon. Friend the Member for Bristol, West (Mr. Robert Cooke) and take the view that there is any real practical doubt as to the evil effects on health of cigarette smoking. This suggestion does a grave disservice to the health of the nation. I hope that even those who represent tobacco manufacturing cities will refrain from doing such a disservice to their fellow men.

**Mr. Robert Cooke** : My hon. Friend has leaped to the conclusion that I said that smoking was not injurious to health. I said nothing of the kind. I merely said that my hon. Friend the Member for Harborough (Mr. Farr) was perhaps in error in thinking that there was such a great distinction between

[MR. ENGLISH.]  
practicable. The Amendment is probably impracticable, for the reason that there are all sorts of pipe tobaccos which could conceivably be used for making cigarettes, though they might not be palatable to present tastes. But the hon. Member for Harborough also pointed out that in other countries similar fiscal incentives are given for pipe tobaccos in flake form. The principle behind the Amendment should be considered by the Government and possibly later they could move an Amendment putting the matter in a legitimate form so that there could be little evasion.

It is for these reasons that I would support the Amendment to the degree I have stated.

8.45 p.m.

**Sir D. Glover:** This is one of the Amendments which I should not support because I do not think that it is correctly drawn, but I am sure that all hon. Members understand and have a great deal of sympathy for the motive of my hon. Friend the Member for Harborough (Mr. Farr) in putting it before the Committee.

The whole business of tobacco smoking is really one of the most illogical habits that the human race has ever become addicted to. Why millions of people all over the world—I am one of them—should buy something simply in order to send it up in smoke and, not to be satisfied with that, to hold the stuff in their mouths while they send it up in smoke and take the smoke down into their lungs at the same time, I really cannot understand.

Why Sir Walter Raleigh, or whoever it was who first brought the weed to this part of the world, was so successful, I shall never know. People try to give up smoking time after time. I give it up for a week and then I start again; and I am sure that this applies to many right hon. and hon. Members as it does to the great mass of smokers in the country.

All Governments, since the medical reports came out, have been quite illogical in their approach to this problem. One should not forbid tobacco advertising on television and, at the same time, raise the tax and increase the revenue to the Exchequer, although I quite accept that the Chancellor would be in an awful predicament if we all woke up tomorrow

morning and said that his right hon. Friend the Minister of Health had convinced us that we must give up tobacco smoking. His revenue would be down to the tune of about £1,000 million a year. I do not know quite what he would do. But, of course, this is what the Government should be hoping for if they really believe that there is a great danger to health in smoking.

There is danger to health in most of our activities in life. We had a debate earlier this evening about alcoholic drinks. I am sure that alcoholic drinks do not do us any particular good, but they help us to keep going. I am sure that they help the Chancellor of the Exchequer to keep going late at night during a long debate on the Finance Bill. Many things are a danger, or not very good for health, but, now that tobacco smoking has, I think, been shown to be dangerous, I should thank any Government who made it more difficult or more unpleasant for me to continue my evil and health-destroying habit.

The Chancellor should, I suggest, seriously think about this matter. I realise that he cannot do something dramatic at once, because of the burden it would put on the revenue, but he ought to begin thinking of ways to offer an advantage to people who smoke pipe tobacco, if the medical profession thinks that is less injurious to health, or, perhaps, to encourage people to smoke cheroots or cigars if they are less injurious to health. Over 20 years, he could balance his revenue none the less, because, with a reduced tax, the consumption of pipe tobacco over the years would grow and he would probably draw in greater revenue from that source.

In my view, we have reached the point when any Government in power ought to ask themselves, "Are we being logical, are we being honest, in our present policy of drawing more and more revenue from an activity which we really should discourage?" They ought to be doing everything in their power to encourage other activities which are not so injurious to health.

*Notice taken that 40 Members were not present;*

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

**Mr. Peter Walker :** We are all grateful to my hon. Friend the Member for Harborough (Mr. Farr) for tabling the Amendment. This has been an interesting and important debate. I am pleased that the hon. Member for Nottingham, West (Mr. English) joined in and made a very interesting contribution. I hope that the fact that the moment he rose the Whip wrote down his name will not mean that he will be in any way dissuaded from joining in our debates later during the Committee stage. We look forward to hearing similar contributions from him on other Amendments.

This Amendment gives the Government an opportunity to make clear exactly what their attitude is on the general question of encouraging or discouraging various forms of smoking. I thought that my hon. Friend made a very good case, upon medical grounds, for some form of discrimination. My hon. Friends the Members for Cheadle (Mr. Shepherd) and Ormskirk (Sir Donald Glover) supported that view, while other hon. Members seemed to favour also including cigars. What is interesting is that during the last few months the Government have decided to show discrimination in one sphere and to discourage smoking by limiting the advertising on commercial television. I am not certain what the Government hope to achieve by that. I wonder whether they genuinely hoped that it would result in less smoking.

It is interesting to look at the Treasury estimates of the revenue expected from this form of taxation. On the basis of the rates of taxation for last year there was a Budget estimate of £958 million, and an out-turn of £982 million, and the estimates before the Budget changes for 1965-66 were virtually identical to those for 1964-65. Was this to suggest that in the considered view of the Government the action that they took to restrict advertising on commercial television was expected to have very little effect on the amount of smoking? If the Government's view is that for health reasons smoking should be discouraged, will they take other measures, and will those measures mean that the estimate of the revenue from the tax this year is not likely to be correct? If the only measure which the Government are taking is to stop the advertising on commercial tele-

vision, which according to their own estimates makes very little difference, it indicates that the only purpose of the action was to show hostility to commercial television and not to have any effect on the pattern of smoking.

My hon. Friend the Member for Harborough suggested that the Government should concentrate on encouraging pipe smoking. I speak with some element of guilt on this topic, being a complete non-smoker. I neither help the Chancellor with his revenue nor, I hope, impair my health. However, can the Chancellor tell us what the distribution of smoking is at present between pipes and cigarettes? Would he say whether he considers that the suggestion by my hon. Friend is a possibility? In view of the remarks of my hon. Friend the Member for Barry (Mr. Gower), could he say what it would cost if there was similar discrimination in favour of cigars?

My hon. Friend the Member for Harwich (Mr. Ridsdale) made an important point about the hardship caused to a great many old-age pensioners by the increased cost of smoking. I remember reading the debates—I was not then a Member of Parliament—which took place when the tobacco coupons were withdrawn in 1957. I should like to clear up a little misunderstanding which arose on 27th April when the Financial Secretary was answering Questions on this topic. In the reply of the hon. and learned Gentleman there was, I think, an implication that the Labour Party opposed the abolition of the coupon because we were not at the same time increasing pensions. On the contrary, we substantially increased them. The then Government brought in an increase of 25 per cent. in pensions when the coupon was withdrawn. When one examines the recent increase in pension and the increased tobacco tax one finds that the old-age pensioner who smokes heavily will be paying an amount per week extra well equivalent to the value of the tobacco coupon in terms of the additional taxation that the Chancellor is imposing.

I have only one hostility to the Amendment. It will give particular assistance to the Prime Minister, and as we are told that the Prime Minister is not to be included in the discrimination on the

[MR. WALKER.]  
question of business expenses, I see no reason why he should have a particular favour in this case.

**Mr. Callaghan:** This has been a very interesting debate, and I thank the hon. Member for Harborough (Mr. Farr) for the manner in which he moved the Amendment and I am also grateful for the way in which he was supported by, among others, the hon. Member for Barry (Mr. Gower) and the hon. Member for Weston-super-Mare (Mr. Webster). As the hon. Member for Harborough clearly stated, the effect would be to exclude pipe tobacco from the increase in the Tobacco Duty proposed in the Budget.

The hon. Gentleman used, in support of this view, medical evidence that I think is certainly getting stronger about the effect of cigarette smoking upon health. The endorsement last year by the United States Surgeon-General of the opinion expressed by the Royal College of Physicians on the matter is an important development. The College said in 1962 that cigar and pipe smoking could be considered less injurious than cigarette smoking. That is a powerful reinforcement of the case against cigarette smoking and we should regard the matter as serious. Certainly, I do.

However, I have regretfully to say that I cannot do anything this year both on ground of the duty that I would lose at the moment on the ground of sheer practical administrative difficulty. This may not appeal very much to the hon. Member for Harborough, but at the moment it would not be possible for me to accept the Amendment.

The position is that leaf tobacco is subject to duty at uniform rates, irrespective of the type of tobacco or the purpose for which it is subsequently used. The hon. Member for Bristol, West (Mr. Robert Cooke) made that point. There is no difference between tobacco used in the manufacture of cigarettes and much of that used in the manufacture of pipe tobacco.

If a differential rate of tax on pipe tobacco were introduced, it would become necessary to charge different rates of duty on certain types of tobacco leaf, according to whether it was made into cigarette or pipe tobacco. The hon. Member for Harborough asked why we

should not limit it to flake tobacco. I immediately sought guidance on that and apparently it does not seem quite as clear as might appear. I have a great deal of sympathy with what the hon. Gentleman asks, and I would not like to brush his idea to one side. There are, however, I repeat, certain administrative difficulties.

One country where it has been tried has found it impossible to work in this way and the Government there have had to extend the tax to other forms of tobacco. However, I would like to look into all these matters, but I cannot say that I can do anything this year. Many United Kingdom tobacco factories make both cigarettes and pipe tobacco and, at present, there is not the close revenue control which would be necessary if segregation had to be maintained between leaf destined for cigarettes and leaf destined for pipe tobacco.

9.0 p.m.

The hon. Member for Worcester (Mr. Peter Walker) asked whether I could give a breakdown of the various ways in which tobacco is used. I cannot do so as between cigarettes and pipes but one thing that I find surprising is that rather more tobacco is used for making into "roll your own" cigarettes at the moment than for pipe smoking. It would therefore be necessary to find some way if distinguishing between manufactured tobacco according to the use to which it was to be put. If the "roll your own" tobacco attracted the lower rate, the only effect of the Amendment might be to encourage the transfer of the making of cigarettes from the factory to the home. There are these practical difficulties which have to be looked into.

The question was put by the hon. Member for Worcester and by the hon. Member for Harwich (Mr. Ridsdale) about tokens for pensioners. I think it has been the experience of all of us who saw those tokens in use that, whatever may have been said in the past, they did operate very unfairly as between pensioners who smoked and those who did not. I think that was the basic reason why the last Administration eventually abolished them. I feel that to reintroduce a disparity of that sort would be likely to cause more a sense of grievance than satisfaction.

I was interested in the point raised by the hon. Member for Cheadle (Mr. William Shepherd) about cheroots and supplies to troops. I learned something about cheroots tonight from the hon. Member that I did not know before, and I would certainly like to look into that particular point. My hon. Friend the Member for Nottingham, West (Mr. English) made one or two points in which he tended to break away from the party line, thereby displaying that independence which we have all come to associate with him. I can assure hon. Members that, despite what the hon. Member for Worcester said, the Whip was not writing his name down at all. He was just urging me to come to a conclusion as quickly as I could.

We ought not to leave this matter purely on a basis of administrative difficulties, although I think that they are real and convincing. I do not think that it is possible to say in reply to the hon. Member for Worcester what the effect of the ban on television advertising is likely to be. It is still going on. I saw them last weekend, so it cannot possibly be having an effect by now. I hope it will have some effect, that was certainly the intention, but I can assure him that it was not dictated by hostility to the television commercial channel. There is no reason why it should be. I hope the hon. Member will accept it from me that this was a genuine attempt by the Government through the Minister of Health to try to lessen this temptation, if that is the right word, and that there was no other reason.

**Dr. Bennett :** May I ask the right hon. Gentleman who in his Department attempted to evaluate what difference the banning of cigarette advertising on television is likely to produce?

**Mr. Callaghan :** The Department has not made any such evaluation, but it has made an evaluation on the fall-off in smoking that may take place as a result of the increase in duty, and I have taken that into account in reaching my Budget figures.

**Dr. Bennett :** A temporary falling off.

**Mr. Callaghan :** I do not know whether temporary or not. It does not seem to be possible to stop people smoking, although I speak with some diffidence on this, never having started. I hope hon.

Gentlemen will not say I have a prejudice against smokers. Everybody recognises this is a field in which duty is easily raised. Successive Chancellors have found this out and I feel with regret that I cannot accept the hon. Gentleman's Amendment, although the purpose of it in relation to lessening the health fears which he expressed, is something which I would like to explore during the course of the coming year.

**Sir D. Glover :** I wonder if the Chancellor would explore the possibility of any system of drawback.

**Mr. Gower :** The Chancellor has said he will examine the administrative difficulties. Will he take note of the fact that there appear to be fewer administrative difficulties in the case of cheroots, mentioned by one of my hon. Friends, and small and large cigars? It seems it would be fairly easy for the distinction to be drawn between cheroots and cigars on the one hand and cigarettes on the other. Perhaps he could give an assurance that in looking at the position of pipe tobacco he will also look at that.

**Mr. Callaghan :** There are other difficulties which I will not go into at the moment. Although I would not rule it out, I would not like the hon. Member for Barry (Mr. Gower) to think that I was breaking a pledge if I came back and said that it was not possible to do it.

*Amendment negatived.*

*Clause ordered to stand part of the Bill.*

*Schedules 1 to 4 agreed to.*

#### **Clause 2.—(AMENDMENTS AS TO RELIEF FROM IMPORT DUTIES.)**

**Sir J. Eden :** I beg to move Amendment No. 86, in page 2, line 24, at the end to insert:

(2) For the purposes of the said section 7 goods used for the building, repairing or modifying of aircraft shall be deemed to be exported; but relief under that section granted by virtue of this subsection shall be subject to such conditions (in addition to any other conditions imposed by that section) as the Commissioners see fit to impose for securing that such goods will be used for such purposes as aforesaid.

In this subsection reference to aircraft shall include reference to airborne vehicles or craft which depend for their functioning on the interposing of compressed and constrained air, gas, vapour or fluid between the underside of the vehicle or craft and the surface over which such vehicle or craft intends to operate.

[SIR J. EDEN.]

Subsection (1) of this Clause seeks to relieve from import duty those goods brought into this country for use in the building or repair of ships. I assume that it is designed specifically to give assistance to our shipbuilding industry, and, naturally, I do not wish to say anything against that. The purpose of my Amendment is to extend these provisions to aircraft and air-cushioned vehicles.

The Amendment is designed to lead to an exploratory debate, because my hon. Friends and I are anxious to have the position concerning aircraft and related vehicles completely clarified. As hon. Members on this side of the Committee know, the British aircraft industry has taken a considerable knock from the Government recently. The Labour Party has been running it down for some time and perhaps the country does not fully realise the extent to which this industry has succeeded in serving our best interests. It is universally recognised that our aircraft industry is a key leader at home. It is in the forefront of new design and is the first in the application of many advanced techniques. As a result, its products are becoming increasingly sophisticated and in aircraft construction a great deal of use is made of a wide variety of complex equipment.

I say at once that it is not my aim to encourage the use of overseas equipment. This country has first-class electronics and supply industries for the aircraft industry as a whole and it should be and is unnecessary to go overseas for the wide bulk of the whole range of components used by the aircraft industry. For those reasons I am particularly anxious to see, for example, the continuation of the flying programme of the TSR2, carrying as it does very advanced types of electronics equipment which will have an application in aircraft manufacture by the British industry later. Use of this equipment now installed in the regrettably cancelled TSR2 will prevent the necessity of having to turn to other countries for such equipment.

But some imports may be necessary. In answer to a Question by the hon. Member for Wallsend (Mr. Garrett) on 5th May, the Minister of Aviation said that he could not give a figure of the

amount of foreign equipment used in British civil and military aircraft. He felt, however, that the amount so involved was not very great. The Minister's exact words were:

"I can say, however, that the proportion is a small one although the precise figure depends in the case of civil aircraft very much on the equipment installed to meet individual operators' particular requirements." —[OFFICIAL REPORT, 5th May, 1965; Vol 711, c. 165.]

For the most part, that is so. For the most part, the imports of foreign equipment used in British aircraft, civil and military, although of importance and significant in the construction of the aircraft, are comparatively minor items as against the total cost of the aircraft. These are such items as nuts, bolts and cable connectors. At other times, however, it must inevitably be the case that more complex equipment will occasionally have to be brought in from outside the country to be installed in British aircraft. I am certain that the Government would not wish unnecessarily to add to the cost of the productions of the British aircraft industry.

The position of the industry is generally somewhat complicated. As hon. Members will recognise, it is becoming increasingly international in nature. More and more in the construction of aircraft, more than one country is involved. We heard this afternoon, in a statement by the Secretary of State for Defence, that new military projects are to be embarked upon by this country in conjunction with the French aircraft industry.

In evidence of the growing international nature of this industry, we already have the example of the Concord project, which includes not just equipment from another country, but whole sections of the aircraft. I am not certain what would be the position under the Clause of the hybrid aircraft and I shall be grateful if this can be clarified by the Minister.

Other aspects of the Amendment concern the importation of equipment used by our aircraft manufacturing industry: that is, the purchase of whole aircraft, not merely the equipment but the entire product. This has been highlighted for us recently by the decision of the Government to cancel a number of advanced British projects and in their place to purchase with dollars a number of American aircraft. I wonder what the exact

position will be of the Phantom, which is being bought for the use of the Royal Air Force and the Royal Navy, of the Hercules C130E transport aircraft and any other aircraft which the Government might plan to purchase from overseas. If, for example, having cancelled the TSR2, the Government now decide to take up their option and purchase for dollars an aircraft of lower performance capability, the American F111, what would be the position of that aircraft under the Clause without the Amendment?

I think that I am right in saying that if foreign equipment is used in British-built aircraft which subsequently are exported and sold overseas, there is a drawback; the duty is reimbursed. In this instance, the position would seem to be safeguarded. If that is so, it is extremely significant for our industry. I am sure that all hon. Members will have taken heart from the recent very encouraging reports on the successful sales record for the BAC111.

9.15 p.m.

In this instance, there is an interesting point relating to the Amendment. It is that many American customers specify American equipment to be built into the BAC111. They have specified the use of such equipment as radio, radar, navigational aids and brakes—specific equipment manufactured outside this country for use in British-built aircraft. In some circumstances, this has amounted to as much as 10 per cent. of the total value of the aircraft. I should like absolute confirmation from the Government that even though there is special mention in subsection (1) of the Clause of the British shipbuilding industry, and no special mention of the British aircraft manufacturing industry, there is, in fact, no intention by the Government in any way to penalise the British aircraft industry.

I am sure that hon. Members opposite will forgive us if on this side of the Committee we are suspicious about their intentions towards the British aircraft industry. The industry as a whole has not exactly been treated well so far by the Government. We are not asking for much in this Amendment, only that the position be clarified. I am sure that hon. Members opposite will be generous enough to recognise that it is to the great credit of this industry that the proportion

of foreign equipment used in British aircraft is today very small.

Like all hon. Members, I hope that the position will remain so. For several years past the industry has had an extremely successful export record. In 1964, the value of aero exports, including guided weapons, came to a total of £100 million. In spite of the attacks which have been made on the industry by the Government, and of the damaging short-sighted denial to it of the important South African market, the export forecast for the aero industry, including guided weapons, for 1965 will probably amount to about £180 million.

This is an extremely significant figure. It is certainly greater than the shipbuilding industry exports. This may well be the reason for subsection (1), but if that is so I hope the position of the aircraft industry will be made quite clear.

**Mr. Ivor Richard** (Barons Court): The hon. Gentleman said that the figure for goods used in the building and repairing and modifying of aircraft imported into the United Kingdom was small. Can he give a figure, so that we may know to what the Amendment refers?

**Sir J. Eden**: I am not sure whether the hon. Member was present when, earlier, I quoted from an Answer given by his right hon. Friend the Minister of Aviation on 5th May to his hon. Friend the Member for Wallsend, which was a specific answer to that question. The Minister said that it was not possible for him to give an exact figure, but the proportion was a small one.

This is the point I have sought to make, that the proportion of foreign equipment used in all civil and military aircraft now is a small one and covers only comparatively small items in terms of value when related to the total cost of the aircraft programme. I am sure that the hon. Gentleman recognises, as do other hon. Members, that the export potential of the industry is very great. Here are the names of some of the primary products of this industry which are now being exported—the BAC111; the VC10; the Short Skyvan; the Handley Page Herald; the Lightning; the Canberra; the Comet; the Trident; the HS125; and the Beagle range of aircraft.

[SIR J. EDEN.]

This is not to mention the most important aspects in the guided weapons and missiles which are having extremely successful sales overseas. I think that it is right that, in moving this Amendment, we should seek to get clarification about the intentions of the Government towards the aircraft industry in relation to this duty, and also about what the position of these component parts may mean.

I should have drawn attention to the second part of the Amendment, which says:

In this subsection reference to aircraft shall include reference to airborne vehicles or craft which depend for their functioning on the interposing of compressed and constrained air, gas, vapour or fluid between the underside of the vehicle or craft and the surface over which such vehicle or craft intends to operate.

This is, of course, taking a look into the future. Not for the first time, the Conservative Party and hon. Members on this side of the Committee have made it abundantly clear that they are considerably more forward-looking and progressive in outlook, generally speaking, than the rather conservative members who sit on the benches opposite—I should say who are languishing on the benches opposite—though not for very long.

We are considering the tremendous prospects for air-cushioned vehicles generally. This is a new development in our industrial scene and of extreme significance to the future of the aircraft and transportation industry. It is estimated that the potential civil and military world demand for air-cushioned vehicles and their immediate developments will be about £75 million over the next 10 years. So we are not dealing with an insignificant element of our entire industrial picture.

The contribution to the economic well-being of this country of the aircraft industry and those industries associated with it—electronics and others—is very significant. The contribution has been extremely great in years past. We hope that this will continue to be the case, and that the industry will now get some support, some positive help, from the Government. That is why we have tabled this Amendment—to get some indication of the intentions of the Government and to ask them to give some help to an industry which is vital to the interests of this country, which has so far, in the life-

time of the present Government, been victimised, largely through the prejudice of the Prime Minister and his right hon. Friend the Paymaster-General. I hope that they will now do something, at least, to vindicate it.

**Mr. Maxwell-Hyslop :** There are some other considerations which I think the Treasury Bench should bear in mind. To start with, this Amendment relates to a highly complex industry. This must be stressed. To value the importation of a tin of soup is not a profound undertaking, but in the aero-engine world, and in the aircraft world as a whole, many of the components which are imported so as to be embodied in an aircraft destined to be re-exported are not even in a complete condition when they are imported. This is progressively so, the more companies in this country which enter into licence agreements with producing units, particularly on the Continent.

In many cases, particularly in the early stage of a licence, parts will be incompletely manufactured abroad and then exported, from their point of view—imported from our point of view—to this country, where the manufacture will be completed and they will be assembled into a component which will subsequently be embodied in an aircraft which is exported.

All that the company has to do, if it is merely making its own financial arrangements with the licensee, is to calculate a rate which will leave that licensee not out of pocket and with a reasonable margin. But for the purpose of import duty, where, presumably, the Customs and Excise authorities try to ascertain the true value of what is being imported, I suggest that a difficult problem is posed not only for the importing firm, but also for the Customs and Excise authority.

I will give the example of a turbine blade for a jet engine, designed and developed in this country, forged and rough machined in France and reimported into this country, where it would have its final grinding and possibly cooling air holes provided before being put into the turbine. The cost of the material and the actual machining operations done outside this country is by no means difficult to ascertain but what proportion of the design and development costs,

undertaken in this country, is to be allocated to the component imported in a semi-manufactured or even a completely manufactured condition? I asked the question but I do not pretend to know the answer.

Fortunately, one does not have to know the answer if these components are exempt from import duties. It becomes necessary to define these matters in a way so that we can write into the statute law or into import regulations how to deal with this sort of problem only if they are subject to import duty. It is common to both sides of the Committee that we want to encourage as much cross licensing as possible, because this leads to a much greater total market over which we can write off the design and development costs of a given component or—

**The Temporary Chairman (Mr. H. Hynd):** Order. The hon. Member is talking in a very general way about the subject. Is he relating it to the Amendment?

**Mr. Maxwell-Hyslop:** Yes. I will be even more specific if I may. I was endeavouring to show how the Clause, in which the Amendment will be embodied if it is passed, will be brought into effect by the authorities concerned.

**The Temporary Chairman:** Yes, but the hon. Member must not talk about the Clause in general when we are dealing with this Amendment.

**Mr. Maxwell-Hyslop:** Certainly. With great respect, I think that without the Amendment the Clause will be much more difficult for the authorities to enforce, and it is a legitimate ground for advocating an Amendment that it will make it much easier for the Customs and Excise authorities to enforce the Clause.

For the reasons which I am giving, there would be considerable difficulty in ascertaining not just the manufacturing costs, but what we can broadly call the overheads of the original licensee, which may or may not be allocated subsequently to the firms from which the components concerned are imported. In the Bill we are concerned not only with what is written in the Bill and Amendment, but also with enforceability and lack of ambiguity.

Not only does this Amendment have considerable merit in achieving what it

sets out to achieve—facilitating agreements of this kind—but it has the considerable additional merit that it would make the law much more easily enforceable because it would be much less complex than would otherwise be the case.

9.30 p.m.

**Sir Eric Errington (Aldershot):** I feel bound to comment on the Amendment because difficulties may arise from the words:

“... vehicles or craft which depend for their functioning on the interposing of compressed and constrained air, gas, vapour or fluid between the underside of the vehicle or craft and the surface over which such vehicle or craft intends to operate”.

Presumably that deals with Hovercraft, but, as I understand the position, that is not the only type of craft which is new on the scene.

Would the hydrofoil vessel be covered? It would seem that it would. The hydrofoil operates on the basis of a ship with a formation which causes the vessel to rise up on top of the sea. As I understand it, the Hovercraft works on the basis of some air or gas which keeps it above the sea or, as far as I know, above the land as well.

Unless the Amendment is accepted there will arise a situation where the benefit of the Clause may very well go to the hydrofoil and deprive the Hovercraft of a similar benefit. I do not think that anybody would be prepared to say at present whether the hydrofoil or Hovercraft would be the most likely to develop in a big way. Either might have great value. I am particularly interested in the hydrofoil, because a constituent of mine has made a number of inventions in connection with its development. I would like to have clarification so that it is clear that both of these craft are covered by exemption.

**Mr. Stanley R. McMaster (Belfast, East):** I support the Amendment. In view of the statements which were made during the weekend by the Parliamentary Secretary to the Ministry of Aviation about the Government's general intention towards the aircraft industry—the intention of keeping the industry as a live going concern in Britain—we now have the first opportunity for the Government, after all the cancellations of the last six months, to show how sincere

[MR. McMASTER.]

they are in their desire to assist the aircraft industry.

If the industry is to remain in existence, it should be placed on the same footing as the shipbuilding industry. If any part of an aircraft must be imported for the manufacture of an aircraft in this country there should be a rebate of taxation for that part. The Government have already recognised this to a certain extent in regard to spares for aircraft operated by any of the corporations. Such spares have been exempted from the 10 per cent surcharge imposed on other imports. I therefore urge the Government to consider whether a parallel does not apply for aircraft manufacturers in Britain.

The British aircraft industry faces extremely severe competition from abroad, particularly from the United States. It would seem from speeches made by Government Front Bench spokesmen that this is recognised by the Government. If, therefore, we are to assist British aircraft manufacturers to meet competition from abroad, there must be scope for certain concessions similar to the concession being sought in the Amendment.

The leading firms in the aircraft industry—the British Aircraft Corporation, Hawker Siddeley, Short Bros. in Northern Ireland, and Handley Page—need positive signs of Government sympathy and assistance, not just words and speeches in this House or throughout the country but a positive sign of a true intention to support the industry. Before the election there were a lot of statements by members of the Labour Party of how they would provide employment and encourage our technology, but their actions since seem to have given the lie to those promises. They now have an opportunity to show the sincerity of their intentions.

My Labour opponent at the election promised to help to get high employment. There is a big aircraft industry in my constituency which employs about 7,000 people and exports a lot of its products. Reference has already been made to the Short Skyvan, which is now beginning to sell abroad and of which there are high hopes of further foreign sales. We also have the Seacat manu-

factured there, but Short Bros. and Harland has been badly affected by cancellations such as that of the HS681, a transport aircraft of which about 20 per cent. was to have been manufactured in Northern Ireland.

Unless the Government quickly find other work to replace that which has been lost, thousands of men in Northern Ireland face loss of employment. I advance this as an additional argument why the Government, even if they are not prepared to accept the Amendment as it stands, should at least agree to consider it between now and the Report stage with a view to introducing their own Amendment on similar lines.

The aircraft industry is a very important income earner. Its exports run at more than £100 million per annum. There are not only its direct earnings from sales of aircraft, but also the indirect earnings. Aircraft purchased by our own air Corporations operate throughout the world, and their passenger and freight earnings form an important part of this country's balance of trade. With those additional arguments in mind. I would ask, in as non-controversial way as I can manage, the Government Front Bench to consider this Amendment favourably.

**Sir William Robson Brown (Esher):** This Amendment is far more significant than would appear on the surface, and the amount of money it involves at the moment may not be significant or possibly of great financial assistance to the aircraft industry at the present time. The assistance that the industry needs now is something of a very much more gigantic and positive nature.

Behind the Amendment, however, there is a realisation, at least on this side of the Committee, of what Anglo-French and other co-operative projects in the aircraft industry mean, and this sort of Amendment is absolutely vital if we are to avoid confusion arising in the interchange of parts between here and France and back again, with complications of evaluation, and unnecessary work for our Excise people, who have no experience or competence to assess this aspect of the work at all.

Our aircraft industry has received, not a staggering blow but almost a death sentence—there is no doubt whatever

about that—and I was shocked to hear my hon. Friend the Member for Belfast, East (Mr. McMaster) say that aircraft manufacturers in other countries—and I have one country particularly in mind—get relief on the importation of spares in this way. We do not get that kind of relief on our spares which go to the United States of America.

I hope the Government will accept this Amendment because they have made a mistake. I hope they will recognise that when making the concession to shipbuilding they should have automatically made it to aircraft making. The amount of money involved in this proposal is not significant. It would make the operations of the Excise much easier and it would assist greater co-operation with Europe, especially with France, to help this great industry which the country so sorely needs.

**Mr. William Clark** (Nottingham, South): It is quite amazing that in a debate the importance of which I should not think any hon. Member would doubt, no Government back bencher has spoken about this industry. I have attended many Finance Bill debates, but I cannot remember when the Government of the day have had so few back-bench speakers on the various Amendments put forward. That seems a reflection on many hon. Members opposite that they are not interested in the aircraft industry.

In this Clause relief is given to the shipbuilding industry. Everyone accepts that we are a maritime nation and have built much of our wealth from shipping. All that my hon. Friend the Member for Bournemouth, West (Sir J. Eden) is trying to do, as shown by the very well-reasoned speech he made, is to get the Government to extend the same relief from import duty to the aircraft and hovercraft industries as that given to the shipbuilding industry.

If the Minister cannot accept the wording of the Amendment we should be happy to withdraw it on the assurance that the Government would put it into proper wording and keep the spirit of the Amendment. When he replies, if he cannot accept the Amendment, I hope that the Minister will give concrete reasons for turning it down, because we consider this to be a matter of major importance.

Many of my hon. Friends have spoken of the importance of the aircraft industry. My hon. Friend the Member for Bournemouth, West spoke of its export potentiality and record. I do not think that any hon. Member would deny that the industry has done a first-class job for exports. We agree that the shipbuilding industry also has a good export record and it has a good record in invisibles. What I cannot understand is why the Government should ignore the aircraft and Hovercraft industries. My hon. Friend the Member for Esher (Sir W. Robson Brown) remarked that the aircraft industry had been dealt, not a crippling, but a shattering blow. I should think that every hon. Member on either side of the Committee would agree. The labour force, put out of work because of the actions of the Government, would agree that it has been dealt a shattering blow.

9.45 p.m.

If the future of transport is that it will not be by sea, but will be in the air or by hovercraft, obviously this country must be in the lead. At the moment, it is in the lead as regards aircraft. If the Labour Government are forward-looking, there is no reason why they should not accept the Amendment. The Opposition has not got the wherewithal to find out what the implementation of the Amendment might cost the Exchequer. It was obvious from the Question and Answer that my hon. Friend the Member for Bournemouth, West, read that the amount it would cost the Exchequer would be infinitesimal.

It is not necessarily the amount that matters. It is the principle. Do the Government want to help the aircraft and Hovercraft industries, or do they not? Even taking the kindest view of the Government's recent actions, every fair-minded person would say that the Government do not want to help the aircraft industry. One way of disproving that allegation would be for the Government to accept the Amendment.

My hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) spoke of the difficulties, particularly with regard to drawback claims. Any of us who have had anything to do with drawback claims know that the question of the valuation of an item is extremely difficult. If a

[**MR. CLARK.**]

propeller is partially manufactured in this country, sent abroad for more processing, and brought back here for more processing, it is difficult for import duty purposes to value the equipment and consequently work out what the Import Duty would be.

My hon. Friend the Member for Aldershot (Sir E. Errington) drew attention to the Hovercraft. I hope that hon. Members opposite have heard of the hovercraft industry. I have no doubt that they have heard of the aircraft industry. As my hon. Friend the Member for Bournemouth, West, said, the export potentiality of the Hovercraft industry is £75 million over the next 10 years. We know that this is an estimate, but it is no mean figure. The Government came to power some months ago having made many pledges and promises. One thing of which they tried to convince the country was that the Labour Party was the scientific party of the two main parties. Let the Government prove it. Why do they give import relief to the shipbuilding industry, which has been going for many hundreds of years, and not give relief to the two vital industries which may—I put it no higher—in time replace the shipbuilding industry? Why do not the Government think again and include the aircraft and Hovercraft industries in the Clause?

**Mr. J. T. Price** (Westhoughton): My right hon. Friend will give the answer he chooses to give to the general criticism which has been levelled in the debate. One thing which the hon. Gentleman, who is usually fair in these matters, and his hon. Friend have failed to mention is that, if comparisons are being made with the shipbuilding industry, which appears to have a favourable position relative to the aircraft industry, it must not be forgotten that the aircraft industry of all our industries has had the greatest amount of support by way of research and development paid for out of public funds, to the extent of hundreds of millions of pounds, which have never been bestowed on the shipbuilding industry. This puts it into its proper perspective.

**Mr. Clark**: That may or may not be true. It still does not answer the main allegation made by my hon. Friends that

the Government have dealt the aircraft industry a crippling blow by the cancellation of the TSR2. Hon. Members opposite know this to be absolutely true. The importance of the aircraft industry cannot be over-emphasised. It should get as much help as possible from this Government and from any other Government, particularly in view of the cancellation of the TSR2.

**Mr. Richard**: The hon. Gentleman has told the Committee that the quantity of goods imported is small and that the amount of relief if the Amendment were accepted would be infinitesimal. Would he explain to the Committee how an infinitesimal relief on a small amount of imports will help the aircraft industry?

**Mr. Clark**: If the hon. Gentleman reads my speech in the OFFICIAL REPORT he will see that I said that we on this side of the Committee have no means of checking how much would be involved. I quoted my hon. Friend the Member for Bournemouth, West, who in turn had quoted from a Written Answer, saying that the information was not available and that in any case it would be small and infinitesimal. I accept that. But what the hon. Gentleman should do is ask his own right hon. and hon. Friends on the Front Bench what the figure is. It does not matter what would be the amount of relief; it is the principle of the thing. If it is right to give this concession to the shipbuilding industry, it is right to give it to the aircraft and hovercraft industry. This is the burden of our argument. No amount of jiggery-pokery and saying that the amount involved will be much or that it will not be much will affect the principle of the thing. We have got to do all we can to help the aircraft industry.

**Mr. Maxwell-Hyslop**: Will my hon. Friend agree that if the amount of money saved in the drawback is not very much, the amount of money saved in not having to calculate the drawback is tremendous?

**Mr. Clark**: I am sure the Minister will agree that there would be a saving in administrative costs. The whole burden of our argument is that we should help the aircraft industry. We are helping the shipbuilding industry through the import surcharge. I hope I shall not be

out of order in what I am about to say, Dr. King; I do not intend to discuss subsequent Clauses, but subsequent Clauses particularly relating to the Corporation Tax will penalise the shipbuilding industry. Yet under this Clause we are giving the shipbuilding industry a certain amount of relief. This is the illogicality of the Government's thinking. If the Government want to help, they should help logically. If the Government say, "It does not matter so far as the aircraft industry is concerned; we do not necessarily want to give the aircraft industry this amount of relief", why is this? Is it that the Government are certain that shortly we shall not have an aircraft industry to help?

I ask the Minister to deal with this point specifically. We have been speaking about helping this industry, and one has got the impression that it is new aircraft with which we are concerned. But in fact this would bring in the repair of aircraft and hovercraft, which is an important matter.

My hon. Friend the Member for Belfast, East (Mr. McMaster) has a very personal interest in the aircraft industry and he has never hesitated to say exactly what he feels about it. [HON. MEMBERS: "Hear, hear."] He has 7,000 of his constituents dependent on the aircraft industry. It is all very well hon. Members opposite saying "Hear, hear" but they should not forget that with the cancellation of TRS.2 there are thousands of aircraft workers who do not know whether they are going to work tomorrow. If hon. Members opposite agree with this shabby way of treating the aircraft industry, all I can say on behalf of my hon. Friends is that this is certainly not the way that we regard the industry.

I ask the Minister to give this matter serious consideration. I hope he will not shelter behind the incorrect wording, if the Amendment is incorrectly worded. We are prepared to take this Amendment back on the understanding that the Government will introduce a properly worded Amendment to give effect to the spirit behind it.

**Mr. McMaster:** I am grateful for what my hon. Friend has said. Has he heard the unsympathetic questions which have been asked on the benches opposite about

the unemployed? Is he aware that these 7,000 men cannot find similar employment in Northern Ireland if they are thrown out of work?

**Mr. Clark:** I am grateful to my hon. Friend for that hesitant intervention. This is the burden of our whole argument. Each time that we question Ministers about what is happening in the aircraft industry in the matter of redundancy and unemployment we always have the same old answer, "I am afraid that the information is not available. We have not got these registered." The Government were responsible for the cancellation, and in all fairness and honesty they should make it their business to keep records so as to prove to the Committee whether what they say about there not being redundancy or unemployment in future is right or wrong.

I hope that what has been said has convinced the Minister of State, Board of Trade, that we view the Amendment with great seriousness. Why is it that his hon. Friends cannot be bothered to speak to the Amendment or to say anything about the aircraft industry but from a sedentary position have been quite capable of jeering and laughing? They will not stand up to intervene. I ask the Minister again whether he will extend this concession to the aircraft and hovercraft industries.

**Mr. Godfrey Lagden (Hornchurch):** Would my hon. Friend agree that when hon. Members opposite make unsympathetic remarks and ask, "Are these men yet unemployed?" they should be asked whether they realise that these are men who have given a long time to the aircraft industry and wish to be employed in the most modern industry that we possess? Does not my hon. Friend agree that the party opposite, led by the Prime Minister, in pre-election days spoke of this industry as the industry which would be guaranteed employment? Is it not a fact that these men do not wish to be employed in making washing machines but want to work in an industry which is vital to the future of the country?

**Mr. Clark:** I am most grateful for that intervention. My hon. Friend has made the point more eloquently than I could, and what he has said is

[MR. CLARK.]  
absolutely true. Hon. Members opposite know that it is. I hope that the Minister will deal with this matter in his reply.

**Several Hon. Members** rose—

**The Chairman:** Order. I think that the hon. Member for Nottingham, South (Mr. William Clark) has finally resumed his seat.

**The Minister of State, Board of Trade (Mr. Edward Redhead):** I have listened carefully to the debate and I assure hon. Members that I shall not try to shelter in my reply behind any purely technical points of phraseology. On the contrary, I shall try to take account of what has been explained to be the purposes behind the Amendment. I must say first, however, that by seeking, in the Amendment, to apply to the aircraft industry the phraseology of Clause 2(1) which applies to the shipbuilding industry, the sponsors of the Amendment have misconceived the purpose of the subsection. Their Amendment goes very far beyond that purpose.

10.0 p.m.

That subsection is limited to a small technical adjustment by way of consolidating a long existing and comprehensive policy for duty relief in respect of the shipbuilding industry. It aims only at extending the powers conferred by Section 7 of the Import Duties Act, 1958, to allow relief from import duty to be granted under that Section on goods intended to be used in a registered shipbuilding yard on grounds similar to those on which it may be granted in respect of goods intended to be exported and which are qualified under the drawback provisions of Section 9 of the main Act. In other words, the subsection is designed to remove a discrepancy between the drawback provisions of Section 9 and the duty relief provisions of Section 7 in so far as they apply to the shipbuilding industry.

It must be observed—strangely enough, no reference has been made to this in the debate—that in the Import Duties Act there is another provision making up the general comprehensive policy which has long been adopted towards the shipbuilding industry. I refer to Section 5, whereby goods of any description consigned direct to a registered shipbuilding yard to be

used in shipbuilding, ship-repairing or refitting in the yard are exempt from import duty.

All these provisions taken collectively in respect of the shipbuilding industry represent powers specifically designed to encourage shipbuilding, and they represent, also, a long-established policy which has emerged only as a result of an intensive examination of the industry over a considerable period of time.

**Sir E. Errington:** Will that cover a hydrofoil ship?

**Mr. Redhead:** I shall come to that, if I may, although I hardly think that it is up to me to define the purpose of the Amendment or its precise meaning and effect.

**Sir E. Errington:** I am not asking about the Amendment. I am asking about what the Minister has just said.

**Mr. Redhead:** I thought that the hon. Gentleman was referring to the point which he raised in his own speech.

As I understand it, the broad effect and purpose of the Amendment is to seek to extend to the aircraft industry the duty relief provisions which are available to the shipbuilding industry in this connection. In that sense, I appreciate its purpose, that is, to extend this principle of policy to imported component parts of aircraft, Hovercraft or other forms of craft contemplated under the terms of the Amendment which are delivered direct to an aircraft construction establishment.

I must tell hon. Members that, if that be their object, they cannot achieve it by the Amendment, for it would be necessary to address themselves to both Section 9 and Section 5 of the Import Duties Act. This Amendment alone would produce an anomaly. It would introduce in respect of aircraft parts the principle that goods delivered to an aircraft or Hovercraft manufacturer would become eligible for Section 7 relief, but goods of a drawback class so delivered would not be eligible for drawback and goods directly imported by aircraft manufacturers would not, *ipso facto*, be free of duty.

To that extent, therefore, the result would be anomalous and inconsistent with the purpose which hon. Gentlemen opposite have explained of bringing the same provisions as apply to the shipbuilding industry to the aircraft industry.

**Mr. Maxwell-Hyslop :** Before the hon. Gentleman leaves the point, will he tell us what all that means?

**Mr. Redhead :** I am trying to clarify what are, admittedly, rather difficult provisions of drawback law in the Acts of Parliament. I am sorry if the clarity of the hon. Gentleman's mind does not enable him to follow it. I can only say that I will do my best.

The purpose of the Amendment would be virtually to abolish the protective tariff on all aircraft parts and components whether or not the completed aircraft was exported or sold on the home market. I believe that the hon. Gentleman accepts that as being the purpose of the Amendment. I hope that he will equally accept it from me that the Amendment does not achieve that purpose in the way that it is drafted.

Let me deal with that purpose. I would agree that in the context of modern conditions and circumstances, and hon. Gentlemen have made some play on much wider grounds about the condition of the aircraft industry—I will not be drawn into a debate on those lines; I would prefer to confine myself to what I think is strictly in order, the provisions of the Amendment—there may, by reference to the long-established policy in respect of ship-building, be a certain logical attractiveness and some justification for the purpose which the hon. Gentleman has in mind. But I think that the Committee would recognise that it would represent a very major extension of that policy and an entirely new sphere of very considerable magnitude.

The Government's view is that such an extension ought not to be undertaken without a very long, hard look at the aircraft industry as a whole and at all the relevant factors in that industry. Certainly, it ought not to be undertaken at very short notice in the context of an Amendment to this Bill. It is inappropriate to seek to use, particularly at such short notice, the Finance Bill as a means of effecting a fundamental change in duty provisions. Nor can it be certain, without a much greater and detailed examination, that the purpose sought to be served by the Amendment would be beneficial to the industry. Clearly, that point has to be established.

I submit quite seriously to the Committee that, whatever views hon. Members hold about the present condition of the aircraft industry—obviously, it is an industry of tremendous national importance—the balance of advantage is not easy to assess. The amount of imported parts in British-made aircraft—we have had some debate on this point—obviously varies enormously. In some designed for particular overseas markets it may be fairly high, but I gather that on the average it may represent not more than about 10 per cent. of the cost.

**Mr. McMaster :** I thought that I heard the hon. Gentleman say just now that the Amendment would be of considerable importance. Now he seems to be seeking to argue that it would have a minimum of importance. He cannot have it both ways. Which is it? Is it important or not important?

**Mr. Redhead :** I said that the Amendment goes far beyond the purposes of the existing subsection. To that extent, it seeks to widen the provision.

But, even if one takes account of the purpose which lies behind the Amendment as I have defined it—I understand that it is accepted that that is the purpose—it is extremely doubtful, without much more detailed examination, whether it would have a very real, beneficial effect. What it would do, on the other hand, is to remove the protective duty given by the existing tariff over this part of the field. It would represent a significant change in the competitive position of the makers of parts and equipment who themselves make a significant contribution to direct exports.

**Mr. F. A. Burden (Gillingham):** I find myself in some difficulty. The hon. Gentleman stated that this proposal would bring about an entire change in our tax laws, but how can that be so when this provision already exists for the shipbuilding industry?

**Mr. Redhead :** Obviously, by extending it to an industry which has never been the subject of a provision of this kind. The shipbuilding policy was determined in the light of the circumstances of that industry. It is a long-established policy. There has been no detailed examination of the applicability of any such provision to the aircraft industry

[**MR. REDHEAD.**]

and I say, therefore, that it should not be applied to it without much very careful and detailed consideration.

Indeed, it is impossible to assess without such an examination just what merit or validity there is in the claim that the industry should have the benefit of the provision which applies to the shipbuilding industry. Having said that, however, let me make it clear that my right hon. Friend the Minister of Aviation is currently considering, with the advice of the Plowden Committee, the future of all sections of the aircraft industry, all the various ways in which assistance could and should be given for its proper and competitive development.

**Mr. William Clark:** The hon. Gentleman says that there has been a detailed study of the shipbuilding industry. Can he tell us for what reason that industry was given this relief?

**Mr. Redhead:** On the ground that it needed it in the circumstances of the review undertaken at the time. That was an established case. What I am saying now is that there is not a clear and demonstrable established case in respect of the aircraft industry and, secondly, that it is questionable whether the provision sought by the Amendment would have a very significant beneficial effect upon the industry.

To the extent, however, that the intention behind the Amendment is valid to take into consideration in the general review now being undertaken by my right hon. Friend the Minister of Aviation, I can give the Committee our assurance that very careful consideration will be given to this proposal as one possible means of assistance.

**Sir J. Eden:** Will the hon. Gentleman clarify one point? What is the position of the aircraft which are now on order for military purposes for use by the Air Force and the Navy? Would they be affected in any way or do not they come under this impost?

**Mr. Redhead:** I was about to say that aircraft components come within Section 7 or 9 of the Act. In so far as they can satisfy the conditions of those Sections, relief of duty may be obtained. Admittedly, it is more limited than in the case of the shipbuilding industry, but

opportunities do exist and this subsection in no way affects or impairs that position.

But I ask the Committee to appreciate that any extension of the provision should not be sought through an Amendment to the Bill. The proposal would be better left to be considered with any and every other possible means which may be adjudged appropriate to assist the aircraft industry. Believing that to be the better way to approach a problem of this kind, I hope that the hon. Member for Bournemouth, West (Sir J. Eden) will be content to accept my assurance that his purpose will be borne in mind and considered and not to press the Amendment.

If the hon. Gentleman thinks that he must press the Amendment, then, for the reasons I have outlined, I must advise the Committee to reject it.

10.15 p.m.

**Mr. Anthony Barber** (Altrincham and Sale): I have listened, I hope with an open mind, to what the Minister of State has had to say and I know that he will take it from me that, on this side of the Committee, when this debate started we had not made up our minds whether or not we should divide on the Amendment. I am pleased that the hon. Gentleman did not take too seriously any defects that there may be in the wording of the Amendment.

The hon. Gentleman said at some length that it was his view that this particular Clause might result in certain anomalies. He will recall, as I am sure some of his hon. and right hon. Friends will, their noble Friend, Lord Mitchison, who on one occasion in my hearing moved an Amendment from these benches to provide relief from duty for agricultural vehicles. He did so by referring to provisions in another Act providing relief from duty for fishing vessels. The only consequence of his Amendment was to provide relief from duty for agricultural tractors while travelling on the high seas. He nevertheless felt that this was something worth pursuing.

This is something very different, and I think while it has been a short debate it has been an incredible one. We have not had a single speaker from the Government backbenches on this vitally important aspect of the British aircraft industry.

We have only had two interventions, and each of those interventions, for a moment or two, were not the sort of interventions which would please anybody working in the aircraft industry. We have had promises in the past about help for the aircraft industry, but there are two reasons why I hoped that we might have had something a little more forthcoming from the hon. Gentleman the Minister of State.

The first is that it cannot be denied, whatever the merits may be over the TSR 2 and other projects, that the aircraft industry has received more discouragement during these past few months than for many a year previously. Secondly, I would have thought that on its merits the hon. Gentleman and his right hon. Friends, particularly the Minister of Technology who is here, would have thought it a good thing to take some action to encourage the hovercraft industry which is "a great invention of the United Kingdom. We have had a lot of lip-service in the past about new inventions, modernisation, technology and so on. Here was an opportunity to help. I am not suggesting that the particular way in which my hon. Friend wished to do it was necessarily right but here was an opportunity to help. The hon. Gentleman himself agrees that the cost of doing this would not be great and it is true, as one of his hon. Friends said in an intervention, that because of this, help at this particular time would not be

very much. There is nobody in this Committee who would deny that the potential of the Hovercraft is very great indeed.

**Mr. Emrys Hughes:** Can the hon. Gentleman explain how the previous Government helped the Hovercraft industry?

**Mr. Barber:** I might be out of order if I went into great detail, but I must say that if the hon. Gentleman looks up what we did for the aircraft industry, including the Hovercraft industry, he will see we helped a great deal.

What saddens me is that the hon. Gentleman in his very courteous reply held out no hope at all of anything on the lines put forward by my hon. Friend. He made only a very general promise of a sort of inquiry by the Ministry of Aviation. There may be arguments against the proposal of my hon. Friend, but I am bound to say to the Committee that if there are we have certainly not heard of them in the debate this evening. I mean no personal disrespect to the hon. Gentleman when I say that his reply was highly unsatisfactory and for this reason I must advise my hon. Friends to divide the Committee.

*Question put, That those words be there inserted:—*

*The Committee divided: Ayes 170, Noes 195.*

## Division No. 110.]

## AYES

[10.19 p.m.]

Agnew, Commander Sir Peter  
Alison, Michael (Barkston Ash)  
Allan, Robert (Paddington, S.)  
Allason, James (Hemel Hempstead)  
Anstruther-Gray, Rt. Hn. Sir W.  
Astor, John  
Atkins, Humphrey  
Awdry, Daniel  
Balmiel, Lord  
Barber, Rt. Hn. Anthony  
Barlow, Sir John  
Batsford, Brian  
Bell, Ronald  
Bennett, Sir Frederic (Torquay)  
Bennett, Dr. Reginald (Gos & Fhm)  
Berry, Hn. Anthony  
Biggs-Davison, John  
Birch, Rt. Hn. Nigel  
Blaker, Peter  
Bossom, Hn. Clive  
Box, Donald  
Boyd-Carpenter, Rt. Hn. J.  
Boyle, Rt. Hn. Sir Edward  
Brinton, Sir Tatton  
Bromley-Davenport, Lt.-Col. Sir Walter  
Brooke, Rt. Hn. Henry  
Browne, Sir Edward (Bath)

Bullus, Sir Eric  
Campbell, Gordon  
Cary, Sir Robert  
Chichester-Clark, R.  
Clark, William (Nottingham, S.)  
Cole, Norman  
Cooke, Robert  
Cooper-Key, Sir Neill  
Costain, A. P.  
Crosthwaite-Eyre, Col. Sir Cliver  
Crowder, F. P.  
Cunningham, Sir Knox  
Curran, Charles  
Currie, G. B. H.  
Dance, James  
Davies, Dr. Wyndham (Perry Barr)  
d'Avigdor-Goldsmid, Sir Henry  
Dean, Paul  
Deedes, Rt. Hn. W. F.  
Digby, Simon Wingfield  
Doughty, Charles  
Douglas-Home, Rt. Hn. Sir Alec  
du Cann, Rt. Hn. Edward  
Eden, Sir John  
Elliott, R. W. (N'e'tle-upon-Tyne, N.)  
Emery, Peter  
Errington, Sir Eric

Eyre, Reginald  
Farr, John  
Fletcher-Cooke, Sir John (S'pton)  
Foster, Sir John  
Fraser, Rt. Hn. Hugh (St'fford & Stone)  
Fraser, Ian (Plymouth, Sutton)  
Gammans, Lady  
Gardner, Edward  
Giles, Rear-Admiral Morgan  
Gilmour, Ian (Norfolk, Central)  
Glover, Sir Douglas  
Glyn, Sir Richard  
Godber, Rt. Hn. J. B.  
Goodhew, Victor  
Gower, Raymond  
Grant, Anthony  
Gresham-Cooke, R.  
Grieve, Percy  
Griffiths, Eldon (Bury St. Edmunds)  
Griffiths, Peter (Smethwick)  
Gurden, Harold  
Hall-Davis, A. G. F.  
Harris, Reader (Heston)  
Harrison, Col. Sir Harwood (Eye)  
Harvey, John (Walthamstow, E.)  
Hawkins, Paul

Heald, Rt. Hn. Sir Lionel  
 Heath, Rt. Hn. Edward  
 Higgins, Terence L.  
 Hirst, Geoffrey  
 Hobson, Rt. Hn. Sir John  
 Hordern, Peter  
 Hornsby-Smith, Rt. Hn. Dame P.  
 Hunt, John (Bromley)  
 Hutchison, Michael Clark  
 Irvine, Bryant Godman (Rye)  
 Jenkin, Patrick (Woodford)  
 Jennings, J. C.  
 Johnson Smith, G. (East Grinstead)  
 Jopling, Michael  
 Kerr, Sir Hamilton (Cambridge)  
 Kershaw, Anthony  
 Kiffedder, James A.  
 Kimball, Marcus  
 King, Evelyn (Dorset, S.)  
 Kirk, Peter  
 Lagden, Godfrey  
 Lancaster, Col. C. G.  
 Langford-Holt, Sir John  
 Legge-Bourke, Sir Harry  
 Litchfield, Capt. John  
 Lloyd, Rt. Hn. Geoffrey (Sut'n C'dfield)  
 Lloyd, Ian (P'tsmouth, Langstone)  
 MacArthur, Ian  
 McMaster, Stanley  
 McNair-Wilson, Patrick  
 Maginnis, John E.

Maitland, Sir John  
 Mathew, Robert  
 Maude, Angus  
 Mawby, Ray  
 Maxwell-Hyslop, R. J.  
 Maydon, Lt.-Cmdr. S. L. C.  
 Meyer, Sir Anthony  
 Mills, Stratton (Belfast, N.)  
 Miscampbell, Norman  
 Mitchell, David  
 More, Jasper  
 Morrison, Charles (Devizes)  
 Munro-Lucas-Tooth, Sir Hugh  
 Neave, Airey  
 Noble, Rt. Hn. Michael  
 Nugent, Rt. Hn. Sir Richard  
 Osborne, Sir Cyril (Louth)  
 Page, John (Harrow, W.)  
 Page, R. Graham (Crosby)  
 Percival, Ian  
 Peyton, John  
 Pickthorn, Rt. Hn. Sir Kenneth  
 Pitt, Dame Edith  
 Powell, Rt. Hn. J. Enoch  
 Price, David (Eastleigh)  
 Prior, J. M. L.  
 Pym, Francis  
 Quennell, Miss J. M.  
 Redmayne, Rt. Hn. Sir Martin  
 Riddsdale, Julian  
 Roberts, Sir Peter (Heeley)

Robson Brown, Sir William  
 Roots, William  
 Sandys, Rt. Hn. D.  
 Scott-Hopkins, James  
 Sharples, Richard  
 Shepherd, William  
 Sinclair, Sir George  
 Stanley, Hn. Richard  
 Stoddart-Scott, Col. Sir Malcolm  
 Studholme, Sir Henry  
 Summers, Sir Spencer  
 Taylor, Sir Charles (Eastbourne)  
 Taylor, Frank (Moss Side)  
 Temple, John M.  
 Thompson, Sir Richard (Croydon, S.)  
 Tiley, Arthur (Bradford, W.)  
 Turton, Rt. Hn. R. H.  
 van Straubenzee, W. R.  
 Vickers, Dame Joan  
 Waiker, Peter (Worcester)  
 Walker-Smith, Rt. Hn. Sir Derek  
 Ward, Dame Irene  
 Webster, David  
 Whitelaw, William  
 Williams, Sir Rolf Dudley (Exeter)  
 Willis, Sir Gerald (Bridgwater)  
 Wilson, Geoffrey (Truro)  
 Woodnutt, Mark

## TELLERS FOR THE AYES:

Mr. Martin McLaren and  
 Mr. Dudley Smith.

## NOES

Albu, Austen  
 Allen, Scholefield (Crewe)  
 Armstrong, Ernest  
 Atkinson, Norman  
 Baxter, William  
 Beaney, Alan  
 Bennett, J. (Glasgow, Bridgeton)  
 Blackburn, F.  
 Blenkinsop, Arthur  
 Boston, T. G.  
 Bowden, Rt. Hn. H. W. (Leics S.W.)  
 Bowen, Roderic (Cardigan)  
 Boyden, James  
 Braddock, Mrs. E. M.  
 Bradley, Tom  
 Bray, Dr. Jeremy  
 Brown, Rt. Hn. George (Belper)  
 Buchanan, Richard  
 Callaghan, Rt. Hn. James  
 Carmichael, Neil  
 Carter-Jones, Lewis  
 Castle, Rt. Hn. Barbara  
 Chapman, Donald  
 Coleman, Donald  
 Conlan, Bernard  
 Corbet, Mrs. Freda  
 Cousins, Rt. Hn. Frank  
 Craddock, George (Bradford, S.)  
 Crawshaw, Richard  
 Cronin, John  
 Cullen, Mrs. Alice  
 Dalyell, Tam  
 Davies, G. Elfed (Rhondda, E.)  
 Davies, Ifor (Gower)  
 de Freitas, Sir Geoffrey  
 Delargy, Hugh  
 Dempsey, James  
 Diamond, John  
 Dodds, Norman  
 Doig, Peter  
 Donnelly, Desmond  
 Driberg, Tom  
 Duffy, Dr. A. E. P.  
 Dunnett, Jack  
 Edelman, Maurice  
 Edwards, Robert (Bilston)  
 English, Michael  
 Ennals, David  
 Ensor, David  
 Fernyhough, E.

Fitch, Alan (Wigan)  
 Fletcher, Sir Eric (Islington, E.)  
 Fletcher, Raymond (Ilkeston)  
 Floud, Bernard  
 Foot, Sir Dingle (Ipswich)  
 Foot, Michael (Ebbw Vale)  
 Ford, Ben  
 Fraser, Rt. Hn. Tom (Hamilton)  
 Freeson, Reginald  
 Ginsburg, David  
 Gourlay, Harry  
 Greenwood, Rt. Hn. Anthony  
 Gregory, Arnold  
 Griffiths, David (Rother Valley)  
 Griffiths, Rt. Hn. James (Llanely)  
 Griffiths, Will (M'chester, Exchange)  
 Grimond, Rt. Hn. J.  
 Hamilton, James (Bothwell)  
 Hannan, William  
 Harper, Joseph  
 Harrison, Walter (Wakefield)  
 Hart, Mrs. Judith  
 Herbison, Rt. Hn. Margaret  
 Hooson, H. E.  
 Houghton, Rt. Hn. Douglas  
 Howarth, Harry (Wellingborough)  
 Howell, Denis (Small Heath)  
 Hoy, James  
 Hughes, Cledwyn (Anglesey)  
 Hughes, Emrys (S. Ayrshire)  
 Hynd, John (Attercliffe)  
 Irving, Sydney (Dartford)  
 Jackson, Colin  
 Jeger, Mrs. Lena (H'b'n & St. P'cras, S.)  
 Johnson, Carol (Lewisham, S.)  
 Jones, Dan (Burnley)  
 Jones, J. Idwal (Wrexham)  
 Jones, T. W. (Merioneth)  
 Kelley, Richard  
 Kenyon, Clifford  
 Kerr, Dr. David (W'worth, Central)  
 Lawson, George  
 Leadbitter, Ted  
 Ledger, Ron  
 Lee, Rt. Hn. Frederick (Newton)  
 Lee, Miss Jennie (Cannock)  
 Lever, Harold (Cheetham)  
 Lever, L. M. (Ardwick)  
 Lewis, Arthur (West Ham, N.)

Lomas, Kenneth  
 Loughlin, Charles  
 Lubbock, Eric  
 McBridge, Neil  
 McCann, J.  
 MacColl, James  
 MacDermot, Niall  
 McGuire, Michael  
 McInnes, James  
 McKay, Mrs. Margaret  
 Mackenzie, Gregor (Rutherglen)  
 Mackie, George Y. (C'ness & S'land)  
 Mackie, John (Enfield, E.)  
 MacMillan, Malcolm  
 MacPherson, Malcolm  
 Mahon, Peter (Preston, S.)  
 Mallalieu, E. L. (Brigg)  
 Mallalieu, J. P. W. (Huddersfield, E.)  
 Mapp, Charles  
 Mason, Roy  
 Mellish, Robert  
 Millan, Bruce  
 Milne, Edward (Blyth)  
 Morris, John (Aberavon)  
 Mulley, Rt. Hn. Frederick (Sheffield Pk)  
 Murray, Albert  
 Neal, Harold  
 Newens, Stan  
 Noel-Baker, Rt. Hn. Philip (Derby, S.)  
 Oakes, Gordon  
 O'Malley, Brian  
 Orme, Stanley  
 Oswald, Thomas  
 Owen, Will  
 Page, Derek (King's Lynn)  
 Paget, R. T.  
 Palmer, Arthur  
 Pargiter, G. A.  
 Park, Trevor (Derbyshire, S.E.)  
 Parking, B. T.  
 Pearson, Arthur (Pontypridd)  
 Pentland, Norman  
 Perry, Ernest G.  
 Popplewell, Ernest  
 Prentice, R. E.  
 Price, J. T. (Westhoughton)  
 Probert, Arthur  
 Pursey, Cmdr. Harry  
 Rankin, John

Redhead, Edward  
 Rees, Merlyn  
 Reynolds, G. W.  
 Rhodes, Geoffrey  
 Richard, Ivor  
 Roberts, Albert (Normanton)  
 Roberts, Goronwy (Caernarvon)  
 Robertson, John (Paisley)  
 Robinson, Rt. Hn. K. (St. Pancras, N.)  
 Rogers, George (Kensington, N.)  
 Shore, Peter (Stepney)  
 Short, Rt. Hn. E. (N'c'le-on-Tyne, C.)  
 Silkin, John (Deptford)  
 Silkin, S. C. (Camberwell, Dulwich)  
 Silverman, Julius (Aston)  
 Silverman, Sydney (Nelson)  
 Skeffington, Arthur

Slater, Joseph (Sedgefield)  
 Small, William  
 Snow, Julian  
 Steel, David (Roxburgh)  
 Steele, Thomas (Dunbartonshire, W.)  
 Stonehouse, John  
 Stones, William  
 Summerskill, The Hn. Dr. Shirley  
 Swain, Thomas  
 Swingler, Stephen  
 Taylor, Bernard (Mansfield)  
 Thomas, George (Cardiff, W.)  
 Tinn, James  
 Wainwright, Edwin  
 Walden, Brian (All Saints)  
 Walker, Harold (Doncaster)  
 Wallace, George

Watkins, Tudor  
 Wells, William (Walsall, N.)  
 Whitlock, William  
 Wigg, Rt. Hn. George  
 Wilkins, W. A.  
 Williams, Alan (Swansea, W.)  
 Williams, Albert (Abertillery)  
 Williams, W. T. (Warrington)  
 Willis, George (Edinburgh, E.)  
 Wilson, Rt. Hn. Harold (Huyton)  
 Winterbottom, R. E.  
 Woof, Robert  
 Zilliacus, K.

## TELLERS FOR THE NOES:

Mrs. Harriet Slater and  
 Mr. Charles Grey.

10.30 p.m.

*Question proposed,* That the Clause stand part of the Bill.

**Mr. Graham Page** (Crosby): We cannot let this Clause go without a further explanation from the Government. It is a Clause which deals with miscellaneous amendments to the Import Duties Act, 1958, and I think that the Minister of State unwittingly misled the Committee in dealing with the last Amendment, when he said that Clause 2(1) gave further relief to shipbuilders—

**The Chairman:** Order. It is very difficult for the Chair to hear the hon. Member if other hon. Members indulge in loud conversations.

**Mr. Page:** I am much obliged, Dr. King.

Clause 2(1) deals with Section 7 of the Import Duties Act, 1958, which deals with imported goods intended to be exported. It does not deal with shipbuilding or ship repairing or with goods brought to a ship-repairing yard. They are dealt with in Section 5(2) of that Act, and by that subsection seem to be given a complete exemption. The subsection says:

“Goods of any description shall be exempt from import duties, if consigned direct to a registered shipbuilding yard and imported for the purpose of being used for the building, repairing or refitting of ships in the yard.”

It is in the Import Duties Act, 1958, in Section 5(2), that we have exemption for the very goods dealt with in Clause 2(1). Therefore, what is the purpose of Clause 2(1)? It seems to introduce these goods into a class where certain conditions have to be observed before relief is given.

It seems to me that it does not do what the hon. Gentleman said it did, give further relief to shipbuilding. It seems to put further conditions on those who are importing goods for use for shipbuilding or ship-repairing with the intention of their being exported. We already have that exemption under Section 5(2) of the 1958 Act. So far as drawbacks are concerned, we have the exemption under Section 9(4). The conditions which can now be imposed by bringing this subject into Section 7 of the 1958 Act only seem to be restricting

and not lessening the bonds on those who import these goods. Why these further conditions under Clause 2(1)? If conditions are to be imposed, as appears from Clause 2(1), how are these conditions to be imposed?

The Treasury can impose conditions by Order, and, as under the 1958 Act, the Order has to be made by Statutory Instrument. Is that the intention, that, instead of the imported goods for shipbuilding being completely free under Section 5(2) of the 1958 Act, they are in future to be subject to some further restrictions under Clause 2(1) of the Bill? If ships are to be switched, as it were, from Section 5 of the 1958 Act to Section 7 of that Act, will the manufacturer, the shipbuilder, who uses these goods for shipbuilding have to go through all the procedures of Section 7?

Section 7 of the 1958 Act sets out an elaborate procedure for obtaining freedom from import duty. It would seem that the amendment proposed by subsection (1) of the Clause imposes a procedure which did not exist before for this class of manufacturer. Clause 2(3) provides that

“So much of subsection (3) of that section”—

Section 7 of the 1958 Act—

“as requires any application for the exercise of the power conferred by that section to be made by the importer, to be made in writing and, except where the Commissioners otherwise allow, to be made before the imported articles are released from customs control shall cease to have effect.”

It is not clear from that whether, first, an application must still be made and, secondly, if it does, whether it has to be made by the importer himself. The relief given here is that the application does not have to be made in writing and before the imported articles are released, but it leaves out whether an application must be made at all and, if so, by whom.

Subsection (5) seems to be wholly objectionable. It deals with an order under Section 9 of the 1958 Act, which states:

“Subject to the provisions of this section, the Treasury may by order provide that drawback on exportation shall be allowed under this section (either for a period specified in the order or without limit of period) as respects import duties paid on the importation of goods of any description specified in the order.”

In short, it says that any allowance of this sort is made by the Treasury by order and that no order shall be made except on the recommendation of the Board of Trade and in accordance with the Fifth Schedule of the 1958 Act. These drawback orders are at present made by Statutory Instrument. That is provided for in Section 13 of the 1958 Act, which states:

“(2) Any power of the Treasury or Board of Trade to make orders or regulations under this Act shall be exercisable by statutory instrument”.

An even more important point is that if those orders are in respect of a relief from tax, they take effect only subject to annulment by a Resolution of the House of Commons. If they increase the tax or if they decrease the relief from tax, then they only take effect for 28 days, unless they have an affirmative Resolution of the House.

This is an elaborate procedure whereby drawback orders are made and whereby the House has kept track of departmental taxation. Even when tax is being decreased, an order must be laid before Parliament by Statutory Instrument and Parliament can decide whether to pray against it. If it is increasing tax or decreasing the relief from tax, it cannot continue to take effect after 28 days unless it has an affirmative Resolution of the House.

Now, it seems, the Clause will alter this procedure and the Treasury will be entitled to make its drawback orders without mentioning the rate of drawback. Subsection (5) reads:

“An order under Section 9 of the said Act of 1958 providing for drawback . . . on the exportation of goods produced or manufactured from imported articles may, instead of prescribing a rate of drawback . . . provide that the drawback shall, in relation to these goods, be of an amount equal to the duty appearing to the Commissioners to have been paid.”

Without the House knowing what rate of drawback is intended, the House will be asked to give a blank cheque to the Commissioners to decide that rate where previously they have always had to bring it before the House in an order by Statutory Instrument.

This provision tucks away in Clause 2 a constitutional change without a proper explanation being given by the Government as to why it is necessary.

It is a constitutional change giving the right to a department to tax and set a rate of tax as it might choose without telling the House even the rate it will impose. The subsection seems to be thoroughly objectionable. I hope that the Minister of State will have some explanation to give.

**Sir E. Errington:** In discussion of the last Amendment, I endeavoured to get the Minister of State to tell us the position in relation to a hydrofoil. He informed me that he would deal with it later. I understand that a hydrofoil is in the nature of a ship. I want to know whether or not it comes under this Clause. It is a simple question and I hope that the Minister of State will do me the courtesy of answering on this occasion.

I made the point that there was little distinction between a hydrofoil and a Hovercraft. They work on different lines, but achieve the same object in travelling over the sea. It is a pity that the Minister of Technology has left the Chamber. There is a considerable development of hydrofoils, which, I hope will increase. I should like to be satisfied that if there is any benefit under this Clause—which, at the moment, I fail to see, and I await with interest the Minister's answer to my hon. Friend the Member for Crosby (Mr. Graham Page)—when goods are brought to a registered shipbuilding yard for the purpose of building a hydrofoil, they will get that benefit.

**Mr. David Price (Eastleigh):** I appreciate what my hon. Friend the Member for Aldershot (Sir E. Errington) has said, and I shall appreciate it if, when the Minister of State replies, he will also deal with the case of Hovercraft.

I have studied the Import Duties Act, 1958, and I draw attention to subsection (6) of Section 5, where I looked for a definition. It does not help us except from the weight limit. It says:

“Unless otherwise provided by order of the Treasury, the expression ‘ship’ in subsections (2) and (3) of this section shall not include any ship which is of a gross tonnage . . . of less than eighty tons.”

That would rule out many current hovercraft. Is it the view of the Department—I suppose that at the end of the day it would be determined in the courts—that a Hovercraft is in fact a ship? This is not an entirely esoteric question. Those of us who represent constituencies around

[MR. PRICE.]

Southampton Water and the Solent are deeply concerned about the development of Hovercraft. We read that the Americans are considering the application of pocket nuclear power propulsion to Hovercraft, a form of propulsion which we have not developed. We have been working mainly on the Magnox type of reactor. These are, I understand, variations of the boiling water reactor on which the Americans have done a lot of work in relation to nuclear submarines.

10.45 p.m.

I say with all respect to the Minister of State that this question of definition, which may appear to be rather an esoteric and semantic point, is extremely relevant to the future of the Hovercraft which is, I hope, of deep interest to all members of the Committee, but especially to those of us who represent constituencies in southern Hampshire and the Solent area.

**Mr. Maxwell-Hyslop :** I should like to be told what a manufacturer has to do before he can register as a registered shipbuilding yard. I ask this question because there is an increasing export trade in fast motor boats produced in this country, and there is not as yet any suitable lightweight high-powered V.8 engine produced in this country which can be installed, for which reason manufacturers tend to install imported Chrysler engines in particular.

Many of these light vessels could much more efficiently be produced in an inland factory than in a yard adjacent to the sea, which is quite unnecessary. As this is a type of export which I have reason to believe is now increasing and is presumably a type of industry that we would like to encourage, I should be grateful if the Minister would let the Committee know whether a factory producing motor boats which is not adjacent to the sea or water can be registered as a shipbuilding yard within the meaning of this Clause.

**Mr. Redhead :** May I first deal with the point raised by the hon. Member for Aldershot (Sir E. Errington)? I am sorry if I misunderstood the point of his question. I understood it to apply to the Amendment then under discussion. I will attempt to deal with the question, which was whether a hydrofoil is

within the definition of a ship for the purposes of the existing reliefs applicable to the shipbuilding industry. I gather that is the point?

**Sir E. Errington indicated assent.**

**Mr. Redhead :** I am advised that the definition of a ship is a legal question but, on the information at present before me, it would appear probable that a hydrofoil would be an exempt ship if it weighed over 80 tons and satisfied the other definition in the Act. The point, however, is one which I should like an opportunity of confirming, and I will write to the hon. Gentleman subsequently by way of confirmation or otherwise.

A similar point was raised on the question of Hovercraft. I would not venture an opinion at the moment as to the probabilities in that connection, but I would like to have an opportunity of doing so later.

As to whether a factory producing motor boats in a place which is not adjacent to water can be a registered shipbuilding yard, there would be a question of the application for registration and of whether it conforms to the requisite conditions of the appropriate Act. Again I am not too clear—it has not been within my province at the Board of Trade—as to the precise procedures of application, but I will communicate with the hon. Gentleman later and advise him precisely what those procedures are.

Perhaps, therefore, I may now address myself to the points which have been raised on subsection (1) of the Clause. The provisions in this Clause arise on and follow from the statement made by my right hon. Friend the President of the Board of Trade during the Budget debate on 8th April—the appropriate references in the OFFICIAL REPORT are columns 687 and 688—when he said that he had in contemplation some changes in administering drawback of import duties. He explained that

“Drawback is designed to relieve the exporter of paying duty on materials which he needs to import, although without necessarily stimulating imports.”—[OFFICIAL REPORT, 8th April, 1965; Vol. 710, c. 687.]

My right hon. Friend indicated that we were addressing ourselves to the task of assisting exporters to whom it is important to use imported materials in order to compete effectively abroad. This

was by seeking the means of avoiding delays and undue complications in procedures by which they apply for drawback or make applications for payment.

The changes which my right hon. Friend envisaged fell into two categories. First, there were the administrative changes of procedure and interpretation in the application of the existing legal provisions, which are outside the scope of our present discussion. Secondly, he envisaged a number of legislative changes to which effect is being given in this Clause. All the changes involved are of the same kind, inasmuch as they do not involve any fundamental alteration in the basic purposes of the drawback provisions but are aimed at providing a greater degree of flexibility in their application, to remove in one or two instances certain doubts which have arisen and certain irritations apparent to exporters when operating the existing provisions.

The main provisions for drawback are in Sections 7 and 9 of the Import Duties Act, 1958. The Clause is directed to the amendment of those Sections. I am sorry that the hon. Member for Crosby (Mr. Graham Page) thought that I earlier misled the Committee in saying that subsection (1) gave additional relief. The hon. Member went on to support his view that I was misleading by quoting Section 5 of the 1958 Act as if it were a blanket provision exempting all such goods. If the hon. Member will address himself to the terms of that Section he will see that it applies to goods of any description which are consigned direct to a registered shipbuilding yard. Not all goods which would qualify for relief under the drawback provisions of either Section 7 or Section 9 of the 1958 Act are necessarily consigned direct.

**Mr. Graham Page:** I notice, of course, the difference in the words, but Clause 2(1) uses the words

“ . . . goods brought to a registered shipbuilding yard . . . ”

Surely those words cover goods consigned direct to a registered shipbuilding yard. Therefore even those which are consigned direct will now come under those words and come within Section 7 of the 1958 Act by virtue of coming within Clause 2 of this Bill.

**Mr. Redhead:** Perhaps the point will be clear if I explain in more detail the purpose of the subsection. The Amendment is designed to do no more than remove discrepancy between the drawback provisions of Section 9 and the duty relief provisions of Section 7 of the 1958 Act. Section 5, to which the hon. Member has drawn attention, makes provision for goods of any description consigned direct to a registered shipbuilding yard to be used for shipbuilding, repairing or refitting, to be exempt from import duty. By extension of this principle, goods of a drawback class—those covered by a drawback order under Section 9—when delivered to a shipbuilding yard are deemed by Section 9(4) to be exported so as to qualify for relief which is normally dependent upon export. But in the absence of corresponding provision in Section 7, goods which would qualify for relief under that Section are geared by the present terminology to actual exportation. To that extent, therefore, that Section differs from Section 9. This has led to certain difficulties in practice in the case of goods incorporated in ships.

Perhaps I can best illustrate the point by an example of the kind of goods which, in equity, ought to have relief but which, as the respective Sections are now phrased, would be denied it. A manufacturer of ship's hatch covers wishes to import certain types of specialised equipment from the Continent for incorporation in hatch covers for fitting to new vessels. If the parts had been delivered direct to the registered ship building yard, they would have been exempt from duty under Section 5, as the hon. Gentleman knows. If they had been acquired by the ship yard and then sent to the hatch maker as a subcontractor, they would still have been exempt under that Section. If the hatch maker had imported the parts himself and they were covered by a drawback order under Section 9, drawback would have been payable when the completed hatch covers were delivered to the ship yard. As there was no such order and as the parts were sent direct to the manufacturer for incorporation before delivery of the hatch covers to the ship yard, the hatch maker was not entitled to duty relief.

[MR. REDHEAD.]

The amendment rectifies that obvious anomaly and removes the legal difference, bringing Sections 7 and 9 into conjunction. The difference was, in fact, quite accidental and not deliberate. It has been difficult to defend to an industry which plays a very important part in our export trade, and the purpose of the subsection, therefore, is to bring the two into relation and to do no more than give effect to what was equity in this respect.

The hon. Gentleman next raised a point on subsection (3), and I think that he was here a little confused on the question of who makes the application. The subsection amends Section 7(3) of the Import Duties Act so as to allow the Commissioners of Customs and Excise to accept an application for duty relief under Section 7 from a person other than the importer of the goods. Section 7(3), as amended by Section 10 of the Finance Act, 1960, requires that applications for relief from duty must be made by the importer and, save where the Commissioners otherwise allow, must be made before the imported articles are released from Customs control. The Customs have found from experience that this requirement places an unnecessary restriction upon them, as there are circumstances in which it would suit commercial requirements for the application to be made by a firm somewhere down the line of manufacture or processing. From the Customs point of view, it is, generally speaking, more convenient to deal with the intending exporter rather than with the original importer in circumstances of that kind.

Similarly, in a long and complicated chain, such as one sometimes finds in these cases, down which the original importer passes the goods through a series of other dealers until finally they are incorporated in goods which are exported, it is not always easy for anyone to say at the moment of import whether the goods in question will eventually be incorporated in exports.

The Customs already have powers conferred by Section 10 of the Finance Act, 1960 to accept belated applications. The proposed change, therefore, will permit some further easement of Customs administration. The Customs will still require to satisfy themselves in every

case—it will be done under the normal conditions and regulations—that they can adequately protect the revenue and ensure that imported articles or goods incorporating them which are manufactured or produced from them are, in fact, exported.

The final point was on subsection (5). With respect, I think that the hon. Gentleman misconstrued this. I am sure that the subsection will in no way abrogate from the requirements of Section 13 of the Act. What it does is to amend paragraph 3 of Schedule 5 so as to allow rates of drawback for particular classes or descriptions of goods to be calculated individually, where appropriate, firm by firm instead of on the basis, as now, of a class or description of goods, and will enable an equitable rate of drawback to be given in circumstances in which it has hitherto not been possible to provide an acceptable rate.

11.0 p.m.

Paragraph 3 of the 5th Schedule to the Act of 1958 sets out the conditions which govern the allowances of "materials for manufacture"—the drawback provision in that regard. But the conditions governing that calculation mean, in fact, that when making an order the rate of drawback must be calculated as a national average rate based on the figures supplied by all the likely participants in that particular relief.

Where there are a number of firms participating in a scheme with different manufacturing processes, using different quantities of raw materials, it is obviously going to produce different quantities of by-products and wastage, and the result is that a national average rate cannot be any more than rough justice.

What we are seeking to do is to give a more appropriate rate firm by firm, but this would have to be embraced in an Order made by the Treasury in precisely the same way as the orders of a national rate character, are at present made. It is not intended by this provision to interfere with any existing orders based upon a national rate of calculation, but only to apply it to new applications. We let stand the existing orders, but we shall be ready to consider any representations in regard to any such orders if there is a wish to

explore the possibilities on a firm by firm basis and if a more equitable arrangement can be made.

What we are trying to do in this Amendment is to introduce a more equitable arrangement which is a little less rough and ready than the existing one, and which we believe will be more helpful to the exporters concerned.

**Mr. Geoffrey Lloyd :** The Minister has explained that this Clause is partly to remove an anomaly which has been frustrating the intention of Parliament in giving this concession to shipyards. This is welcome in that it is a more constructive attitude than the rather backward-looking position he took with regard to the Amendments to this Clause put down by my hon. Friends.

May I press him to go a little further in the assurances he gave in regard to the point raised by my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) about making it possible for a registered shipyard to attract the concession although it is not necessarily on the seaboard, for example, in the Midlands.

In the United States, the making of these light craft is one of the fastest growing industries in the country. It is the fact that a very large proportion of these craft are manufactured far from the seaboard for reasons of commercial efficiency. This might well be the case in this country. It is also the case that this light type of motor craft and dinghy are extremely popular and the sailing of them is growing faster than almost any other sport.

It would be a pity if, for example, in the Midlands where the motor industry is established—and in America that industry has a great affinity with the manufacture of light motor craft—the building of these craft should be to some extent frustrated because it could not attract the concession given to a registered shipyard. I want to reinforce the point made by my hon. Friend and ask the Minister to consider it seriously.

**Mr. Graham Page :** I am sure the Committee is most grateful to the Minister for his lucid explanation of the points which I raised on Clause 2. There are just three points I would like to make. He did say that this Clause produced greater flexibility; of course, flexibility

can work in both ways, for and against the taxpayer.

In subsection (1), I am sure that in order to preserve the rights under Section 5(2) of the 1958 Act, this particular subsection of this Bill should exclude those which are already covered by section 5 (2) of the 1958 Act. It needs only a few words there to preserve their rights under Section 5 of the 1958 Act and not sweep them into this subsection of Clause 2.

I still do not think that the wording of subsection (3) makes it clear that it is someone other than the importer who can make the application. This is important in practice because, as the hon. Gentleman said, goods pass through several hands, and if it is the manufacturer of the final article which is to be exported who can make the application, it will simplify the procedure.

I am unconvinced about subsection (5). It is clear from the wording that the orders which are now to be brought before the House will not prescribe a rate of drawback. The words in the subsection are:

“instead of prescribing a rate of drawback”.

Therefore, the House will not know the rates above or below which the Commissioners are working to grant concessions. The House has always previously known the rate, and unless it knows it I do not know how it can be decided whether an affirmative Resolution is required or whether a negative Resolution is the appropriate course to take by anyone who wishes to object to the order. Unless we know the rate I cannot see how we can know whether it is an increase or a decrease in tax or relief. I hope that the hon. Gentleman will look again at subsection (5). I still think that there is a serious constitutional change in it.

**Mr. Redhead :** In so far as I have been pressed on the question of applications from registered shipyards, I fully appreciate the point made. I do not want it to be thought for a moment that I am unsympathetic to the purpose behind the question. I refrain from giving a specific reply because this is outside my province. Indeed, it is a question which might well have been asked at any time about the provisions as they have existed, but it has not been raised in this form. I can say that applications have to be made

[MR. REDHEAD.]  
to the Customs and Excise. What I said previously—that I would give the hon. Gentleman the requisite details in writing—still holds good. I will ensure that he has the requisite information to guide him. I am fully seized of the point made.

As to the hon. Gentleman's lack of conviction on the points I have raised, I think he will agree that, broadly speaking, he has accepted the purposes that I sought to outline for the subsections. What he really queries is the legal construction to be placed on the terminology in the Clause. He questions whether the purpose is adequately or effectively served by the terminology. These are very important questions of legal construction. While I am not convinced, any more than the hon. Gentleman is about my explanation, that his objections are sound, he may be sure that I will give attention to the points of view which he has raised.

*Question put and agreed to.*

*Clause ordered to stand part of the Bill.*

**Clause 3.**—(VALUATION FOR PURCHASE TAX OF GOODS CONTAINING COPYRIGHT MATERIAL.)

*Question proposed,* That the Clause stand part of the Bill.

**Mr. Graham Page:** I think that we need a little explanation of the Clause from the hon. Gentleman before we part with it. As I understand it, it follows the precedent in paragraph 3 of Schedule 8 of the Finance Act, 1940, which deals with patented articles in somewhat the same way as the Clause deals with copyright.

If I understand the position with regard to patented articles, that is that if a retailer—let us call him Mr. X—has gone to the inventor of an article, Mr. Y, and has paid him, say, £100,000 for the right to trade in the goods, but has bought the goods not from the inventor but from the manufacturer, Mr. Z, at £10,000, his Purchase Tax is paid on the value of the goods, the price which would be the right price between wholesaler and retailer. He may, therefore, find himself charged not on the £10,000 which he paid for the goods but on the £10,000 plus the £100,000 which he paid for the licence to use them.

I am glad I am getting some nods from the other side because it would seem to indicate that I have correctly understood

the patent Clause and therefore this copyright Clause. The patent Clause has lasted for twenty-five years without addition, and I think we should do well to probe and ask ourselves why copyright was not included in 1940. I have taken some trouble to look up the debates when the patent Clause was introduced, but I was surprised to find that it was not discussed during the Second Reading of the Bill in 1940, nor on Committee or Report stage. Incidentally, in those days, hon. Members appear to have been somewhat more lyrical than we are now. There were quotations from Tennyson's "May Queen" and concerning Purchase Tax on porcelain several apt quotations, such as

"The old order changeth . . .  
And God fulfils Himself in many ways,  
Lest one good custom should corrupt the  
world".

But there was nothing about the patent Clause, and I had to find my own way in order to understand it.

I had to refer to the present Clause, which repeats the patent law in exactly the same words, but relates it to copyright, and from my understanding of it one apparently pays Purchase Tax on the price which the goods would fetch in the open market, subject to certain assumptions. In relation to patented goods, the assumption appears to be that the retailer has not bought the right to deal in those goods and so they are free from patent restrictions. This is now to be applied to copyright as if the goods were free of copyright in the retailer's hands. He is acquiring them free and they must be valued at that.

Of course, I know the case from which this matter arises, because it is something of importance to many of my constituents. A great many of them are employed by Messrs. Littlewoods and this subject arose from the case where it was ruled that pools coupons are stationery and, therefore, could come under Group 26 and be subject to Purchase Tax. The Football League has a copyright in its list of fixtures, and Littlewoods bought a right to use that list from the Football League. The football coupons are then printed by a firm of printers, in which there will be noticed a close connection since its name is J. and C. Moore, Ltd. and the coupons are then sold to Littlewoods.

The latter firm sought to pay Purchase Tax on the basis merely of the bits of

paper; that is, the pools coupons, but the Inland Revenue authorities in turn sought to charge Littlewoods not only on the cost of the coupons existing as bits of paper, but also on what they had bought by way of using the copyright.

Hon. Members may have no real sympathy for the promoters of pools as against the Commissioners of Inland Revenue, but it was Lord Justice Harman, I think, who said that the Commissioners of Inland Revenue thought they could cash in on this bonanza but they failed. However much one may have no real sympathy with the pools promoters, they do provide entertainment and excitement for a very large number of people, and, incidentally, employ a great many others; and very many of those so employed are among my constituents. So I am interested in a constituency way in anything which may affect their capacity to employ.

11.15 p.m.

As a result of that case, when Littlewoods escaped Purchase Tax on the plea that it had paid for the use of this copyright, the Government now, I think in rather a shabby way, are trying to reverse it. I have tried to discover which groups it may affect. It will affect the stationery group that is liable to Purchase Tax—Group 26—which also includes diaries, calendars and similar articles so that any copyright in these will be charged to Purchase Tax, but I would think that perhaps the biggest group on which the Government intend to cash in on this bonanza would be gramophone records. There is the copyright element in them. In Group 25, I suppose that books, prints and photographs are included.

One wonders how much Purchase Tax is involved in this. Perhaps we might have some indication of what the Government hope to collect by this alteration in the law. Apart from the amount of money involved, is it right that goods should be loaded with the copyright element in order to collect tax on that inflated amount in the same way as patented goods are loaded with the patent element, the trade mark element and the design element?

Is there any distinction and should we draw one, as we have done for the

past 25 years, between patented goods the goods with copyright in them? In the Littlewoods case, Lord Denning found a clear distinction. After explaining how patented goods paid Purchase Tax on the loaded element in the goods, he commented:

“Significantly enough, there is no such provision in regard to the copyright element. There is nothing to say that the price is to be loaded with the copyright element.”

This is without the amendment proposed by the Bill. He continued:

“In order to solve this problem, it is necessary to remember the nature of copyright. It is an incorporeal right quite distinct from the paper on which it is written. When an author sets down his words in writing, he acquires copyright in the written expression of this thought, but not in the thoughts themselves nor in the paper on which they are written. He may sell the paper to another, but he does not thereby sell the copyright. Unless he expressly assigns copyright, he can stop anyone thereafter reproducing his words, even after he has sold the piece of paper.”

Lord Denning found a distinction between a patented article and a copyright article and this was expanded upon by Lord Justice Harman in his judgment. Lord Justice Harman said:

“I cannot help thinking that the mental gymnastics to which this court has been urged throughout this case, to which standing on one's head is nothing, are all caused by the fact that purchase tax here has been applied to a subject-matter to which it does not really fit.”

I would adapt Lord Justice Harman's words and say that the proposed amendment to the 1963 Act, contained in Clause 3, attaches Purchase Tax to a subject matter to which it does not really fit.

**The Solicitor-General:** I think I can answer the hon. Member for Crosby (Mr. Graham Page) in a very few words. He is perfectly right when he says that this Clause arises out of a recent decision of the House of Lords, a decision which revealed what I submit is an anomaly in the law. The Clause proposes to amend the Purchase Tax Act, 1963, which succeeded, as the hon. Member said, the Finance Act, 1940. I have been trying to cast my mind back to the Finance Act, 1940. I cannot remember the precise motives at that time, but the explanation may be that in that year we had certain other things on our minds besides the details of the Inland Revenue.

## [THE SOLICITOR-GENERAL.]

The position is this. Taking the Purchase Tax Act, 1963, Section 3, for the purposes of Purchase Tax, the Commissioners of Customs and Excise are required to make an estimate. The tax is charged on the wholesale value of the goods. The Commissioners have to form an opinion as to the price which the goods would fetch at the time when the tax becomes due to a person selling wholesale in the open market in the United Kingdom to a retail trader in the United Kingdom. For that purpose they have to take various things into account. It is perfectly true that, where a patent or a trade mark is involved, then they are enjoined to take this into account.

I do not quarrel in the least with the analysis which the hon. Gentleman gave. They have to look at what the goods cost and where a payment has been made to a patent holder, then they have to take that into account as well in arriving at the value of the goods. Over a long period of time the practice of the Commissioners had been to treat copyright in precisely the same way as patent or trade marks. That is to say, where copyright entered, in dealing with stationery or whatever it may be, then account was taken of the copyright and the payment which should have been made in respect of the copyright, in precisely the same way that they took into account what payment would have been made in respect of a trade mark or a patent.

It was held by the Court of Appeal and the House of Lords in the case referred to by the hon. Gentleman that copyright was not covered by the Purchase Tax Act, 1963. It is not actually mentioned in the schedule. It was on those grounds, because of the omission in the 1963 Act, that the Court of Appeal and the House of Lords arrived at their decision.

There can be no difference in principle, why these matters should be dealt with differently. They are all elements which should be considered by the Commissioners when they form their opinion as to the value of the goods at the time appropriate. I would reassure the hon. Gentleman that this is not going to affect the employment of his constituents at Littlewoods in the slightest degree. We are merely dealing here with what has

been revealed to be an omission in the law. I would invite the Committee to approve the Clause.

*Question put and agreed to.*

*Clause ordered to stand part of the Bill.*

**Mr. Callaghan :** I beg to move,

"That the Chairman do report Progress and ask leave to sit again."

I am sure that will be a very welcome speech. We could have gone a little further today, but we have made a start and as it is nearly half-past eleven on the first night, I hope that by finishing now, as we are, perhaps we can make a good start on Wednesday and make a little more rapid progress than we have done today.

*Question put and agreed to.*

*Committee report Progress ; to sit again Tomorrow.*

## COMMERCIAL VEHICLES (LIGHTING)

*Motion made, and Question proposed, That this House do now adjourn.—[Mr. Gourlay.]*

11.24 p.m.

**Mr. John Page** (Harrow, West) : I am grateful for the opportunity this evening to raise a subject of importance to every road user in the country—the lighting of heavy commercial vehicles by night and by day. I hoped originally to raise this matter during the winter months, because it is between the hours of 4.30 and 7.0 in the winter evenings that the majority of road accidents happen, when it is dark and sometimes raining. It is then that defects in lighting appear most obviously.

As I am sure the Parliamentary Secretary will confirm, it is an offence to use a vehicle on the road in the hours of daylight if its lights are not working properly. In the last week or so, since knowing that this Adjournment debate was to take place, I have taken particular note of commercial vehicles, and I mean heavy commercial vehicles and not the small vans which usually fall into the category of the motor car. The lights of many of these vehicles can be seen to be defective, even by a cursory and passing look. Today, for instance, I

drove down the M.1 from Northampton looking at the rear lighting of the vehicles as I passed, and out of 46 lorries which I passed eight had rear lights or reflectors which were either broken or missing, some with flex hanging down, and ten others had lights so badly obscured by mud or diesel exhaust slime as to have been inefficient in darkness.

At the end of the journey, I stopped at about one o'clock at a transport café at Watford, at the end of the M.1, and had a look at the vehicles in the car park. I and friends with me were staggered by the bad condition of some of the lighting. It was not just on the very rough vehicles, the gravel and sand lorries which have a very rough time and which one almost expects to find defective, but was also to be found on some very good vehicles owned by reputable companies. It was particularly appalling to see them coming into the car park and braking, for one could then see how many brake lights were not working properly. I spoke to a number of drivers who were extremely friendly and helpful and all agreed that there was a big problem with the lighting on their vehicles, especially the rear lighting. I hope to condense some of their suggestions into my concluding remarks.

Tonight our discussion must revolve around the following questions. First, are the present regulations adequate? Secondly, are they carried out and enforced and enforceable? Thirdly, should there be new regulations? Lastly, are there any other things which could be done to help to improve vehicle lighting and its effectiveness?

In brief, I accept that there are technicalities, but as a generalisation the present regulations demand as obligatory two side lights showing white to the front, two red rear lights, and two reflectors. The rear number plate must be illuminated by either a separate light, or by a light thrown from one of the other lights. Extra long and extra wide vehicles also need special lighting. The fact that headlamps are not obligatory is surprising to most people. Stop lights and flashing lights are not obligatory on all vehicles.

As to the front lights, if the two side lights were working I should have thought that they were adequate. The fact that headlights are not obligatory is obviously

a technicality. The reason might be that because farm vehicles, for instance, are never used on roads, it is not necessary for headlamps to be fitted to a vehicle when it is made.

However, and this is my first recommendation, I have had a fitting called dim-dip fitted to the headlamps of my car for the last six months, and I am extraordinarily pleased with it. I believe that the Ministry has instituted a scheme with the use of dim-dip with London taxis, the effect being that if the ignition is turned on, when the sidelights are on the headlights operate at the same time in a dimmed condition. I have found from practical experience that this is a very good form of lights to use in roads which have street lighting but where the lighting is not good enough for the use of sidelights alone.

I hesitate at this stage to advocate that dim-dip should be made compulsory, but I hope that discerning motorists and people such as the police might be encouraged to use it and that it will become a feature of discussion among the motoring public. I know about the Birmingham experiment with the use of dipped headlights at all times during the hours of darkness, but I have found that in cities and built-up areas dipped headlights are often much too bright. With the queue of cars that travels along Cromwell Road in the evening hours, for example, I think that they would be too bright.

The existing rear lighting of a vehicle comprises the light which illuminates the number plate, the two red rear lights and two reflectors. When a vehicle leaves the factory or has been newly maintained, this rear lighting, simply to indicate the back of the vehicle, is probably adequate. I should, however, like to know the Joint Parliamentary Secretary's view about whether the existing rear lighting has sufficient intensity when vehicles are dirty and when the lights are obscured by dirt.

My view is that all vehicles, both old vehicles and those newly manufactured, should also have stop lights, which could easily be incorporated. Very little addition is needed to the electrical system to allow for stop lights. I also consider that on commercial vehicles winking lights to indicate whether a vehicle is turning to the right or to the left should be made compulsory. With those lights,

[MR. PAGE.]

and with the addition of a special light to indicate whether a vehicle is more than, say, 27-30 ft. in length, I believe that the rear of a vehicle would be sufficiently illuminated.

Friends of mine and people from the motoring organisations have mentioned the Continental or American style, with lights all over the vehicle, but I do not see much benefit in seeing what the height of the vehicle is. I see, however, that there is benefit for a person who passes a long vehicle at night if he knows whether it is just an ordinary lorry or an extra-long lorry. I would suggest some kind of triangle or cross illuminated in the middle of the back of the vehicle so that one knows whether it is a long one or not.

I come now to the second point. Are these regulations carried out, and are they enforced? I can say for certain that they are not carried out. A survey carried out by the A.A. in February of this year showed the vast inefficiency of vehicle lighting on the road. I am sure that the Parliamentary Secretary and every motorist must know that a great many vehicles—I would say at least one out of every three commercial vehicles—on the road at present have defective lighting. One reason is that they are not strongly enough manufactured. The brackets on which they are put are not really rugged enough to stand up to the job which they have to do. I wonder whether the Parliamentary Secretary might like the motoring organisations to bend their minds to seeing whether some kind of standardisation of a more rugged type of equipment could be envisaged, and whether there is some way of making the brackets much stronger.

The regulations are not enforced, either. This is proved by the fact that vehicles are being driven with their lights covered with mud and slush. This can be remedied in a matter of seconds by the vehicle being washed.

A rag smeared over the vehicle once a week in the morning or the evening would do the job. Lights, especially the brake lights, cannot be tested by the driver himself, because he cannot be in the cab pressing down the pedal and at the back seeing whether or not the

lights are working. That has to be very carefully checked.

Are these regulations enforced or enforceable? They are not enforced, and they cannot be 100 per cent. enforceable with the police working almost at saturation point on traffic problems as they now are. I should like to make one serious suggestion to the Parliamentary Secretary, that when a vehicle is stopped by the police, not only the driver but the owner of the vehicle should be summoned. I believe that the powers already exist under the regulations. I believe that many companies would institute proper maintenance programmes for their vehicles if the company secretary or the managing director were to get a number of buff envelopes from the police and if his company were reported in the local press as running inefficiently maintained vehicles.

I believe that flaps are advantageous when they are attached to the back of the mudguards of the big lorries. I know that the Road Research Laboratory has been carrying out a survey on this. Could the Parliamentary Secretary give us any results of this? I should, perhaps, declare my interest, because if vehicles were fitted with these flaps the firm with which I am connected might make them, not that there would be any harm in that.

There is in Italy a regulation compelling all vehicles to carry a red triangle on which is fitted a reflector. In the event of a breakdown the triangle is placed some distance from the vehicle—20 to 100 yards, according to the circumstances—to warn traffic. I hope that the Joint Parliamentary Secretary will draw the attention of his right hon. Friend to that regulation; although, to be effective, such a scheme must be operated by all drivers.

I understand that a scheme to inspect vehicles once a year is under consideration. I hope that the Joint Parliamentary Secretary will inform us of Government thinking on this matter. I hope that, whatever scheme of inspection is adopted, the inspections will be carried out at garages which have special equipment and not, as I believe might be in the mind of the Government, only in Government testing stations. I must resume my seat to give the hon. Gentleman time in which to reply. I hope

that he will tell us about the latest international standards on lighting if he has any information.

In this short debate we are discussing an important subject about which, I am sure, all hon. Members feel concerned. I hope that it will not receive only a moment of interest but that the Joint Parliamentary Secretary and the public will take a continuing interest in the problem.

11.43 p.m.

**Mr. J. Enoch Powell** (Wolverhampton, South-West): For a few seconds before the Joint Parliamentary Secretary replies I wish to emphasise the great importance of the subject which my hon. Friend the Member for Harrow, West (Mr. John Page) has raised tonight.

There are, as my hon. Friend said, two distinct aspects. One is the improvement of the Construction and Use Regulations in the matter of lighting—and my hon. Friend mentioned a number of respects in which there could be advances; and these will, no doubt, come along—and the other aspect is enforcement. On that we do not need to wait for further regulations.

Like so many people, I have been shocked to notice the large number of cases of breaches of the law in regard to the lighting of vehicles, with manifest risk to other users of the roads. The Joint Parliamentary Secretary will be entitled to say that enforcement does not fall within the province and responsibility of his Department. Nevertheless, I feel sure that if his Department—and, indeed, the general public—gives the importance and priority to this aspect of enforcement which I believe it deserves then, even with the existing resources of the police, we could speedily see some improvement in this important respect.

11.44 p.m.

**The Joint Parliamentary Secretary to the Ministry of Transport (Mr. Stephen Swingle)**: The subject of lighting of road vehicles arouses wide interest and we are happy that this is so. Proper lighting is one of the most important aspects of road safety and we want to achieve the highest possible standards by vehicle owners and operators. I recently answered some Questions in the House on this subject, when a number of hon. Members expressed their views. Tonight the hon. Member for Harrow, West (Mr. John Page) has drawn attention to what he regards as a number of deficiencies.

I hope to answer all the points which he and the right hon. Gentleman the Member for Wolverhampton, South-West (Mr. Powell) raised. The governing legislation is the Road Transport Lighting Act, 1957, and the Regulations made under it, which are concerned solely with ensuring proper standards of vehicle lighting.

Difficulties similar to those which the hon. Gentleman mentioned arise not so much from deficiencies in the present state of the law—though I am not claiming that new Regulations on the subject are not necessary; and I will refer to that shortly—but, as I said in replying to the hon. Member for Eton and Slough (Sir A. Meyer) at Question Time recently, from difficulties in enforcing the law.

We appeal to all citizens to try to achieve a higher standard of enforcement of the existing Regulations, which would bring considerable benefits to all road users.

The hon. Member for Harrow, West has raised a number of specific points about the lighting of commercial vehicles, especially heavy goods vehicles. He gave me notice of these points and I shall direct my attention to them immediately. One of the suggestions he made was that there should be an extension of the system known as dim-dipped headlights. This is a system of lighting devised by the Road Research Laboratory for use in streets which are well lit at night. The idea is to make clear to other road users when a vehicle using the system is moving without the attendant dangers of dazzle. With the co-operation of the London taxicab owners, we and the Laboratory are at present conducting a controlled experiment to see whether the system in fact has the advantages from a road safety point of view that we hope. If it lives up to our expectations—we shall not know this until the experiment is completed—we shall certainly give serious attention to the possibilities of extending the use of the system. Certainly the problem of dazzle from headlamps, which is not confined to commercial vehicles, is one which worries us a great deal. We are hoping that this new lighting system will prove a great step forward in combating it.

[MR. SWINGLER.]

The hon. Member drew attention to the problem of dirt on rear lamps. This is a very serious problem. He suggested that we ought to make it compulsory for rear lamps to be brighter to counteract the effects of dirt. The difficulty here is that those drivers who take the trouble to keep their rear lamps clean would, if brighter lights were fitted on their vehicles, be in danger of making them so bright as to dazzle drivers of other vehicles. The law on this subject is at the moment quite definite. It requires that all rear lamps—not only on commercial vehicles—shall be maintained in a clean and efficient condition. It will therefore be realised that this is a problem of enforcement rather than of making new regulations, a problem of enforcing a higher standard of cleanliness among drivers in regard to rear lamps. However, we are considering increasing the minimum required area of the rear lights of commercial vehicles. At present the area is  $3\frac{1}{2}$  square inches, but we are now thinking in terms of 12 square inches as the standard and also proposing to improve these standards on all types of vehicle. We are also proposing to make stop lights compulsory, possibly with different intensities for day and night use.

The hon. Member referred to the question of mud flaps and dirt thrown up by vehicles in our typically British weather. The Road Research Laboratory has conducted an interesting and valuable experiment on the problem of spray thrown up by heavy vehicles on wet roads. I am glad that some hon. Members pay attention to reports by the Road Research Laboratory; I wish that they were more widely read. The report on this subject suggests that some improvement could be made by having mud guards and flaps on commercial vehicles, although we must remember that the experiments by the Laboratory have shown that the amount of spray depends largely on the speed of the vehicle and a great proportion comes from the side of the wheels, so the effect of using flaps is bound to be somewhat limited. We have brought the report of the Road Research Laboratory to the attention of the Society of Motor Manufacturers and Traders and of certain leading manufacturers of commercial vehicles. We are in touch with the Society and

hope soon to hear whether it has been able to do anything on the lines suggested in the report.

Now I turn to the question of direction indicators. The hon. Member asked whether it should be made compulsory for vehicles to be fitted with direction indicators. On and after 1st September this year all new vehicles which are fitted with direction indicators will have to comply with new regulations. These regulations require that the indicators should be amber in colour and be in the form of flashing lights. As soon as we have had experience of the effect of these new regulations it is our intention to make the new direction indicators compulsory for all new vehicles.

**Mr. John Page:** New vehicles?

**Mr. Swingle:** All new vehicles.

Incidentally, the House may be interested to know that we are also considering whether it would be practicable to specify different intensities for use by day and night, in order to lessen the dangers of drivers being dazzled by direction indicators.

The hon. Gentleman also raised the question of vehicles that protrude at the back for a considerable length. He was anxious that special markings should be used. Our regulations already provide that vehicles or combinations of vehicles which exceed 60 ft. in length must carry marker lamps on each side of the vehicle. But we are not entirely satisfied that the present situation is the right one, and we are considering together with our European colleagues on the Road Transport Committee of the Economic Commission for Europe whether there is a need for shorter vehicles to carry lights or reflectors at the side. This Committee of the E.C.E. is doing a great deal of valuable work to try to bring about in Europe standardisation of the lighting of vehicles. It has already produced several regulations under an agreement reached in 1958 to define standards for headlamps, headlamp bulbs, reflex reflectors and direction indicators. The standards set by these regulations will be used by us for defining lighting equipment to be fitted to vehicles used in this country.

The hon. Gentleman asked about the prosecution of the owners of vehicles

with defective lighting as well as the drivers. The law already provides that this should be done. Section 12 of the Road Transport Lighting Act, 1957 makes it an offence for a person to cause or permit any vehicle to be on any road in contravention of any of the provisions of the Act, or of any of the regulations made under it. A fine not exceeding £50 can be imposed for an offence against this Section of the Act.

Prosecution, as the right hon. Member for Wolverhampton, South-West (Mr. Powell) mentioned, is a matter for the police, but I understand that the

owner or operator of a vehicle is prosecuted under this Section whenever it can be proved that the offence is due to negligence on the part of the owner and that he is generally held to be responsible when the lighting system of a vehicle is found to be defective—

*The Question having been proposed after Ten o'clock and the debate having continued for half an hour, Mr. SPEAKER adjourned the House without Question put, pursuant to the Standing Order.*

*Adjourned at six minutes to Twelve o'clock.*

Monday, 17th May, 1965

## PUBLIC BUILDING AND WORKS

### Building Materials

3. **Mr. Spriggs** asked the Minister of Public Building and Works if he will seek powers to provide protection against the use of sub-standard materials by builders, and the provision of a builder's guarantee to his customers which will give the owner the right to compensation where such building or part thereof fails to provide a reasonable length of service.

**Mr. Boyden** : Building byelaws already contain requirements about the suitability, quality, preparation, and application of materials used in new building construction and in structural alterations and extensions. Similar requirements will be included in building regulations to be made under the Public Health Act, 1961. The proposals in the second part of the Question will be considered in the light of the consultations to which my right hon. Friend the Minister of Housing and Local Government referred on 9th March in reply to questions from the hon. Members for Birmingham, Yardley (Mr. Ioan L. Evans) and Willesden, East (Mr. Freeson).

### Plasterboard

6. **Mr. Iremonger** asked the Minister of Public Building and Works if he will make a statement about the shortage of plasterboard for the building industry.

**Mr. Boyden** : The manufacturers are expanding capacity by 50 per cent. in the next two years. New plant began production in February and further expansion is expected in July. The present difficulties should ease progressively.

### St. Stephen's Club

8. **Mr. John Wells** asked the Minister of Public Building and Works how long he anticipates the St. Stephen's Club building will remain available as accommodation for the Fees Office.

14. **Mr. Grant** asked the Minister of Public Building and Works what was the cost to his Department of removing the Fees Office to the St. Stephen's Club building; and how many square feet

in that building are now occupied by the Fees Office.

**Mr. C. Pannell** : The cost of removing the Fees Office to St. Stephen's Club was about £3,400. The net area is 2,450 square feet. The accommodation will house the Fees Office for about another seven months.

### Nos. 10, 11 and 12, Downing Street

9. **Mr. J. H. Osborn** asked the Minister of Public Building and Works what has been the total expenditure on office machinery, furniture, and equipment at No. 10, Downing Street since 15th October, 1964; and whether he will publish in the Official Report a breakdown of this expenditure.

15. **Mr. Peter Mills** asked the Minister of Public Building and Works what has been the total sum spent on alterations, furnishings and decorations at Nos. 10, 11 and 12, Downing Street since 15th October, 1964.

**Mr. C. Pannell** : About £5,000 at Nos. 10, 11 and 12, Downing Street, mainly on the offices. Following are the details of expenditure at No. 10 :

Details are as follows :

	£
Furniture and equipment for offices and other working accommodation	2,417
Office machinery	220
Domestic furniture	105
Cutlery and other domestic equipment	42
Curtains, soft furnishings and floor coverings	313

### Seasoned Oak

10. **Mr. Kershaw** asked the Minister of Public Building and Works whether he is satisfied with the supply of seasoned oak available for the building industry; and what steps he proposes to take to increase the supply.

**Mr. Boyden** : I know of no such supply difficulties.

### Welsh Office (Premises)

11. **Sir T. Brinton** asked the Minister of Public Building and Works what has been the total cost to date of the building and equipment of the Welsh Office; and

to what use the building was previously allocated.

**Mr. Boyden:** The Welsh Office in London is housed in Crown freehold premises at 47, Parliament Street, previously used for conference purposes. The cost of preparing and furnishing this accommodation for its new use was about £9,000.

### New Embassy, Rome

12. **Mr. Allason** asked the Minister of Public Building and Works what progress has been made with the new embassy in Rome; and whether he will make a statement.

**Mr. C. Pannell:** Preparatory drawings are well in hand.

### Star Court (Building)

13. **Mr. Hunt** asked the Minister of Public Building and Works how many square feet of floor space will result from the proposed building in Star Court.

**Mr. C. Pannell:** 9,000 square feet of usable office space.

### Hampton Court

16. **Mr. Murton** asked the Minister of Public Building and Works what additional rooms at Hampton Court will be open to the public during 1965.

**Mr. Boyden:** The Cumberland Suite, consisting of an entrance lobby, an ante-room and four rooms, constructed by William Kent in 1732, has been completely restored and redecorated, and was opened to the public for the first time last month.

Two late Tudor rooms near the Wolsey Suite are at present being restored. Work is due to be completed later in the year when these rooms also will be opened to the public.

21. **Mr. Charles Morrison** asked the Minister of Public Building and Works what has been the total expenditure on repairs and restoration at Hampton Court since January 1952; and how many additional rooms have been opened to the public since that date.

**Mr. Boyden:** Separate figures for expenditure in this category are not available before 1953-54. Expenditure over the twelve years since then has amounted to just over £1 million.

Between 1953 and 1961 a typical annual expenditure was around £65,000. More recently this has doubled. Much of this expenditure has been due to repairs outstanding from the War, eradication of dry rot, improvements to lighting and heating, and general maintenance.

The Cumberland Suite on the east side of Clock Court was opened to the public for the first time on 5th April of this year, after complete restoration and redecoration.

### Old Palace Yard and Abingdon Street

17. **Mr. John Wells** asked the Minister of Public Building and Works what has been the total cost to the Exchequer of the demolition, renovation and garden works at and around No. 7 Old Palace Yard; and to what extent Westminster City Council or the Greater London Council are contributing to the cost.

23. **Mr. Loveys** asked the Minister of Public Building and Works what is the estimated final cost of the demolition and reconstruction works at the Abingdon Street site and the Jewel House Moat.

**Mr. Boyden:** The estimated total cost is £57,000. This includes £8,000 for the demolition of No. 5, and the renovations to Nos. 6 and 7 Old Palace Yard; £4,000 for the Jewel Tower and £45,000 for the layout of Abingdon Street Garden and the Westminster Jewel Tower site, and for the extension of the open space to the King George V Memorial.

Neither the Westminster City Council nor the Greater London Council contributed to the cost of this work. The Westminster City Council were responsible for a small area of the paving.

### Admiralty House

19. **Dr. Bennett** asked the Minister of Public Building and Works what is the estimated cost of the repairs and reconstruction of Admiralty House.

31. **Rear-Admiral Morgan Giles** asked the Minister of Public Building and Works whether he will provide public access to the historic parts of Admiralty House when its renovation is completed.

**Mr. C. Pannell:** The estimated cost is £105,000. The question of allowing the public access will be considered in connection with future plans for Admiralty House.

### Whitehall

20. **Mr. A. Royle** asked the Minister of Public Building and Works what alterations in the Government long-term plan for the development of Whitehall have been made in the light of creation of the number of new Ministries since October, 1964.

**Mr. C. Pannell**: None.

### Banqueting House, Whitehall

22. **Dr. Bennett** asked the Minister of Public Building and Works what arrangements he has made for the provision of kitchen facilities at the Banqueting House in Whitehall.

**Mr. Boyden**: None.

### Hand-made Bricks and Tiles

24. **Mr. Geoffrey Wilson** asked the Minister of Public Building and Works what steps he will take to remedy the shortage of hand-made bricks and tiles; and whether he will make a survey of brickyards recently closed which could economically be reopened.

**Mr. Boyden**: Hand-made bricks and tiles are expensive and have a limited market. I have no evidence of particular difficulties over hand-made bricks or tiles.

### Palace of Westminster

25. **Mr. Marten** asked the Minister of Public Building and Works whether he will publish future plans for improvements for hon. Members in the Palace of Westminster in addition to the Star Court scheme.

**Mr. C. Pannell**: Yes, as and when future plans are worked out.

### Digital Clocks (House of Commons)

34. **Mr. Ian Lloyd** asked the Minister of Public Building and Works whether he will make arrangements for digital clocks, reading in seconds, minutes and hours, to be installed in the Chamber of the House of Commons, in addition to the conventional clocks already installed.

**Mr. C. Pannell**: This is a matter for the authorities of the House, but I will discuss it with them.

### Historic Monuments (Season Tickets, Guide Books and Postcards)

46. **Mr. Ted Fletcher** asked the Minister of Public Building and Works what progress has been made in the sale of season tickets, guide books and postcards at the historic monuments in his care.

**Mr. Boyden**: Over 20,000 of the new season tickets were sold during 1964. Sales of publications, postcards and colour slides amounted to a record figure of just under £172,000—an increase of almost £22,000 over the previous record in 1963.

### Chiswick House (Link Building and Summer Parlour)

50. **Mr. Parker** asked the Minister of Public Building and Works when he expects to compete the restoration on the Link House and garden architecture at Chiswick House.

**Mr. Boyden**: The Link Building was restored last year and was opened to the public last month. Work on the Summer Parlour is almost finished.

### Public Buildings (Floodlighting)

**Mr. Robert Cooke** asked the Minister of Public Building and Works what additional public buildings he proposes to floodlight in 1965.

**Mr. C. Pannell**: Fifteen of the buildings in my charge are regularly floodlit. I have no definite plans for adding to this number.

### Diplomatic Service (Training of Administration Officers)

**Mr. G. Campbell** asked the Minister of Public Building and Works what action his Department is taking to help in the training of administration officers in the Diplomatic Service in accordance with the recommendation in paragraph 543 of the Report of the Plowden Committee.

**Mr. Boyden**: My Department arranges instruction for staff taking up duty as administration officers as a part of the training course organised by the Diplomatic Service Administration Office. This instruction covers the Ministry's organisation and procedures relating to building and supply services as well as estate matters; it includes some advice on

leasing and the assistance needed from administration officers prior to the purchase of accommodation by the Ministry, the invitation of tenders from local contractors for minor repairs and the maintenance of inventories and financial procedures.

#### 54, Parliament Street

**Mr. Blekinsop** asked the Minister of Public Building and Works what additional desk places are now available to hon. Members in 54, Parliament Street.

**Mr. C. Pannell**: 47, of which 11 are as yet unallocated.

#### Kensington Palace (Apartment 1A)

**Mr. William Hamilton** asked the Minister of Public Building and Works why the provisional estimate of £50,000 to be spent on Apartment 1A at Kensington Palace has increased to £72,600; and if he will give an assurance that this will be the final cost.

**Mr. C. Pannell**: £50,000 was a preliminary estimate made in 1960. When the contract was let in January, 1962, the estimate was £65,000. Since then the estimate has risen to £72,600 partly because of increases in wages and in cost of materials, and partly to meet outstanding claims.

Until the claims are settled, I can give no assurance on the final cost.

## MINISTRY OF HEALTH

### Hospital Property

52. **Mr. Buxton** asked the Minister of Health whether he will seek to alter the method of dealing with land and property belonging to hospitals, whereby the proceeds of sales of these assets may not be devoted to hospital improvements but must be returned to the Treasury.

**Mr. K. Robinson**: I do not think that a change would be appropriate.

53. **Mr. Buxton** asked the Minister of Health if he is aware that many hospital developments could be paid for by the sale of relatively unwanted land and buildings which hospitals are holding; and whether he will take steps to permit this in the case of Whipps Cross and Langthorne Hospitals, Leyton.

**Mr. K. Robinson**: No. I am not in any case aware that there is land surplus to hospital requirements at the hospitals mentioned.

### Teaching Hospital, Sheffield (Fuel)

54. **Mr. Kelley** asked the Minister of Health, what were the factors which were taken into consideration by him when he gave approval to the plan to heat the new teaching hospital at Sheffield with oil, rather than coal.

**Mr. K. Robinson**: All relevant factors, in particular the limitations of this restricted site.

### Venereal Disease (Immigrants)

55. **Sir C. Osborne** asked the Minister of Health if he is aware that 52·8 per cent. of all male patients at venereal disease clinics are immigrants; how many people are under National Health Service treatment for these diseases; from what countries they come; how long approximately they have been in Great Britain; and if he will make a statement.

**Mr. K. Robinson**: The hon. Member is under a misapprehension. The figure he quotes relates not to the number of all male patients under treatment at clinics, but to a sample of male cases of gonorrhoea only treated in 1961. A similar study in 1964 gave a figure of 49·6 per cent.

National statistics do not show the number of persons under treatment at any one time nor the country of origin nor length of stay in this country.

### Respiratory Diseases, Northern Region

**Mr. Randall** asked the Minister of Health if he will make a statement on the incidence of respiratory diseases in the Northern Region; and to what extent the increased cost per prescription in the region can be attributed to the growth of these complaints.

**Mr. Loughlin**: In the past few years a number of studies have been carried out by the College of General Practitioners, University Departments and the Ministry of Pensions and National Insurance. These surveys suggest that the incidence of respiratory disease is relatively high in the northern industrial region. The drugs used for these diseases may be one factor

in the high cost per prescription, but costs are high in the Northern Region in the majority of therapeutic groups of drugs.

### St. Martin's Hospital, Bath

**Sir E. Brown** asked the Minister of Health if he is aware of the bad conditions at St. Martin's Hospital, Bath; and what action he will take to remedy them.

**Mr. Loughlin**: A number of wards at St. Martin's Hospital are in need of modernisation. Some accommodation has already been improved and more will be dealt with as soon as the many claims upon the Hospital Board's resources permit.

### Institute of Ophthalmology

**Mr. Fisher** asked the Minister of Health what financial contribution his department makes to the Institute of Ophthalmology, which is appealing for £1 million to defray the cost of research.

**Mr. K. Robinson**: Like other post-graduate medical institutes of the University of London the Institute of Ophthalmology is closely associated with a teaching hospital, in this case Moorfields Eye Hospital, which provides facilities for clinical teaching and research. There is however no direct financial contribution by my Department to this or any other post-graduate Institute.

### Rochdale, Bury and Oldham Hospital Management Committees

**Mr. Barnett** asked the Minister of Health how many members of borough or urban district councils in the Heywood and Royton constituency have been chosen to serve on the Rochdale, Bury and Oldham hospital management committees, respectively, in each of the years since the formation of those committees.

**Mr. K. Robinson**: The figures (including reappointments) are as follows:

Hospital Management Committee	Year																	
	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
Rochdale and District	2	—	1	1	—	1	1	—	1	1	—	1	1	—	1	—	—	—
Bury and Rossendale	3	—	1	1	2	1	1	2	1	1	2	1	1	3	1	1	3	1
Oldham and District...	2	—	—	2	—	—	2	—	—	2	—	—	2	—	—	1	—	1

#### Note

In a few cases a member when re-appointed to the Hospital Management Committee may have ceased to be a Council member since his first appointment: these cases cannot readily be distinguished.

### Post-Graduate Medical Education

**Mr. Bishop** asked the Minister of Health if he will state, for each regional hospital board area, how many district general hospitals are conducting continuing post-graduate medical education courses, meetings, demonstrations and ward rounds; how many have appointed clinical tutors as envisaged in circular HM(64)69; how many have established a medical library with textbooks and a full range of journals, together with a lecture room, medical centre, as envisaged in circular HM(64)69; and in each regional hospital board area what additional facilities in each group are expected to be opened during the next 12 months.

**Mr. K. Robinson**: I regret that detailed information on the progress of post-graduate medical education is not yet available in this form. The improvement of facilities continues and I shall be considering plans for more comprehensive development as they are submitted by boards in response to the circular.

### Nurses' Hours

**Mr. Lomas** asked the Minister of Health what action he proposes to take to ensure that hospital authorities implement the decision of the Nurses and Midwives Council to introduce an 84-hour fortnight by 1st January, 1966, for all

whole-time nursing and midwifery staff employed in hospitals and institutions.

**Mr. K. Robinson :** Hospital authorities have been asked to implement the decision by that date and earlier where possible. Additional money has been provided to assist them in meeting the cost of doing so.

**Mr. Lomas** asked the Minister of Health to what extent hospital authorities have implemented the 84-hour fortnight as the 42-hour week for nursing staff.

**Mr. K. Robinson :** The latest available information for September, 1964, shows that at that time the 84-hour fortnight had been implemented for about one-third of the number of whole-time hospital nursing and midwifery staff. Further progress reports will shortly be received.

### Hospital Services, Central London

**Mr. Pavitt** asked the Minister of Health whether he has completed his review of the hospital services in Central London; and if he will make a statement.

**Mr. K. Robinson :** I have completed a preliminary review and have decided that further designations of non-teaching hospitals as parts of teaching hospital groups are right in principle, where they will improve hospital services in the area and conform with the responsibilities of boards of governors for clinical teaching. Where designations involve the taking over of a district responsibility I shall require an undertaking from the board of governors that it will provide a full range of services for the district, in agreement with the regional hospital board.

If further designations are made, a time will come when the hospital services of Central London are provided, to a very great extent, by teaching hospitals. This would make it difficult if not impossible, under existing arrangements, for the Metropolitan regional hospital boards to carry out their statutory function of planning the hospital and specialist services over the whole of Central London.

I consider that formal consultative machinery should be set up to assist these

boards to carry out their planning functions and I am opening discussions with the bodies concerned to consider what form this should take.

## MINISTRY OF LABOUR

### Labourers, Glasgow (Wage Rates)

**57. Mr. Carmichael** asked the Minister of Labour if he will state the current weekly wage rate for a light labourer in the Glasgow area; approximately how many men are working for this rate regularly without overtime; and how this wage has changed over the past five years.

**Mr. Thornton :** Collective agreements do not in general specify rates for light labourers. The nationally agreed minimum weekly time-rate for an adult male labourer in engineering in the Glasgow area is 179s. 8½d. but the minimum earnings level is 184s. 4d. Five years ago the comparable minimum weekly rate was 157s. 8½d. Information is not available about the numbers of men receiving only the minimum, without overtime, but in January, 1965, the average earnings of unskilled time-workers (including lieu workers) in the engineering industry in Scotland as a whole were 232s. for a normal week of 41 hours.

### Road Haulage Workers

**Mr. Ian Gilmour** 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 of 6 per cent. for 200,000 road haulage workers, to take effect from 9th June, 1965, comes.

**Mr. Thornton :** I have been asked to reply.

The Road Haulage Wages Regulation Order fixing new statutory minimum rates from 9th June gives effect to unanimous proposals from the Road Haulage Wages Council. It is for those concerned to explain these proposals in relation to the policy set out in the White Paper which was agreed with representatives of management and unions.

### BOSSARD CASE

60. **Commander Courtney** asked the Secretary of State for Foreign Affairs if he will reveal the identity of the member of the Soviet diplomatic mission mentioned in the Bossard case, his diplomatic status and his date of departure if he has now left the country.

**Mr. Walter Padley** : It would not be in the public interest to reveal these details but there is reason to believe that the Russians mentioned in the Bossard case left this country over a year ago.

### SOMALIA

61. **Mr. Brian Harrison** asked the Secretary of State for Foreign Affairs whether he will use the good offices of the United States Government, representing Her Majesty's Government in Somalia, to advise the Somali Government that Her Majesty's Government is prepared to resume relations without preconditions.

**Mr. Padley** : I do not think it necessary. The Somali Government are already aware of our viewpoint.

### SOVIET UNION (INTENDING VISITORS)

62. **Commander Courtney** asked the Secretary of State for Foreign Affairs if he will draw the attention of intending British visitors to the Soviet Union, and in particular the heads of organised parties, to the danger of taking into the Union of Soviet Socialist Republics apparently innocuous correspondence and literature from former Soviet and other foreign nationals now resident in the United Kingdom.

**Mr. Padley** : When intending visitors to the Soviet Union consult the Foreign Office, it is already the practice to advise them against taking literature, correspondence and parcels on behalf of third parties. But I am grateful to the hon. and gallant Member for giving me an opportunity to make this advice more widely known.

### UNITED NATIONS

63. **Mr. E. L. Mallalieu** asked the Secretary of State for Foreign Affairs if he will press for the creation of a re-

formed United Nations along the lines set out in the encyclical of Pope John XXIII entitled *Pacem in Terris*.

**Mr. Padley** : As has been made clear in previous statements in the House, it is the policy of Her Majesty's Government to work to strengthen the United Nations. My hon. Friend said on 7th December, 1964, that in the belief of the Government, the United Nations was the hope of the human race and a powerful instrument for constructive change. He also said that we should be ready at any time to look at proposals which are practicable, in agreement with our friends and allies, to improve the Charter and organisation of the United Nations. The encyclical *Pacem in Terris* lays special stress on the need for world peace and security and the safeguarding of human rights. My right hon. Friend informed the House in a statement on 23rd February of Her Majesty's Government's determination that the United Nations should be enabled to fulfil its task of keeping the peace and improving conditions of human life.

### PAPAL ENCYCLICALS

64. **Mr. E. L. Mallalieu** asked the Secretary of State for Foreign Affairs what machinery exists in his Department for the receipt and study of papal encyclicals.

**Mr. Padley** : The texts of papal encyclicals are sent by Her Majesty's Minister at the Holy See to the Foreign Office where they are studied in the light of his comments.

### DOMINICAN REPUBLIC

**Mr. Ennals** asked the Secretary of State for Foreign Affairs what is the policy of Her Majesty's Government concerning recognition of the new Government of the Dominican Republic.

**Mr. Padley** : As my right hon. Friend informed the House on 12th May, the Government of the Dominican Republic, which was previously recognised by Her Majesty's Government, disintegrated when the rebellion broke out on 24th April. Neither of the two claimants who have solicited recognition at present meets our usual criteria.

**Mr. Ennals** asked the Secretary of State for Foreign Affairs what resolution was passed by the United Nations Security Council on 4th May on the subject of the Dominican Republic; and how the British representative voted.

**Mr. Padley:** No resolution on the Dominican Republic was passed by the Security Council on 4th May. The only vote taken on this subject in the Council so far was a unanimous one on 14th May which called for a strict cease-fire and invited the Secretary General to send a representative to the Dominican Republic to report back on the situation there.

### BRITISH COUNCIL

**Sir G. Sinclair** asked the Secretary of State for Foreign Affairs, in view of the increasing demand for the teaching of English in most developing countries, and in view of the outstanding contribution of the British Council to meeting this demand, if he will ensure that the Council has funds to expand this service.

**Mr. Padley:** Her Majesty's Government recognises the increasing demand for English language teaching and are willing to offer all practicable help using the resources of the British Council and other agencies active in this field. The British Council's resources have been considerably expanded in the last few years to enable them to recruit the specialist staff needed to meet this demand. In deciding the scale of the British Council's grant-in-aid, however, it is necessary to take into account the various competing pressures on the overseas balance of payments.

### LAND AND NATURAL RESOURCES

#### Beaches (Pollution)

66. **Mr. Hector Hughes** asked the Minister of Land and Natural Resources if he is aware that the beauties of Great Britain's coastline are being marred by quantities of oil discharged by tankers and other ships, and that although some of such oil was recently cleared away by Her Majesty's ships, much still remains as a menace to bathers and holiday-makers; and if he will introduce legislation to purify British beaches.

**Mr. Skeffington:** The main objective must be to press on with measures for

preventing the discharge of oil, on which considerable progress has been made in recent years. Local authorities already possess powers under which they can clean beaches that have become polluted.

### Forestry Commission (Costings Branch)

68. **Mr. Solomons** asked the Minister of Land and Natural Resources what steps the Forestry Commission is taking to establish a costings branch.

**Mr. Skeffington:** As my hon. Friend will see from Observation 20 in the Eighth Special Report of the Estimates Committee, the Forestry Ministers have agreed to establish a costings branch. This is now being done.

### Forestry Commission (Sale of Timber)

69. **Mr. Solomons** asked the Minister of Land and Natural Resources what steps he is taking to promote the sale of timber by the Forestry Commission.

**Mr. Skeffington:** The Forestry Commission will continue to sell in the best available markets all the timber they produce. The arrangements outlined in the Forestry Ministers' observations on the Seventh Report from the Estimates Committee are designed to assist this process. In particular, part-time Commissioners with commercial experience and experience of the timber trade, will be appointed; and a full-time Commissioner will be appointed as Head of Harvesting and Marketing.

### NATIONAL FINANCE

#### Carlton House Terrace

71. **Sir L. Thomas** asked the Chancellor of the Exchequer what is the nature of the work now being carried out at Carlton House Terrace; how much it will cost; and when it will be finished.

**Mr. Diamond:** Carlton House Terrace is part of the Crown Estate under the charge of the Crown Estate Commissioners. The current work there consists of the renovation (within the existing framework) of a number of the houses by selected tenants for club and institutional use and provision by the Commissioners themselves of a garage for the use of the tenants in the lower part of

the Terrace along The Mall west of the Duke of York Steps. The garage should be completed in July. The cost to the Commissioners of about £100,000 will be met out of Crown Estate funds, on which it is expected to recover a reasonable return from the garage lettings to tenants.

#### Information Officers (Course)

72. **Mr. Ridsdale** asked the Chancellor of the Exchequer what arrangements the Government has made for training courses for civil servants employed in the information services; and if he will make a statement.

**Mr. Diamond:** In June the Treasury will run an experimental course for recent entrants to the Information Officer Class in Departments other than the Central Office of Information. The C.O.I. already runs short courses for its new staff.

#### Home Information Services (Co-ordination)

73. **Mr. Dodds-Parker** asked the Chancellor of the Exchequer what is the current annual cost of co-ordinating home information services; and whether he is proposing any increase.

**Mr. Diamond:** This is part of the normal machinery of Government. No separate identifiable figure of cost is available.

75. **Rear-Admiral Morgan Giles** asked the Chancellor of the Exchequer what improvements are intended in the co-ordination of home information services on the recruitment of personnel for Government service.

**Mr. Diamond:** None.

#### Office of the Paymaster-General (Telephone and Postage Expenditure)

74. **Mr. Robert Cooke** asked the Chancellor of the Exchequer what increase in expenditure on communications services has taken place in the Department of the Paymaster-General in the six months since October, 1964, as compared with the same period a year previously.

**Mr. Diamond:** I assume that the hon. Member has in mind the expenditure of the Office of the Paymaster-General on telephones and postage. The Post Office accounts for these services cannot be related precisely to the periods quoted

by the hon. Member but actual payments made during the period October, 1964, to March, 1965, were some £700 less than during the same period a year previously.

#### Information Officers (Recruitment)

76. **Mr. Alison** asked the Chancellor of the Exchequer what practice is observed in advertising vacancies in the senior ranks of the information services.

**Mr. Diamond:** Permanent officers are recruited by the Civil Service Commission: the vacancies are always advertised. Temporary officers are recruited by Departments and advertising is a matter for their discretion.

#### Ministers (Official Residences)

**Mr. Mitchell** asked the Chancellor of the Exchequer on what amounts members of Her Majesty's Government are taxed under Section 47 of the Finance Act, 1963, in respect of their official residences.

**Mr. Diamond:** I cannot disclose information about the Income Tax treatment of individual taxpayers, but for a great many years the occupation of these residences has been treated as "representative" in character.

#### Overseas Investment

**Sir G. Sinclair** asked the Chancellor of the Exchequer whether he will initiate a study by economists in order to assess the short and long-term direct and indirect effects of British private investment in the developing countries on Great Britain's balance of payments.

**Mr. Callaghan:** I am considering various suggestions which have been made for inquiries into the subject of overseas investment and will take the hon. Member's proposal into account.

#### Government Publications (Indexes)

**Mr. Sheldon** asked the Chancellor of the Exchequer if he will make sure that as far as is practicable all Her Majesty's Stationery Office publications have indexes.

**Mr. MacDermot:** Her Majesty's Stationery Office do, whenever practicable, include indexes in the more substantial and important Government publications. But there are many hundreds of publications each year in pamphlet or

booklet form where it would be unnecessary and wasteful.

If the hon. Member will let me know of any publications which he considers should have been provided with an index I shall be glad to look into the matter.

## HOME DEPARTMENT

### Civil Defence (Recruits)

77. **Mr. Peter Mills** asked the Secretary of State for the Home Department what part the information services are playing in advertising for recruits to Civil Defence.

**Mr. George Thomas**: They assist in arranging a recruiting campaign each year.

### Police Forces (Recruitment)

78. **Mr. Clark Hutchison** asked the Secretary of State for the Home Department what assistance is given by the Central Office of Information to recruiting advertisements by police forces outside the Metropolitan area.

**Mr. George Thomas**: The Central Office of Information assist in arranging a national advertising campaign to stimulate recruitment into police forces in England and Wales. At the request of the Home Office the Central Office of Information have also given general advice to a few individual forces conducting local campaigns.

### Naturalisation (Fee)

**Sir A. Meyer** asked the Secretary of State for the Home Department whether he will reduce the naturalisation fee for aliens who served in the Allied Forces during the 1939-45 War.

**Mr. George Thomas**: My right hon. and learned Friend does not consider that it would be practicable to give preferential treatment to any particular category of applicants for naturalisation.

### Association of Czechoslovakian Legionaires (Wreath)

79. **Sir F. Bennett** asked the Secretary of State for the Home Department if he will call for a report from the Chief Constable of Surrey about the circumstances in which the Surrey Police removed a wreath laid by the Association of Czechoslovakian Legionaires

at a memorial service at Brookwood Military Cemetery on Sunday, 9th May; and whether he will make a statement.

**Mr. George Thomas**: The Chief Constable of Surrey informs my right hon. and learned Friend that a uniformed police inspector removed this wreath with the acquiescence of members of the Association and later replaced it.

### Advisory Committee on Juvenile Delinquency (Dissolution)

**Mr. Oakes** asked the Secretary of State for the Home Department whether he has reached a decision on the future of the Advisory Committee on Juvenile Delinquency.

**Sir F. Soskice**: The Committee was set up by my predecessor to enable him to inform himself of the views of a wide variety of persons who are in close touch with different aspects of the problem of delinquency. I have studied the proceedings of the Committee and considered the replies of members to a letter in which I invited them to give their views on the Committee's future. After careful consideration I have reached the conclusion that the immediate purpose for which the Committee was established has been served and that I should not be justified in making further demands on the time of the members, to all of whom I am extremely grateful. I have accordingly decided to dissolve the Committee.

I have concluded that the two sub-committees appointed by the Committee should not continue after the dissolution of the Committee. I should like to thank particularly those members who engaged in the work of the sub-committees one of which continued to meet until recently to study the problem of the transition from school to work, and collected valuable evidence. This evidence will be forwarded to the existing advisory bodies concerned with youth employment, careers guidance and other services for the age group as a whole.

## MINISTRY OF AVIATION

### Gatwick (Aircraft Noise)

80. **Sir G. Sinclair** asked the Minister of Aviation what steps he is proposing to take to limit the noise of aircraft using

Gatwick Airport between the hours of 23.30 hours and 00.60 hours.

**Mr. Stonehouse :** At Gatwick all aircraft are already required, when both landing and taking off, to follow routes which avoid, as far as possible, flying over built-up areas and flying unnecessarily low. In addition, jet aircraft taking off from Gatwick are required to use a climb out procedure designed to keep disturbance to a minimum. For the present I do not consider that these measures need to be supplemented.

**81. Sir G. Sinclair** asked the Minister of Aviation what study he has made of the steps taken by the French airport authorities at Orly, Le Bourget and Nice to limit night take-offs by jet aircraft; and whether he will make similar arrangements at Gatwick Airport.

**Mr. Stonehouse :** I am aware of the restrictions on night jet take-offs at these airports but at Orly and Le Bourget exceptions are frequently made. For example, last summer there were 2,308 jet movements between 23.00 and 07.00 hours at Orly (867 of them take-offs) and this is a much greater number of night jet movements than we expect at Gatwick this summer. Night jet movements at Gatwick will, in due course, have to be controlled, as they are at Heathrow, but I do not think any such action is called for at present.

### Supersonic Aircraft (Noise)

**Mr. Varley** asked the Minister of Aviation what research is going on, or is contemplated, to ensure that when supersonic air liners are regularly operational the noise from them is kept within tolerable limits.

**Mr. Stonehouse :** Fundamental work on the subjective effects of sonic bang type noise is in progress at the National Physical Laboratory and at the Medical Research Council's Applied Psychology Research Unit. Field work on a rather larger scale is contemplated, if a method of simulating sonic bangs using explosives can be perfected by the Explosives Research and Development Establishment. Further live tests with supersonic aircraft are under consideration. At the same time theoretical work is continuing at the Royal Aircraft Establishment to increase our knowledge of the effects of

atmospheric variations and ground reflection effects on the type of sonic bangs produced under different conditions and by different aircraft.

As regards engine noise, the Concord engine development programme includes work both in industry and at the National Gas Turbine Establishment designed to ensure that noise is kept within tolerable limits. Various forms of noise suppressors for incorporation in the engine are being investigated.

Other programmes of work on these subjects are in hand in France and the United States and information is exchanged freely in most areas.

### Eurocontrol (Report)

**Mr. Robert Howarth** asked the Minister of Aviation what arrangements have been made to keep Parliament informed of the activities of the European Organisation for the Safety of Air Navigation, Eurocontrol.

**Mr. Roy Jenkins :** Copies of the first Annual Report of the Eurocontrol Organisation have been placed in the Library of the House. This Report, which has recently been issued, summarises the activities of Eurocontrol during 1963.

## MINISTRY OF TRANSPORT

### Cars (Safety Belts)

**82. Sir B. Janner** asked the Minister of Transport, in view of the rise in the rate of accidents in the last two months, whether he will now make it compulsory for all motor cars to be fitted with safety belts.

**Mr. Tom Fraser :** I cannot add to the Answer given on 10th March to my hon. Friends the Members for Dover (Mr. Ennals) and Liverpool, Walton (Mr. Heffer).

### Vehicle Licence (Renewal)

**Sir M. Galpern** asked the Minister of Transport if he will take steps to make the 14 days of grace period statutory, so that no action can be taken against a motorist who uses his car during this period without a current road fund licence, provided he renews it within 14 days of the expiry of the last licence.

**Mr. Tom Fraser:** No. I know of no case where proceedings have been taken against a motorist who has renewed within 14 days of the expiry of a previous licence, and I therefore see no reason for legislation for the purpose suggested.

### Railway Closures

**Mr. Galbraith** asked the Minister of Transport how many railway closure proposals were awaiting Ministerial decision and how many were with the Transport Users' Consultative Committee on 15th October, 1964; how many proposals are at present with the Transport Users' Consultative Committee; how many have been passed for ministerial decision since 15th October; and of these, how many have been refused, how many consented to, and how many still await decision.

**Mr. Tom Fraser:** On 15th October, there were 95 proposals under consideration by transport users' consultative committees and 34 proposals with the Minister for decision. Since that date committees have reported on 73 proposals, and I have given consent to a total of 18 proposals and refused consent to 5 others. Of 84 proposals on which committees have reported but which remain undecided, I am awaiting further information from the committees concerned or the Railways Board in about 30 cases.

### British Road Services

**Mr. Ron Lewis** asked the Minister of Transport how many extensions to the British Road Services subject to his control over investment or borrowing, are proposed during the next few months; and how many firms at the moment are in negotiation for take-over by British Road Services.

**Mr. Tom Fraser:** It is the Government's wish that the Transport Holding Company should pursue an active policy of expansion and they will acquire other businesses where they consider it advantageous to do so in the normal course of business and where this can be freely negotiated. But they do not have to obtain my consent in every case and it is not possible to forecast how many such acquisitions will take place. It would be contrary to the interests of the company to say how many negotiations were at present in progress.

## ROADS

### Lancs-Yorks Motorway Junction, Heywood

**Mr. Barnett** asked the Minister of Transport, in view of the concern felt by residents of Heywood at the possible use of the main street as a feeder road for the Lancashire-Yorkshire motorway, if he will make an early decision on this matter; and if he will make a statement.

**Mr. Tom Fraser:** I am proposing a junction of the Lancashire-Yorkshire Motorway and the A.6046 south of Heywood. This will be included in a draft Order to be published shortly under Section 13 of the Highways Act, 1959, which will be open to objection for the statutory period of three months after publication. I will make my decision on this matter after the close of this period, in the light of any representations I receive.

### Safety (Speed Limits)

**Mr. Molloy** asked the Minister of Transport what special measures are to be taken to increase safety on the roads during the period of summer traffic.

**Mr. Tom Fraser:** There will be a general speed limit of 50 m.p.h. during the Whitsun weekend. It will be imposed from noon on Friday, 4th June to midnight on Monday, 7th June on all roads, other than on dual carriageways and motorways and roads already subject to a permanent speed limit. My right hon. Friends the Secretary of State for Scotland and the Secretary of State for Wales have agreed that the same measures will be adopted in Scotland and Wales. This general speed limit will not be indicated by traffic signs, but will be given full publicity through Press advertising at Whitsuntide.

A further measure is that, based on our experience of the experimental 50 m.p.h. summer weekend speed limits over the last five years, a 50 m.p.h. speed limit will be imposed from July onwards on stretches of single carriageway road in England and Wales amounting in total to about 500 miles, which have the worst accident records throughout the year. This is intended to remain permanently in force. It will operate 24 hours a day, seven days a week, and will be indicated by road signs.

## ECONOMIC AFFAIRS

### Information Leaflets

83. **Mr. Alison** asked the First Secretary of State and Secretary of State for Economic Affairs if it is the Government's policy to continue publication by the information services of the leaflets entitled "Broadsheets on Britain".

**Mr. Albu**: Yes, a new series of "Broadsheets on Britain" will be published shortly by the Department of Economic Affairs.

### Price Increases

**Mr. Bruce-Gardyne** asked the First Secretary of State and Secretary of State for Economic Affairs whether the National Board for Prices and Incomes will be empowered to consider and comment upon the share of responsibility of Her Majesty's Government for the price increases which have been referred to it or may be referred to it in future.

**Mr. Foley**: The Board's powers would permit this if it were relevant to its inquiries.

### Wage and Salary Increases

**Mr. McMaster** asked the First Secretary of State and Secretary of State for Economic Affairs which of the wage and salary increases negotiated during the past six months he intends to refer to the National Prices and Incomes Commission.

**Mr. Foley**: My right hon. Friend is considering what further references should be made to the Board.

## LOCAL GOVERNMENT

### Water Resources Act, 1963 (Circular and Leaflet)

84. **Mr. Jopling** asked the Minister of Housing and Local Government whether the circular dealing with the general provisions of the Water Resources Act, 1963, concerning licensing of abstractions and the leaflet directed to the farming community have been published; and what form of circulation they have had.

**Mr. Mellish**: Circular 34/65 about licensing under the Water Resources Act was published on 30th April. A short leaflet about the main points of the system

will be published this week and used to supplement publicity already given by the Department, the farming organisations and the Press.

### Long Newton and Westonbirt, Gloucestershire (County Boundaries)

**Mr. Kershaw** asked the Minister of Housing and Local Government when he proposes to lay an Order dealing with alterations of county boundaries at Long Newton and Westonbirt, Gloucestershire.

**Mr. Crossman**: I intend to lay an Order dealing with these and other county boundary alterations in the South-West in time to enable the changes to be brought into operation on 1st April, 1966.

## HOUSING

### Leasehold Enfranchisement

**Mrs. Thatcher** asked the Minister of Housing and Local Government what representations he has received and what consultations he has had with persons and bodies having an interest in the terms and conditions upon which certain leaseholds are to be enfranchised; what conclusions he has reached as a result of his negotiations; and whether, in view of the mounting uncertainty, he will make a statement or issue a White Paper giving fuller details of his proposals.

**Mr. Crossman**: I have received representations from several sources following my statement in the House on 8th December, 1964, and these are being considered. I recently asked a number of landowners for their comments on leasehold enfranchisement in order to assist me in formulating proposals for legislation. Several of them have not yet replied, and I have not so far embarked on any negotiations.

## MINISTRY OF DEFENCE

### Recruitment

85. **Mr. Allason** asked the Secretary of State for Defence what steps Her Majesty's Government is taking to co-ordinate information services to Government Departments on the availability of manpower for recruiting.

**Mr. Mayhew**: I assume the hon. Member's question relates to recruiting for the

Armed Forces. In the Ministry of Defence, we consider tri-Service problems in the recruiting field on a co-ordinated basis.

### Gurkha Troops, Malaysia (Barracks)

**Mr. Brian Harrison** asked the Secretary of State for Defence what accommodation which is occupied by Gurkha troops as barracks in Malaysia is hired at British expense; and when these leases will expire.

**Mr. Mulley:** Eight properties in Malaysia, three in Sabah and five in Sarawak, are hired at British expense to accommodate Gurkha troops. The tenancies on which they are held are all terminable at a quarter's notice.

### HOMOSEXUAL OFFENCES

**Mr. Bellenger** asked the Attorney-General which cases involving homosexual offences have been referred to the Director of Public Prosecutions by chief constables since 28th July, 1964, when a statement was made by the then Attorney-General; and with what result.

**The Attorney-General:** Between 1st August, 1964 and 30th April, 1965, chief constables have reported 76 cases to the Director of Public Prosecutions in which prosecutions for homosexual offences have been under consideration. These offences were either alleged to have been committed between consenting adults in private or to have been committed more than twelve months previously or to have been disclosed in a complaint against a blackmailer. Of the 76 cases reported, prosecutions were brought in 27, involving a total of 52 persons, of whom 46 were convicted; it was decided not to institute proceedings in 22 cases. The remaining 27 cases are still being dealt with.

### MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

#### Imported Eggs

**Mr. Chichester-Clark** asked the Minister of Agriculture, Fisheries and Food what is the value and volume of eggs, whether in liquid or other form, imported into this country in the last six months;

and how he estimates this will compare with the next six months.

**Mr. Hoy:** During the six months from October, 1964—March, 1965, the imports of eggs in shell and egg products into the United Kingdom have been as follows:

	Thousand Great Hundreds*	Thousand Tons	£'000
Eggs in Shell ...	1,092·2	7·3	1,096·1
Egg Products (including dried frozen and liquid albumin) ...	—	6·8	1,717·0
TOTAL ...	—	14·1	2,813·1

\* 1 Great Hundred = 120 eggs.

While it is not possible to make precise estimates, we do not expect any material change during the following six months ending 30th September, 1965.

### COMMONWEALTH RELATIONS

#### East and Central Africa (Indians and Pakistanis)

**Sir J. Fletcher-Cooke** asked the Secretary of State for Commonwealth Relations how many people whose origins are in the Indian sub-continent and who hold United Kingdom passports are at present in East and Central Africa.

**Mr. Bottomley:** Holders of British passports with origins in the Indian sub-continent are not distinguished from other holders of British passports in the statistical reports. The best information available from census reports and other statistics is that there are approximately 300,000 citizens of the United Kingdom and Colonies of Indian or Pakistani origin in East and Central Africa. There are, in addition, small numbers of British subjects without citizenship of the same origin who are eligible to hold British passports.

### EDUCATION AND SCIENCE

#### National Youth Orchestra

**Mr. Pounder** asked the Secretary of State for Education and Science whether he is yet able to announce an additional grant for the National Youth Orchestra.

**Mr. Crosland:** I have received no application for grant for the National Youth Orchestra. Proposals were put

to the Department recently in respect of the National Junior Music School and are under consideration.

### Retired Teachers

**Mr. Longden** asked the Secretary of State for Education and Science how many teachers who are still alive retired and received a pension in each year since 1930; what is the total sum being paid to such retired teachers in each of such years; and how many of these pensioners are not also entitled to a National Insurance pension.

**Mr. Crosland:** This information is not immediately available. I will write to the hon. Member as soon as possible.

### Natural Environment Research Council

**Mr. Tinn** asked the Secretary of State for Education and Science if he will make a statement about the membership and scope of the Natural Environment Research Council.

**Mr. Crosland:** I have appointed the following to be members of the Natural Environment Research Council under the chairmanship of Sir Graham Sutton:

Mr. F. C. Bawden, F.R.S., Director of the Rothamsted Experimental Station (Lawes Agricultural Trust).

Sir Edward Bullard, Ph.D., Sc.D., F.R.S., Professor of Geodesy and Geophysics, Cambridge University.

Professor A. R. Clapham, Ph.D., F.R.S., Department of Botany, Sheffield University.

Professor F. K. Hare, Ph.D., Ll.D., Department of Geography, University of London (King's College).

Professor J. E. Harris, F.R.S., Department of Zoology, Bristol University.

Lord Howick of Glendale, G.C.M.G., K.C.V.O.

Professor M. V. Laurie, O.B.E., Department of Forestry, Oxford University.

Professor M. J. Lighthill, F.R.S., Royal Society Research Professor, Imperial College of Science and Technology (University of London).

Professor J. H. Taylor, F.R.S., Department of Geology, Kings College, University of London.

Professor J. C. Mitcheson, C.B.E., Department of Mining and Mineral Technology, Imperial College of Science and Technology (University of London).

Mr. N. A. F. Rowntree, Director of the Water Resources Board.

Professor S. K. Runcorn, Department of Physics, University of Newcastle upon Tyne.

Professor J. H. Taylor, F.R.S., Department of Geology, Kings College, University of London.

Professor V. C. Wynne-Edwards, Department of Natural History, Marischal College, Aberdeen.

Dr. C. M. Yonge, C.B.E., D.Sc., F.R.S., Department of Zoology, Glasgow University.

A Charter incorporating the Council has been approved by the Queen in Council. It is hoped that the Council will come into formal existence on 1st June, when the relevant provisions of the Science and Technology Act, 1965, will be brought into force by Order in Council.

The Council will be responsible for supporting and undertaking research in earth sciences and ecology. It will take over responsibility for the Nature Conservancy, the Geological Survey and Museum (with which will be amalgamated the Directorate of Overseas Geological Surveys, at present under the Ministry of Overseas Development, in accordance with the recommendations of the Brundrett Committee on Technical Assistance for Overseas Geology and Mining), the Hydrology Research Unit and the National Institute of Oceanography. It will also take over the present responsibilities of the Development Commission in relation to fisheries research and allied subjects, will assume financial and policy responsibility for the research now carried out by the Meteorological Office in seismology and geomagnetism, and will co-ordinate research in meteorology generally with that carried out by the Meteorological Office; it will be responsible for the support of long-term forestry research, in consultation with the Forestry Commission. The Council will have power to make research

and postgraduate training awards in all the subjects which it covers. It will work through subordinate committees responsible for each of the main activities concerned and based, where appropriate, on the body now responsible for the field in question.

The Chairman, has, with my approval, appointed Mr. R. J. H. Beverton, M.A., Deputy Director of the Fisheries Laboratory of the Ministry of Agriculture, Fisheries and Food at Lowestoft, to act as Secretary of the Research Council. This appointment will be submitted for the Council's ratification in due course. Mr. Beverton will spend a substantial amount of his time on the work of the Council in the period before it comes into formal existence.

The Headquarters office of the Council is being established in State House, High Holborn, W.C.2.

### Grammar School Places (Droylsden, Ashton-under-Lyne, and Mossley)

Mr. Sheldon asked the Secretary of State for Education and Science (1) what is his estimate of the proportion of schoolchildren in Droylsden who obtain grammar school places ;

(2) what is the proportion of schoolchildren in Ashton-under-Lyne who obtain grammar school places ;

(3) what is the proportion of schoolchildren in Mossley who obtain grammar school places.

Mr. Crosland : I understand from the local authority that the proportions this year are as follows :

Droylsden ...	27.1 per cent.
Ashton-under-Lyne ...	20.3 per cent.
Mossley ...	29.8 per cent.

### POST OFFICE

#### Telex Instruments, Belfast

Mr. Rafton Pounder asked the Postmaster-General the number of Telex instruments installed in Belfast in each of the past two years ; and how many applications are still outstanding.

Mr. Joseph Slater : The figures for the past two years ending 31st March are as follows :

1964 ... ..	22
1965 ... ..	17

At 30th April, 1965, there were three outstanding applications awaiting customers' convenience.

### WIRELESS AND TELEVISION

#### Television, Swansea

Mr. Alan Williams asked the Postmaster-General how wide an area could be covered by a television relay station on Kilvey Hill in Swansea.

Mr. Joseph Slater : My hon. Friend has in mind, I understand, that the broadcasting authorities are considering Kilvey Hill as a possible site for a relay station. The extent of the coverage that any such station might attain would be a matter for them in the first place.

Mr. Alan Williams asked the Postmaster-General what investigations have been made of sites in Swansea for a British Broadcasting Corporation television relay station.

Mr. Joseph Slater : I understand that the B.B.C. has been carrying out studies of reception conditions in the area. The Corporation will, I am sure, be glad to let my hon. Friend have the information he seeks.

### MINISTRY OF PENSIONS AND NATIONAL INSURANCE

#### Old-Age Pensioners, Carlisle

Mr. Ron Lewis asked the Minister of Pensions and National Insurance what is the approximate number of old-age pensioners in the city of Carlisle.

Mr. Pentland : I regret that statistics relating to the numbers of retirement pensioners are not available for particular areas.

### SCOTLAND

#### The Highlands (Tourism)

Mr. Russell Johnston asked the Secretary of State for Scotland whether, in view of the proximity of the tourist season, he will now make a statement on

his plans to deal with the problems created by the termination of the special Highland Area Fund grant to tourist associations.

**Mr. Ross :** I am not yet in a position to add to the Answer I gave to the right hon. Member for Orkney and Shetland (Mr. Grimond) on 7th April.

## OVERSEAS DEVELOPMENT

### Aid Programme

**Sir G. Sinclair** asked the Minister of Overseas Development if she has made sufficient progress in her task of rationalising the control of aid to recommend an increase in the volume of Government aid to the developing countries.

**Mrs. Castle :** My review of the aid programme will be completed shortly and I will publish a White Paper in due course. I have no statement about policy to make at present but the hon. Member will be glad to know that our gross disbursements of aid increased from £159 million in 1963 to £190 million in 1964.

### Loans, Grants and Technical Assistance

**Sir G. Sinclair** asked the Minister of Overseas Development, in view of the difficulties that many developing countries have in servicing and repaying external loans, if she will confine future direct British loans to such countries to projects that can be expected quickly to yield direct earnings sufficient to service the loans and repay capital; if, apart from such loans, she will provide aid mainly in the form of grants; and if she will give increasing priority to technical assistance.

**Mrs. Castle :** I would refer the hon. Member to the reply I have just given to his earlier Question. I cannot, for the reason given, make any statement at present about the future proportions of loans and grants. I can confirm that I attach the greatest importance to technical assistance.

### Aid (Co-ordination)

**Sir G. Sinclair** asked the Minister of Overseas Development in view of the shortage of economists with experience relevant to conditions in developing countries, what arrangements she is making to co-ordinate on-the-spot British aid

effort in the main receiving countries; and to what extent she is able to use the experience of officers of Her Majesty's Overseas Civil Service who had carried out development programmes in the field and had been responsible for co-ordinating them.

**Mrs. Castle :** One of the main objects of my policy is to achieve effective co-ordination of our aid effort both here and on the spot. In independent countries this is done by our Ambassadors and High Commissioners. A considerable number of officers serving on their staffs have a background of Her Majesty's Overseas Civil Service experience among their qualifications.

### Technical Assistance (Recruitment)

**Sir G. Sinclair** asked the Minister of Overseas Development, in view of the need of experienced men and women in the field of technical assistance, what steps she is taking to keep in touch with the people that her Department now helps to recruit for work in developing countries.

**Mrs. Castle :** Under existing arrangements all those we recruit are asked to contact my Ministry on their return to Britain and let us know whether they are interested in further overseas employment, but I feel that more could and should be done to keep in touch with them during their period of service overseas and I am examining ways in which this can be achieved.

### Teachers (Recruitment)

**Sir G. Sinclair** asked the Minister of Overseas Development, in view of the shortage of teachers in the United Kingdom and the need for teachers in the developing countries, what further steps she will take to encourage recruitment for overseas service, to keep in touch with teachers while they are overseas to ensure that, when they return, their new experience is put to use within the home educational system.

**Mr. Oram :** The need of the developing countries for teachers is so urgent, and yet the overall number required is so small in relation to the total teaching strength in this country, that, by agreement with my right hon. Friend the

Secretary of State for Education and Science, I am seeking by all media of publicity to increase recruitment for teaching overseas despite our own shortages. My Ministry has recently assumed responsibility for the National Council for the Supply of Teachers Overseas on which the local education authorities as well as the recruiting agencies are represented. The Council's new film about the life of a teacher overseas "And gladly would he learn" is now being widely shown throughout the country. The first edition of the Council's new bulletin "Overseas Challenge" has just been circulated through local education authorities to schools throughout the United Kingdom. I shall continue to confer with the Council on other methods of bringing to the notice of British teachers the challenge of serving for brief periods on contract with the Governments of developing countries.

Local education authorities have agreed to second their teachers for service overseas whenever possible, thus maintaining contact with them and guaranteeing them posts on their return to this country. Links between local education authorities in Britain and education authorities overseas, such as the links which the Inner London Education Authority have recently established with Northern Nigeria and the Sudan, are particularly valuable and my Ministry gives them support. Teachers going overseas under the auspices of my Ministry are asked to let us know, shortly before their contracts come to an end, whether they desire a further period of service overseas or whether they are returning to teach in Britain. Any teacher who has been short-listed for a promotion post in Britain can attend for interview by availing himself of an Interview Fund which pays for all travel costs, less £20.

I like to think that teaching in this country is being enriched by the return of several teachers annually from short spells of service in various developing countries overseas.

## BOARD OF TRADE

### Timber

**Earl of Dalkeith** asked the President of the Board of Trade what was the total cost of timber and processed timber im-

ported during 1964; and what proportion of the United Kingdom's total import bill this represents.

**Mr. Redhead**: £265.9 million and 4.7 per cent.

**Earl of Dalkeith** asked the President of the Board of Trade what was the cost of timber and processed timber imported in 1964 from the Commonwealth, European Free Trade Association, Soviet bloc countries and other countries, respectively.

**Mr. Redhead**: The information is as follows:

Area	Value £ million c.i.f.
Commonwealth ... ..	75.2
E.F.T.A. ... ..	84.6
Soviet Union and Eastern Europe*...	68.6
Rest of World ... ..	37.5

\* Soviet Union, Eastern Germany, Poland, Hungary, Czecho-Slovakia, Albania, Bulgaria and Roumania.

**Earl of Dalkeith** asked the President of the Board of Trade what proportion of the total value of timber and processed timber consumed in the United Kingdom in 1964 was produced in the United Kingdom.

**Mr. Redhead**: I regret that the information requested is not available, but I am writing to the hon. Member to explain what statistics can be provided.

**Earl of Dalkeith** asked the President of the Board of Trade what has been the annual rate of increase in the value of timber and processed timber consumed in the United Kingdom in each of the past 10 years; and whether he expects this trend to continue indefinitely.

**Mr. Redhead**: I regret that the information requested is not available, but I am writing to the hon. Member to explain what statistics can be provided.

**Earl of Dalkeith** asked the President of the Board of Trade, in view of the 100 years needed by trees to reach maturity, what estimate he is working to of the United Kingdom's requirements of timber and processed timber in the year 2065 in terms of present-day values, and assuming the same ratio of imported to home-produced timber as at present.

**Mr. Redhead:** No estimate has been made of the United Kingdom's requirements of timber and processed timber in the year 2065.

### Anglo-Soviet Trade

**Earl of Dalkeith** asked the President of the Board of Trade if he will give figures showing the relationship between the United Kingdom balance of trade deficit with the Union of Soviet Socialist Republics in 1964, and the total cost of timber and proceed timber imported from the Union of Soviet Socialist Republics during that period.

**Mr. Redhead:** In 1964, the adverse trade balance (i.e. the difference between

imports valued c.i.f. and exports plus re-exports valued f.o.b.) was £57.5 million; imports of timber and processed timber totalled £50.5 million.

### Coal Exports

**Mr. Bishop** asked the President of the Board of Trade what is the total financial contribution to Great Britain's export trade as a result of all coal exports since the nationalisation of the industry.

**Mr. Redhead:** Exports of coal (not including coke and briquettes) totalled £650 million between 1st January, 1947, and 31st March, 1965.