

HOUSE OF COMMONS

Wednesday, 19th May, 1965

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

PRAYERS

[Mr. SPEAKER *in the Chair*]

ORDERS OF THE DAY

MURDER (ABOLITION OF DEATH PENALTY) BILL

*Considered in Committee [Progress
12th May].*

[Dr. HORACE KING *in the Chair*]

Clause 1.—(ABOLITION OF DEATH PENALTY FOR MURDER.)

10.35 a.m.

The Chairman : Before I call the first Amendment I have a word or two to say. Last week I undertook that the complaints about the non-ringing of the Division bells would be inquired into. This was done at once and before the end of the morning I had a full and complete report of the testing of the bells. I am happy to say that the bells were in working order. I say "happy" as I welcome the opportunity which this gives me of paying a tribute, which I know both sides of the Committee would wish to support, to the servants of the House to whose devoted labours every hon. and right hon. Member is deeply indebted every day, and whatever divisions there are in the Committee there are certainly no divisions about that.

Hon. Members : Hear, hear.

The Chairman : In the unusual position in which the Committee finds itself I have selected Amendment No. 30 in the name of the hon. and learned Gentleman the Member for Warwick and Leamington (Sir J. Hobson). The Chair is of the opinion that the question whether the length of imprisonment be left to the court or to the Minister has been already fully discussed. I hope, therefore, that any debate on this Amendment will be confined now to whether the Amendment

ought to be used to fill the hiatus left in the Clause.

Sir John Hobson (Warwick and Leamington): I beg to move Amendment No. 30, in page 1, line 7, in lieu of the word "life" left out, to insert:

"such period as the court shall determine".

I am sure that the whole Committee supports you, Dr. King, as it has shown by the way in which it received your thanks to the servants of the House who attend upon us and whose duties have been made far more onerous and more lengthy by the proceedings of this Committee every Wednesday morning, particularly at a stage when this coincides with the period when the Finance Bill is also being considered.

I bow to your suggestion, and will confine myself to the Amendment and treat it not so much as a proposal as a way of inquiry to ask, first, the sponsors of the Bill and, secondly, the Government, whether and in what way they propose, as it is their Bill, that the matter should be dealt with. The hon. Member for Nelson and Colne (Mr. Sydney Silverman) said last week that the Committee

"... will certainly have to decide what it shall do about the position"

and he supported the Motion to report Progress. The hon. and learned Member for Northampton (Mr. Paget) said:

"I agree that we must reconsider this situation."—[OFFICIAL REPORT, 12th May, 1965: Vol. 712, c. 474-7.]

The situation is certainly anomalous. We spent many days in Committee considering whether capital punishment should be retained at all. That was the first step, and having decided that it should not be retained for any case of murder the vital question arises as to what is to be the alternative in such circumstances. We had some discussion, and there is now a complete hiatus in the Bill and, apparently, after all our labours, the Bill will not produce an answer which makes any sense at all. I had hoped and expected that either the sponsors, or the Government, or both, would put down an Amendment to deal with the situation, but, to my astonishment, nothing has happened. I thought it right, therefore, to put an Amendment down so that the gap would be filled.

I did so so that we might ascertain what the sponsors proposed, whether the

Government would make up their mind now that it was really time they took over the Bill, as they ought to have done from the very beginning, or whether, as a result of our labours and deliberations, we were to send back on Report to the House a Bill with a gap in it which did not make sense and did not deal with the vital question of what is to be done if the capital penalty is abolished.

I have moved the Amendment for those reasons and so that we may as a Committee consider the consequences and ascertain whether those in charge of the Bill, or the Government, have any proposals for dealing with it.

Mr. Sydney Silverman (Nelson and Colne): I am grateful to the right hon. and learned Member for Warwick and Leamington (Sir J. Hobson) for having put the Amendment down and for the way in which he moved it, because it gives me an opportunity to say what, in the opinion of the sponsors, the Committee ought to do in view of the almost impossible situation produced by its proceedings last week. After full consideration, I did not put an Amendment down myself because it seemed to me that no Amendment which we put down at the Committee stage would really do justice to the desire of any part of the Committee.

We cannot put the word "life" back at this stage. We could put the word "life" back, subject to Mr. Speaker selecting such an Amendment, on Report. In the opinion of the sponsors of the Bill, this is what the Committee ought to do. I recognise that to send the Bill forward with this hole in its principal Clause is an awkward and unusual thing to do, but I hope to persuade the Committee that it is a less awkward and less inconvenient thing to do than any alternative we might choose.

Last week, there was an Amendment before the Committee to substitute 25 years' imprisonment for life. It was only one Amendment, not two, but, under our procedure in certain cases, the Committee needed two votes. Normally, the carrying of the first vote would almost automatically have led to the carrying of the second on the basis that those who took out the word "life" were a majority, and, by a majority, would wish to substitute 25 years. This did not happen. The word "life" was deleted.

I hope that no one will think that I am complaining of that. It is a perfectly legitimate Parliamentary device which brought it about, but it was an unfortunate one because it led a temporary majority of the Committee to carry part of the Amendment and then not to be a majority any longer when it came to completing the Amendment. Quite frankly, the result was a nonsense, as I recognised last week when I agreed to the Motion, "That the Chairman do report Progress and ask leave to sit again."

The Amendment now before us looks, on the surface, more than plausible. It looks attractive. It would be sensible. It would be grammatical, and we could do it without losing anything in principle. But I suggest that no Member of the Committee would be happy about it if we did. Why?—because there is no Member of the Committee, either abolitionist or retentionist, who believes that, if we abolish the death sentence, there ought not to be power in suitable cases to keep a man in detention throughout the rest of his life. No one believes that a man who has been convicted of murder should be released into the general public while there is the slightest chance of his being in such a condition that he might commit the offence again. About this the Committee is unanimous.

Mr. Anthony Buck (Colchester): As I understand the Amendment, it would be open to the court to sentence a person to life imprisonment. Thus, the point which the hon. Gentleman makes seems to be met.

10.45 a.m.

Mr. Silverman: That is so, and I was coming to that point. If the hon. Gentleman wishes, I shall deal with it now. It gives to the court discretion to pronounce a life sentence. What most people want is not a discretion in the court to pronounce a life sentence, but an automatic, fixed, life sentence as an alternative to a fixed death sentence in cases of conviction of murder, for the reason that there is more than one factor involved in the question how long a man should be detained.

Only some of the factors are known on the day of trial to the trial judge. A great deal depends on what happens afterwards. A great deal depends on how the man

[MR. SILVERMAN.] develops. There must be in the Home Secretary—it can be nowhere else—power in every case when a man is convicted of murder to be able to say that he is not turned loose on the public at any time while there is the slightest danger of his repeating the offence.

I quite understand that there is a difference of opinion on whether the determination of when, or if, a licence is granted under Section 27 of the Prison Act, 1952, should be exercised solely by the Home Secretary or whether—in accordance with one Amendment on the Notice Paper—he should take the opinion, for instance, of the Court of Appeal. We have not reached that stage and we are not discussing the point now. What I am saying is that I cannot conceive that there is any hon. Member in the Committee who would desire at this stage to remove the substitution of a life sentence for the death sentence which, by large majorities, we have already agreed to abolish.

We must keep that matter open. That possibility must always be there. There may have to be, in the opinion of the Committee, safeguards upon its exercise in various ways, at various times and under various conditions, and there is plenty of room for difference of opinion about that. At the Report stage, no doubt, these matters can be considered. But what would be unsatisfactory, I venture to suggest, to everyone, whether in favour of abolishing the death penalty or against abolishing it, would be to leave with the court at the moment of trial the responsibility of determining then and there what the period should be.

The Chairman: Order. The hon. Gentleman is coming rather near to what I suggested we have already fully discussed. I shall be grateful if he will confine himself to the argument which he was advancing at the beginning.

Mr. Silverman: I am much obliged, Dr. King. I shall not pursue it. I was illustrating an argument, and I quite realise that I may have been illustrating it in too much detail. I think that the Committee would not be satisfied with the present Amendment or with any other Amendments which could take its place on the Notice Paper.

It may be asked why I have not put down an Amendment to restore the word "life". I could not do so, because it would have been out of order. Indeed, anything would be out of order at the present stage which would have the effect of substantially restoring the position we changed last week. Therefore, what I recommend to the Committee is that it should reject the Amendment and others of a similar nature and let the Bill go forward to the Report stage, with the gap, on the distinct understanding that the sponsors will put down on that stage an Amendment to restore the word "life".

If this seems to be an admirable course, I confess that it is. But it is not without precedent. Those of us who were Members during the war will remember a rather close parallel. The House was then considering in Committee the Education Act, 1944. One Clause of that Measure dealt with machinery for paying teachers' salaries. A back bench Amendment was moved to provide that equal pay should be given to men and women teachers and, most unexpectedly, this was carried against the Coalition Government by one vote.

The Government decided that this would not do. The Prime Minister, Mr. Winston Churchill, came to the House next day and explained that it would be quite unreasonable to expect him to continue the conduct of the war if he had lost the confidence of the House of Commons to such an extent that, against the Government's desire, it wanted equal pay for men and women teachers. He insisted that the House should reverse its decision then and there.

Of course, it could not reverse its decision then and there in so many words. Indeed, there was no need for it to do anything at all, because an Amendment could equally well be made on the Report stage if nothing were then done. The Government were not satisfied. They persuaded the House, by a vote of about 400 against about 20, that the whole Clause should be deleted. The Measure then went forward to the Report stage without any Clause providing that a single penny of wages should be paid to men or women teachers, or anybody else. On Report, the original Clause, unamended, was restored. I think that is a fairly close parallel.

The difference is that, whereas in that wartime case it was not necessary to delete the Clause in Committee, since an Amendment restoring the position could have been made on the Report stage, in this case, if we were to fill up the gap at this stage, we should to that extent be embarrassing ourselves on the Report stage. I do not think that I can add anything to the argument. I hope that the Committee will think that, in the circumstances, this is the most practical thing to do.

Mr. Joseph Hiley (Pudsey): Has the hon. Gentleman considered the possibility of his proposal being defeated on Report?

Mr. Silverman: One always has to consider such possibilities, but one does not refrain from putting down an Amendment and endeavouring to get it carried because there is the possibility that one will fail. One must do one's best.

Mr. W. F. Deedes (Ashford): I hardly think that the response of the hon. Member for Nelson and Colne (Mr. Sydney Silverman) to the Amendment, though most reasonably done, will satisfy all hon. Members. Without, I hope, trespassing on the bounds of order, perhaps I may say that the hon. Gentleman's argument was in a sense misdirected, because he attributed to the Amendment motives which do not lie with those responsible for it. He said that most people wanted a fixed sentence and saw some objection to altering the Bill in that sense. That is not my desire nor that of my right hon. and hon. Friends.

Mr. Sydney Silverman: If the right hon. Gentleman thinks that I said that most people wanted a fixed penalty, I must have expressed myself very badly. What I think most people want is power to retain a man for all his life under detention if the death penalty is abolished and if that course seems to be necessary. I think that everybody wants that and that the Amendment, in my opinion, would not achieve such a result.

Mr. Deedes: I will deal with that point quite shortly without going beyond what you, Dr. King, have asked.

The Amendment is not simply a mechanical device designed to fill the gap. It would afford to the court the discretion

which many of us think would be a wise and right thing to do and which meets the support of a great many right hon. and hon. Members. There seem to be three reasons why the Committee should give very serious attention to the Amendment.

First, it really seems hardly credible, notwithstanding what the hon. Member has said, that those responsible for the Bill should wish to report it to the House lacking what is, in effect, the whole nub and purpose of the Bill. This is not a detail which has been struck from the texture of the Bill; it is the main point.

Secondly, all right hon. and hon. Members are agreed, whether they be retentionists or abolitionists, that if hanging goes an adequate alternative must be provided. There is no dispute about that. But this is the one point that the Bill, as the hon. Gentleman wants it to be reported, will fail to provide, according to the hon. Gentleman, and that after many hours of work. Our proceedings have so far occupied about 46 hours—about one hour for each line of the Bill. Yet it is proposed to report the Bill to the House with its main purpose unfulfilled. We do not feel that this is an acceptable solution to the difficulty we got into last week.

Thirdly, the Committee should also consider that the sponsors of the Bill clearly envisage that they will be able to refill the gap at a later stage, but the point raised by my hon. Friend the Member for Pudsey (Mr. Hiley) is exceedingly relevant. They presuppose that they will carry the Amendment when they wish to do so. It may well be that they will carry the Amendment, but equally they may not.

Accidents occur, and accidents seems to occur fairly frequently to this Bill. I do not think that I have ever been concerned with such an accident-prone Measure as this one. To presuppose at this stage that the Amendment which the sponsors intend to put down on Report is assured of success is a very risky way of going about it. Where will we be if that Amendment is defeated? I must not carry this too far at this point, but it is right that the Committee should see the way it may be going. If an Amendment on Report to fill the gap were defeated, there would be no other opportunity to fill the gap.

Mr. Sydney Silverman : The right hon. Gentleman will not have forgotten the rules of the House. When it comes to the Report stage any hon. Member can put down an Amendment and it is inconceivable that an Amendment would not be carried to fill the gap—possibly even the one now before us. It does not follow that because my Amendment might not be carried the House would not carry any other Amendment.

11.0 a.m.

Mr. Deedes : My point is that this is the penultimate stage of our consideration of detail and Report would be the ultimate stage. Before we reach it, on the assumption which the hon. Member rather readily reaches, we should be aware where we are going.

Fourthly, I feel some concern about the future course of our proceedings. One merit of our morning sittings is that we have had ample time in which to consider all the Amendments which have been put forward; and the hon. Member will probably agree that it has been done fairly reasonably. We have taken our time, but it has been reasonably done. There is, moreover, no disagreement that there should be ample time for this purpose.

If we proceed with the gap unfulfilled, further discussion of this matter will, I understand, become difficult, perhaps impossible. I cannot, of course, anticipate your Ruling, Dr. King, but it seems to me that other matters which the Committee desire to seek to discuss will cease to be discussable. Again, the Committee has a right to consider this matter in advance. Some may wish to consider the ideas of my hon. Friend the Member for Oxford (Mr. Woodhouse) or of my right hon. and learned Friend the Member for Warwick and Leamington (Sir J. Hobson), who have put down Amendments. As I understand, there is a risk that these things would be outside the bounds of discussion.

It may be, as the hon. Member for Nelson and Colne has suggested, that there will be a later opportunity for that discussion, but it will be in wholly different circumstances and depending upon the provision by the Government of adequate time for a later stage. I am sorry to have to say this, but I do not trust those who are responsible for these

arrangements to provide adequate facilities for that discussion. Early experience with the Bill has led me to say that with regret. Less concern is being shown by some for the provisions of the Bill than for the Government's timetable, and the timetable, we are all aware, like the Bill, is in some trouble.

What guarantee have we that the important matters still to be discussed on the Bill will receive any consideration if we accede to the proposal of the hon. Member for Nelson and Colne? What discussion will there be of how the sentence is to be imposed or terminated? I will not develop the point, but this is crucial and as yet we have had a very brief and rather interrupted discussion on it.

I realise that to anticipate the future would take me out of order, but the Committee has the right to look ahead and see where this procedure may lead us. For these reasons, the Committee would be wise to accept the sensible course suggested by my right hon. and learned Friend of accepting the Amendment without prejudice, I stress to the hon. Member for Nelson and Colne, to anything that may happen in the future. The hon. Member knows full well that he would commit himself to nothing irrevocable by accepting the Amendment. It would enable the Committee to continue its discussion of these important aspects and, when the time comes, to report something to the House which is a respectable product of 46 hours of work and not a farce.

I hope that that will be done and I beg not only the hon. Member for Nelson and Colne, but others who have influence in this matter, not to compound what many already regard as an act of folly with obstinacy.

Mr. R. T. Paget (Northampton) : This is really a simple question. The first point to be considered is whether any alternative to the word "life" will serve. If we were to insert any alternative word to "life", we would remove the effect of Section 27 of the Prison Act, 1952. That Section provides that

"The Secretary of State may . . . release on licence . . . subject to . . . conditions". I should have thought that in the case of murder, nobody would wish to remove from the Home Secretary that right

to release subject to conditions. The conditions may be all-important.

The second power which that Section gives to the Home Secretary is the right to recall to prison somebody who has been released on licence. Again, I should not have thought that any of us would wish to remove from the Home Secretary the right to recall, to release on licence again and to recall again if necessary. These are powers which are given to the Home Secretary in the case of a sentence of imprisonment for life. They are not given to him in any other circumstances. I should have thought that in the case of all murderers—

The Chairman: Order. I am sorry to interrupt the hon. and learned Member, but it seems to me that he is arguing for the restoration of a word which the Committee has taken out. I hope that he will confine himself to the aspects which I suggested should be discussed.

Mr. Paget: I am extremely sorry, Dr. King. I simply make the point that we first have to decide whether any alternative words will do, and I venture to say that no alternative words will serve.

Then comes the simple question of mechanics, in which there is no real problem of how to put back the word "life" if that be considered the only course. In the case of the Education Act, the then Prime Minister's action and proposal set the perfectly good precedent of leaving a blank and filling it on Report.

This and any other wrecking Amendment may be carried or defeated. [HON. MEMBERS: "Wrecking?"] Yes, of course. Wrecking Amendments may be carried on Report. If "life" were again excluded on Report, that would be an Amendment to wreck the Bill. Hon. Members opposite should not look indignant about this.

Mr. John Peyton (Yeovil): On the last occasion when the Committee considered this problem, the hon. and learned Member made accusations about school-boy tactics and the rest. Now he is talking about wrecking Amendments. If he makes that allegation, he should substantiate it. Nobody on this side of the Committee is getting angry. Will the hon. and learned Gentleman justify the

plain meaning of the words which he is using?

Mr. Paget: When my hon. Friend the Member for Nelson and Colne (Mr. Sydney Silverman) concluded his remarks, the hon. Member for Pudsey (Mr. Hiley) posed the supposition that on Report the proposal to put back the word "life" might be defeated. If that happened, it would be something that would wreck the Bill—of course it would.

Sir J. Hobson: All that the hon. and learned Member is saying is that it would wreck his idea of what the Bill should be, but it could be made a perfectly sensible Bill in a different form. It would wreck only the hon. Member's idea and not the Bill.

Mr. Paget: Of course, other words could be inserted, but if on Report a blank were left and no other words were inserted, ordinary language would describe that as a wrecking procedure. From the word "go" there have been a lot of hon. Members who have wanted to wreck the Bill because they do not like it. They think that it is wrong. There is no complaint about that. I am merely saying that, although there is always a chance of being defeated, the way to fill this blank with the only word which, in the light of the present Act, will do in the view of the promoters is to wait for the Report stage, and that is what we propose.

Mr. C. M. Woodhouse (Oxford): I hope that the hon. and learned Member for Northampton (Mr. Paget) would not accuse me of seeking to wreck the Bill, because I voted for it on Second Reading. However, he put his finger on a very crucial point when he said that the effect of substituting any form of words other than "life" in the hiatus of the Bill would be to deprive the Home Secretary of the power of release and recall under Section 27 of the 1952 Act.

I feel that it is only fair to point out to him that this would be the effect and is the intention of an Amendment which stands in my name later on the Notice Paper. I will not get out of order by attempting to debate that Amendment now. I would merely assure the hon. and learned Gentleman that my purpose, when I come to discuss the Amendment, as I hope I shall, will not be to wreck the Bill.

The Chairman: Order. I have informed the hon. Gentleman privately and the Committee publicly by the notice which I circulated that his Amendment is out of order, whether the Amendment before the Committee is carried or not. He may have an opportunity of dealing with the point at some other stage, but I cannot guarantee that.

Mr. Woodhouse: On a point of order, Dr. King. I regret to say that I did not receive any private notification on this point. The purpose of my rising was precisely to ask whether the intention was to call Amendment No. 17, in page 1, line 7, at end insert:

“Such a sentence shall be of indefinite duration subject only to the exercise of the prerogative of mercy”.

The Chairman: May I help the hon. Gentleman? I am sorry that my message has not, apparently, reached him, because as a matter of courtesy I try to inform hon. Members in advance. Unfortunately, whether the Amendment which is now before the Committee wins the Division or not, Amendment No. 17 is out of order. I say, “unfortunately” because the hon. Gentleman’s Amendment was to be called and, indeed, I was in the process of calling it when other things happened. Perhaps this interchange of views between us will help the hon. Gentleman at a subsequent stage, but I cannot say anything about that.

Mr. Woodhouse: With respect, am I entitled to argue with your Ruling, Dr. King, because it appears to me that, although Amendment No. 17 would certainly be out of order if the Amendment now under discussion were carried, it would not be out of order if it were defeated.

The Chairman: I am sorry. I hope that the hon. Gentleman will not argue the point of order with me.

11.15 a.m.

Mr. Buck: I thought that the hon. Member for Nelson and Colne (Mr. Sydney Silverman) and the hon. and learned Member for Northampton (Mr. Paget) felt really deeply about the procedures of the House and that the House should conduct its affairs in a proper way. Sometimes during our proceedings, however, I have been led to the

conclusion that they are concerned only with what suits their own ends.

I do not purport to be an expert on the procedure of the House, but it seems to me that our function in Committee is to put the Bill in proper order. We should consider it in detail in Committee and send it back to the House for its Report stage amended in such a way that it makes sense and ensure that the Bill is improved and is a cogent Bill proper for presentation to the House. It seems to me extraordinary that the sponsors of the Bill, without a murmur from the Government, it appears, should allow the procedures of the House to be used in this way. The position now is that we have before us a Bill which does not make sense. Yet the Government and the sponsors of the Bill appear to be perfectly content that this should be the case and have not made any real response to proper attempts to make sense of the Bill.

The sponsors rely on the fact that they will be able to carry an Amendment on Report. As has been pointed out, there is no guarantee that any particular Amendment will be passed on Report. But the matter goes further than that, because there is no guarantee that an Amendment will be selected by the Speaker.

Mr. Sydney Silverman: I have sought advice on that point and I have been assured that it is the practice of the Chair on Report to select any Amendment put down by the sponsors of the Bill. Therefore, there is no danger in the last point made by the hon. Gentleman.

Mr. Buck: I am interested to hear that. It will be noted in wider circles. We are glad that the constitutional position should be clarified. My understanding was that there was no guarantee about this matter. However, if the hon. Gentleman says that, it being the constitutional convention, this shall be done, perhaps it disposes of part of the difficulty.

Mr. Paget: This is not new. It is 150 years old. The Report stage has always been available to enable the sponsors to table Amendments, although it is normally the Government who are the sponsors.

Mr. Buck : This is not a Government Measure. I am certainly cognisant of the fact that the Government are allowed to do this.

Mr. Sydney Silverman : As I understand it—I may have misunderstood the position, but I do not think I have—the practice is directed to the sponsors of the Bill. It is true that in the great majority of cases the sponsors are the Government. But the practice of allowing to be called any Amendment tabled on Report by the sponsors does not arise out of any discrimination between Bills sponsored by the Government and Bills sponsored by a private Member.

Mr. Buck : I am much obliged to the hon. Gentleman. My understanding of the position was that it was a privilege usually extended to sponsors and invariably extended to Governments. I should have thought that this was one of the reasons why the Bill might have been appropriately considered as a Government Measure. None the less, I accept from the hon. Gentleman that there is this convention.

However, it seems to me undesirable that the Report stage should be used in this way. I have always understood that the Committee stage of a Bill was the proper stage for getting Bills into reasonable order, and deliberately to report a Bill back to the House in a nonsensical form seems to me something of an abuse of the procedure of the House. I am surprised that the sponsors of the Bill should be contemplating this action and that we have not had as yet—no doubt we shall in a moment or two—any comment from the Government on the situation. I shall be interested to hear from the Home Secretary what view the Government take of this matter.

The hon. Member for Nelson and Colne said that the Amendment put forward by my right hon. and learned Friend the Member for Warwick and Leamington (Sir J. Hobson) was an alternative, was rational, made sense and was quite attractive. Then he went on to say that nobody would be happy about the Amendment. Nobody in the House can be said to be happy about the Bill as it stands, because it does not make sense. A much more preferable course would be for the sponsors to accept the Amendment which, as the hon. Gentleman said,

is attractive, makes sense and has great merit. We should not then be in the invidious position of allowing a Bill to be reported from a Committee of the whole House, after a great deal of consideration, in an absurd and ludicrous form.

Mr. Sydney Silverman : Supposing I were to accept the Amendment and supposing that I were to say, "It is a pity to send the Bill forward with a hole in it. If it can be tidied up in any reasonable way, I will accept the Amendment," but, at the same time, giving notice that on Report I would still seek to change it back to a life sentence—the hon. Gentleman knows that this is what I want to do and have wanted to do all the time, so that there would be nothing unexpected if I said that—would he still want me to accept the Amendment on the basis that I would seek to upset it again on Report? Would that be a proper thing to do?

Mr. Buck : I would say, "Yes." That would be a far preferable course to allowing a Bill of this character to go ahead in this form, not making sense.

Mr. R. H. Turton (Thirsk and Malton): This is the point at which I want to intervene on the Bill for the first time. We are in difficulty because the Bill now makes nonsense. There are three arguments against the Amendment. One was put by the hon. and learned Member for Northampton (Mr. Paget)—that if we had this form of words, it would not fit in with Section 27 of the 1952 Act. I accept that and if we had this form of words, it would, therefore, be necessary to have a later Amendment widening the provisions of Section 27 of the 1952 Act.

The second argument was put forward by the hon. Member for Nelson and Colne (Mr. Sydney Silverman) and is that he does not like this form of words and would have preferred not to have been defeated last week and, therefore, cannot himself vote for this form of words. That I accept. He undoubtedly has a prerogative on Report, when his Amendments will get a prior claim. Personally, I think that it is unfortunate that that was dragged in at this stage, because nothing should be done to fetter Mr. Speaker's discretion as to what Amendment he calls or does not call. I have

[Mr. Turton.]

known times when the House has made a clear decision in Committee and when Mr. Speaker has refused to call an Amendment to put back something on Report. That is why it is unfortunate that the admittedly normal practice should be prayed in aid as a justification for the course taken by the hon. Member for Nelson and Colne.

What he could do would be not to challenge these words—in other words, not to vote for them, but not to vote against them, realising that as he was defeated in the first Division on Wednesday, the natural sequence should be for those who won the argument in that Division to put in some form of words in Committee so as to make the Bill make sense at this stage. That is what I shall be unhappy about if this Amendment is defeated. I do not know whether the House of Commons has ever passed a Measure through its Committee stage when it did not make grammatical sense, in other words, completely leaving out the end of the sentence.

The hon. Member for Nelson and Colne quoted in support of his argument the illustration of the Education Act, 1944, when, having been defeated on a minor Amendment—a major Amendment if hon. Members like to call it so—on equal pay, the Government then took the Clause out of the Bill. The correct parallel, which the hon. Member for Nelson and Colne did not pursue, would be, having been defeated last Wednesday, to negative his Clause and then put it back at the next stage.

Mr. Sydney Silverman: I am sure that the right hon. Gentleman does not really mean that. The 1944 Education Bill had a lot of Clauses and provided a whole system, an intricate and complex system, for national education, under which we are still operating. What the Government did in that case was to take out the Clause which provided any payments whatever for any of the services for which they were legislating. That was a much bigger nonsense than a mere grammatical inclusion at the end of a sentence. But what the Government could do then, is what I cannot do. They could take the Clause out and put it back in an amended form on Report without destroying the Education Bill as a Bill. If I were to accept the right

hon. Gentleman's argument, I would myself be destroying my own Bill. I assure him that that I have no intention of doing. I intend to carry it.

Mr. Turton: The hon. Gentleman complains of my following his own analogy. That is not a precedent for his action. If it were a precedent, the hon. Gentleman would have his own remedy in negating the Clause and putting it back on Report, as the Coalition Government did in 1944. I do not believe that to be a true precedent.

Can the right hon. and learned Gentleman the Home Secretary tell us whether there is any precedent for the House of Commons tacitly allowing a Measure to go through Committee with a complete nonsense in the middle of a major Clause? I have always understood it to be the duty of the House to see that its legislation is passed in as good sense as is possible. Therefore, although many are not satisfied with my right hon. and learned Friend's Amendment, it should be allowed to go through so that the Bill will go forward, according to precedent, in grammatical sense at this stage.

Mr. Ian Percival (Southport): The approach of the hon. Member for Nelson and Colne (Mr. Sydney Silverman) is wrong. There is no possible objection to his saying, "I accept that I have been defeated at this stage and I want to try to reverse that decision at a later stage, but, meanwhile, I must accept something reasonable to make sense of my Bill". I ask him to reconsider the argument which he has advanced in support of his proposition.

The hon. and learned Member for Northampton (Mr. Paget) made an equally false point, and here I am bound to take issue with my right hon. Friend the Member for Thirsk and Malton (Mr. Turton). The Amendment which is now proposed, and which I support, gives power to sentence to life imprisonment. Section 27 applies to any sentence of life imprisonment and not merely to one which is mandatory. Accordingly, there is nothing in that argument.

What appeared to me to be one of the more scandalous points made by the hon. and learned Member for Northampton—and that is saying something, because he has made a few in these debates

—was his suggestion that this was a wrecking Amendment.

Mr. Paget rose—

Mr. Percival: I hope that the hon. and learned Gentleman will listen for a moment. We have had to listen to a lot from him.

The Clause is wrecked now. What we are seeking to do is to make some sense of it, and if hon. Members who support the Bill so passionately would bend their heads to it a little more, they would see that the Amendment of my right hon. and learned Friend the Member for Warwick and Leamington (Sir J. Hobson) is not only acceptable to them, but introduces consistency where at present there is inconsistency.

Mr. Paget rose—

Mr. Percival: No, I will not give way.

I hope that I shall be in order if I advance an argument which has not been put before. In subsection (3) it is provided—I paraphrase—that when Section 70 of the Army Act is applied, when a person subject to military law commits the offence of murder overseas and is tried by court-martial—if he commits it in the United Kingdom, he will not be tried by court-martial—he shall be liable to imprisonment for life. In his case, a sentence of imprisonment for life is not mandatory, but the court-martial may sentence him to anything up to and including life imprisonment. That would be the effect of the Amendment moved by my right hon. and learned Friend.

11.30 a.m.

The Chairman: Order. We are to take that Amendment later. The hon. and learned Gentleman must apply any reference that he makes to it to the Amendment under discussion. I have not seen that yet.

Mr. Percival: One has to lay the basis for something that one is going to say later. My purpose in making that point, which I hope to develop later, is directed to the fact that the hon. Member for Nelson and Colne has said that he cannot accept the Amendment because it is inconsistent with the line that he has adopted.

I am asking him and the Committee to accept that it is not. The Amendment would introduce consistency into the Bill, for the reasons that I have mentioned. We would then have the same provision for punishment for murder committed by a person under military law as for a person not under military law. I therefore suggest, both to the hon. Member for Nelson and Colne, and to the hon. and learned Member for Northampton, that they would do well to think about this a little more.

Mr. Paget: The only thing that I want to say is that I do not suggest, and never have done, that this is a wrecking Amendment. The only point that I made was that it would be possible for there to be wrecking Amendments on Report. I never said anything beyond that.

Mr. Percival: I think that we must leave this to our recollections and to tomorrow's HANSARD. It is plain that if the hon. and learned Gentleman did not mean that, he conveyed that impression to more than one Member on this side of the House. I am glad to have it cleared up, and I take the hon. and learned Gentleman to mean that if he said it, it was inadvertence, and he does not make any such suggestion now.

Perhaps I might consider the reasons for filling the gap in the Bill with something—and the wording suggested by my right hon. Friend is as good as one could have for the time being. I hope that I might have the attention of the Home Secretary. I am sure that he will not mind my saying that it reduces debate to something rather meaningless if one cannot have the attention of the person who has made the point with which one is dealing, or the attention of the person who is to deal with it.

The Secretary of State for the Home Department (Sir Frank Soskice): I apologise to the hon. and learned Gentleman.

Mr. Percival: As my right hon. Friend the Member for Ashford (Mr. Deedes) said, if we leave the gap, a great many questions arise for consideration as to what Amendments are or are not in order. You have ruled on one Amendment, Dr. King, and whatever happens it will not be in order to discuss that. That might be overcome by filling the gap with some other wording which would keep that

[MR. PERCIVAL.]

Amendment in order, but the same question will arise on all the other Amendments which are down for discussion, and on which many of us hope to have the opportunity to make a contribution on this very important aspect of the problem, namely, what are to be the provisions for sentencing if the death penalty is to be removed?

My right hon. Friend is right in saying that unless the gap is filled now the opportunities for discussing that question will be very limited, if indeed there are any at all, on the remaining parts of the Committee stage. It is true that the opportunity will arise on Report, but, as my right hon. Friend pointed out, the amount of time which will be available then to discuss these matters will rest entirely in the hands of the Government.

My attitude, and that of many of my right hon. and hon. Friends, must depend to some extent on what assurances we receive as to the amount of time that we shall have to discuss these matters on Report, and it would be of great assistance if one of the Members of the Government who are present and who have listened to the debate and have now had an hour in which to consider the point, is able to give some indication of the time which the Government propose to provide on Report to discuss these important matters.

Unless we receive a firm assurance that adequate time will be given on Report for discussing this important aspect of the problem, the Committee ought to fill the gap in the Bill so that we can go on discussing this part of the problem.

Sir Kenneth Pickthorn (Carlton): I should like the hon. Member for Nelson and Colne (Mr. Sydney Silverman) to listen to what I am going to say. I more than half believe that it would be in order now, as a result of the discussion which has proceeded for the last half hour, to discuss and expound one's view of the whole constitutional and procedural history of the Bill, which is remarkable and scandalous. But I do not want to try and go back on all that. I want to mention one or two things, and I apologise if it may be thought that the argument has already been completed.

I think it not altogether superfluous to say two things in particular. The first

is with regard to the alleged precedent from wartime. I do not remember that as clearly as I remember some other things that happened in wartime, and quite a lot did happen. Nevertheless, I remember it pretty clearly. I remember that at the time it was thought to be a pretty disgraceful exercise of the power of indispensability on the part of the then Prime Minister. That was a very small matter compared with his services and with the dangers, the necessities and the urgencies which we were in at the time, but it was widely felt to be an excessive abuse.

It is not an analogy, for two reasons. First, it is not an analogy because of the change in persons and politics. Whatever may be said for the argument that Mr. Churchill, as he then was, was at that moment in 1944 so essential to the survival of our country that something otherwise highly undesirable ought to be done, the same cannot be said about the sponsor of the Bill, and indeed can hardly be said even about the Home Secretary.

The second reason why it is not an analogy is that what was done then did not destroy the Bill; it did not make nonsense of the Bill. It was no doubt a gross inconvenience that the Bill did not provide for the important but still adjective purpose—in the sense of not substantive—of paying teachers. What we are being asked to do today by the hon. Member for Nelson and Colne, and presumably by the Home Secretary, is to purport to report something which is nonsense. There may be some precedent for that, but if there is it is a bad precedent, and we ought to take great care that it does not happen again.

I cannot believe that the Committee is satisfying its directions from the House if what it does is to send back a form of words which is not a report of the Bill but a piece of nonsense made out of the Bill—and made out of the Bill by whom? The hon. and learned Member for Northampton (Mr. Paget)—who never seems to be able to tear himself away from his more intimate conversations to pay some attention to what the Committee is trying to do—introduced the word "wrecking". If the Bill is wrecked, who will have wrecked it? [HON. MEMBERS: "You."] No. The Bill is not wrecked by us. We should not

be here today if the Bill had been wrecked by the vote in which my hon. Friends and I were successful. What the Bill is in danger of being wrecked by—and is at the moment wrecked by—unless we pass this or a better Amendment, is the subsequent vote.

The Bill is not now afloat. It cannot be reported. It is not in a position in which it could be reported. There is much else which could be said about this. I apologise to my right hon. Friend the Member for Ashford (Mr. Deedes), because, by implication, he has said all this already, and perhaps I should not have said it again in a rather different and direct way. But I thought it was worth doing. [*Interruption.*] Dammit! I have listened to the whole debate from the word "go" and this is the first time I have spoken. I beg hon. and right hon.—I was going to say Gentlemen but I think that there is only one right hon. Gentleman opposite—I beg Members opposite to think twice about this. Do they really want to establish the principle that a Committee—whether a Committee of the whole House or a Standing Committee—which has been given the duty of reporting a Bill, should be advised by those in charge of it, and should accept the advice, to report not the Bill as amended but something which has ceased to be a Bill, and which it is quite clear to everybody, on both sides of the Committee, has ceased to be a Bill?

Mr. Peter Thorneycroft (Monmouth): I wish to address myself very shortly to the subject which we are discussing. It is that the Bill, in its present form, reads:

"No person shall suffer death for murder, and a person guilty of murder shall, subject to subsection (4) below, be sentenced to imprisonment for".

The question is whether, after the word "for", we shall put in the words suggested by my right hon. and learned Friend.

Whatever else will be said about his proposal, nobody can suggest that it is a wrecking Amendment, because it has at any rate the merit of making the Bill a coherent Measure. That is what it is designed to do, and that is what my right hon. and learned Friend has argued for. It may make the Bill a coherent Measure in a form different in some degree from that which the sponsor of the Bill, the

hon. Member for Nelson and Colne (Mr. Sydney Silverman), would wish. I accept that. At the same time, I would point out to the hon. Member that he has had great experience in the House and should know that he is taking upon himself a considerable responsibility in proposing to the Committee that it should report the Bill in a form which is virtually meaningless.

11.45 a.m.

Mr. Sydney Silverman: The right hon. Gentleman will remember that I conceded that point myself in an earlier speech. He will also remember that we are all in a constitutional difficulty for which none of us is responsible but which arises inevitably out of the rules of the House. I have no doubt—and the right hon. Gentleman might concede it to be a possibility—that if it were open to me now to move an Amendment to put the word "life" back the Committee would probably accept it, by a majority. In my opinion, this would be the sensible thing to do. The only reason why I cannot do it is that it would be out of order under our Standing Orders. Therefore, the only option that I have is either to consent to put in a form of words of which I intensely and fundamentally disapprove or to leave the gap as it is to be filled in correctly at the next stage of the Bill. That is the only question before the Committee.

Mr. Thorneycroft: In a fairly long experience of the House of Commons I have known many an hon. Member say that he was in a constitutional difficulty of a terrible character simply because he had got rather less than he desired or thought that he deserved. This is a very common precedent. I, too, have had some experience of these matters. It so happens that I seconded the Amendment on the Education Bill which brought about the downfall of the Government. I am not wholly ignorant of the precedent to which the hon. Member refers.

But it is not a particularly apposite precedent to these matters, for the reasons which were advanced very well by my right hon. Friend the Member for Carlton (Sir K. Pickthorn). What we are here dealing with is a matter of great concern to the House of Commons as a whole, namely, to try to make some

[MR. THORNEYCROFT.] sense of the Bill. I welcome the Home Secretary back. [*Interruption.*] I am not complaining that he left. I am saying that I am grateful that he has come back.

Sir F. Soskice : I apologise for being out while the right hon. Member was speaking. It was necessary for me to go out and make an inquiry.

Mr. Thorneycroft : I am not in any way criticising the Home Secretary ; I merely said that I was glad that he had come in at this moment.

The subject round which the discussion turns is of deep concern to millions of people. It is all very well for the hon. Member for Nelson and Colne to tell us what the majority of people think. The majority of people in this country think very differently from the hon. Member for Nelson and Colne. I am not saying that the majority is right, but do not let us all say that we know exactly what the majority think. Whatever the majority think, however, the House of Commons would wish that the deepest and most serious consideration should be given to the matter.

I wish that the hon. and learned Member for Northampton (Mr. Paget) would sit down for a few minutes peacefully. He never stays in one place for a moment. Let him compose himself and try to listen to the debate.

The majority of people are deeply concerned as to what is to be done with men or women guilty of the terrible crime of murder if they are not sentenced to death. This is a matter of immense complexity and difficulty. It is not capable of easy solution. It is terrible that at this moment the Government have not taken charge of the Bill. I concede that they flinched from taking charge of it while the very difficult moral as well as political and legal issue about the death sentence were being debated. Views differ in all parties about that.

But when we consider the question of what should be done when we do not have a death sentence—and this is no reflection upon the hon. Member for Nelson and Colne—we are considering something which no Private Member can deal with, because it is a matter of such

complexity. The Home Office, with all their resources, knowledge and experience, and with their knowledge of the kind of pattern of sentencing which they are seeking, are the only people—acting through the Home Secretary—who can really deal with a situation of this kind.

What frightens me—I mean this as no reflection on anyone—is the amateur approach which we are being compelled to take on a matter of deep complexity and of immense interest to the people of this country—

Mr. Sydney Silverman *rose*—

Mr. Thorneycroft : I hope that the hon. Member will not leap up at this moment. I am addressing the Home Secretary.

This is something which only the Home Secretary can take ultimate responsibility for—

Mr. Silverman *rose*—

Mr. Thorneycroft : Please let me finish. If the sponsors of the Bill were a little quieter, we should make greater progress with the Bill.

I ask the Home Secretary whether he would not consider from now on, beginning to take a large measure of responsibility for an issue which is central to the responsibilities of his Department ; I think that that would be right and proper. So far as this Amendment is concerned—

Mr. Silverman : The right hon. Gentleman has said—very politely: I appreciate it—that we are all dealing in a rather amateurish fashion with what must ultimately be the responsibility of the Home Office. I want to remind him that the alternative to the death penalty which we have been recommending as sponsors of the Bill to the Committee is exactly the same as what the Government of which he was a Member recommended the House to do when they abolished the death penalty over five-sixths of the whole area in 1957. It is not fair to charge people with being amateurish. We are merely following the practice of Governments in previous years, who have done exactly the same thing.

Mr. Thorneycroft : It would be wrong to debate now whether life is the right

sentence, and this is not my purpose. I think that I should be out of order if I did so. Whatever is done with the men or women who commit the terrible crime of murder, it must surely be some responsibility of the Home Secretary to determine what it is. That is all I am asking. I do not ask necessarily for a reply this morning. I ask that the Home Secretary should ponder these matters between now and Report stage. I believe that it would meet the wishes of the Committee and those of the country, and add to the respect and standing of the Home Office, if between now and Report stage—

The Minister of State, Home Office
(Miss Alice Bacon) *rose—*

Mr. Thorneycroft: Just one moment, please. Let me finish. I am very glad to see that the hon. Lady has heard the Division bell this morning. [HON. MEMBERS: "Cheap."] I should be obliged if she would content herself while I address her chief.

I think that it would meet the wishes of the country and the House of Commons if between now and Report stage the Home Secretary himself—not his junior Minister, but the Home Secretary himself—would give consideration to the possibility of taking responsibility for the Bill.

Miss Bacon: I was going to say that if the right hon. Gentleman had been present throughout the whole of the proceedings as some of us have and had been in every Division, as I have, he would have heard the views of the Home Office, both from my right hon. and learned Friend and from me, on the very points which he now puts forward.

Mr. Thorneycroft: I think that the country is entitled to expect from the Home Office something more than interested comments from the sidelines by junior Ministers. This is no way to deal with one of the big issues of the day. This is the Home Secretary's responsibility, not mine and not that of the hon. Member for Nelson and Colne (Mr. Silverman). It is essential that proposals of this character should be the ultimate responsibility of the Home Secretary. All that I am asking—in a most polite manner, I think—is not even

for an answer now, but that between now and Report stage he should consider with his colleagues, with the Prime Minister and with his advisers in the Home Office, whether it would not be possible to take over responsibility for the Measure.

With regard to these proposals, in a sense, one does not know whom to address in matters of this kind. But I imagine that the Home Secretary and the Government must have some responsibility for a Measure which will be reported to the House which touches the large responsibility of the Home Office. As an old Member of the House of Commons—if I can address him with that background to his credit—the Home Secretary cannot be happy, I think, about leaving the Bill in this condition. There are solid merits in the Amendment. We might at some time go into them in great detail, and one would like to hear the Home Secretary's views.

A life sentence could still be imposed under this Amendment and this is certainly an argument for it. It leaves open the question of sentence in the sort of cases which have happened in the past, of some desperate parent putting an end to the life of a sick and ill child who could never recover, in which the sentence of death had to be imposed, though everybody knew that it could not possibly be carried out. There are cases like that where it might be said that a sentence for less than life could be justified.

These are matters which I do not want to debate in detail now. They are matters of immense moral and political difficulty, but they are matters on which we should like the views of the Home Office. I hope that the sponsors of the Bill will think again before advising their hon. Friends to vote against the Amendment. I believe that it is in the interests of the House of Commons as well as everybody else that the Bill should go forward, whether people agree with it or not, in a way which is at least coherent, which makes some sense, which is comprehensible to people outside. But for the Committee to let the Bill go on to Report stage and be published to the world in a meaningless jumble is a bad reflection on our activities.

I appeal to the Home Secretary to give us the benefit of his advice, not only as

[MR. THORNEYCROFT.]

Home Secretary but as one who has spent a great many years in the House, and see whether it would not be possible to accept the Amendment in its present form. No doubt he might, on reflection, come to the conclusion that it is the best answer, but if he thinks that some other answer is better, there will no doubt be opportunities on Report for putting it right.

Sir F. Soskice : The right hon. Member for Monmouth (Mr. Thorneycroft) has asked me to give my advice to the Committee. My advice to the Committee would be to vote against the Amendment in order that we may make progress with the Committee stage of this most important Bill, about which, as he said, many millions of people are concerned and which should reach finality one way or another at the earliest possible moment. It has been said that time has not been given. We have been hours and hours and hours on this Bill, in Standing Committee and in the House. We had a full Second Reading debate, as we always have, at which views which have been repeated over and over again since were put before the House. A large majority of the House was in favour of the principle of the Bill.

The right hon. Gentleman has asked me for my advice. I have given it many times on the precise point which this Amendment raises. I have indicated time and again how I, so long as I hold this office, would exercise my discretion in these matters. I am sorry that I was not here for the beginning of his speech ; I hope that he will accept that I had stepped out for a reasonable purpose. I do not think, with respect, that it is fair of him to say that, so far as my advice might help the House, hon. Members have lacked it. I have given it over and over again. I know that you have ruled out of order discussion on the merits of this Amendment, Dr. King, but I would again have given it had you not given that ruling, which the Committee unreservedly accepts.

The question is, when faced with a somewhat unprecedented situation—not wholly so, because there was one close parallel which my hon. Friend for Nelson and Colne mentioned—what we should do in the presence of that situation. It is the result of our procedure, which has

been worked out after centuries of experience and which works very well. The procedure may be wrong in some respects, but at least it is the procedure of the House of Commons and it has in this case given rise to the result which we are considering.

12 noon.

It is said that the right thing for those of us who supported the Bill in the form in which Clause 1(1) came before the House would be to accept, or vote in favour of, an Amendment which would alter the Bill from its original form. One obvious difficulty for those of us who feel reluctant to vote for the Amendment is that we think that the Amendment is wrong on the merits. Hon. Members opposite think that it is right, but a number of my hon. Friends think that it is entirely wrong. For us to be asked to vote for something which we think would produce an inappropriate result is asking us to put ourselves in a ludicrous position. It is being said that the Committee is in a ludicrous position. Those who deliberately voted for something which they did not consider to be the right result in this most important matter would be putting themselves in a still more ludicrous position.

I hope that hon. Members, on both sides, at least agree that we want to get on and discuss the matters of principle which divide the Committee. People hold serious and strong views about this matter. There are other Amendments—

Sir Rolf Dudley Williams (Exeter): Surely, what the Home Secretary is saying is that because he cannot get the whole cake he will not take a piece of it. When we discussed the Homicide Bill the right hon. and learned Gentleman, as an abolitionist, wanted complete abolition. Because that was not possible, he accepted that certain murders would still be capital murders. The House of Commons has decided that life imprisonment is not acceptable and my right hon. and learned Friend the Member for Warwick and Leamington (Sir J. Hobson) has submitted a compromise. Surely, there is nothing wrong in asking hon. Members who are abolitionists to accept the compromise.

Sir F. Soskice : Hon. Members opposite are suggesting a compromise which, in

my view at least, is the wrong one. I cannot remember exactly how I voted on each Clause in the Homicide Bill, but I then did, in so far as I voted against any view put forward by the Government—and I would again—bow to the majority of the House. That is what we all do. It is our duty to do so.

I hope that we can reach a view on the Amendments. If they are rejected, the result will be a situation which every one of us would have wished to avoid. I say that without the least hesitation. Subsection (1) of the Clause would end with the words

“be sentenced to imprisonment for.”

On the last occasion when we considered this matter, I ventured a view which received disapproval and even scorn from the Committee, but it is not wholly devoid of justification, as the right hon. and learned Member for Warwick and Leamington (Sir J. Hobson), the former Attorney-General, and the right hon. and learned Member for Epsom (Sir P. Rawlinson), the former Solicitor-General, will agree. I am not so wide of the mark in saying that in construing a document the courts always try to make the best of it. With the Clause stating “imprisonment for”, they would regard that as meaning imprisonment for an indefinite period.

Sir K. Pickthorn: The right hon. and learned Gentleman speaks of a document. Are there not rules of construction about Acts of Parliament, and, consequently, about Bills proceeding to the next stage, which are quite different?

Sir F. Soskice: Having practised for some time in the courts, I have over and over again heard learned judges say, “It is extremely difficult to construe this Act of Parliament, but we must do our best.” I know that I have the agreement of the right hon. and learned Member for Warwick and Leamington in saying this. Although we in the House of Commons consider that something is pellucidly clear, when it is subjected to the microscopic examination that it receives in the courts it is found to be full of the most patent and obvious ambiguities. Learned judges have over and over again been completely perplexed about what view they should take. In construing the words, they make the best of them.

Sir J. Hobson: I agree that when the courts are given a document by Parlia-

ment they have to make the best of it. The Home Secretary is suggesting, I understand, that the Committee should not accept my Amendment. If, however, we do not accept it, we cannot have any discussion of Amendment No. 14, in page 1, line 7, at end insert:

(2) No person sentenced on a charge of murder to imprisonment for life shall be released by the Secretary of State on licence under section 27 of the Prison Act 1952 until the Secretary of State has referred the question of such release to the Court of Criminal Appeal for its opinion thereon and the Court has considered that question, and furnished the Secretary of State with its opinion thereon accordingly.

Would it not be useful to have discussed that Amendment in Committee so that when we reach Report the question of how people who are sentenced to life imprisonment should be dealt with would have been discussed beforehand in Committee?

Sir F. Soskice: It is obvious to everybody that we are discussing a rather artificial situation. It does not make it any less artificial to discuss an Amendment the result of which would be to word the Clause in a way which those of us who take the view that we do regard as being wholly wrong but for which, nevertheless, we would be asked to vote. If that Amendment were to be carried and if we had the chance, we would certainly seek to alter it again to make the Bill read differently. It is rather an Alice-in-Wonderland situation.

As our procedure has landed us in this position—nobody intended it; it was the result of two Divisions which produced an inconsistent result, but that is the way the Committee voted—surely it behoves us all, and it is in the interest of those who take any view about this matter, to report the Bill as soon as we can.

I was asked whether I would give an undertaking that there will be adequate time. I can give an undertaking that the Government will give time for Report and Third Reading on the Bill. [Interruption.] What is adequate depends upon the number of Amendments and the time which the Chair thinks is reasonable to discuss them. Obviously, that time must be on the Floor of the House. It will not be in the morning. It will be in Government time in the ordinary way. [Interruption.]

[SIR F. SOSKICE.]

I hope that hon Members opposite are not scoffing. Adequate time will be given in Government time for discussion of the Report stage and Third Reading.

If we want to resolve these issues of principle which divide us, much the best thing would be to reject the Amendment and to leave the Clause to be read as it will be in the courts, the courts making the best they can of it. Then we can proceed upon such discussion as, within the rules of order, is still open to us on the remaining stages of the Committee discussion. When we reach Report, those of us who think as we do, and hon. Members who take a different view, can put down the Amendments which they consider appropriate. I would very much hope that the Chair, as I have no doubt it would, would call those Amendments which bring up the real issues which divide the House of Commons on this important Bill.

I hope hon. Members will agree that it does not behove us to spend a long time in discussing procedural matters. I agree that they are important. I am not trying to minimise or belittle them. But let us take our time in discussing the issues of principle. The only way in which we can do so is to get as soon as we can to the end of the Committee stage, which has been hampered because of what has happened. Nobody intended it; it simply happened as a result of our procedure. Then we can get to Report and go into these matters. My advice to the Committee is to vote against the Amendment.

Sir J. Hobson: This is, of course, a problem for the Committee as a whole. We must consider how best we can have a proper discussion of the provisions of the Bill and whether we want to proceed with my Amendment, No. 30, and incorporate it in the Measure, or allow the Bill to go on to Report stage as it is. I appreciate what the right hon. and learned Gentleman the Home Secretary said, and I understand that he and the sponsors of the Bill would not like to proceed with the Measure in a form which they do not want. To some extent it appears rather ridiculous that they should adopt an Amendment which is unsatis-

factory to them when they have their hands tied behind their backs.

I would, therefore, much rather discuss these issues at the appropriate time, when we can go into all the questions affecting life imprisonment. However, if we leave the Bill as it is, unamended, many of the Amendments which appear on the Notice Paper will fall and, to that extent, we will not have had an opportunity in Committee to fully discuss all the very important issues concerning how people who have been sentenced to imprisonment for life in cases of murder should be treated.

I respectfully submit that if Amendment No. 30 were accepted a court would then be able to sentence a person convicted of murder to

“such period as the court shall determine”.

That could include a sentence of life imprisonment and, to that extent, I submit that Amendment No. 14 would be in order because the Bill, as it then stood, would envisage circumstances in which a murderer would have been sentenced to life imprisonment. We would then be able to have a discussion on Amendment No. 14 and discuss how people sentenced to life imprisonment should be treated—whether it should be a matter entirely left to the discretion of the Home Secretary or whether the judiciary should be brought in and, if so, in what form. To that extent it would be useful for us to go into these matters in Committee before considering them on Report. It is really a question of how we should proceed and if we should allow the Measure to go forward with a gap in it.

I have mentioned these points so that hon. Members may consider them in our consideration of how we should proceed and the consequences of proceeding in either way. The right hon. and learned Gentleman suggested that it would be best to leave the matter and discuss these questions of life imprisonment on Report rather than now. I would be prepared, if the Committee thought it right, to ask leave to withdraw the Amendment and proceed in that way. Having had this discussion, I beg to ask leave to withdraw the Amendment.

Hon. Members: No.

Question put, That those words be *The Committee divided: Ayes 128,*
there inserted:— *Noes 184.*

Division No. 115.]

AYES

[12.13 p.m.]

Allason, James (Hemel Hempstead)
 Anstruther-Gray, Rt. Hn. Sir W.
 Batsford, Brian
 Beamish, Col. Sir Tuffon
 Bennett, Sir Frederic (Torquay)
 Blaker, Peter
 Bossom, Hn. Clive
 Bowen, Roderic (Cardigan)
 Box, Donald
 Boyd-Carpenter, Rt. Hn. J.
 Braine, Bernard
 Brewis, John
 Brinton, Sir Tatton
 Bromley-Davenport, Lt.-Col. Sir Walter
 Buck, Antony
 Butcher, Sir Herbert
 Campbell, Gordon
 Chichester-Clark, R.
 Clark, William (Nottingham, S.)
 Clarke, Brig. Terence (Portsmouth, W.)
 Cooke, Robert
 Cordle, John
 Costain, A. P.
 Courtney, Cdr. Anthony
 Cunningham, Sir Knox
 Dance, James
 Dean, Paul
 Deedes, Rt. Hn. W. F.
 Digby, Simon Wingfield
 Dodds-Parker, Douglas
 Douglas-Home, Rt. Hn. Sir Alec
 Drayson, G. B.
 Eden, Sir John
 Elliot, Capt. Walter (Carshalton)
 Elliott, R. W. (N'e'tle-upon-Tyne, N.)
 Emery, Peter
 Errington, Sir Eric
 Fletcher-Cooke, Charles (Darwen)
 Fletcher-Cooke, Sir John (S'pton)
 Fraser, Ian (Plymouth, Sutton)
 Giles, Rear-Admiral Morgan
 Gilmour, Sir John (East Fife)
 Glyn, Sir Richard
 Godber, Rt. Hn. J. B.

Goodhew, Victor
 Gower, Raymond
 Grieve, Percy
 Hall, John (Wycombe)
 Harris, Frederic (Croydon, N.W.)
 Harris, Reader (Heston)
 Harrison, Col. Sir Harwood (Eye)
 Harvey, Sir Arthur Vere (Maccles'd)
 Harvie Anderson, Miss
 Hawkins, Paul
 Hendry, Forbes
 Hiley, Joseph
 Hobson, Rt. Hn. Sir John
 Hopkins, Alan
 Hunt, John (Bromley)
 Hutchison, Michael Clark
 Jennings, J. C.
 Johnston, Russell (Inverness)
 Kaberry, Sir Donald
 Kerr, Sir Hamilton (Cambridge)
 Kirk, Peter
 Kitson, Timothy
 Lagden, Godfrey
 Lewis, Kenneth (Rutland)
 Longden, Gilbert
 Lubbock, Eric
 MacArthur, Ian
 McLaren, Martin
 Maclean, Sir Fitzroy
 McMaster, Stanley
 McNair-Wilson, Patrick
 Maginnis, John E.
 Maude, Angus
 Maxwell-Hyslop, R. J.
 Maydon, Lt.-Cmdr. S. L. G.
 Miscampbell, Norman
 Monro, Hector
 More, Jasper
 Nicholls, Sir Harmor
 Noble, Rt. Hn. Michael
 Orr-Ewing, Sir Ian
 Peel, John
 Percival, Ian
 Peyton, John

Pickthorn, Rt. Hn. Sir Kenneth
 Pike, Miss Mervyn
 Pitt, Dame Edith
 Pounder, Rafton
 Pym, Francis
 Ramsden, Rt. Hn. James
 Rawlinson, Rt. Hn. Sir Peter
 Redmayne, Rt. Hn. Sir Martin
 Renton, Rt. Hn. Sir David
 Ridley, Hn. Nicholas
 Ridsdale, Julian
 Scott-Hopkins, James
 Sharples, Richard
 Sinclair, Sir George
 Smith, Dudley (Br'ntf'd & Chiswick)
 Stainton, Keith
 Steel, David (Roxburgh)
 Stoddart-Scott, Col. Sir Malcolm
 Studholme, Sir Henry
 Taylor, Edward M. (G'gow, Cathcart)
 Temple, John M.
 Thatcher, Mrs. Margaret
 Thompson, Sir Richard (Croydon, S.)
 Thorneycroft, Rt. Hn. Peter
 Tiimey, John (Wavertree)
 Turton, Rt. Hn. R. H.
 Tweedsmuir, Lady
 Vaughan-Morgan, Rt. Hn. Sir John
 Walder, David (High Peak)
 Ward, Dame Irene
 Webster, David
 Whitelaw, William
 Wills, Sir Gerald (Bridgwater)
 Wilson, Geoffrey (Truro)
 Wise, A. R.
 Wolrige-Gordon, Patrick
 Wood, Rt. Hn. Richard
 Woodhouse, Hon. Christopher
 Wylie, N. R.
 Younger, Hn. George

TELLERS FOR THE AYES:

Sir Rolf Dudley Williams and
 Mr. Mawby.

NOES

Abse, Leo
 Alldritt, Walter
 Allen, Scholefield (Crewe)
 Armstrong, Ernest
 Bacon, Miss Alice
 Barnett, Joel
 Bence, Cyril
 Binns, John
 Bishop, E. S.
 Blenkinsop, Arthur
 Boston, T. G.
 Bowden, Rt. Hn. H. W. (Leics, S.W.)
 Boyle, Rt. Hn. Sir Edward
 Braddock, Mrs. E. M.
 Bray, Dr. Jeremy
 Brown, Rt. Hn. George (Belper)
 Brown, Hugh D. (Glasgow, Provan)
 Brown, R. W. (Shoreditch & Fbury)
 Buchan, Norman (Renfrewshire, W.)
 Buchanan, Richard
 Buchanan-Smith, Alick
 Callaghan, Rt. Hn. James
 Carmichael, Neil
 Carter-Jones, Lewis
 Castle, Rt. Hn. Barbara
 Conlan, Bernard
 Craddock, George (Bradford, S.)
 Cullen, Mrs. Alice
 Dallyell, Tam
 Darling, George

Davies, G. Elfed (Rhondda, E.)
 Davies, Ifor (Gower)
 de Freitas, Sir Geoffrey
 Dell, Edmund
 Dempsey, James
 Diamond, John
 Dodds, Norman
 Doig, Peter
 Duffy, Dr. A. E. P.
 Dunn, James A.
 Edwards, Rt. Hn. Ness (Caerphilly)
 Edwards, Robert (Bilston)
 Ennals, David
 Ensor, David
 Evans, Ioan (Birmingham, Yardley)
 Fernyhough, E.
 Finch, Harold (Bedwellty)
 Fitch, Alan (Wigan)
 Fletcher, Sir Eric (Islington, E.)
 Fletcher, Ted (Darlington)
 Foot, Sir Dingle (Ipswich)
 Foot, Michael (Ehbw Vale)
 Freeson, Reginald
 Galpern, Sir Myer
 Garrett, W. E.
 Carrow, A.
 Gourlay, Harry
 Greenwood, Rt. Hn. Anthony
 Gregory, Arnold
 Grey, Charles

Griffiths, David (Rother Valley)
 Griffiths, Rt. Hn. James (Llanelli)
 Griffiths, Will (M'chester, Exchange)
 Hamilton, James (Bothwell)
 Hamilton, William (West Fife)
 Hamling, William (Woolwich, W.)
 Hannan, William
 Harper, Joseph
 Harrison, Walter (Wakefield)
 Hart, Mrs. Judith
 Hattersley, Roy
 Heffer, Eric S.
 Henderson, Rt. Hn. Arthur
 Horner, John
 Howarth, Harry (Wellingborough)
 Howarth, Robert L. (Bolton, E.)
 Howie, W.
 Hoy, James
 Hughes, Emrys (S. Ayrshire)
 Hunter, Adam (Dunfermline)
 Hynd, John (Attercliffe)
 Irving, Sydney (Dartford)
 Jackson, Colin
 Jay, Rt. Hn. Douglas
 Jenkins, Hugh (Putney)
 Johnson, Carol (Lewisham, S.)
 Johnson, James (K'ston-on-Hull, W.)
 Johnson Smith, G. (East Grinstead)
 Jones, Dan (Burnley)
 Jones, Rt. Hn. Sir Elwyn (W. Ham, S.)

Jones, J. Idwal (Wrexham)
 Jones, T. W. (Merioneth)
 Jopling, Michael
 Kerr, Mrs. Anne (R'ter & Chatham)
 Kerr, Dr. David (W'worth, Central)
 Lawson, George
 Lee, Rt. Hn. Frederick (Newton)
 Lewis, Ron (Carlisle)
 Lipton, Marcus
 Loughlin, Charles
 McCann, J.
 MacColl, James
 McInnes, James
 McKay, Mrs. Margaret
 Mackenzie, Gregor (Rutherglen)
 Mackie, John (Enfield, E.)
 MacMillan, Malcolm
 MacPherson, Malcolm
 Mahon, Peter (Preston, S.)
 Mahon, Simon (Bootle)
 Mallalieu, E. L. (Brigg)
 Mallalieu, J.P.W. (Huddersfield, E.)
 Marsh, Richard
 Mendelson, J. J.
 Mikardo, Ian
 Millan, Bruce
 Miller, Dr. M. S.
 Milne, Edward (Blyth)
 Monslow, Walter
 Morris, John (Aberavon)
 Newens, Stan
 Norwood, Christopher
 Oakes, Gordon

O'Malley, Brian
 Orbach, Maurice
 Oswald, Thomas
 Padley, Walter
 Paget, R. T.
 Park, Trevor (Derbyshire, S.E.)
 Parkin, B. T.
 Pavitt, Laurence
 Pearson, Arthur (Pontypridd)
 Pearl, Rt. Hn. Fred
 Perry, Ernest G.
 Popplewell, Ernest
 Prentice, R. E.
 Pursey, Cmr. Harry
 Rankin, John
 Redhead, Edward
 Rees, Merlyn
 Rhodes, Geoffrey
 Richard, Ivor
 Roberts, Albert (Normanton)
 Roberts, Goronwy (Gaernarvon)
 Rodgers, William (Stockton)
 Rogers, George (Kensington, N.)
 Rose, Paul B.
 Rowland, Christopher
 St. John-Stevas, Norman
 Sheldon, Robert
 Shinwell, Rt. Hn. E.
 Shore, Peter (Stepney)
 Short, Rt. Hn. E. (N'e'tle-on-Tyne, C.)
 Short, Mrs. Renée (W'hampton, N.E.)
 Silkin, John (Deptford)

Silkin, S. C. (Camberwell, Dulwich)
 Silverman, Julius (Aston)
 Silverman, Sydney (Nelson)
 Slater, Mrs. Harriet (Stoke, N.)
 Small, William
 Soskice, Rt. Hn. Sir Frank
 Stones, William
 Swain, Thomas
 Symonds, J. B.
 Taylor, Bernard (Mansfield)
 Thomas, George (Cardiff, W.)
 Thornton, Ernest
 Tinn, James
 Varley, Eric G.
 Wainwright, Edwin
 Walker, Harold (Doncaster)
 Wallace, George
 Watkins, Tudor
 White, Mrs. Eirene
 Whitlock, William
 Wilkins, W. A.
 Willey, Rt. Hn. Frederick
 Williams, Albert (Abertillery)
 Williams, W. T. (Warrington)
 Willis, George (Edinburgh, E.)
 Woodburn, Rt. Hn. A.
 Woolf, Robert
 Yates, Victor (Ladywood)
 Zilliacus, K.

TELLERS FOR THE NOES:
 Mr. Crawshaw and Mr. Orme.

Sir Richard Glyn (Dorset, North): I beg to move Amendment No. 20, in page 1, line 15, to leave out subsection (3).

Subsection (3) is the subsection which refers to

“ . . . an offence of or corresponding to murder under Section 70 of the Army Act 1955 or of the Air Force Act 1955 or under Section 42 of the Naval Discipline Act 1957 . . . ”

These Acts are substantially the same.

This Amendment is needed to put right what would otherwise be a most serious and critical anomaly in the criminal law as it affects Service people which would occur if the Bill went through in its present form. It would not be appropriate for me to invite right hon. and hon. Members to study the details of military law, and I have no intention of so doing, but it is right to remind the Committee that, as the Bill stands, it does not delete capital punishment for a number of offences, including certain military offences and, in particular, the offence of mutiny.

It is sufficient to say that mutiny can only be committed by several Service people—there must be more than one; one man cannot create a mutiny. The only other fact that is relevant—indeed, crucial—is that any mutiny involving any violence, or even threat of violence, retains capital punishment, because it is not affected by this Bill at all.

That does not mean, as used to be the case with murder, that capital punishment is necessarily imposed. That is not the position. The Act lays it down that any person subject to the Service law who takes part in a mutiny involving violence or the threat of violence or who even incites anyone to such mutiny,

“ . . . shall, on conviction by court martial, be liable to suffer death or any other punishment provided by this Act.”

That means that two or more persons subject to military law who even threaten violence are, and will be if the Act goes through as it is, liable to be sentenced to death for mutiny. It is true that the maximum penalty is not generally imposed except in the most serious circumstances—generally that the act is done in the face of the enemy—but I shall not weary the Committee with such details.

What I want to stress is that Amendment after Amendment has been argued against and even condemned by hon. Members opposite on the grounds that they would create anomalies. Those hon. Members found themselves unable to tolerate anything that smacked to them of an anomaly. As they have so regularly said that their consciences would not allow them to support anything in the form of an anomaly, I confidently look forward to their support of this Amendment, which would remove—

and is, I think, the only way in which one can remove—a far greater anomaly than any that would have been created by any of the Amendments they resisted.

I accept entirely that the right hon. and learned Gentleman the Home Secretary is not responsible for discipline in the Services overseas. He is, therefore, not involved in capital punishment when it is awarded for mutiny or other military crimes. To that extent, perhaps, he has discussed this point with his colleagues the Service Ministers, and no doubt their views have been made known. I am glad to see that the sponsor of the Bill, the hon. Member for Nelson and Colne (Mr. Sydney Silverman), has now rejoined us; no doubt he will be given a short synopsis of what I have already said.

Is it possible to think of a greater anomaly than the position which will be created, if this Amendment is not accepted; where two soldiers together threaten a sergeant major with violence, they commit mutiny, and are subject to capital punishment; when one of them, alone, kills a sergeant major, he is not? That position will arise if subsection (3) remains. The subsection is not, in my view, capable of being amended, nor has any Amendment been put down to it. It is necessary to delete it, and that is the purpose of my Amendment. I do not think that there is any other way out of the difficulty.

This emphasises a fact that has already become apparent to many hon. Members on this side—and also, I think, outside the House—that this is an unfortunate subject for a Private Member's Bill.

12.30 p.m.

It has become increasingly clear that this ought to have been a Government Bill. The whole Cabinet is involved in this particular point, because the defence Ministers also come into it. There ought to have been a Cabinet decision on this point. It is almost unthinkable that the Cabinet would not have wished to have an Amendment of this sort, either in these or in similar words. The Cabinet could not wish to create the astounding position I have outlined, not only in the Army, but in all the Services, affecting all Service men and women wherever they may be. Yet that is the position which will arise if this

Amendment is negatived and a similar one is not introduced at a later stage.

Of course, the responsibility is on the whole of the Government for this. It goes wider than the right hon. and learned Gentleman the Home Secretary, but, as he is representing the Government here this morning, it is to him that I must address my remarks. The original picture of a Private Member's Bill, which was the way in which this matter first came to our Order Paper, has now been very greatly changed as months have gone by. It is not often that a Private Member's Bill is referred to in the Gracious Speech. Nor is it often that a Government find the time to give it a Second Reading in such a way as to allow it to jump the queue of Private Member's Bills. Without continuing on that line, because all these facts are known to the Committee, I add that it is not every Private Member's Bill which, in Committee, has the Home Secretary and two other Ministers present in the Committee.

Responsibility is squarely put on the Government. [*Interruption.*] If the hon. Member for Nelson and Colne wishes to intervene, and cares to stand up to do so, I shall give way to him.

Mr. Sydney Silverman: I had not intended to intervene, but, since the hon. Member invites me to do so, I shall repeat aloud what I said *sotto voce*, although perhaps I should not have done so. The hon. Member is complaining, on the one hand, that the Government are not taking a proper share of responsibility in this matter and he is complaining, on the other hand, that there are three Ministers on the Front Bench. I wondered what he was grumbling about.

Sir Richard Glyn: I am not at the moment complaining about their absence, because they are visibly here. What I am complaining about is their inaction. This is a serious matter and the hon. Member knows that it is. It is a matter which, in the long run, is one of life and death, perhaps as serious a matter as we could have before the Committee. I am only sorry that there are not more hon. Members present now.

Without elaborating, as I have no wish to repeat the argument or to gild this rather malformed lily, the fact is that if the Bill goes through with this

[SIR R. GLYN.]

unfortunate subsection in its present form it will create a position in the Services so anomalous that it will shock the conscience of everyone who carefully considers it.

Of course, there are not a very great number of mutinies, I am glad to say. I am glad to say that the majority of those mutinies such as they are are not very serious, not sufficiently serious to be thought to necessitate capital punishment. However, there are such and there have been quite a number of executions for mutiny during the last 25 years. There has been considerably more, for example, than there have been for the murder of prison officers in prisons, which was one of the Amendments in which the hon. and learned Member for Northampton (Mr. Paget) took such an interest.

This is a serious point. I cannot believe that it would be argued that it is not a valid one. We have now reached a position where the Government must provide time for the Report stage. Therefore, there cannot be any argument on those lines for resisting this Amendment. I very much look forward to seeing the Government and all the hon. Members opposite so concerned with anomalies up to the present, agreeing that this Amendment should be accepted.

The Under-Secretary of State for Defence for the Royal Navy (Mr. J. P. W. Mallalieu) : It might be helpful if I intervene, very briefly, to put the view of the Service Departments on this Amendment. The hon. Member for Dorset, North (Sir Richard Glyn) is concerned with anomalies. We doubt whether the anomalies to which he referred, and of which I am aware, would be affected by the Amendment, because the crimes of mutiny, for example, throwing down one's arms in the face of the enemy, and the rest, are not affected by the Bill at all. The governing Clause, Clause 1(1), deals solely with murder. That provision will continue even if we take out subsection (3), so these anomalies would persist and we recognise them.

The point is that they are outside the scope of the Bill as it stands. Any references to mutiny or treason, because they are not included in the Long Title, All that the hon. Member has done is

to make a most powerful case for providing another Private Member's Bill, which would remove the death penalty for treason, mutiny and all those other crimes.

Sir Richard Glyn : I think that we are beginning to see eye to eye. It is precisely because it is not possible to put in an Amendment to take out the death penalty for those military offences that the only possible way of avoiding those anomalies is to adopt my Amendment.

Mr. Mallalieu : But the Amendment would not have the effect of clearing away the anomalies. That could be done only by another Bill. If the hon. Member cares to produce one I have no doubt that he will get the warm support of the Service Departments.

These anomalies are unsatisfactory, but they apply equally to civilians who may be guilty of treason as they do to Service men. It is essential that in anything we do we should not legislate especially for the Armed Forces. We are trying to ensure that members of the Forces feel themselves to be in the same main stream as civilians. We do not want them to be in any way a class apart.

It might conceivably be one result of accepting the Amendment that members of the Armed Forces would be treated differently for the same crime from members of the civilian population. We in the Service Departments would not accept that for one moment. I very much hope that the Committee will refuse it also, and will resist the Amendment if it is pressed.

Mr. Paget : I think that I am right in saying that the quinquennial examination and amendment of the Army and Navy Acts comes up this year. That will be an opportunity then to deal with the problem which the hon. Member for Dorset, North (Sir Richard Glyn) has raised.

Mr. Mallalieu : The examination of the Army and Air Force Acts, not of the Navy Act.

Sir J. Hobson : I am sure that the Committee is grateful to my hon. Friend the Member for Dorset, North (Sir Richard Glyn) for raising this point. It raises a very awkward and difficult problem because, whatever answer we give,

or another. The question is: which is the more or the less desirable anomaly? The only answer given by the Under-Secretary, who spoke on behalf of the Service Departments, is the rather futile suggestion that perhaps some of these anomalies could be dealt with by my hon. Friend introducing a Bill, which the hon. Gentleman knows is no suggestion at all but is a piece of flippancy.

Mr. J. P. W. Mallalieu : I certainly did not mean that in any flippant way. My point is that the only way that we can get rid of anomalies is by the introduction of a Bill, either a Private Member's Bill or a Government Bill.

Sir J. Hobson : I do not know whether the hon. Gentleman is now saying that we should reject the Amendment and deal with the Service aspect by means of a separate Bill, or deal with two of the three Services in the quinquennial review. If this is the suggestion, the proposed Amendment could perhaps be withdrawn and we could then proceed in that way. But that is not what I understood the hon. Gentleman to suggest when he was speaking at the Dispatch Box on behalf of the Service Departments. One can see that there are a number of cases where the death penalty will be retained not only for treason but, I understand, also for piracy with violence on the high seas and arson in Her Majesty's dockyards.

Mr. Sydney Silverman : The right hon. and learned Gentleman will not expect me to repeat the argument which prompted the sponsors of the Bill to introduce it in its present form. All I would say is that if the Bill is left as it stands there is no anomaly. The Bill applies to soldiers and civilians in abolishing the death penalty for murder. There would be an anomaly if the Amendment were carried, in that we would be hanging only soldiers for murder. I am sure that principle would not commend itself to the Committee.

Sir J. Hobson : This is the whole difficulty, is it not? One may say that for the crime of murder not only soldiers but sailors and airmen should be tried as ordinary citizens. But, as my hon. Friend has pointed out, they are liable to the death penalty for mutiny.

Mr. Sydney Silverman : That has nothing to do with the Bill.

Sir J. Hobson : That has nothing to do with the Bill but it is a matter which should be dealt with as a Service problem and not as a general problem concerning murder. One can leave aside treason, arson in Her Majesty's dockyards and piracy with violence on the high seas; but when we find that it is proposed to extend the Bill so as to apply its provisions to all Service personnel, even when serving in a country where there is the death penalty by the civil law of that country, it is perhaps something which ought to be considered. We either extend this Bill to people in all three Services and then find that they are still liable to the death penalty for what may be an infinitely less important crime, or one should do as has been suggested as a solution, and not extend this Bill to the Services but consider the whole question of sentencing persons in the Services to capital punishment, not only in relation to mutiny, but in relation to murder committed both in this country and in other countries where the civil authorities think that the proper sentence is one of death.

This is a question which requires overall consideration from the point of view of the Services as a whole. I do not say there is necessarily one right or wrong solution. It may be that the solution ought to be to abolish the death penalty throughout the Services and not to retain it for mutiny—I do not know—but this ought to be considered wholly as a Service matter and should not be treated by extending this rule into the Services as a whole so that members of the Services are liable to this punishment for less important crimes.

Therefore, we ought to accept this Amendment. I hope the Government will agree that this anomaly requires to be cleared up. It may be that the matter of capital punishment in the Services requires to be dealt with. Perhaps this can be done in the quinquennial review of two of the Services, and the other Service can be dealt with in a separate quinquennial review or by means of a special Measure. But we ought not in this Bill to deal with the difficult problem of murder overseas and acts which are short of murder for which the death penalty can be imposed.

12.45 p.m.

Rear-Admiral Morgan Giles (Winchester): I wish to reinforce the remarks made by my right hon. and learned Friend the Member for Warwick and Leamington (Sir J. Hobson). I speak as one who until recently has had responsibility for exercising the powers given to commanding officers under the Naval Discipline Act. I should like to state as forcefully as I can how vitally important it is that the law affecting the rights and duties of commanding officers should not be involved in any anomalies brought about by this Bill. The anomalies which have been pointed out are very real and could, if allowed to remain, only serve to sow a great deal of doubt in the minds of commanding officers as to how they stand in relation to their powers, and, even worse, a great deal of doubt in the minds of the men serving under them as to their commanding officers' powers.

All that has been said on this side of the Committee reinforces what a great many of us have felt, that this is indeed a particularly unfortunate subject for a Private Member's Bill. If we wanted any further illustration of why this is so, there is the absolutely incredible procedural snarl-up in which we found ourselves in Committee last week—

The Chairman: Order. We have left that. The hon. and gallant Gentleman must keep to the Amendment.

Rear-Admiral Morgan Giles: Yes, Dr. King. The point is that we must avoid anomalies in Service law, and if this Bill is going to produce anomalies in Service law I for one strongly support the Amendment.

Mr. David Walder (The High Peak): I should like to revert for a moment to the reasons why I supported the Second Reading of the Bill. It was on the basis of my objection to the form of punishment and not so much to the special nature of the crime of murder. I was and still am an opponent of capital punishment.

The Bill leaves certain exceptions and anomalies, and this Amendment points out but one of these. I would have thought that it would be an extraordinary situation so far as any Government were concerned, when there has been an expression of opinion in the House by a

majority that that majority is opposed to capital punishment, that one should not have some sort of indication from the Government that they will remove such anomalies. So that we are then in a position where there is no capital punishment whatever the circumstances, however unlikely those circumstances might be.

I am bound to support the Amendment on the basis that I wish to see as much capital punishment removed as possible. The only circumstance that I can imagine in which I would not support the Amendment would be if one were to have some indication from the Government, whose responsibility I think this is, that they would at an early stage introduce a Government Measure to remove the anomalies and abolish capital punishment, whatever the offence might be. I do not think it is too much to ask in these circumstances that one should have some such indication from a Minister on this subject.

Mr. Percival: I rise to make just a brief point or two on this. I want to suggest, as one who has listened to the whole of the discussion on this, that the promoter of this Bill might well consider accepting this Amendment and the Minister who spoke might well reconsider his advice and advise the Committee to accept this Amendment. It is apparent to one who claims no special knowledge in this subject, from this brief discussion, that the scantiest consideration has been given to this by the various Departments, if the views expressed by the Minister are to be taken as the full views of the Services at the moment.

We have heard a great deal about anomalies this way and anomalies that way. The Minister said briefly, and I think he might feel on reflection, at all events, a little frivolously, that the mover of this Amendment had merely made a case for another Bill—he used the phrase Private Member's Bill—to abolish the remaining instances of capital punishment. I want to draw his attention and that of the promoters to this further subdivision of the subject which has to be recognised and considered before views can be properly expressed. The hon. Member for Nelson and Colne (Mr. Sydney Silverman) said it was wrong that a soldier should be in a different position

so far as murder was concerned from that of a civilian.

I think the whole House agrees that where a soldier murders, for instance, a civilian, or one of his friends or enemies in the Services, in circumstances such as to make it analogous only to the civil crime of murder, then it would be anomalous if he were to suffer a different punishment. My hon. Friend who moved this Amendment was not talking of that. There may be cases in the Services where a serving man murders someone in circumstances which affect merely discipline. These are the subdivisions that the Services have to consider, and this must be considered or the Services will be in a very invidious position. There would be an anomaly that whereas if two soldiers told the sergeant major—

Mr. Sydney Silverman : Is the hon. and learned Gentleman aware that under the existing law a soldier is not liable to the death penalty for murder except in the exceptions reserved by the 1957 Act? Is he then saying that a soldier, and nobody else, should be executed if he commits a crime with his rifle but not if he stabs somebody in the back?

Mr. Percival : The hon. Gentleman has really only drawn attention to further anomalies—[*Interruption.*—]it will not do for an hon. Gentleman to come in at the last moment, not having listened to any of the discussion, and hope to get away with a few snorts sitting down. There are those of us who will not be in the least perturbed by it and hope we will see a little more courtesy.

The hon. Gentleman has merely drawn attention to what may be further anomalies which ought to be considered and ironed out one way or the other. If three or four soldiers get together and tell the sergeant major where to go, then they may be liable for the death penalty, but if one takes the much more effective means of avoiding carrying out an order and shooting the sergeant major, then, as this Bill stands at the moment, he would not be subject to the death penalty. I am not seeking to show precisely how these anomalies should be resolved.

I agree with the Minister who spoke on this Amendment on one proposition, namely, that the mere removal of this subsection would not resolve those

anomalies. There would still be arguments on the effect of subsection 1 on a crime, the equivalent of murder under Section 70 of the Army Act. I agree with the right hon. Gentleman to the extent that merely to remove subsection (3) would probably not be enough. That is not the argument for saying that it must stay there and if anyone wants to do something about it they must take the necessary step.

If subsection (3) remains and the Bill is passed in its present form, it will, as is so plain from this morning's discussion, create a number of additional anomalies in a situation which already has several. It simply will not do for the Minister to say "There will be further anomalies. Anyone can introduce a Private Member's Bill." There are two good reasons why that is not an adequate answer. The first is that any matters which affect the Services are matters for the Government and not for private Members. They are essentially matters in which the Government should take the lead and advise this House as to what steps should be taken. It is perfectly right and proper for private Members to draw the attention of the Government to other anomalies or difficulties in Service matters, but once attention has been drawn to those difficulties they are essentially matters in which the Government must take a lead and advise the House. Many of us came here hoping to hear a serious contribution from one of the Service Ministers as to how these anomalies were to be removed.

The Chairman : Order. It would be difficult for the Minister to go into detail about solving the anomalies without going out of order. It would be outside the scope of this Bill.

Mr. Percival : I appreciate that, Dr. King, and that is why I am not attempting to go into details. But there have been occasions when, both in the interests of the House doing the right thing and in the interests of saving time, the rules have been stretched a little to give Ministers the opportunity to give some indication of what they had in mind. Perhaps I should have said that many of us came here and stayed for the discussion of this Amendment hoping that some Service Minister would give us some advice first

[MR. PERCIVAL.]
as to how far this Amendment would go in resolving anomalies and if he was going to advise us—

Mr. Paget: On a point of order. I beg to move, That the Question be now put.

The Chairman: I am not accepting that point of order at the moment.

Mr. Percival: We had hoped that if the Minister's advice to the House was that this Amendment should be rejected he would have explained in a little more detail why he could not resolve the anomalies. Many of us hoped he would advise us to reject this Amendment and the basis of his advice would have been that there was a much better way of dealing with the situation.

The second reason I suggest this is essentially a matter to be dealt with by the Service Ministers and the Government rather than, as was suggested by the Minister, by private Members, is that not only must the Government take the

responsibility, but that it has at its disposal all the means of assessing the facts relevant to this discussion.

Mr. Paget: On a point of order. I beg to move, That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question, That the words proposed to be left out stand part of the Clause, *put accordingly and agreed to.*

The Chairman: I am of the opinion that the principle of the Clause and any matters arising thereon have been adequately discussed in the course of debate on the Amendments proposed thereto. I propose therefore, in pursuance of Standing Order No. 47, to put the Question forthwith.

Question put, That the Clause, as amended, stand part of the Bill:—

The Committee divided: Ayes 156, Noes 84.

Division No. 116.]

AYES

[1.0 p.m.]

Abse, Leo
Alldritt, Walter
Allen, Scholefield (Crewe)
Armstrong, Ernest
Bacon, Miss Alice
Baxter, William
Bence, Cyril
Binns, John
Bishop, E. S.
Blenkinsop, Arthur
Boston, T. G.
Bowen, Roderic (Cardigan)
Boyle, Rt. Hn. Sir Edward
Braddock, Mrs. E. M.
Bray, Dr. Jeremy
Brown, Rt. Hn. George (Belper)
Brown, Hugh D. (Glasgow, Provan)
Brown, R. W. (Shoreditch & Fbury)
Buchan, Norman (Renfrewshire, W.)
Carmichael, Neil
Carter-Jones, Lewis
Clark, Henry (Antrim, N.)
Conlan, Bernard
Craddock, George (Bradford, S.)
Crossman, Rt. Hn. R. H. S.
Cullen, Mrs. Alice
Dalyell, Tam
Darling, George
Davies, Ifor (Gower)
de Freitas, Sir Geoffrey
Dempsey, James
Dodds, Norman
Doig, Peter
Dunn, James A.
Edwards, Robert (Bilston)
English, Michael
Ensor, David
Evans, Ioan (Birmingham, Yardley)
Ferryhough, E.
Finch, Harold (Bedwelty)
Fitch, Alan (Wigan)
Fletcher, Ted (Darlington)
Foot, Sir Dingle (Ipswich)
Foot, Michael (Ebbw Vale)

Freeson, Reginald
Garrett, W. E.
Garrow, A.
Gourlay, Harry
Gregory, Arnold
Grey, Charles
Griffiths, Rt. Hn. James (Llanely)
Griffiths, Will (M'chester, Exchange)
Hamilton, James (Bothwell)
Hamilton, William (West Fife)
Hamling, William (Woolwich, W.)
Hannan, William
Harper, Joseph
Hart, Mrs. Judith
Hattersley, Roy
Heffer, Eric S.
Horner, John
Howie, W.
Hoy, James
Hunter, Adam (Dunfermline)
Hynd, John (Attercliffe)
Irvine, A. J. (Edge Hill)
Irving, Sydney (Dartford)
Jackson, Colin
Jay, Rt. Hn. Douglas
Jenkins, Hugh (Putney)
Johnson, Carol (Lewisham, S.)
Johnson, James (K'ston-on-Hull, W.)
Johnston, Russell (Inverness)
Jones, Dan (Burnley)
Jones, Rt. Hn. Sir Elwyn (W. Ham, S.)
Jones, J. Idwal (Wrexham)
Kerr, Mrs. Anne (R'ter & Chatham)
Kerr, Dr. David (W'worth, Central)
Lawson, George
Lee, Rt. Hn. Frederick (Newton)
Lewis, Ron (Carlisle)
Loughlin, Charles
Lubbock, Eric
McCann, J.
MacColl, James
McInnes, James
Mackie, John (Enfield, E.)
MacPherson, Malcolm

Mahon, Peter (Preston, S.)
Mahon, Simon (Bootle)
Mallalieu, J.P.W. (Huddersfield, E.)
Marsh, Richard
Mendelson, J. J.
Meyer, Sir Anthony
Millan, Bruce
Miller, Dr. M. S.
Milne, Edward (Blyth)
Monslow, Walter
Murray, Albert
Newens, Stan
Noel-Baker, Francis (Swindon)
Norwood, Christopher
Oakes, Gordon
O'Malley, Brian
Orbach, Maurice
Oswald, Thomas
Paget, R. T.
Parkin, B. T.
Pavitt, Laurence
Pearson, Arthur (Pontypridd)
Peart, Rt. Hn. Fred
Popplewell, Ernest
Prentice, R. E.
Probert, Arthur
Redhead, Edward
Rees, Merlyn
Rhodes, Geoffrey
Roberts, Goronwy (Caernarvon)
Rodgers, William (Stockton)
Rogers, George (Kensington, N.)
Rose, Paul B.
Rowland, Christopher
Sheldon, Robert
Shinwell, Rt. Hn. E.
Short, Rt. Hn. E. (N'c'tle-on-Tyne, C.)
Short, Mrs. Renée (W'hampton, N.E.)
Silkin, John (Deptford)
Silkin, S. C. (Camberwell, Dulwich)
Silverman, Sydney (Nelson)
Slater, Mrs. Harriet (Stoke, N.)
Small, William
Snow, Julian

Soskice, Rt. Hn. Sir Frank
 Stones, William
 Swain, Thomas
 Taylor, Bernard (Mansfield)
 Thornton, Ernest
 Tinn, James
 Varley, Eric G.
 Wainwright, Edwin
 Walker, Harold (Doncaster)

Wallace, George
 Watkins, Tudor
 White, Mrs. Eirene
 Whitlock, William
 Wilkins, W. A.
 Willey, Rt. Hn. Frederick
 Williams, Albert (Abertillery)
 Williams, Mrs. Shirley (Hitchin)
 Williams, W. T. (Warrington)

Willis, George (Edinburgh, E.)
 Winterbottom, R. E.
 Woodburn, Rt. Hn. A.
 Woof, Robert
 Yates, Victor (Ladywood)
 Zilliacus, K.

TELLERS FOR THE AYES:
 Mr. Crawshaw and
 Mr. Emrys Hughes.

NOES

Allason, James (Hemel Hempstead)
 Anstruther-Gray, Rt. Hn. Sir W.
 Baker, W. H. K.
 Batsford, Brian
 Beamish, Col. Sir Tufton
 Bennett, Sir Frederic (Torquay)
 Blaker, Peter
 Braine, Bernard
 Brewis, John
 Brinton, Sir Tatton
 Bromley-Davenport, Lt.-Col. Sir Walter
 Buck, Antony
 Butcher, Sir Herbert
 Clark, William (Nottingham, S.)
 Clarke, Brig. Terence (Portsmouth, W.)
 Cooke, Robert
 Cordle, John
 Corfield, F. V.
 Courtney, Cdr. Anthony
 Davies, Dr. Wyndham (Perry Barr)
 Deedes, Rt. Hn. W. F.
 Drayson, G. B.
 Eden, Sir John
 Elliott, R. W. (N'c'te-upon-Tyne, N.)
 Errington, Sir Eric
 Fletcher-Cooke, Sir John (S'pton)
 Fraser, Ian (Plymouth, Sutton)
 Gilmour, Sir John (East Fife)
 Glyn, Sir Richard

Goodhew, Victor
 Gower, Raymond
 Grieve, Percy
 Harris, Frederic (Croydon, N.W.)
 Harris, Reader (Heston)
 Harrison, Col. Sir Harwood (Eye)
 Harvey, Sir Arthur Vere (Maccles'd)
 Harvie Anderson, Miss
 Hill, J. E. B. (S. Norfolk)
 Hobson, Rt. Hn. Sir John
 Hunt, John (Bromley)
 Jennings, J. C.
 Kitson, Timothy
 Lagden, Godfrey
 Lewis, Kenneth (Rutland)
 MacArthur, Ian
 Maclean, Sir Fitzroy
 McMaster, Stanley
 McNair-Wilson, Patrick
 Maginnis, John E.
 Maude, Angus
 Mawby, Ray
 Maxwell-Hyslop, R. J.
 Maydon, Lt.-Cmdr. S. L. C.
 Mills, Peter (Torrington)
 Miscampbell, Norman
 Mitchell, David
 Monroe, Hector
 More, Jasper

Nicholls, Sir Harmor
 Pearson, Sir Frank (Clitheroe)
 Percival, Ian
 Pike, Mrs. Mervyn
 Pitt, Dame Edith
 Pounder, Rafton
 Pym, Francis
 Sinclair, Sir George
 Smith, Dudley (Br'ntf'd & Chiswick)
 Stainton, Keith
 Stoddart-Scott, Col. Sir Malcolm
 Taylor, Edward M. (G'gow, Cathcart)
 Taylor, Frank (Moss Side)
 Temple, John M.
 Thatcher, Mrs. Margaret
 Thompson, Sir Richard (Croydon, S.)
 Turton, Rt. Hn. R. H.
 Walder, David (High Peak)
 Ward, Dame Irene
 Webster, David
 Whitelaw, William
 Wills, Sir Gerald (Bridgwater)
 Wilson, Geoffrey (Truro)
 Wise, A. R.
 Wolrige-Gordon, Patrick
 Younger, Hn. George

TELLERS FOR THE NOES:
 Rear-Admiral Giles and Mr. Hiley.

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

It being after One o'clock, The CHAIRMAN left the Chair to report Pro-

gress and ask leave to sit again, pursuant to Resolution [18th March].

Committee report Progress; to sit again upon Wednesday next.

Sitting resumed at 2.30 p.m.

PRIVATE BUSINESS

FLINTSHIRE COUNTY COUNCIL (HIGHER FERRY SALTNEY FOOTBRIDGE) BILL

As amended, considered; to be read the Third time.

WELSH OFFICE PROVISIONAL ORDER (LLANELLY) BILL

Read the Third time and passed.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT PROVISIONAL ORDER (MELTON MOWBRAY) BILL

Read a Second time and committed.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT PROVISIONAL ORDER (NEWTON-LE-WILLOWS) BILL

Read a Second time and committed.

MINISTRY OF HOUSING AND LOCAL GOVERNMENT PROVISIONAL ORDER (ROTHERHAM) BILL

Read a Second time and committed.

COATBRIDGE BURGH EXTENSION ORDER CONFIRMATION

Bill to confirm a Provisional Order under the Private Legislation Procedure (Scotland) Act 1936, relating to Coatbridge Burgh Extension, presented by Mr. Ross (under Section 7 of the Act); and ordered to be considered upon Tuesday next, and to be printed. [Bill 147.]

ORAL ANSWERS TO QUESTIONS

AGRICULTURE, FISHERIES AND FOOD

Farms (Voluntary Amalgamations)

I. Mr. Wingfield Digby asked the Minister of Agriculture, Fisheries and Food what decision he has reached about measures for implementing his policy of encouraging the voluntary amalgamation of farms.

24. Mr. Jopling asked the Minister of Agriculture, Fisheries and Food what will be the maximum acreage of farms

qualifying for Government encouragement for voluntary amalgamation.

The Minister of Agriculture, Fisheries and Food (Mr. Fred Peart): We are pressing ahead with our consideration of the measures necessary to encourage voluntary amalgamations, and will announce the proposals as soon as our scheme is ready.

Mr. Digby: Is the right hon. Gentleman aware that in paragraph 12 of the Price Review White Paper he said that this would be done very quickly? Is he aware that this is a difficult problem owing to the fact that there is already a shortage of farms to rent and farms to buy? Will he press ahead with it and remember that his time is running out?

Mr. Peart: I am aware that this is a difficult problem. That is why I wanted to tackle it. The hon. Member said that time was running out. I wish that he had said that 10 years ago. I have set up a Committee. I want to act quickly but this needs careful study.

Mr. Jopling: Is the right hon. Gentleman aware that many farmers, knowing that this legislation is pending, are hanging on waiting for it to appear? Is he aware that the delay is causing a great deal of difficulty? Will not the right hon. Gentleman at least tell the House what is the maximum size of farm which will qualify for amalgamation so that we do not have quite so many people hanging on?

Mr. Peart: The hon. Member knows full well that there has been no delay. As I said earlier, this was in the White Paper and I have set up a Committee. It is looking at finance and the whole problem and it would be improper for me to make an announcement now. I repeat that there is no delay. We are speeding this matter up very much more than did the previous Administration.

Mr. Kitson: Would the right hon. Gentleman consider waiving the Stamp Duty where the amalgamations of small farms are taking place? This would be of assistance in some places.

Mr. Peart: This is a matter which I hope we shall look at. Anyhow, I will bear in mind what the hon. Member has said and will look into it.

Northern Ireland Special Assistance Grant

2. **Mr. Chichester-Clark** asked the Minister of Agriculture, Fisheries and Food when he expects to complete his review of the Northern Ireland Special Assistance Grant; and whether he will make a statement.

Mr. Peart: The review is in progress. I will, of course, make a statement when it has been completed but I cannot yet say when that will be.

Mr. Chichester-Clark: Is the right hon. Gentleman aware that an increase is very necessary to meet the disparity here between prices in Northern Ireland and those in Great Britain? Is he aware that in 1963 the loss to farm incomes from selling at Northern Ireland prices was £5 million?

Mr. Peart: I am aware of some of the peculiar problems which affect farmers in Northern Ireland. This is why I have said that this matter is being reviewed. When the review has been completed I shall make a statement. I shall look at this problem very sympathetically.

Sir Knox Cunningham: Will the right hon. Gentleman bear in mind that this grant gives the greatest assistance to farmers in Ulster to overcome the disadvantages that arise from distance from markets? Will he give favourable consideration to increasing the grant?

Mr. Peart: As I have said, I am aware of the problems, and indeed I was in Ulster recently. I will look at the matter carefully and sympathetically and when the review is completed I will inform the House and the hon. Member.

Captain Orr: Can the right hon. Gentleman tell us anything about the timing? Will the review take long now?

Mr. Peart: I hope that it will not take long. There are many people to consult, including obviously our Northern Ireland friends. I am anxious to speed the matter up, as I have said. I shall bear all the factors in mind. I cannot go beyond that now.

Mr. Chichester-Clark: Can the right hon. Gentleman say whether this was raised at the dinner-table discussion with the Prime Minister?

Mr. Peart: The hon. Member must have read the communiqué issued, which was jointly agreed and which covered the points raised. I could not go beyond that.

Horticulture (Grants)

3. **Mr. Blaker** asked the Minister of Agriculture, Fisheries and Food if he will make a statement on the extent to which the grants made available to horticultural growers under the Agriculture and Horticulture Act, 1964, are being taken up.

The Joint Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mr. James Hoy): There has been an encouraging response from growers to these grants: the rate of applications under the Horticulture Improvement Scheme has nearly trebled since the new Scheme came into force on 1st July, 1964. As the statistics of the various grants are complex I will, with permission, circulate them in the OFFICIAL REPORT.

Mr. Blaker: Is the hon. Gentleman satisfied with the rate at which these applications are coming forward? Is not he aware that many growers are not convinced that the Government really intend that they should survive? Would not it give them more confidence and encourage them to take up these grants even faster if the Government were to give some practical proof that they wish them to prosper?

Mr. Hoy: I cannot quite understand part of that supplementary question. All I can say to the hon. Member is that there has been a considerable speeding up in the number of applications, as the figures will show. We would certainly want to do everything to encourage applications from those qualified to receive the grants in an honest endeavour to assist horticulture.

Mr. Scott-Hopkins: Is it not a fact that many growers find it increasingly difficult to get the necessary credit for the other two-thirds because of the Government's severe credit restrictions at present? What is the hon. Gentleman doing to get this situation eased in order that growers should take full advantage of the grant?

Mr. Hoy: All this was done before the credit squeeze. Applications are in and these grants are available. We have no signs at all that people are being restricted for that reason.

Following are the details :

SUMMARY OF PROGRESS IN THE UNITED KINGDOM TO 31ST MARCH, 1965

Horticulture Improvement Scheme

	<i>Horticultural Production Businesses</i>	<i>Horticultural Producers' Co-operative Marketing Businesses</i>	<i>Total</i>	<i>Monthly Average</i>
Number of applications received:				
(i) Under 1960 Scheme to 30th June, 1964	7,861	165	8,026	157
(ii) Under 1964 Scheme from 1st July, 1964 to 31st March, 1965	3,995	40	4,035	448
(iii) Total	11,856	205	12,061	
Number of applications approved	9,065	156	9,221	
Estimated cost of approved proposals expected to qualify for one-third grant	£11.0 million	£1.4 million	£12.4 million	—

Small Horticultural Production Business Scheme

Number of applications received	1,764
Number of applications approved	980
Grant expected to be payable	£390,000

Grant for orchard clearance under Section 3 of Agriculture and Horticulture Act 1964

Number of applications received	558
Number of applications approved	459
Estimated cost of approved proposals expected to qualify for one-third grant	£105,000

Grants for promoting growers' marketing co-operatives under Section 4 of the Horticulture Act 1960

Number of applications received	76
Number of applications approved	75
Grant payable	£120,000

Grants towards cost of improvement or initial operation of growers' marketing co-operatives under Section 4 of the Agriculture and Horticulture Act 1964

Number of applications received	8
Number of applications approved	8
Grant payable	£33,000

Net Farm Incomes

4. **Mr. Peter Mills** asked the Minister of Agriculture, Fisheries and Food if he will give, adjusted to a constant money value, the net farm income figures as set out on page 32 of the White Paper on the Price Review.

Mr. Peart : I am circulating details in the OFFICIAL REPORT.

Briefly, adjusted to 1937-38 money values, the Departmental forecast for aggregate farming net income in the United Kingdom for 1964-65 becomes £146 million, or £141 million when adjusted to normal weather conditions. The figure for 1937-38 was £56 million.

The figures show that income in real terms in 1964-65 is expected to be higher than in any of the other years during the last decade, except 1962-63.

Mr. Mills : Is not the Minister conceding that the real income of the agricultural industry for 1964-65 has less purchasing power than for most years since 1951? Surely these calculations

should have been done before the Price Review. Is not it quite obvious that we did not have sufficient recoupment at the last Price Review?

Mr. Peart : I cannot accept the hon. Member's conclusions. I repeat what I have said so often, in and outside the House. The figures given show that incomes in real terms in 1964-65, both actual and on a normal weather basis, were higher than in any other year during the last decade except 1962-63. Indeed, as I said in our discussions on the annual Price Review, there is no reason why the income position of the farmer should not be improved.

Sir C. Osborne : Does the right hon. Gentleman ever hope that we shall see constant money values again? Does he accept inflation as being inevitable?

Mr. Peart : Certainly not. If the hon. Member wishes to think in those terms that is his responsibility. I am not responsible for his thinking and I do not accept that.

Sir A. V. Harvey: Is the right hon. Gentleman aware that most farmers would like to see an increase in the pay of agricultural workers? How could this be done under the policy which he has in hand?

Mr. Peart: My policy, which embodies also a long-term approach, is designed to increase efficiency in this great industry, to make it advance and be progressive, so that it can pay workers reasonable rates of pay. This is my aim. I am sorry that I got the backlog of 14 years' neglect.

Following is the information:

AGGREGATE FARMING NET INCOME IN THE UNITED KINGDOM ADJUSTED TO 1937-38 MONEY VALUES

Years beginning 1st June £ million

		" Departmental " Calculation	Adjusted to normal weather conditions	" Raised Sample " Calculation
	Actual			
1937-38	...	56	—	61
1946-47	...	112	124	95
1947-48	...	123	127	85½
1948-49	...	152	145	119½
1949-50	...	156	151	110½
1950-51	...	131	138½	95
1951-52	...	146½	143½	101
1952-53	...	145½	143½	112½
1953-54	...	142	135½	126½
1954-55	...	125	138	103
1955-56	...	134½	127½	109½
1956-57	...	126	132	112½
1957-58	...	135	134	130½
1958-59	...	118	133	124
1959-60	...	128	127½	111
1960-61	...	136½	135½	122
1961-62	...	143	139½	133
1962-63	...	147	144½	134
1963-64	...	130½	136	120
1964-65	...	146	141	(Not yet available)
	(Forecast)			

Note: The estimates given on page 32 of "Annual Review and Determination of Guarantees, 1965, Cmnd. 2621" have been adjusted to 1937-38 money values by the Consumer Price Index.

River Authorities (Netsmen)

5. **Mr. Peter Mills** asked the Minister of Agriculture, Fisheries and Food how many netsmen are represented on the new river authorities.

Mr. Hoy: Seven salmon netsmen are serving as fishery members on the new river authorities.

Mr. Mills: Is this really fair, bearing in mind that these fishermen have to make a living and it is not sport to them?

Will the hon. Gentleman seriously consider increasing the number on these new authorities?

Mr. Hoy: No; we had to get a reasonable balance of all the interests concerned when the change was taking place. What we have done is to give reasonable representation to all interests, including this section.

Beer and Wine (Profit Margin)

6. **Mr. Driberg** asked the Minister of Agriculture, Fisheries and Food if, in view of the increased profit margins being made by certain firms in the beer and wine trades, details of which have been sent to him by the hon. Member for Barking, he will draw the attention of the appropriate trade organisation to Government policy in this regard.

Mr. Peart: The Government have repeatedly stressed the need for price restraint and I am confident that all the trade organisations are now well aware of the Government's policy in this respect. Last January, I met representatives of various food trades, including the brewers and grocers, who assured me that they would do their utmost to absorb cost increases without putting up prices. I am sure that all responsible members of the trade concerned will wish to honour these assurances, but I am keeping a close watch on the position.

Mr. Driberg: Has my right hon. Friend looked into the particular cases and the circulars which were sent to him in which Messrs. Courage and another firm claimed deliberately to have taken advantage of wholesale and retail increases to increase also the profit margin? Is this not a clear sign that they are not keeping their promises to my right hon. Friend?

Mr. Peart: I am well aware of the letters which my hon. Friend, quite rightly, sent to me. I am pursuing the matter and I shall keep it closely in mind.

Ordnance Survey Maps (Prices)

7. **Mr. Wingfield Digby** asked the Minister of Agriculture, Fisheries and Food why the price of one-inch Ordnance Survey maps has been increased by 18 per cent.; and whether resale price maintenance applies to them.

The Joint Parliamentary Secretary to the Ministry of Agriculture, Fisheries and Food (Mr. John Mackie): The prices were increased to relieve the general taxpayer of at least part of the increased cost of the Ordnance Survey. They cover the cost of reproduction and distribution plus some contribution to the costs of the Survey as a whole, but there is still a substantial Exchequer subsidy involved.

The Ordnance Survey prescribes net retail prices in accordance with the custom of the book trade. Maps have been registered under the Resale Prices Act and are, therefore, temporarily exempt from the prohibition of resale price maintenance.

Mr. Digby: Is the hon. Gentleman aware that private map producers have not found it necessary to put up their prices? Is not this another case of inefficiency and pampering in a nationalised industry, and will he approach his right hon. Friend the First Secretary to see whether this could be referred to the National Board for Prices and Incomes?

Mr. Mackie: Producers of private maps have nothing to do with the question of the cost of the Ordnance Survey. The hon. Gentleman must know that. Quite frankly, it is a pretty poor point that he makes. The Ordnance Survey has all the work to do and, at this time, as the hon. Gentleman knows, with all the redevelopment that is going on in the country, that work is very considerable, and all the cost comes out of the price of the maps, although, as I said, it is still subsidised. Private map producers have the benefit of it and just do the reprinting. It is not the printing which is the important part.

Mr. Hamling: Will my hon. Friend take it that we on this side have always found great satisfaction from the service given by the Ordnance Survey?

Charolais Cattle

8. **Mr. Kitson** asked the Minister of Agriculture, Fisheries and Food if he will make a further statement on his recent decision to allow the importation of Charolais cattle into this country.

Mr. Peart: I have accepted the offer of the British Charolais Cattle Society to co-ordinate the arrangements for this importation, while myself retaining the re-

sponsibility for approval of quality and for strict veterinary controls at all stages. After importation, the animals will be licensed for movement from quarantine to specified premises, from which no movement of them or the progeny of the heifers will be permitted without Ministerial approval for a period of four years.

Mr. Kitson: Will the Minister say what consultations he had and what reactions he received from the National Cattle Breeders' Association over this decision? Is he certain in his own mind that it will not have a detrimental effect on the export of pedigree cattle from this country?

Mr. Peart: I met the breeders and we had a discussion at the Ministry. I have informed them. They know my views. I believe that this will be to the advantage not only of the breed but of the breed organisations in general. It is a forward-looking step, and I hope that the hon. Gentleman, with his forward-looking outlook, will support it.

Mr. Turton: Did the breed societies agree with the Minister's suggestion and approve it?

Mr. Peart: It is not for me to reveal private discussions at the Ministry. Obviously, there are people with certain views within the breed societies' organisation. Naturally, sectional interests prevail. But I think that this was a right step, a forward-looking step, and I should have thought that it would have the approval of most hon. and right hon. Members.

Mr. Buchanan-Smith: When will the report on the recent trials of Charolais cattle be published? Early publication of the report would mean much more informed discussion on the matter throughout the country.

Mr. Peart: I shall look into it again and see whether I can give any further information. I have carefully studied all the evidence, and I think that I have made the right decision.

Farmers (Departmental Services)

9. **Mr. William Hamilton** asked the Minister of Agriculture, Fisheries and Food what services are provided free to farmers by his Department; and what

was the cost of each service in each of the last five years.

Mr. John Mackie : I will, with permission, circulate in the OFFICIAL REPORT a statement setting out the cost of the National Agricultural Advisory Service, the Agricultural Land Service and the State Veterinary Service for the last four years. Figures for the previous years are not readily available.

The National Agricultural Advisory Service is, as its name implies, a free advisory service to the farmers. Both the Agricultural Land Service and the State Veterinary Service provide services for the farmers as well as having other statutory duties.

Other of the Department's professional and technical staff, such as milk officers and drainage officers, give some advice to farmers in the course of their duties, but it is not possible to separate out the cost of this particular aspect of their work.

Mr. Hamilton : Is there another industry in the world, let alone in this country, which has this kind of service on such a scale and free? What steps are being taken by the Government to ensure that public money spent in this way goes only to those who cannot afford to pay for the services themselves?

Mr. Mackie : I am sorry that I cannot give my hon. Friend any figures on what other industries in the world may have; he has spread his net a little too far beyond my knowledge on that point. But there are more ways of killing a cat than by drowning, and many other industries get help in one way or another which it is difficult to appreciate. As regards whether we think we are getting value for money, I should like my hon. Friend to look at the increase in productivity of agriculture as compared with some other industries. It is generally accepted that the services we provide help the country as a whole, not only agriculture. I am quite certain that my hon. Friend does

not believe in means tests as a whole, and I do not see why he should suggest applying them to agriculture.

Sir M. Redmayne : Will the hon. Gentleman take it that we wholly approve of his Answer? These moneys are well spent in the interest of farming and of the consumer, and the object behind the Question does little credit to the members of the Labour Party who hold that sort of view.

Mr. Mackie : I do not altogether agree with the right hon. Gentleman. My hon. Friend the Member for Fife, West (Mr. William Hamilton) is perfectly entitled to ask these questions. It is good that the knowledge of how much it costs should be put before the public, and I am sure that hon. Members will be interested when they see the figures. Although I agree with the first part of what the right hon. Gentleman said, I cannot accept the last part.

Mr. W. Baxter : Is my hon. Friend aware that it is very difficult to assess the amount of money which is spent on various industries in this country through national research organisations, the universities and the like, and does he realise also that our agriculture is the largest and most important industry we have and, therefore, any money spent to improve and expand it for the benefit of the community as a whole will be welcomed by this side of the House?

Mr. Mackie : I agree mainly with what my hon. Friend says. Reverting to the point made by my hon. Friend the Member for Fife, West about whether we should see that the money goes to those needing it, I remind him that, in the Price Review, my right hon. Friend has gone a long way in this direction in that we have not just dished out money right and left as hon. Members opposite would like us to do but we have got a long-term policy, with help for small farmers.

Following is the statement :

COSTS OF MAJOR SERVICES PROVIDING A FREE SERVICE TO FARMERS

	1961-62	1962-63	1963-64	1964-65*
	£'000	£'000	£'000	£'000
A.L.S.	695	718	766	792
N.A.A.S.	3,000	3,312	3,270	3,853
Veterinary Services (includes fees to Local Veterinary Inspectors)	3,558	3,665	3,780	4,362

Note: These figures are the actual cost of salaries, travelling and subsistence expenses together with the associated net expenditure on experimental centres, laboratories etc.

* Provisional figures.

Food and Drinks (Cyclamates)

10. **Mrs. Joyce Butler** asked the Minister of Agriculture, Fisheries and Food if he is aware of medical concern about his decision to permit the use of chemical sweeteners in the soft-drinks industry; and if he will reconsider this.

16. **Mr. Dodds-Parker** asked the Minister of Agriculture, Fisheries and Food whether he is aware of further scientific investigations, details of which have been sent to him, which have been carried out into the consequences of using artificial sweeteners such as cyclamates on a large scale in foods and drinks; and whether, in the light of this information, he will arrange for the whole matter to be reconsidered by the Food Standards Committee and the Committee on Medical and Nutritional Aspects of Food Policy before authorising the large-scale and indefinite use of cyclamates in foods and drinks in this country.

Mr. Peart: I have referred the additional evidence to the Food Additives and Contaminants Committee and it has been given preliminary consideration by its Pharmacology Sub-Committee. The Sub-Committee has advised that it does not consider the new evidence justifies a reversal of the advice previously given; namely that the use of cyclamates in soft drinks up to the maximum limits permitted by the Regulations does not constitute a hazard to health and may be used for the time being. It wishes, however, to review all the evidence on the use of cyclamates and my right hon. Friend the Minister of Health and I shall not make regulations permitting a more general use of cyclamates in food until we have received its final report.

Mrs. Butler: While I thank my right hon. Friend for that reply, may I ask whether cyclamates have been submitted to and passed all the tests required by his Department for new food additives? The National Research Council of the United States is not satisfied that the long-term studies have gone far enough. Bearing in mind that these soft drinks are drunk in large quantities by people—such as young children and nursing mothers—with special susceptibilities, will not my right hon. Friend follow the example of other countries and not permit the use of these

additives in soft drinks until more is known? Children and others consume very large quantities of these artificially sweetened drinks.

Mr. Peart: Regulations regarding the use of chemical additives in soft drinks were issued prescribing the maximum quantities which may be used per 10 gallons. I do not think that there is any harm here, but as I have said, the Committee is reviewing this and considering all the evidence.

Mr. Dodds-Parker: Will the right hon. Gentleman look again at this matter seriously because I cannot thank him for his Answer, although no doubt it was given in good faith? There is sufficient new evidence to require him to look carefully at this and not to allow the continuing use of these chemicals without drastic investigation.

Mr. Peart: I accept that the use of any chemical artificial sweetener must be looked at very carefully from the health point of view. However, there are interests which take a contrary view and I must bear all these factors in mind. That is why I asked for this evidence to be considered by the Committee. When it has considered it and reported, I will make a decision.

Imported Beef, Butter and Cheese (Prices)

12. **Mr. Deau** asked the Minister of Agriculture, Fisheries and Food by how much the prices of imported beef, butter and cheese have increased during the last three years.

Mr. Peart: The average prices of imported beef, butter and cheese for the three months ended 31st March, 1965, were respectively about 28, 29 and 15 per cent. higher than in the corresponding period of 1962.

Mr. Deau: Does not that increase show how unwise the Minister was in this year's Price Review? Would not he agree that the long-term trend of these imports is bound to be upwards because of increasing competition from other exporting countries? Will he give an assurance that, in next year's Price Review, he will give greater encouragement to the home producer to increase production?

Mr. Peart : I cannot understand the hon. Gentleman's reasoning because many factors which affect, for example, commodities such as beef are beyond the control of the Price Review. In any case in the Price Review this year we have encouraged a sensible expansion of the beef industry.

Mr. Snow : Does my right hon. Friend consult the President of the Board of Trade on this matter? Some imports of butter and cheese come from countries such as New Zealand and Denmark which have persistently favourable balances of trade with us. To that extent, surely there should be greater encouragement of domestic production?

Mr. Peart : Of course, I consult my right hon. Friend the President of the Board of Trade, but we have treaty obligations and we must bear in mind our traditional suppliers. Obviously, I am anxious to increase home production. Here again, however, if I had increased production from the point of view of getting more milk for manufacturing, this would have reduced the price to the producer here and would have harmed the small farmer.

Mr. Brewis : In that case, when imports of butter and similar products are increased the price also increases and it costs the country much more.

Mr. Peart : The prices of butter from some of our main suppliers have been going down.

Smallholdings, Norfolk

13. **Mr. Fell** asked the Minister of Agriculture, Fisheries and Food what were the average net earnings of agricultural smallholders in Norfolk in the year 1964; what he estimates the average net earnings will be for 1965; what was the average size of agricultural smallholdings in Norfolk in 1964; and what is the estimated figure for 1965.

Mr. Hoy : The average size of Norfolk County Council's statutory smallholdings was 42 acres for full-time and 6 acres for part-time holdings on 31st March, 1964. The corresponding figures for 31st March, 1965, were 43 acres and 6 acres respectively. I have no information about net earnings on Norfolk smallholdings.

Mr. Fell : I am grateful to the hon. Gentleman for that reply. As the Minister, in the Price Review, did not have to cope with a strong credit squeeze, what action is he now taking with regard to the credit squeeze and the availability of credit facilities for smallholders and, indeed, small farmers generally in view of the bank's directions? This is very important. Will he ask the Chancellor to give a directive specifically excluding small farmers and smallholders from the credit squeeze on capital?

Mr. Hoy : That is a different question. I was asked what was the average size of smallholdings in Norfolk compared with last year. I have given the hon. Gentleman the figures. We do not have any information about the earnings of these smallholders; nor do we have the right to ask them to give us the information.

14. **Mr. Fell** asked the Minister of Agriculture, Fisheries and Food how many agricultural smallholdings were let in Norfolk at the end of 1960; and how many there were at the latest date for which figures exist.

Mr. Hoy : At 31st March, 1961, the Norfolk County Council provided for letting 1,284 statutory smallholdings, of which 712 were considered to be full-time. At 31st March, 1965, the comparable figures were 1,143 and 657 respectively. I have no accurate information about the number of small private holdings available for letting in Norfolk.

Mr. Fell : I apologise to the hon. Gentleman for the fact that my supplementary question to No. 13 was different from the Question on the Order Paper, but things happen so quickly with this Government—

Mr. Speaker : Order. So far, the hon. Gentleman's present supplementary question does not appear to relate to Question No. 14.

Mr. Fell : I was trying to prepare the ground, Mr. Speaker.

Mr. Speaker : The ground is in no need of preparation. We are not making very good progress.

Mr. Fell : In view of another catastrophe which has taken place as far as the small farmers are concerned,

I ask the hon. Gentleman whether, since the figures show that the number of smallholdings is going down, it is Government policy to get rid of the small farmer?

Mr. Hoy : I do not understand the hon. Gentleman's supplementary question. Apparently he knows why the number of smallholdings is going down; the reason is that the smallholding authority finds it of advantage to make smallholdings larger, which means that there is a better economic return.

Mr. J. E. B. Hill : Should not the hon. Gentleman be better informed about the size and the need to increase the size of Norfolk smallholdings and also about the returns on them, since Cambridge University has published a study which was summarised in *The Times* on 17th May? One would have thought that the hon. Gentleman would be aware of the report.

Mr. Hoy : I have explained that the number of smallholdings is going down not because any great acreage has disappeared but because smallholdings are being enlarged so as to give a better return to the smallholders concerned. The smallholdings are, in any case, managed by the Norfolk County Council and not by the Government.

Mutton and Lamb (Supplies)

17. **Mr. Marten** asked the Minister of Agriculture, Fisheries and Food if he is satisfied about the level of future supplies of mutton and lamb; and if he will make a statement.

Mr. Peart : I expect both home produced and imported mutton and lamb supplies to be at least up to last year's level. Supplies should therefore be adequate over future months.

Mr. Marten : Is the Minister aware that many sheep farmers of North Oxfordshire are going out of sheep farming because of its lack of profitability? Will the right hon. Gentleman keep an eye on this, particularly from the long-term viewpoint?

Mr. Peart : Again, I have no evidence to show that sheep production is declining. Profitability is a matter which we always bear in mind. Naturally, it will be taken into account at the next Review.

Mr. Scott-Hopkins : Has the Minister any evidence whether the level of imports from Australia and New Zealand is rising?

Mr. Peart : Not particularly from New Zealand. If the hon. Member would like to give me notice, I will give him specific details. In 1964 as compared with 1963, there was a slight decrease in the total of imported supplies from 342.4 thousand tons to 340 thousand tons.

Cheese and Butter (Supplies)

18. **Mr. Marten** asked the Minister of Agriculture, Fisheries and Food if he is satisfied about the level of future supplies of cheese and butter; and if he will make a statement.

Mr. Peart : On present forecasts, the United Kingdom market should be better supplied with butter and cheese during the next 12 months than over the past two years.

Mr. Marten : As 60 per cent. of our butter and, I think, 95 per cent. of our cheese is imported, will the Minister consider giving a larger share of this market to the home producer?

Mr. Peart : As I explained in answer to a previous Question, there are difficulties in the question of price about whether home producers can compete economically. That is an important aspect and I have had to bear it in mind in relation to the total milk production and how much is used for manufacturing purposes. In view of the price for manufactured products which is offered to the producer, the small producer could well be placed in great difficulty. That is one factor. Again, we have to bear in mind our international obligations, which were entered into by my predecessor.

Wheat

19. **Mr. Sheldon** asked the Minister of Agriculture, Fisheries and Food when he expects the price of home-produced wheat to become competitive with that from Canada.

Mr. Hoy : Canadian hard wheat and home-produced soft wheat are different types of wheat and I would expect that the former will continue to command a higher price on the market.

Mr. Sheldon : Is not my hon. Friend aware that although the types are different, Canadian hard wheat is much preferred by the majority of people in this country in the manufacture of flour and that it is cheaper than any alternative which can be produced in this country, even though the latter is generally accepted as being of lower quality? Is my hon. Friend further aware that the £70 million which we are spending on cereals is not being equated by the value which is received?

Mr. Hoy : One has to remember that hard wheat is essential for bread-making to give stability. The soft product which we have in this country is admirable for cakes, biscuits, and so on. What is required is a combination of both. While there are two different types, one will always have a premium value over the other.

Mr. Scott-Hopkins : Is it not a fact that the Chorley Wood process of baking, which is being introduced in most of the large bakeries, is increasing the percentage of soft wheat which goes into the grist? To what extent is this practice increasing and taking up the soft wheat from our home-grown crop?

Mr. Hoy : I cannot give a figure. It is a combination of the two which produces the end product. Bread tastes vary, and if we can absorb more of our home production, certainly we will do so. If I am able to obtain figures, I will certainly let the hon. Member have them.

Mr. Shepherd : In formulating policy, will the Minister bear in mind our adverse trading balance of well over £250 million with Canada last year? [HON. MEMBERS: "Hear, hear."]

Mr. Hoy : Indeed, we will. I do not understand the shouts of, "Hear, hear" from hon. Members opposite, because we are simply continuing the cereals agreement entered into by the previous Government.

Butter

20. **Mr. Brewis** asked the Minister of Agriculture, Fisheries and Food what proportion of the British market for butter was met from home production in 1962, 1963, and 1964, respectively: and

at what proportion it is his policy to aim.

Mr. Hoy : 12·8 per cent. of total new butter supplies came from home production in 1962; 9·4 per cent in 1963; and 4·8 per cent. in 1964. We do not allocate milk among the various manufacturing uses; this is a function of the milk marketing boards who sell milk surplus to the liquid market at the best prices they can get.

Mr. Brewis : In view of these disturbing figures, would it not be better policy to follow the example of, say, the United States and to buy home production, which costs no more than 50 per cent. of the price of the imported product, particularly as so many of the countries which send us butter already have a favourable trade balance and also subsidise their agriculture?

Mr. Hoy : The argument about subsidies is often used. The hon. Member asked me for figures for the three years from 1962 to 1964 and I have given them. I do not want to make more of the position except to say that there has been a slight increase in the first four months of this year as against last year and that this trend might possibly continue.

Mr. Scott-Hopkins : What percentage or proportion of imports is it the Government's policy to have in the coming year?

Mr. Hoy : There is no fixed proportion. As the hon. Member knows, it depends upon how the Milk Marketing Board wants to dispose of its milk. As my right hon. Friend the Minister has said twice this afternoon, this can have a repercussion on the small milk producer.

Dairy Industry

21. **Mr. Brewis** asked the Minister of Agriculture, Fisheries and Food whether he will order an inquiry into the price structure of the dairy industry, including manufacturers' and retailers' margins and the dumping on the market of imported subsidised products.

Mr. Peart : The margins of milk distribution are already controlled by reference to costings investigations. The

prices of milk for manufacture are negotiated by the milk marketing boards under their marketing schemes. Competition is keen and I see no *prima facie* ground for an enquiry in this field. The question of dumping is a matter for my right hon. Friend the President of the Board of Trade.

Mr. Brewis: Is it not rather strange in these days of rising prices that distributors' increased costs are automatically recouped and that recoupment comes from the price which the producer receives? Does not this matter require to be looked at again?

Mr. Peart: As the hon. Member knows, an inquiry was conducted in 1962 resulting in the publication of the Thorold Report. As I have said, we watch the question of costing. Indeed, we have an arrangement whereby costings are examined carefully each year. I see no reason for action on the lines suggested by the hon. Member.

Mr. Emrys Hughes: Is it not strange that in all the demands for inquiry into increased costs, there is never any demand for inquiry into the reasons for the increases in farmers' rents?

Mr. George Y. Mackie: Does this mean that the Minister is in favour of the principle of a cost-plus basis of costing for the retail industry?

Mr. Peart: No, I did not say that. I have tried to show that with all the industries with which I have been connected, in the present circumstances there should be absorption of a percentage of increased costs.

Farm Business Recording Scheme

23. **Mr. Jopling** asked the Minister of Agriculture, Fisheries and Food if he will now announce details of the Farm Business Recording Scheme; and in which areas it will operate during 1965 and 1966.

Mr. Peart: I intend to introduce pilot schemes in Norfolk, Staffordshire and Cheshire later this year and to extend the Scheme to other areas in 1966. The details are being worked out in consultation with the farmers' unions, and I will make a further announcement as soon as possible.

Mr. Jopling: Is the Minister aware that the three areas which he has mentioned should be among the last parts of the country where this sort of service is needed? Is he not aware that there are certain parts of the country where the land is not good, where it is too good to qualify for the hill subsidies and where this sort of help and scheme would be of the utmost use? Will the Minister reconsider the areas which he has announced and consider others which should come within this category? If he wants a suggestion, I should like to suggest Westmorland.

Mr. Peart: Obviously, the hon. Member rightly has a bias towards Westmorland, as indeed I have towards Cumberland. The reason why I made the decision about the three counties was simply that work on farm business recording has already been done in these three counties and it is, therefore, possible to make a start in those areas. That is not to say that other areas will be excluded. If we get off to a good start in these three areas, and especially as work has commenced previously, it will be to the advantage also of other areas.

Mr. Snow: In the case of Staffordshire and the other two areas which my hon. Friend has mentioned, could Members of Parliament be kept in the picture about the procedure to be followed, since we are frequently consulted about this matter by farmers in our constituencies?

Mr. Peart: Perhaps my hon. Friend will inform his farmer friends that I am consulting the National Farmers' Union on this matter. When I have worked out full details, I shall make an announcement and my hon. Friend certainly will be kept informed. I always try to keep hon. Members, on both sides, informed of what I am doing—and with success.

Sir M. Redmayne: Will the announcement be made in written form? Will there be a White Paper?

Mr. Peart: I should prefer to wait and see the final report which comes to me after consultation. If a White Paper seems suitable, I will consider whether one should be published. It may be necessary only to make a statement or to reply to a Question in the House.

Food Prices

25. **Mr. Hamling** asked the Minister of Agriculture, Fisheries and Food what formal machinery exists between his Department and the Prices and Incomes Board on food prices.

Mr. Peart: None, Sir. But my Department will willingly give the Board any help that may be asked for.

Mr. Hamling: Will my right hon. Friend look at this again? Is he not aware that farmers are disappointed with their incomes? Is he not also aware that housewives are constantly complaining about high costs of vegetables? Will he look at what goes wrong between the farmer and the housewife?

Mr. Peart: My hon. Friend must be aware that there is no form of machinery for this. The Board is an independent authority.

Mr. Hector Hughes: Is not the inquiry referred to in this Question the kind of inquiry which should be dealt with not secretly in my right hon. Friend's Department but publicly? My right hon. Friend should take evidence from housewives and others who are intimately concerned with this matter. Will he take steps to ensure that this is done in public?

Mr. Peart: I think that my hon. and learned Friend must be referring to another Question.

Sir M. Redmayne: Is the right hon. Gentleman aware that there seems to be some misunderstanding about this? The great increases in prices which have come into the public news this morning are very largely due to Government action. If too much is put down simply to the question of food prices as such, it misleads the public.

Mr. Peart: I hope that the right hon. Gentleman will bear in mind that action has to be taken to remedy a problem created by our predecessors.

Dairy and Beef Breeding Herds

27. **Mr. J. E. B. Hill** asked the Minister of Agriculture, Fisheries and Food what is the latest trend in the size of the dairy herd; and whether he is satisfied that there is no falling off in the

number of calves from the dairy herd suitable for beef production.

11. **Mr. Hastings** asked the Minister of Agriculture, Fisheries and Food whether he will make a statement on the increasing shortage of calves for beef rearing.

Mr. Peart: Between June and December, 1964, the dairy and beef breeding herds in the United Kingdom both increased. Later figures are not available for the United Kingdom but the March census for England and Wales indicates some further increase. The number of calves retained for beef or breeding has risen substantially, and the number of calves slaughtered has continued to fall.

Mr. Hill: Is not that rather a misleading study of statistics? If the Minister consults the statistics for March, he will surely agree that there has been a steady downward trend in the numbers of the dairy herd since 1963, through 1964 to 1965 of about 1 per cent. Is not the welcome increase in the calves rather deceiving, because surely that represents not so much an expansion in breeding as a salvage operation in that the industry is saving for baby beef production calves which formerly died or were slaughtered when they were a few weeks or months old?

Mr. Peart: I am afraid that I cannot accept the hon. Gentleman's conclusions about the March returns. I have carefully looked into this and I am certain that the dairy herd will remain at about its present level for some months. This is what I deduce. For this reason, I think that the hon. Member has come to wrong conclusions.

Mr. George Y. Mackie: Would not the right hon. Gentleman agree that, while he may salvage more calves for the dairy herd, the real source of extra calves and proper beef calves can come from a big effort to raise the production of calves from the hills? This is the direction in which he should be bending his efforts, particularly in Caithness and Sutherland.

Mr. Peart: My hon. Friend knows that I am anxious to see—[*Interruption.*] I think that the hon. Member is a friend and relation of my policy towards increasing production from the hills. I thank him for his contribution.

Mr. Hill : Is not the right hon. Gentleman aware that, taking his own statistics, if we add up cows and heifers in milk, cows in calf but not in milk and heifers in calf for the dairy herd specifically, we get totals of 3,210,000 for 1963, 3,173,000 for 1964 and 3,137,000 for 1965? This shows a downward trend.

Mr. Peart : I repeat what I said on a previous occasion. It is true that there has been a decline in the dairy herd replacements—that is, heifers and first calvers. This is partly due to culling. The problem which we now face is that we have, quite rightly, improved standards of management and cows which are held have more lactations.

Rabbit Clearance

28. **Mr. J. E. B. Hill** asked the Minister of Agriculture, Fisheries and Food whether he is satisfied with the progress of the Rabbit Clearance Scheme; and to what extent he is using his powers to compel land to be cleared of rabbits.

Mr. John Mackie : Rabbit clearance societies by now cover about half the agricultural land in England and Wales, to very good effect, but there is plenty of room for more farmers and other occupiers to join societies or form new ones. Our officers are looking out for rabbits all the time and follow up all reported infestations. When necessary, statutory action is taken against occupiers to bring their rabbits under control.

Mr. Hill : Is the hon. Gentleman satisfied that his policy is strong and effective enough? Is he considering the possibility of compulsory membership? If not, what steps is he taking to make his own officials rather more active and not waiting for problems, but seeing for themselves?

Mr. Mackie : The question of compulsory membership of rabbit clearance societies has been considered. It is felt that, on the whole, it is much better to have voluntary societies, and I think that the hon. Gentleman would agree. These societies have been gradually increasing over the years. The numbers may have gone down slightly, but this is because of the amalgamation of societies and not because the activity is any less. As the hon. Gentleman will know, enforcement action under the pest

Acts can be and is taken if any landowner does not deal with the rabbits to the satisfaction of our officers. The officers of the Ministry carry out their work in this respect very efficiently indeed.

Sir G. Nicholson : Is the hon. Gentleman aware that rabbit clearance societies cannot operate on common land where this matter is, apparently, the responsibility of the county authorities, which are not always on the spot? A few rabbits breeding on common land can infiltrate the territory of a rabbit clearance society and partly vitiate the efforts of the society.

Mr. Mackie : That is a bit of information which I did not know—that rabbit clearance societies could not operate on common land. If the county councils are responsible for rabbit clearance on common land, they should be made to join the rabbit clearance societies.

Sir G. Nicholson : Why not extend the scope of the rabbit clearance societies to common land? I assure the hon. Gentleman that frequently rabbits use common land as a sort of sanctuary and spread into surrounding territory.

Mr. Mackie : We will certainly look into the point which the hon. Gentleman makes.

Mr. George Y. Mackie : Does the Joint Parliamentary Secretary think that voluntary societies can multiply as fast as the rabbits?

Sir C. Taylor : On a point of order. Could not this brotherly argument take place after hours?

Mr. Speaker : This is about rabbits.

Agriculture (Productivity)

29. **Mr. Shepherd** asked the Minister of Agriculture, Fisheries and Food what was the percentage increase in productivity in agriculture for each of the last available five years.

Mr. Peart : The estimates of the annual increase in agricultural productivity over the preceding year since the year beginning 1st June, 1960, are respectively 9 per cent., 2 per cent., 10 per cent. and 6 per cent. The forecast increase for 1964-65 is 10 per cent.

These figures are calculated from estimates of output per man-year. The variations from year to year are due primarily to weather conditions.

Mr. Shepherd: Has the right hon. Gentleman any information to compare these figures with the increase in general industry? Would he show how much of this increase accrues to the farmers and how much is taken into account in the review?

Mr. Peart: As has been stated so often, even this afternoon, agricultural labour productivity is increasing more rapidly than labour productivity in the economy generally which is now rising at about 3 per cent. a year. The figures for agriculture are very good. We always bear in mind the industry's income requirements.

Sir C. Osborne: How do these figures justify the right hon. Gentleman's often repeated gibe about 13 wasted years?

Mr. Peart: From the long-term point of view in relation to structure in agriculture, development of hill lands and especially of marketing, the previous Administration lacked the courage to do anything.

Annual Price Reviews

30. **Mr. Boston** asked the Minister of Agriculture, Fisheries and Food if he will consider ending the system of annual agricultural Price Reviews and replacing it by some other system.

Mr. Peart: No, Sir. The Government, like the farmers, value these annual consultations on the economic condition and prospects of the agricultural industry. But as already announced, studies are taking place about what part in the longer-term agriculture should play in the national economic development plan.

Mr. Boston: Does not my right hon. Friend feel that there may be some merit in the idea of dealing with individual commodities as the need arises, and will he give further consideration to this idea as an alternative possibility?

Mr. Peart: I am a great believer in the 1947 Act, whose principles were reinforced, or at least confirmed, by the 1957 Act. I think that the procedure is right. On the other hand, we must

look at the industry from a long-term point of view and that is what we intend to do in relation to the national economic plan.

Mr. Stainton: Does not the right hon. Gentleman recall that at the time of the debate on the Price Review suggestions were made from this side of the House to the effect that it might be worth considering having a review triennially instead of every year? What does he think about that proposal now that he has had time to consider it?

Mr. Peart: I have said that I am anxious to think in terms of a long-term approach to the industry. This is why we are having consultations about the place of agriculture in the national economic plan. However, the discussions about income go on through our Annual Review procedure each year and this is the right way.

Mr. Lipton: Is not this annual haggle more reminiscent of an Oriental bazaar than the dignified precincts of Whitehall? Could not we devise some better system to deal with problems as they arise and to fit them into the long-term policy which our excellent Government have in mind?

Mr. Peart: I am anxious that there shall be a long-term plan and in my own White Paper at the time of the last Price Review I indicated a long-term policy towards hill land farming and other matters. That is right. I do not regard discussions about the Price Review as resembling a Persian market, or some other market abroad. For my part, I am certain that we and the producers carry on our discussions with great dignity.

Sir M. Redmayne: But is it not a fact that the Price Review was wholly subject to an unknown forecast of what the national economic plan was to be? How, then, could there possibly be any fruitful discussion at the moment until we know what the national economic plan as a whole is?

Mr. Peart: I can only tell the right hon. Gentleman that the producers are anxious to have negotiations on this subject. Indeed, we shall be discussing with them the place of the industry in the national economic plan. I see nothing inconsistent about that.

Cereals

32. **Sir. M. Redmayne** asked the Minister of Agriculture, Fisheries and Food what is the average figure of cereal imports up to 30th June, 1965, which will be relevant to consideration of cereal prices in the 1966 Review.

Mr. Peart: I assume the right hon. Member has in mind the obligation under the cereals agreements with our major overseas suppliers to take corrective action, in certain circumstances, if total cereal imports show or threaten to show an appreciable decline below their average volume during the three years ending 30th June, 1964. That base period was prescribed in the Agreements and during that period the average volume of imports was just over 9 million tons.

Sir M. Redmayne: The Minister has not answered my Question. It is perfectly obvious that if the last Price Review was based on the average imports of the three years ending 1964, there must be in the Minister's mind some average figure which will apply to the Price Review next year. The farmers have already been punished, if I may use the word, and punished very severely for the fact that imports fell off. What is the figure to be on which they may expect the next settlement to be made?

Mr. Peart: The right hon. Gentleman cannot expect me to make a statement about factors which are to be considered at the next Price Review. I remind him that the cereals agreement was supported by the Government of which he was a member and which concluded that agreement with our overseas suppliers. There are obligations in that. If the right hon. Gentleman reads his own White Paper, Cmd 2339, he will find that it says that for the purposes of maintaining a volume of imports the Government will have to consider what effective corrective action they should take.

Sir M. Redmayne: Are we to go on for ever on the same average imports for the last year when the Minister adjusted the Price Review accordingly and, in my opinion, very severely and unnecessarily? The right hon. Gentleman always hides behind this voluntary agreement

whenever this question comes up, but what in fact is the average figure which will be used next year in deciding what the prices of cereals should be?

Mr. Peart: The three years will have to be borne in mind, but I could not make a definite statement about what I shall do until we have had negotiations at the next Price Review.

Sir M. Redmayne: Will the same three years rule for ever, next year, the year after and five years after that?

Mr. Peart: How can three years go on for ever?

33. **Sir M. Redmayne** asked the Minister of Agriculture, Fisheries and Food what is the system of consultation with the principal co-operating countries referred to in Cmnd. 2339; and what approaches have been made by those countries to him since he took office.

Mr. Peart: The Cereals Agreements with each of our four major suppliers state that consultations on their operation may be held at any time on request of either Government. But certain specific consultations are provided for, the most important of which is the review of the achievement of the objectives of the agreements starting not later than December in each year.

As regards the last part of the Question, I would refer the right hon. Member to the statement I made on 3rd February about the first of these reviews in reply to a Question from the right hon. Member for Bedford (Mr. Soames). Consultation under these Agreements is a continuous process and there have been further exchanges since that date.

Sir M. Redmayne: Is the right hon. Gentleman then saying that the pressures brought upon him by the foreign suppliers were such that he came to the opinion that the import position during the previous year had resulted in an appreciable distortion of the pattern of trade, within the terms of the voluntary agreement, or did he just run away from the situation in order to be able to save a little money on the Price Review and cut down the farmer even further?

Mr. Peart: I am not saying that at all. The agreement, which was concluded by my predecessors, was in its first year of

operation and had to be fulfilled in principle. I was honour bound to fulfil it in principle. If the right hon. Gentleman does not agree with that, he should come clean and tell me to tear up the agreement.

SELECT COMMITTEE ON PROCEDURE

35. **Mr. William Hamilton** asked the Lord President of the Council what subjects he proposes to move to refer to the Select Committee on Procedure between now and the end of the current Parliamentary Session.

Mr. Hector Hughes : On a point of order. Is it not inconsistent with the rules of the House to break into Questions addressed to the Minister of Agriculture, Fisheries and Food, who has answered only 33 out of 60 Questions addressed to him? Could—

Mr. Speaker : Order. If the hon. and learned Gentleman will be so kind as to look at the revised order of Questions provided for his use, he will see that it is decreed there that it should be so.

Mr. Hector Hughes : Further to that point of order. Is it not obvious that the Questions to the Attorney-General and other Ministers, which are about to be called and answered, are obviously of a type which could be answered in the form of statements instead of breaking into these Questions to the Minister of Agriculture?

Mr. Speaker : It may be so, but I do not propose to deal with it on a point of order now. I want to get on to another Question. Mr. Hamilton.

Mr. William Hamilton : Question No. 35.

The Lord President of the Council (Mr. Herbert Bowden) : None, Sir. The terms of reference approved by the House were in the widest possible terms—no further instruction from the House would appear to be necessary.

Mr. Hamilton : Is my right hon. Friend aware that this House, in seeking to modernise its procedures, is setting a very bad example to the rest of the country? Can he state what action the Government intend to take on the recom-

mendations already made by the Select Committee? It is not much good that Committee proceeding further in any investigations if we do not take action on the recommendations that it has made.

Mr. Bowden : I said during the business exchanges on Thursday of last week that the two Reports from the Select Committee on Procedure would be debated, with any proposals which may come from the Government, before the Summer Recess.

Sir Knox Cunningham : Will the right hon. Gentleman also refer the method of answering Questions by certain Ministers, in particular the Paymaster-General, to the Select Committee?

Mr. Woodburn : Can my right hon. Friend say whether any progress has been made in his talks about getting rid of the undignified procedure of bringing sick people to vote in the House?

Mr. Bowden : I am afraid that I cannot answer that point on this Question.

Mr. Emrys Hughes : Can my right hon. Friend tell us whether the Select Committee on Procedure is considering whether dignified, respected and learned Members and servants of this House should continue to wear wigs?

Mr. Bowden : I have already said that the terms of reference are the widest possible. Nothing is excluded.

Mr. Turton : Will the right hon. Gentleman recollect that he asked the Select Committee to make a quick Report on the matter of Questions, so that an early change could take place? Delaying any discussion of this matter until the Summer Recess precludes an early decision on it.

Mr. Bowden : I have said already that if, through the usual channels, it is felt that a change should take place between Whitsun and the end of July, I am prepared to consider it, but as for a wider discussion of the Report from the Committee, I think that we had better wait until we have a debate.

Mr. Hector Hughes : Can my right hon. Friend tell us whether the matter to which I have just referred in my point of order will be within the terms of reference of the Select Committee on Procedure, and,

if not, should not it be included, because this is essentially a matter for such a Committee?

Mr. Bowden: This matter was discussed and agreed through the usual channels, and reported to the House.

POSTAGE STAMPS (SHORTAGES)

Mr. Gibson-Watt (*by Private Notice*) asked the Postmaster-General what steps he is taking to remedy the acute shortage of postage stamps; and what are the reasons for it.

The Postmaster-General (Mr. Anthony Wedgwood Benn): Current shortages of postage stamps are the result of an unofficial ban on overtime and a one-day official strike by staff at the Post Office Supplies Depots who are dissatisfied with a current wages offer. Discussions on referring the matter to arbitration are under way; and in these circumstances I much regret that the staff concerned have thought fit to bring pressure of this type to bear.

Fresh stocks of stamps are being got to Post Offices as rapidly as can be arranged, and meantime we are doing all we can to relieve local shortages where they exist by redistributing stocks as between post offices. I am sorry that the public is being inconvenienced by this unofficial action which I earnestly hope that those concerned will bring to a speedy end.

Mr. Gibson-Watt: I am glad that the right hon. Gentleman was able to give us the reason for this shortage. Will he accept that this is a grievous and serious inconvenience to the public, and that on an occasion when he raises the postal rate by 25 per cent., from an administrative point of view it should be possible to ensure that there are sufficient stamps available to see that the rise in postage can be carried out? Will he, further, do his best to see that issues of future and new stamps, which are also held up at present, will come out at the earliest possible moment? Can he say something further on that?

Mr. Benn: As the House knows, one of the earliest actions that we had to take when the situation got serious was to defer, which I did with the deepest regret,

the commemorative stamps for Sir Winston Churchill and also the International Telecommunication Union, but I must stress that there is no shortage of stamps in the depots. The shortage in post offices is due to the unofficial action taken, and the one-day strike, and I very much hope that it will now come to a conclusion.

Mr. Sharples: Can the right hon. Gentleman say why it was that when postal charges were to be increased he did not make previous arrangements for sufficient stocks of stamps to be available?

Mr. Benn: The normal provision for new stamp issues went ahead, but in this case the unofficial action has been going on for some time. The depot has got behind, and although we have taken emergency action, the fact is that the supply of stamps depends on normal, and indeed overtime, working in the supplies depot.

Mr. A. J. Irvine: Did I correctly hear my right hon. Friend referring to a pressure which he deplored? Is he sure that he is being fair in this matter? Is it not possible that there is a case for the men concerned to which, in fairness, the House ought to have regard?

Mr. Benn: I have seen the union leaders myself five times on this issue. We have done our best to reach an agreement, but there is a gap between us which can be resolved only by arbitration, and in these circumstances it simply is not possible to settle the matter. In addition to the offer that we made, we made an interim offer to the union to cover the fact that this related back, and this, also, has been refused.

Mr. Heath: Would not the right hon. Gentleman agree that this shows complete incompetence by himself and an absolute lack of foresight and planning to make proper provision for these stamps? Instead of standing at that Box and openly admitting his failure, he is passing the blame on to his staff. This is entirely unacceptable to the House. At last the right hon. Gentleman has been found out, and found out absolutely.

Mr. Benn: I think that, coming from a former Minister of Labour, whom I have frequently heard at this Box dealing with

delicate industrial situations, that intervention is singularly unhelpful.

Mr. Buchan : Would not my right hon. Friend agree that it is a matter of considerable regret that the Opposition should seek to make political capital out of an issue of such delicacy as this, in which justice is involved on both sides?

Mr. Robert Cooke : Can the right hon. Gentleman tell the House how many 1d. stamps were available on sale at 9.45 this morning at the Members' Post Office in this House?

Mr. Benn : The position varies from region to region—[HON. MEMBERS: "What about the position in the House?"] The position is that there are 1d. stamps in the depots, but, owing to the unofficial action there, it is not possible to get the stamps out.

Mr. Robert Cooke : One, Sir.

POOR PRISONERS (COUNSEL AND SOLICITOR) RULES

The Attorney-General (Sir Elwyn Jones) : I must ask the indulgence of the House to permit me to make a short statement about the Poor Prisoners (Counsel and Solicitor) Rules, 1965, which I have just laid before the House.

These Rules, made by me with the concurrence of my noble Friend the Lord Chancellor and my right hon. and learned Friend the Home Secretary, replaces and revoke an earlier set of Rules made by our predecessors in 1963; these, by inadvertence, were not laid before the House by them as required by law. The relevant provision in Section 4 of the Poor Prisoners' Defence Act, 1930, requires Rules made under that section to be laid before each House of Parliament "as soon as may be after they are made". Since the Rules were made as long ago as the 4th March, 1963, I have come to the conclusion that the right course is to revoke them and make a new set of Rules in proper form.

In 1951, on the last occasion on which it was reported to the House that certain delegated legislation had not been duly laid before it, the view was taken by the Government of the day that the failure to lay a Statutory Instrument to which Section 4 of the Statutory Instruments

Act, 1946, applies did not prevent the Rules from having come into operation and having full legal effect from the date when they purported to do so. The matter was agreed, however, not to be beyond doubt.

Fortunately, the Rules were in the nature of minor and consequential amendments and no private rights are affected. Rule 1 merely alters the form of legal aid certificate so as to incorporate in it the name of the solicitor assigned to the assisted person; the old rule required the name to be sent separately, along with the certificate. Rule 2 makes a further small amendment in the form of legal aid certificate, consequential on the coming into force of Section 18(2) of the Legal Aid and Advice Act, 1949, by omitting words that by reason of that provision have ceased to be applicable. Nobody, therefore, will have suffered loss or inconvenience, even if the 1963 Rules are shown, contrary to my present view, to have had no validity since they were made.

I ask the House to accept the apologies of all concerned for the failure to lay the set of Rules which it is proposed to revoke and replace.

Mr. Shinwell : Will my right hon. and learned Friend explain why he is apologising for the previous Tory Administration? Will he amplify this matter of incompetence on the part of the previous Administration? Has he taken note of the passion which exuded from the right hon. Member for Bexley (Mr. Heath) on the subject of the alleged incompetence of my right hon. Friend the Postmaster-General? Why does not he slosh the other side?

Mr. Speaker : Order. There is no billiards table here.

The Attorney-General : This does not seem to me to be a matter of passion, attractive as the subject matter of the Poor Prisoners (Counsel and Solicitor) Rules may be, and I hope that the House is not unduly misled by the title of the Rules.

Sir J. Hobson : Since I was Ministerially responsible for this inadvertence, I would like to give my apologies to the House and to agree with the right hon. and learned Attorney-General that it is a

[SIR J. HOBSON.]

reasonable hope and expectation that nobody will have suffered the slightest loss or inconvenience as a result of that inadvertence. In saying that, I do not wish to resile in any way from my Ministerial responsibility, or to dodge or diminish the full apologies that I make for the omission for which I was Ministerially responsible. I want to make that plain to the House.

Perhaps I could mention that the last occasion on which this happened was in 1951, when the Labour Government had failed properly to lay 171 Orders. Then they had to have an Act of Indemnity. The previous occasion was when Mr. Herbert Morrison had failed to lay some Orders in 1944, and had to have an Act of Indemnity. On this occasion, no Act of Indemnity is required. I might add that on the two former occasions a General Election followed almost immediately.

The Attorney-General: Perhaps my right hon. Friend the Member for Easington (Mr. Shinwell) now knows why I thought that this was not an occasion for passion. May I be permitted to add this piece of history—that on the last unfortunate occasion when this arose the Orders affected went back to 1942, so that party political responsibility seems to be fairly shared.

Mr. Hamling: Is my right hon. and learned Friend aware that this is surely

an example of the incompetence of the closed shop of lawyers on both sides?

Mr. Graham Page: Does not this raise a serious point of the jurisdiction of the Select Committee on Statutory Instruments? Is not the right hon. and learned Gentleman aware that it is the Department's responsibility to bring before the Select Committee such Instruments as should come before it? It is the Department which decides whether an Instrument is by Statute required to undergo a certain Parliamentary procedure? Is he aware that since the Select Committee was set up it has by its vigilance reduced its own work, and that Ministers to a great extent have remained within their delegated powers?

Will he consider asking the House to extend the powers of the Select Committee to consider all Statutory Instruments and not only those which are subject to Parliamentary procedure? In that case—and I think that the Select Committee could undertake that work—Instruments would not slip through the net, as they have on this occasion.

The Attorney-General: I am sure that consideration will be given to that serious suggestion. In view of the mistake that has inadvertently arisen on this occasion, further checks are being introduced in the Departments concerned to eliminate the risk of a repetition of error.

FINANCE (No. 2) BILL

Considered in Committee [Progress, 12th May].

[Dr. HORACE KING in the Chair]

Clause 4.—(CONTINUATION OF POWERS UNDER S. 9 OF FINANCE ACT 1961.)

Question proposed, That the Clause stand part of the Bill.

3.47 p.m.

Mr. Edward Heath (Bexley): I should like to move a Motion to report Progress, Dr. King. The matter which I wish to raise is of the utmost importance to the functioning of the Committee. Hon. Members will remember that when we dealt with the procedural Motion on Monday I pointed out the difficulties under which we were all labouring in taking the Committee stage of the Bill only seven days after the Second Reading debate.

Today, we are labouring under another difficulty. It is customary for the Notice Paper of Amendments to any Bill—to be discussed either in Committee upstairs or in Committee of the whole House—to be in the Vote Office at 7.30 in the morning and to be circulated to hon. Members so that they receive it at breakfast time. This morning the Notice Paper for the Amendments that we are dealing with today did not arrive.

Some hon. Members may have thought that this was due to the shortage of postage stamps provided by the Postmaster-General, but this is not the case. It was finally available in the Vote Office between 12.15 and 12.45 p.m. This is of the utmost inconvenience to all hon. Members who are trying to deal with the Notice Paper for today.

I am not suggesting in any way that this was your responsibility, Dr. King, or that of the staff of the House, or the printers. It seems to me to have been due to the fact that the Chancellor of the Exchequer, having put forward such a half-baked Bill, last night had to put in 72 Amendments, which appear on the Notice Paper today, although we have reached only Clause 3. The 72 Amendments concern the rest of the Bill. This has obviously prevented the Notice

Paper's being printed in time to have it sent round to Members so that they can give it proper consideration. This is a gross disservice to the House. [*Interruption.*] There was a time when the hon. Member for South Ayrshire (Mr. Emrys Hughes) would have been the first to protest at this treatment.

If we are to continue to discuss the Bill—a Bill of the utmost complexity and difficulty—and are not to receive the Amendment Notice Paper until midday, I suggest that the Committee cannot continue to function. I have moved the Motion to report Progress so that we can resume our discussion of the Bill on another day, when we shall have had proper time to consider the Notice Paper.

The Chairman: I am not prepared to accept the Motion.

I suggest to the Committee that we have not made any progress to report at the moment, and that we might take the serious matter which the right hon. Gentleman made as a point of order, rather than a reason for reporting Progress.

Mr. Heath: I am not quite clear, Dr. King. I recognise that if the Motion were accepted we would not have made any progress. It is difficult for us to make any progress. If you would like me to raise this as a point of order, should I repeat the same speech, or will you take that as my view?

The Chairman: I will take the speech already made as raised as a point of order.

Mr. J. T. Price (Westhoughton): Since the right hon. Member for Bexley (Mr. Heath) said in my hearing only the other day that he expected that we should still be discussing the Bill at Christmas next, is it not evident that he could not have any serious purpose in wishing to move to report Progress? By his own declaration he is convicted.

The Chancellor of the Exchequer (Mr. James Callaghan): Further to that point of order. It is only within the last half hour that this matter has come to my notice. I understand that about 150 Amendments were put down last night, of which the Government were responsible for about 70, none of which affect today's business. Looking quickly through

[**MR. CALLAGHAN.**]

the Amendment Paper while the right hon. Gentleman spoke it was quite clear to me that the Paper as printed before is exactly the same as today, except for four Amendments, three of which were put down by the supporters of the right hon. Member for Bexley and one of which was put down by a Government supporter.

I would regard it as very unfortunate if the talents of the Opposition were so strained that they could not master the contents of those four new Amendments. [**HON. MEMBERS:** "Four?"] I was going up only to Clause 15. I was assuming that we would not go further than that today. If it is the intention of the Opposition that we should go further than Clause 15, they have a complaint, but until we get there I do not think that there will be much to complain about. I would only add that the sooner we get this leadership battle over, the better it will be for all of us.

Mr. Heath: Further to that point of order. I raise this in the interests of the House of Commons as a whole. If the Committee, in future, cannot get the Amendment paper at the proper time when there is a large number of Amendments put down with which we have to deal on that day, it will not be possible for the Committee to function. What I am complaining about is that, because of the number of Amendments put down, the printing of the Notice Paper was delayed. We cannot be sure that the Bill is not in such a mess that the Chancellor may not have to put in 70 Amendments every day and we shall find ourselves in this position. I noticed, also, that some of the Amendments starred are included in the Amendments which we shall consider today. This also may happen in the future. We should adhere to the normal proceedings of the Committee and receive the Amendment Notice Paper at the proper time.

Sir Kenneth Pickthorn (Carlton): Further to that point of order. May I ask whether the Chancellor of the Exchequer does not intend to make any reference at all to the general question put to him, and whether we are to take it for granted that he will be content in future that these Papers should not be available to hon. Members until the

afternoon? We have had no reply whatever to the general question and the point that these papers were nearly five hours abnormal. Surely that is a point which the Chancellor of the Exchequer should explain to the Committee.

Mr. Callaghan: I think that this is becoming a somewhat irregular debate. It is not my duty to reply to points of order, but I began to reply to the last point, so let me say that now that this has been brought to my notice—I had no notice of it, as I said, until half an hour ago—I shall certainly look into it. I hope that we do not have 70 Amendments from both Government and Opposition every day, or it will be Christmas, or something else will have to happen—[**HON. MEMBERS:** "What?"] Something else will have to happen, obviously. I should like the opportunity of looking into this matter to see that the Notice Paper arrives, as far as possible, at the normal time. I hope that it will do so.

Sir Godfrey Nicholson (Farnham): One point which you may have overlooked, Dr. King, is that the House met this morning at 10.30. Surely it is most unusual for a Paper setting out the business of the House not to arrive when the House has been sitting for some hours?

The Chairman: The hon. Gentleman has addressed his remarks to me. I have no responsibility whatever for the printing of Amendment Papers, or the time at which they arrive during the day. That is a matter for Mr. Speaker, who will obviously take note of the comments made today.

Sir G. Nicholson: I am sorry to go on with this, Dr. King. This is a serious point. It may not be of great significance today, but it is of some significance. Surely the Notice Paper should have been available before the House met today. I was addressing the point to you because I was under the impression that it was a point of order.

The Chairman: I am not in the least questioning the seriousness or the correctness of what the hon. Gentleman has said, but the responsibility for dealing with it does not come within the duties of the Chairman of Ways and Means. It is a matter for Mr. Speaker.

Sir G. Nicholson: Is not that a very good reason for accepting the Motion?

Mr. Geoffrey Lloyd (Sutton Coldfield): May I draw attention to a point which has not been mentioned, the inconvenience to which the House of Commons and the country are subjected by the very late arrival of these Amendments. Already, people all over the country are suffering very much because of the complexity of the proposals in this Bill. We know that many important leaders of industry have been taken off their productive work to try to understand what the Government are proposing. We of the Opposition are doing our best to consult with interests all over the country as to the effect of the Bill. It is necessary for us to consult on the Amendments as they are produced. We have to telephone to leaders of industry and of the trade unions in various parts of the country to find out—

Mr. Emrys Hughes (South Ayrshire): And the tax dodgers.

Mr. Lloyd: —the effect on important interests and important regions of Amendments which are put down. Very often, we have to do this in the morning so as to be ready.

Therefore, it is a very great inconvenience and this is a result of the size and complexity of the Finance Bill. One would think that, in those circumstances, the Chancellor would try to improve the prospects of the passage of the Bill through the House by refraining from taunts at my hon. and right hon. Friends, which we on this side very much resent.

Mr. R. H. Turton (Thirsk and Malton): With very great respect to you, Dr. King, and following the points put by my hon. Friend the Member for Farnham (Sir G. Nicholson), we want to check the Chairman's selection of Amendments with the current Notice Paper. At 12 o'clock today, when we went into the Lobby to do so, we found your selection of Amendments, but there was no Notice Paper with which to compare it. In fact, the numbers of the Amendments in this Paper have been changed from the previous Notice Paper. It is a very great inconvenience to hon. Members who are working under very great pressure, if we do not get the new Amendment Paper till midday.

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Mr. E. Shinwell (Easington): Further to that point of order. Is it necessary to arrest the business of the Committee to enable right hon. and hon. Members on the other side to get their instructions from their friends outside?

The Chairman: Order. I think that we have pursued the serious point which has been raised, a point of great seriousness to the Committee, long enough. I hope that we can now come to the Clause.

Mr. David Price (Eastleigh): I would remind the Committee that the purpose of the Clause is to renew the powers of the Treasury to increase or to reduce by up to 10 per cent. the rates of revenue for purposes of economic regulation. The parent section to which this Clause refers is Section 9 of the Finance Act, 1961. That defines the particular economic situation which these powers are designed to influence as being that in which "... it appears to the Treasury that it is expedient, with a view to regulating the balance between"—

supply and demand. We presume that that is the continued purpose of the powers which the Chancellor is seeking under the Clause.

I think that it is clear, therefore, that the Clause raises the whole problem of our economic regulators. It also raises the attendant problem of how the Treasury keeps itself informed about the trends in supply and demand. I am sure that the whole Committee would agree that, in theory, the Chancellor of the day must so regulate the economy that supply and demand are not only kept in balance but are kept in balance at the highest possible rate of total economic activity. By pursuing a thoroughly deflationary policy, supply and demand can be kept in balance, but at a lower rate of economic activity than we should wish to see, either socially or economically.

4.0 p.m.

As in so many human activities, the ideal, I regret to say, is far removed from the reality, which is all-too-imperfect. The speed and precision of the information reaching the authorities as to the state of the economy is to my mind inadequate for that sensitive regulation of the economy which I think most hon. Members agree is so necessary.

[MR. PRICE.]

When I spoke last week in Committee of Supply in the debate on prices and incomes, I said:

“ . . . one of the first things we need to do is to get better and quicker figures on which the Chancellor of the day can get a better estimate of supply and demand.”—[OFFICIAL REPORT, 11th May, 1965; Vol. 712, c. 347.]

I went on to give some examples of particular areas of the economy in which I believed that the figures were too slow and too imprecise. Since then I have discussed this point with some of my colleagues on both sides of the Committee, who have added certain other fields in which they, too, think that the figures are slow and imprecise.

I believe that this deficiency is particularly pertinent in relation to the use of the surcharge on revenue duties embodied in the Clause. We all know that a special effort is made by the Treasury and the authorities to ensure that the Chancellor has the most relevant and up-to-date information when he is designing his Budget. Even there, I think that there could be improvements.

It is my view that between Budgets the information available to the Chancellor leaves much to be desired. I believe that when we are giving the Treasury these substantial powers—or, rather, renewing them—to alter taxation, we are entitled to know more about how the Treasury keeps up to date in its figures. I am not opposed in the least to giving the Treasury these powers. I have supported the Treasury in the past and in principle I shall undoubtedly support it again tonight, but I am entitled to hear from the Treasury Minister who replies to the debate—it may be the Chancellor himself—exactly how the Treasury intends to improve its methods of economic forecasting, how up to date is the information on which it works and how much of contemporary forecasting is done by straight statistical extrapolation. Although extrapolation is undoubtedly a useful statistical tool, it can all too easily become the soft option for the idle economist.

There are two other factors, which are not directly measurable, which have a very great influence on the course of the economy and, above all, on the development of the supply and demand equation. The first and most obvious, of which the Chancellor has certainly had a lot of

experience since he has been in his high office, is the confidence factor. If we look at our recent economic history where we used taxes as regulators and not simply for their revenue-raising potential, what do we find? I think particularly of two occasions on which investment allowances were increased; they produced an upsurge in investment which bore statistically no relation to the effect which a modest increase in investment allowance might have been expected to produce. A non-economic decision arises at some stage. It is this factor of confidence which can cause an upward or downward spiral.

Secondly, I am sure that the Committee are prepared to accept that human beings do not always act in the way that the economists say that they ought to act. I have yet to meet an “economic man” as a flesh-and-blood creature. None the less, “economic man” is necessary as an economist’s invention for the purpose of economic analysis. But we must always beware of the fact that human beings do not maximise their advantage the whole time on the margin which is the basis of most statistical approaches to the economic analysis.

I should like to hear from the Chancellor how he proposes to improve, on his tools of analysis. Both he and his predecessors at various times, in presenting Budgets or during the course of Finance Bills, have said to the House, “There comes a point at which it is my judgment.” But I believe that in this day and age we must try to improve our tools of analysis even when we know that we shall never reach perfection—even though an element of personal judgment will always remain.

I turn to the economic regulators, of which the powers sought in the Clause form part of the armoury. Personally, I believe that we need extra regulators in the armoury of the Chancellor of the Exchequer and the authorities. In the debate on prices last week I made one or two suggestions. Needless to say, the President of the Board of Trade, in his winding-up speech, did not bother to comment on them. I was disappointed about that, because I had a feeling during the debate that they were regarded by the Committee as worth-while observations.

May I, therefore, repeat to the Chancellor what they were? I do not wish

to detain the Committee, and I shall probably be going a little wide of the debate if I talk about long-term regulators of the economy, but it must be recognised that there is no clear division between what is a short-term and what is a long-term regulator. One blends into the other.

If we look at the short-term regulators we find that there are the traditional monetary weapons; hire-purchase control; physical trade controls and exchange control; and the surcharge and revenue duties. These are the major weapons. Certain physical trade controls and exchange controls which are very relevant as short-term methods of dealing with the balance-of-payments problem do not affect the domestic supply and demand equation in the short term. If we reduce imports and do not reduce home demand, we put extra pressure on home supplies.

The Committee will see that in their recent actions the Government have put great reliance on the monetary weapon as a short-term regulator. Indeed, for some of us it looks rather silly in view of the previous condemnation by some right hon. and hon. Gentlemen opposite of the use of the monetary weapon. Some of them must be suffering from acute indigestion through a surfeit of eating their own words. After all they have said in the past, it astonishes me that they have not taken the opportunity of the Finance Bill, which the Chancellor presents to us and the country as being a new look at our taxation system, to make proposals for new and better economic regulators.

The Chairman: Order. The hon. Member, on this Question, may discuss only what is in the Clause. He can, therefore, discuss only the regulators which are being continued from Section 9 of the Finance Act, 1961.

Mr. Price: I apologise, Dr. King. I had a feeling that I might be in danger of getting out of order when I made that point.

When we come to this regulator in the Clause, which by itself is inadequate, it is interesting to see that the Government are continuing the powers of Section 9 of the 1961 Act, as extended by Section 8 of the Finance Act, 1964, without amendment. The Committee will recall that Section 8 of the 1964 Act which we

are here renewing divided the duties covered by the original Section 9 into five groups. Previously, in the 1961 arrangement, they had been lumped together. The object of my right hon. Friend the Member for Barnet (Mr. Maudling) was to make the regulator more flexible, and this appealed generally to the Committee, but the Opposition of the day thought that my right hon. Friend should have gone further and should not have contented himself with five groups but should have taken powers to use the regulator for individual duties within those groups.

So strongly did the Opposition feel that they divided the Committee on this point. Yet now that they have the power, the Labour Party stand firm on the very flexibility which last year they condemned as insufficient. We are entitled to ask why there has been no change, after last year's indignation. It was the present Chief Secretary to the Treasury, in pressing this point to a Division, who said to the then Chancellor, my right hon. Friend the Member for Barnet:

"We sympathise with him in his new rôle of a modest, retiring, withdrawn individual. We find it difficult to recognise him, but we sympathise with him in his new attitude. We do not know what occasioned it other than such things as public opinion polls."—[OFFICIAL REPORT, 2nd June, 1964, Vol. 695, c. 1025.]

My final thought on the Clause is to remind the Committee of what the right hon. Gentleman the Prime Minister said about these powers which we are being asked to renew. In March, 1961, when they were first introduced and when the right hon. Gentleman was speaking as shadow Chancellor of the Exchequer, he said:

"In terms of surrendering this House's control over the taxing power in the interests of economic planning, the way in which the Chancellor is doing it is going too far."

He added:

"I do not suggest that any John Hampden will rise in protest against what the Chancellor is doing, or that it is on a par with ship money, or anything of that kind. But it oversteps the margins of the relation between one Government and the House in the matter of taxing power."—[OFFICIAL REPORT, 4th May, 1961; Vol. 639, c. 1641.]

Well, what a sea-change has taken place in the right hon. Gentleman since those ethereal days as shadow Chancellor.

"Nothing of him that doth fade,
But doth suffer a sea-change,
Into something rich and strange."

[MR. PRICE.]

I do not go so far as the right hon. Gentleman went in 1961, but his words do give me authority in requiring a reply from one of the Prime Minister's subordinate Ministers—one of his creatures, if not one of his familiars.

Sir Henry d'Avigdor-Goldsmid (Walsall, South): I do not go so far as my hon. Friend the Member for Eastleigh (Mr. David Price) in his knowledge of economic science. Nor can I share his surprise that the Clause comes before us without amendment from the Government. I say this because it is perfectly clear that the six lines which it occupies in the Bill is an attempt to slip it in with the minimum of attention being attracted to it. I am, therefore, glad to see the right hon. Gentleman the Chancellor of the Exchequer in his place and I hope that he will reply to this discussion, because he owes an answer not so much to my hon. Friends as to his own colleagues.

After all, the General Election manifesto of his party—which had very great success in the country and which, I would say, influenced a great many undecided voters—made special reference to this matter. Indeed, referring to this party, the manifesto declared:

"The direct and crippling consequences of their free market policies are now well known . . ."

It went on to illustrate those direct and crippling consequences. It cited the second of them as follows:

" . . . it has necessitated a stop-go economic policy resulting in intermittent bursts of high unemployment."

I should have thought that one could not condemn the stop-go policy in more direct language than that. Or is the abolition of stop-go to be won with lower mortgage rates and the other disappointed hopes of that manifesto? I do not know, and I am waiting to hear the Chancellor's reply, because it is perfectly clear that the Clause is the very instrument of stop-go. It is the implement by which stop-go could be enforced.

4.15 p.m.

Let us not think that because the Clause occupies only six lines in the Bill its effects on the economy might be small. Perhaps as we enter this great tropical jungle of the Finance Bill, and fight our

way through its dark and nauseous passages we may think that the danger comes from those enormous monsters the Corporation Tax, with 42 Clauses, and the Capital Gains Tax, with 30 Clauses. But no. There is concealed in the undergrowth the adder and the adder's sting is as lethal as the danger of being trampled to death by some of those enormous monsters which we will be discussing later.

The effect of the regulator on the economy could make a difference of £700 million. It operates to a margin of 10 per cent. either way and, on the figures in this year's statement, of upward of £3,600 million, 10 per cent. either way would mean a difference of £700 million. That is the effect the Clause could have on the economy. We must remember, too, that its operation is brought about by order and that it does not need legislation.

We would be doing less than our duty in not giving it a clear airing and eliciting from the right hon. Gentleman the reason why he has kept to his hand an instrument which, in his party's election manifesto, hon. Gentlemen opposite condemned and whether office has caused him to change his mind on this and so many other subjects.

In supporting the remarks of my hon. Friend the Member for Eastleigh, who quoted some telling remarks made by hon. Gentlemen opposite, I must add that this is an instrument which was devised by my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) and which I have consistently supported. I am glad, even at this late stage, to welcome the conversion of the Chancellor to the policies of my right hon. and learned Friend.

Mr. A. Woodburn (Clackmannan and East Stirlingshire): I must, at the outset, comment on the remarks of the hon. Gentleman the Member for Eastleigh (Mr. David Price) about stop-go. The matter is quite clear. Driving a car successfully means that it must be driven under control. What was wrong with the stop-go policies of previous Governments was the violent application of the brakes, the action of which endangered the whole economy, or, alternatively, the pressing of the accelerator and nearly

taking the car over the cliff. They nearly took it over the cliff before we came to office, which imposed on my right hon. Friend the Chancellor the duty of having to stop the car rather suddenly.

I support the Clause but is there not a danger that if we get a lack of self-discipline among some so-called responsible people in the community its provisions may be frustrated? I ask this because we have just had an example of the bankers using their policies for political purposes and allowing inflation—

The Chairman: Order. There is no mention of bankers or inflation in the Clause.

Mr. Woodburn: If the Clause is to be supported by all hon. Members, as I hope it will be, it should be pointed out that it could not become really effective—indeed, it could be undermined—if certain people do certain things.

My right hon. Friend may utilise the Clause to try to put on the brake, however lightly, on the spending power of the community. If the bankers suddenly flood the economy with loans without any sense of responsibility they will nullify the effect of the brake. The whole economy may be undermined if hire purchase money is poured out, as it was in 1959. The whole collapse of the economy may result. If my right hon. Friend finds it necessary to utilise the powers in the Clause is he able, by any means, if certain people do not exercise self-discipline and if the Tory bankers start using their policies for political purposes, to end such unprincipled behaviour?

Mr. Raymond Gower (Barry): In discussing matters of this kind I would normally feel fully in accord with my hon. Friend the Member for Eastleigh (Mr. David Price) and my hon. Friend the Member for Walsall, South (Sir H. d'Avigdor-Goldsmid). I have always thought that this was an admirable regulator power for effecting a change in cases of sudden need, a regulator with great flexibility. In the context of Conservative Chancellors, who sought at all time to reduce taxation, they were able to use this power properly and to the benefit of the economy.

Now, however, my hon. Friends must have serious misgivings about renewing a power of this magnitude, a power which could result in increased taxation—and my hon. Friend the Member for Walsall, South gave some statistics—of millions of pounds. Giving such powers to a Chancellor who has already shown himself so adept at allowing enormous burdens of taxation to fall on the ordinary people must cause some misgivings.

The Finance Bill has been described as a sledgehammer with which to hit British industry. It may not have been unnoticed that, apart from the taxation which has been imposed on industry, the Chancellor has imposed an enormous burden of taxation upon ordinary people. He has imposed it in the form of direct taxation, Income Tax—

The Chairman: Order. That is very interesting, but the hon. Gentleman must link his remarks to the Clause.

Mr. Gower: In that setting and context my hon. Friends must have severe misgivings about renewing such terrific powers this year. Indeed, I should have thought that before parting with the Clause we would at least wish to ask the Chancellor for an assurance that he will use these powers only for an upward movement, with the greatest reluctance and only in the case of most dire need. In other words, his occupation from now on must surely be not to impose new burdens on the ordinary people. Nevertheless, the powers which are likely to be used if the Clause is employed must impose very large burdens on those very people. Like my hon. Friends, I deem these powers to be of great value, but I respectfully submit that my hon. Friends must have severe misgivings about their renewal in the context of the policies of the present Chancellor.

Mr. Nigel Birch (Flint, West): I was interested in the speech of my hon. Friend the Member for Eastleigh (Mr. David Price) and his call for better statistics. Our statistics, obviously, should be as good as they can be, and they have been improved a good deal in recent years by former Governments. My hon. Friend will no doubt admit that, however good the statistics, an element of judgment must always be present and that there are many unknown and uncalculable factors

[MR. BIRCH.]
in any proposition. It is for that reason that I am anxious, like my hon. Friend the Member for Walsall, South (Sir H. d'Avigdor-Goldsmid) to know what is in the right hon. Gentleman's mind.

This is especially necessary in view of some of the remarks of the right hon. Member for East Stirlingshire (Mr. Woodburn). Although he spoke about stop-go, the important thing to remember about it is that sometimes one wants to go quickly and sometimes slowly. If one is having to slow down one must apply the brake sufficiently hard to slow down enough to get the situation in balance. The difficulty we have been up against from the treatment of this Government is that having first declared that there was no undue pressure on the economy they have been gradually dribbling out one measure after another. We had the surcharge, the first Budget, the credit squeeze, the second Budget, the second credit squeeze, special deposits, and so on. One after another they have been coming from this Government and, meanwhile, wages have been racing ahead.

The First Secretary gets up in the morning and pats himself on the back, saying that he is the first man to get a wages policy. He tells everybody that he is getting a wages policy, and when he is very tired his P.R.O.s say it for him. I should like the Chancellor to give his assessment of the present state of the economy. After both his Budget speeches he has had to take tougher measures than those which were forecast in the Budget, and this is a very serious thing for the country.

As everybody realises, the rise in the cost of living has not really started yet. The increased wages, except to a very small extent, have not seeped through into prices, and the shortening in hours element, with the equivalent of a 5 per cent. increase in wages, is spread over the rest of this year. Therefore, we shall get incomes rising rapidly and steadily throughout the year. The only way to deal with this is by taxation of consumption. But unless the right hon. Gentleman gets expenditure under control, this increase in taxation on top of a rapidly rising cost of living will inflict the most frightful hardships.

When the right hon. Gentleman replies to this debate I hope that he will address his mind to the way in which he sees the economy and what he thinks the prospects of using this regulator will be.

Mr. Julian Ridsdale (Harwich): When my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) introduced the economic regulator, in 1961, he discussed the economy as a whole, and I must say that I agree very much with my hon. Friend the Member for Eastleigh (Mr. David Price) that in the context of discussing this regulator we must also discuss the laws of supply and demand.

My right hon. and learned Friend the Member for Wirral made the point that if there had not been any regulatory action by the Government, the swings in the economy would have been much more violent. Looking back to 1961 and the use of the brake by my right hon. and learned Friend, that action seems extremely mild compared to the action of the Socialist Government in the field of taxation today. Surely, the one difference between the action of my right hon. and learned Friend in the Budget when he introduced the regulator and the action of the present Government was that he did not attack savings which would have gone into productive investment as the Labour Government have done. Indeed, personal savings during the 13 years of Conservative rule increased from £100 million in 1951 to £2,000 million.

Surely the very object of arming the Government of the day with the economic regulator was to enable it to act against demand without hurting savings, particularly the savings that would have gone into productive investment. Surely this is why the banks have indicated disquiet at the Government's policy. The banks say frankly that they cannot cut back loans and overdrafts within the new directives laid down by the Government without undermining—

The Chairman: Order. All this may be perfectly true, but the hon. Member must keep to the subject of the regulators.

Mr. Ridsdale: My whole object in making this point was that one of the objectives of the economic regulator was to curb demand without hurting productive investment. I should like to see the

economic regulators extended not only against consumer demand but against Government demand, which means Government spending as well.

The Chairman: Order. That would mean amending this Clause. It is too late for that now.

Mr. Ridsdale: I am sorry, Dr. King, that you are forbidding me to make the point because I have been too late in putting down an Amendment—

The Chairman: I am sorry, but I hope the hon. Gentleman does not think that I am treating him unfairly. We are debating the Question, "That the Clause stand part of the Bill", and all we can debate on that Question is the Clause itself.

Mr. Ridsdale: I will conclude by saying that I hope the Chancellor will realise that when my right hon. and learned Friend the Member for Wirral introduced the economic regulator he did so to encourage productive investment and not the kind of unproductive spending which is at present taking place.

4.30 p.m.

Mr. Terence L. Higgins (Worthing): As has already been pointed out, we are concerned in this Clause with the economic regulator which gives the Chancellor power to vary indirect taxation plus or minus 10 per cent.

As behoves one speaking for the first time in a Committee of this House on the Finance Bill, I thought that I ought to do some little research into the debate which took place on the original introduction of the regulator by my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd). The object of the regulator is, of course, to regulate the balance between the supply of goods in the economy and the demand for them.

It was noticeable in the first debate in 1961 that the right hon. Member for Battersea, North (Mr. Jay), now the President of the Board of Trade, put down an Amendment which paid particular regard to the need to maintain full employment in all parts of the United Kingdom. Indeed, hon. Members divided the Committee on the suggestion that this Amendment should be carried on the grounds that the Clause as it

stood did not devote sufficient attention to the need to maintain full employment.

This is significant, I think, in view of the fact that the present Prime Minister and the present First Secretary, but not, I should add, the present Chancellor, divided in favour of this Amendment, and it is strange that we do not find a similar Amendment on the Notice Paper together with the Clause which is now before the Committee.

There is a grave danger at present, in view of the Government's economic policies, that we shall find them achieving what has not been achieved by any previous Government, namely, rapidly rising prices and a rise in unemployment at the same time. We should have grave doubts about the timing of the substantial measures which the Chancellor has been introducing since the present Labour Government came to power. It is right that we should look with some question at the proposal to take yet further powers or to continue the present measures with regard to the regulator.

Before I come to one important point that I want to raise I should like to mention in the debate in which the regulator was first introduced the right hon. Member for Battersea, North chided one Conservative Member for saying that if a tax had not been increased for 30 years that was a good reason for putting it up. It would seem that the present Government take the view that if any tax has been lowered in the last 13 years that is a good reason for putting it up.

On the whole, the regulator is a good measure for the reasons advanced by my right hon. and learned Friend the Member for Wirral when he introduced it. In particular it gives the Government power to vary the level of demand and supply during the course of the year and, therefore, it gets away from the rigid idea of an annual Budget or, as seems to be the case nowadays, a twice-a-year Budget. This is a good thing. But there is one main objection to it, and that is that there is reason to suppose that the use of the regulator may result in gains or losses on tax-paid stocks. The regulator enables the Chancellor to alter the level of the taxes by 10 per cent. and this means that people with tax-paid stocks may make a considerable capital gain or

[MR. HIGGINS.]
a capital loss which results directly from the action which the Chancellor has taken.

I therefore ask the Chancellor to tell the Committee whether he proposes to make any special arrangement whereby any tax on such capital gains or capital losses will be included in the proposals for a capital gains tax. He will be aware that a committee sat to consider the question of gains and losses on stocks when tax changes took place some time ago, and the committee suggested that the best way of avoiding this was in not making frequent changes in taxation. Taxes have certainly changed frequently under this Government.

Mr. Joel Barnett (Heywood and Royton): Is the hon. Gentleman aware that there are occasions when stocks go up and when there are profits made, too?

Mr. Higgins: My point is not concerned with whether stocks go up; I was referring to stocks of actual physical goods. There might be a change in their value as a result of the use of the regulator by the Chancellor. This is so whether he puts it up or down. We want to know where people in this position will stand if the Chancellor uses the regulator. This is an important point which needs to be made.

I think it reasonable to ask the Chancellor, in view of the recent measures which he has taken with regard to the banks, how much purchasing power he expects to take out of the economy as a result, compared to the use of the regulator. Although certain hon. Members have had trouble in staying in order on the question of the recent bank squeeze, I do not think that it is irrelevant to ask whether this is not being used to some extent instead of the regulator, and I would be inclined to argue that the regulator would be a better weapon to use at present rather than go to the banks and carry out the kind of squeeze which is now taking place.

A number of people have felt that the advice which has been given by the "Old Lady of Threadneedle Street" is, perhaps, a little threadbare. We ought, therefore, to ask the Chancellor what is the relevant amount of purchasing power which is likely to be taken out by the bank squeeze, as against the purchasing power he could have taken out by using the

regulator which in this Clause he is now asking the House to continue.

Mr. Robert Sheldon (Ashton-under-Lyne): One of the main burdens of any Chancellor of the Exchequer in framing his annual Budget is to make sure that the economy is fully engaged over a period of 12 months in advance. The decision that he has to take, the balancing of the pressure of demand against the need to maintain a very high economy, is one of the great decisions which a Chancellor has to take during every year of office. If the regulator is doing its job properly, this is one of the decisions that the Chancellor does not need to take in quite so acute a form.

If the regulator is doing its job of maintaining continuous control over the economy, all the Chancellor needs to concern himself with is to get the broad general picture right and use the regulator for controlling the economy during the succeeding years. But, in fact, we know that the regulator is not doing its job. It is not providing the continuous control that any balanced regulator should provide. What we need is not this very poor weapon, but a fine weapon—an upward screw—to maintain control over the economy and to maintain this broad economic control. What we need is not so much a regulator but something that has three characteristics—something that is capable of immediate effect, capable of small changes and capable of frequent use.

The regulator does not really qualify for any of those needed characteristics. The alternative might be the use of investment grant—

The Chairman: Order. The hon. Gentleman must not discuss alternatives.

Mr. Sheldon: I was trying to say that variable short-term savings might be preferable to the use of the regulator. If we can get savings out of the economy, this might be a rather better way than using the regulator to control the day-to-day working of the economy. Whatever is necessary, I think that one thing we want from the Chancellor is more thought to be given to alternative uses. We hope that over the next year we shall get some further suggestions as to how we might be able to regulate the economy rather more finely than by the coarse method of the regulator itself.

Sir Douglas Glover (Ormskirk): Dr. King, your Ruling did at least show that under this Clause there are the means of combating inflation because as the result of your Ruling the length of speeches in this debate has been cut down. It is significant however, that on the one Clause in the Bill that I am able to support there is only one speaker from the other side of the Committee, and he was opposing it. It shows how little support the Government have.

Mr. Sheldon: I was trying to say this is not the ideal method, but, clearly, the Chancellor cannot afford to throw any weapon away at this stage. What he needs is the time to perfect new and better ones.

Sir D. Glover: I cannot understand why hon. Members on the other side of the Committee always talk about weapons. I thought that it was peace that we were trying to build, in a peacetime economy. But all their talk is about battles and weapons. All I can say is that if the hon. Member thinks that his speech will read in HANSARD as a powerful supporter of the Government he will get a very bitter shock when he reads it tomorrow morning.

I support this Clause because I supported it when my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) brought it in, but I must say I share the views of my hon. Friend the Member for Barry (Mr. Raymond Gower), who said that he was frightened at giving such additional powers to the right hon. Gentleman the Chancellor of the Exchequer. The Chancellor has already swung £600 million out of the taxpayers' money, believing that he can do overnight with a Clause to increase taxation by £350 million by a wave of the hand. That means increasing taxation in one year by £1,000 million.

I understand that the Chancellor wants to go in history as a famous Chancellor. If he does that he will certainly go down in history and he will also go down in politics, because he will lose his seat at the next election. I think that the way the present Government are running the economy this Clause is an essential part of the right hon. Gentleman's armoury. We have the right hon. Gentleman in a very misguided way, but I think with sincerity, trying to get our economy under control.

But he has the Secretary of State for Economic Affairs, the right hon. Gentleman the Member for Belper (Mr. G. Brown), mounted on his horse and galloping in exactly the opposite direction. The body politic will be torn apart if these two opposing policies are allowed to continue for very much longer. I am sure that the right hon. Gentleman will need to use this Clause to stop inflation before the end of the year. His right hon. Friend is creating inflation at the other end of the pipeline, with uncontrolled wage settlements and his other activities. This Clause will be very necessary.

I am glad that the right hon. Gentleman has the wisdom to keep this regulator, which is flexible and was brought in, despite criticism, by my right hon. and learned Friend the Member for Wirral. I believe that this was the most flexible piece of machinery that Chancellors have invented in recent years for keeping the economy in the happy state any Chancellor wants to keep it, where one can put it up or down as the case may be quickly.

Turning to the question of loss on stocks it might be thought that, as a person who has lost a great deal of money from time to time on changes of Purchase Tax, that I would support it. Actually, in the case of the regulator, I do not think that there is much loss on stocks because of the change in taxation under the regulator unless there is a very big change in the stock between it coming up and going down. If one has £100,000 of stock and the Purchase Tax rate is 10 per cent and is increased by 10 per cent. of 10 per cent. by the regulator that is, of course, paid on the £100,000 worth of stock. But as one is continuously trading, in six months, or nine or 12 months the economy is under control and when the taxation is 10 per cent. one has still got probably £14,000 worth of stock. And that money is returned again.

Mr. Higgins: The point I was trying to make on stocks was that this will be all the more important because a capital gains tax is to be introduced as well. It may be that the gain or loss will fall on one side of the tax year or the other. A person might, therefore, make a loss to offset against capital gains tax or a gain to be added to existing capital gains. For

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this reason, I was worried about the two measures, the capital gains tax and the regulator taken together.

Sir D. Glover : I thank my hon. Friend for the very lucid explanation and I hope that the Chancellor listened to it, because I think that there is a very real fear on the capital gains side although I do not think there is on the Purchase Tax side.

So, for the first time since the present Government took office, I find myself making a speech supporting something they are doing. It will not last very long, because it is the only Clause I can see in the Bill which I can support with my heart and mind. On this one, however, I will give the Chancellor my support and I hope that the Clause will be used before the end of the year.

4.45 p.m.

Mr. F. A. Burden (Gillingham): The Government have already made sweeping tax changes in the Budget. As my hon. Friend pointed out, they have imposed a swingeing tax of about £600 million already. I look upon the revision of this Clause by the Chancellor of the Exchequer, in view of the steps he has already taken, as an indication of the complete uncertainty with which he is regarding the future and the Government's complete lack of ability to grasp the economic situation. After having imposed taxes amounting to some £600 million the Chancellor is at the same time saying that he wants to insert in the Finance Bill the regulator that will enable him overnight to impose further taxes of some £300 million. But it seems—

Mr. Callaghan : Or lower.

Mr. Burden : I am glad to have this assurance from the Chancellor.

Will he consider this, because it was something for which I was going to ask for an assurance. The position as a result of the threat that the regulator might be used is that there will be concern by many companies about the effect of it and how it might be used. The indications we have so far had are not that the Government intend to reduce taxation. On the other hand, every step they have taken has been one that

has increased taxation. I hope that when winding up the Chancellor will be able to give us an undertaking that the regulator will certainly not be used for increasing taxation but rather for reducing it.

Mr. Callaghan : I am not giving an indication one way or the other, when I wind up. The Clause does not only permit increases in taxation, which was the point on which he was basing his whole argument. It can be moved either way, up or down, and I said so in my Budget speech.

Mr. Burden : I hope that the Chancellor will perhaps go a little further than that and have such confidence in the steps he has already taken and say that the implication will be much stronger that the regulator will be used to reduce taxation rather than that there will be any likelihood of further increases of taxation during the year.

Sir D. Glover : Is not my hon. Friend forgetting the First Secretary?

Mr. Burden : The First Secretary is too often with us for us to be able to forget him. Although we may not see him in this Chamber as often as heretofore we are at least made aware too frequently of the consequences of his policy, but I should be moving right outside the Clause if I were to go into that.

The Chancellor of the Exchequer stated on 11th March last year that increases in taxation inevitably meant increases in prices. As I understand it, the use of the regulator to increase taxation is so as to mop up purchasing power. The taxes which have also been increased so far, to which the regulator is an ancillary, have been imposed largely to mop up excess purchasing power. But the fact is that this part of the exercise has been completely unproductive, because with every increase in taxation and every likely resulting increase in prices there have been vast wage concessions which in the months ahead will mean that purchasing power will be maintained, in short, wages will have risen to compensate, and even more, for rising prices.

The likelihood, therefore, is that the Chancellor will be forced, in the months ahead, to increase taxation still further,

and to use the regulator to mop up the money coming through in the pipeline from the wage increases recently announced and others which will certainly follow as a result of the Government's fiscal policy so far. We are thus faced with the fact that there is little likelihood that the Chancellor will be able to use the regulator to cut Purchase Tax and reduce prices and ease particularly the lot of those who live on small fixed incomes and pensions.

On the contrary, it is most likely that as a result of what is going on, largely because of the activities of his right hon. Friend the First Secretary, the Chancellor will be forced to use the regulator to increase taxation. This will mean that prices to the general public will rise still further. This is an extremely dangerous weapon to leave in the hands of a Government who so far have shown so little knowledge of commercial activities and of the effect of the measures of taxation which they have already introduced and the general economic policy which they have been following.

Mr. Barnett : During the course of the debate hon. and right hon. Gentlemen opposite have complained from time to time that there have not been many hon. Members on this side of the Committee listening to them. We all know this somewhat mock indignation for the sham that it is, but I believe that they and the wider public outside are entitled to know why some of my hon. Friends have not been listening. [*Interruption.*] I can speak for myself and I intend to do so. There are many others like me. [An HON. MEMBER: "Eleven."] We are not prepared to listen to some of the silly humbug that we have heard from hon. and right hon. Members opposite.

The Chairman : Order. I would be grateful if the hon. Gentleman would come to the Clause.

Mr. Barnett : I would have hoped that hon. Members opposite would have liked to listen, but some of us would prefer to do some serious reading and research which would help us and our constituents better than listening to the sort of stuff that we have heard from the other side of the Committee.

I should like now to come to the Clause, which is very important and

serious, though one would not think so from listening to some of the speeches already made. We are discussing the serious matter of whether we shall continue until August, 1966, with this economic regulator whereby Purchase Tax can be increased or decreased over a whole range of goods by 10 per cent.

There are some hon. Members opposite who would believe and have us believe that we should allow our economic destiny to have free play, but I believe that there are more on the other side of the Committee who would believe with their right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) that we need some kind of regulator. I think that it is widely accepted in all parts of the Committee that we need some kind of regulator for the economy other than the ritualistic paraphernalia of a Budget once a year and sometimes twice a year.

All Chancellors have other weapons and other instruments and regulators at their disposal, such as the Bank Rate, special deposits, the credit squeeze and hire-purchase, but I think most would agree that all these weapons are somewhat heavy-handed in their effect on the economy generally. We need a regulator which will help us to regulate the economy. We are entitled to ask whether the extension of the 1961 Purchase Tax regulator is a suitable source of control.

We need the sort of regulator which will enable us to have a continuous and steady rate of growth. I do not believe that this type of weapon will help us to achieve this. The Chancellor is right, in present circumstances, to continue with the instrument which he has at his hand until August, 1966, but I would hope that in the coming year he will look again at the possibility of finding some better type of control of the economy.

The hon. Member for Eastleigh (Mr. D. Price) was right in much of what he said. We need better and up-to-date statistics regularly. Equally, having those, we need instruments to enable us to control the economy, because there is little point in having the statistics if we are not able to do anything with them. I believe that there is a possibility of finding a better regulator than the one which we are now being asked to extend. Whilst I would not wish to see a pay-roll tax, which was the other regulator brought in

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at the same time as the Purchase Tax regulator by the right hon. and learned Member for Wirral, we might try to find a substitute along that line but one which we would be able to apply only temporarily and then withdraw, perhaps returning the money on the P.A.Y.E. card.

The Chairman: Order. The hon. Gentleman is beginning to explore alternatives. He must find another opportunity of doing that.

Mr. Barnett: Thank you, Dr. King. I agree with our extending the Purchase Tax regulator this year, but I hope that on another occasion we might have the opportunity of finding something better.

Mr. Callaghan: This has been a useful and interesting debate, the tone of which was set in the speech made by the hon. Member for Eastleigh (Mr. David Price) with which I found very little to quarrel. I hope that that does not embarrass the hon. Member. Certainly, anybody who is trying to do this job feels that the absence of reliable statistics and, therefore, the need to fall back upon fallible human judgment is a great burden to carry. There are statistics which are reliable and up to date and one uses them, but there are others to which I attach very little credence.

There are statistics upon which one can rely as being pretty accurate. The number of car registrations, for instance—a not unimportant statistic—is some measure of how the economy is going, and one knows that the figures are pretty well accurate. One knows that the unemployment figures are pretty well accurate. Such things as the figures of exports and imports and bank advances are the kind of statistics upon which one can rely, whatever conclusions one draws from them, as being tangible and reliable.

One knows what they are and draws such conclusions as one thinks appropriate. Beyond that, however, there is not the same reliability by any means. I am thinking of some of the indices with which I have to deal. I remember an occasion when the production index was adjusted by several points from one month to another because it was based on incomplete information.

At this sort of level, we tend to wander off into difficult and misty realms. This

is a problem to which I have started to pay attention, in conjunction with my colleagues in the Government. I cannot say that we have yet got very far, but, spurred on by the debate today, I shall certainly hope to make further progress on it.

Mr. David Price: We particularly have in mind the figure for exports. As the Chancellor knows, the export figures produced by the Board of Trade are based on the value of the volume of physical goods being exported from the ports and airports of this country in a particular month, but what is more relevant, particularly to the job the Chancellor has to do, is the figure of orders booked in a month or quarter, and these, of course, are not reflected in the statistics we at present have. There can be a very long time-lag here, and it is most relevant, from the point of view of getting the sensitive adjustments we need, to have better figures of this sort.

Mr. Callaghan: I am much obliged. I shall see that that point is taken into account. Another matter on which I feel particularly in the dark is investment intentions. Surveys of them are made quite regularly but—

Mr. R. J. Maxwell-Hyslop (Tiverton): On a point of order, Mr. Hynd. Could we have at least 40 Members present—[HON. MEMBERS: "Oh."]—to hear what the Chancellor is saying?

The Temporary Chairman (Mr. Hynd): Order. I have not heard any particular interruption.

Mr. Callaghan: The scale of industrial and commercial investment we already know something about, but the next review takes place in the summer and, meanwhile, I am extrapolating from the past and from certain unofficial inquiries which are taking place. I do not think that I had better pursue this too far or I shall be out of order, as the hon. Gentleman himself was. I just acknowledge the point which he made and accept that there is a great deal in it.

The right hon. Member for Flint, West (Mr. Birch) asked me, broadly, about how I saw the economy moving in the second half of 1965. I find it very difficult to add much to what I said in my Budget speech. I then made such

judgments as I could, based on the information which was available. I should certainly say that demand is likely to increase rather more slowly over the next few months than it has done so far.

5 p.m.

If it does not, I shall be very surprised, in view of the measures which I took in my April Budget, which are bound to exercise a check on the growth of consumption. I think that this may well be intensified by the new credit restriction, especially if personal loans are restricted and if hire-purchase terms are stiffened, to which I have heard some reference.

There are factors working in the opposite direction. Import prices are tending to fall. This reduces the pressure on consumers to limit their spending. At the same time, money incomes are growing fast. The average earnings of weekly paid workers were over 9 per cent. higher in March than a year ago. This is a factor which is bound to affect developments in the second half of 1965. It is likely to stimulate personal consumption, not merely because rising costs take quite a long time to work through into prices, but because 40 per cent. or more of the components which make up the costs of consumer goods and services will not be affected by the change in wage rates.

I regard this as a serious factor, and it is right in the front of my mind at present. This is why I think that it would be imprudent to give the explicit assurances for which I was asked—I am not sure how far I was really expected to give them—about use of the regulator. It shows the need for the existence of the regulator and, as I have said—I think that the Committee should have this in mind—I ought to be ready to move either way, whichever seems to be right, to try to keep the economy moving at as great a pace as is possible.

I expect to see public investment still moving ahead, at a rate of, perhaps, 7 per cent. per annum, or something like that, which is quite considerable. Perhaps I might say a word, in passing, without going out of order—there have been passing references to it—about bank advances. What the bankers have been asked to do is to keep the increase within a limit of 5 per cent. Public expenditure, of course, is also under control. I have already told the House that

it is my intention—I think that this will be the first time for many years—to try to keep the increase in public expenditure under control.

I come back to the point which has been made by the right hon. Member for Bexley (Mr. Heath) and by myself more than once, that one cannot reduce public expenditure unless one changes policy. Therefore, those who advocate cuts in public expenditure are in honour bound to tell us what parts of public expenditure they wish to cut out. I have my own views about that, but I should be out of order if I were to develop them now because I must stick to the regulator.

Mr. Peter Hordern (Horsham): Does not the Chancellor agree that public expenditure in this current financial year stands to grow by just under 10 per cent., yet the day before yesterday he gave the figure of, I think, $4\frac{1}{2}$ per cent. as the average for the next 5 years? The Committee would be grateful to have his assurance that public expenditure is not to grow by 10 per cent.

Mr. Callaghan: I had better not go into it too far, Mr. Hynd, because the Chair did stop other hon. Members who tried to trench on this ground.

When I put the Estimates forward this year, I did not find it possible to reorganise the priorities which I inherited at that time. I had had only four months in office. In fact, the Estimates were pretty well ready by the time we assumed office, and it is not possible to do it within that period of time. I do not believe that right hon. Members opposite would seek to deny that we inherited a great volume of expenditure and, whether we had been there or not, the increase in the Estimates would have been roughly of the same order.

What I am trying to do, and what, I suggest, both sides of the Committee ought to try to do, is to ensure that, for future years, if we are to have a five-year plan, we limit the increase of public expenditure to something like $4\frac{1}{4}$ per cent. per annum at constant prices. I think it is possible to keep it within those limits provided that we make certain modifications of policy. I had better not trench further on that ground lest I go out of order. I hope that what I have said answers, within the limits possible,

[MR. CALLAGHAN.]
the points made by the right hon. Member for Flint, West.

I do not know that I need say very much more, except to comment in passing on the gibes which were made by several hon. Members opposite. The hon. Member for Harwich (Mr. Ridsdale) made a particularly strong personal attack. It is true that the taxation measures I have imposed are as severe, if not more severe, than those imposed by the right hon. and learned Member for Wirral (Mr. Selwyn Lloyd), but, of course, I inherited a balance of payments deficit nearly twice as big.

Although the hon. Gentleman does not like to admit this and Conservative propagandists in the country will do their best to deny it, the simple fact remains that, if one is trying to get the balance of payments under control and the deficit is twice as large as it was in 1961, the measure of adjustments which must be made is correspondingly more severe. I can assure the hon. Gentleman, if it is any comfort to him, that no one will rejoice more than I myself when I can come to the House and say that, at long last, I have shrugged off the Conservative inheritance and can begin to reduce taxes. [Interruption.] I do not expect hon. Members opposite to like it, but it is a fact and they know it as well as I do. [HON. MEMBERS: "Nonsense."]

If they do not believe it to be so, why did they not vote against the increases in tax proposed in the Budget resolutions? They did not vote against any of them. None of the increases I put forward in the Budget have been voted on and I assume that the Opposition did not vote against them because they thought them necessary to contain demand. I can think of no other reason.

That being so, I shall not press the point further now. It is well known, however it may be denied for party purposes, that this must be done and everyone really recognises it. I must, therefore, say to the Committee that the future use of the regulator will depend upon the economic situation at the time.

Mr. A. E. Cooper (Ilford, South): On a point of order, Mr. Hynd, it will be within the recollection of the Committee that on Monday, on Amendments put for-

ward from this side of the Committee, I endeavoured to adduce arguments such as those the Chancellor is now putting forward. I was consistently ruled out of order over a period of half an hour. If I was ruled out of order for these very same arguments, why is it possible for the right hon. Gentleman to adduce them now without incurring the Chair's indignation?

The Temporary Chairman: When the Chancellor gets out of order the Chair will be suitably indignant.

Mr. Callaghan: I leave that point immediately, Mr. Hynd. I think that the Committee understands. I was only trying to reply to remarks made, quite in order, by the hon. Member for Harwich.

Mr. Burden: The Chancellor has said that he inherited the economic situation. If, in fact, there was such an inheritance, surely he should have been able to square it up by now. Yet he says that he wishes to retain the regulator so as to be in a position to increase taxation by a further £300 million this year if necessary.

Mr. Callaghan: The hon. Member makes the same point made by the hon. Member for Harwich. The regulator operates both ways. It can go either way; and I intend to use it either way as the economy demands. At present, I would not like to make any forecast about the future use of the regulator. It would be imprudent to do so.

Mr. Ridsdale: I would be ruled out of order if I tried to make a direct reply to the Chancellor's remarks but may I draw his attention to the excellent article in the *Financial Times* about the cause of the economic crisis?

Mr. Callaghan: I am obliged to the hon. Gentleman. I am sure that I read the *Financial Times* as regularly as he does.

There is little need for us to delay much longer on this Clause. On both sides of the Committee we are in agreement, although with various shades of difference as to whose hands the regulator can be most safely put into. But perhaps I may say, in conclusion, that, when we were in opposition, we proposed a greater flexibility in the regulator and the number of categories was then increased from four to five on an Amendment moved by me.

I assure the hon. Member for Worthing (Mr. Higgins) that we had better leave the aspects he referred to until we get to the Clauses dealing with the Capital Gains Tax. The tax involved in this Clause applies to consumer goods and people selling them will be charging, presumably, higher prices. It might yield higher profits which would be there for the purpose of tax but not, I would have thought, for Capital Gains Tax. But perhaps we can return to that later.

5.15 p.m.

Mr. Heath: This has been a very interesting and useful debate in which hon. Members from both sides of the Committee have taken part, contributing valuable views. The Chancellor has given us some interesting information in response to the questions. We were interested to hear that obviously he finds no great hurry about the Bill. From his concluding remarks about the trade deficit, it is obvious that he wants to provoke this side of the Committee. The more he does that the longer we are likely to go on discussing this matter. Perhaps he will let us know when he wants to end these provocative remarks and then perhaps we can make progress.

Mr. Michael Foot (Ebbw Vale): The Chancellor gave the facts.

Mr. Heath: The right hon. Gentleman is allowed to give facts, but so far he has not given them. He has not referred to the White Paper of 26th October, published by the First Secretary of State—presumably the Chancellor was allowed to see it beforehand—which said firmly and categorically that there was no undue pressure on resources calling for action. That was issued after the Government had taken power and after they had examined the situation. Therefore, all the measures that the Chancellor has had to take he has taken on his own responsibility, and, as he himself has stated, his action was far more severe than that taken by his predecessors.

At the same time, also in the White Paper, the Government said that they rejected any return to so-called “stop-go” economics. Yet the right hon. Gentleman admits that the action he has taken through two Budgets, a 7 per cent. Bank Rate, two credit squeezes and two letters to the Bank of England is far more severe than we have had before.

The right hon. Gentleman is perfectly aware, when he talks of a deficit of £800 million in the calendar year 1964, that ten months of that year were already gone when he came to office and that the deficit which had developed had already been handled by my right hon. Friend the Member for Barnet (Mr. Maudling). [*Laughter.*] Indeed, yes. It just shows the extraordinary ignorance of hon. Members opposite of the figures of the trade deficit that they can laugh at the fact that ten months of the year were already past and that that amount of the deficit had been handled already.

As the White Paper prophesied, and as the right hon. Gentleman himself said in his Budget speech, 1965 was already known to be a period of much better conditions, as had been forecast by my right hon. Friend the Member for Barnet. I do not accept the right hon. Gentleman's statement that what he has said are the facts. They are not. I am happy to go on arguing about that every day on the Committee stage so long as he insists on introducing this element into his statements.

My right hon. Friend the Member for Flint, West (Mr. Birch) asked what was in the Chancellor's mind about the use of the regulator. The right hon. Gentleman was right in saying that greater flexibility was introduced into the regulator last year, but it was not quite in the form he suggested. After a debate in which the right hon. Gentleman took part, my right hon. Friend the Member for Barnet took power to deal with groups of items and different percentages for those groups. The right hon. Gentleman has not used it so far but has not really explained why. He has chosen other methods—budgetary methods, Bank Rate, credit squeeze, letters of requests to the banks and so on.

The Chancellor has told us that he is prepared to use it if necessary in future in order to get stability into the economy. What was most striking about the few remarks that he made was his brave forecast of the future. In particular, he said that money incomes are growing very fast and that prices are increasing fast. At the same time he thinks that the credit squeeze is going to bite. This may lead, as my hon. Friend the Member for Worthing (Mr. Higgins) said quite rightly, to the extraordinary situation in

[MR. HEATH.]

which incomes and prices rise faster than ever and at the same time unemployment appears in the economy. That will be the total result of the Chancellor's policies.

I hope that the right hon. Gentleman will convey this forecast to the First Secretary of State so that the First Secretary will perhaps recognise at last, when he is declaring that he has an incomes policy and that it is a practical thing in effect now, that, as the Chancellor says, quite rightly, it is having no effect at all.

Mr. Callaghan indicated dissent.

Mr. Heath: The implication is certainly there. I do not wish to misrepresent the Chancellor, but surely he said that the incomes policy was having no effect because of the increase of 9 per cent. registered in March as compared with March, 1964. If he is not pleased with that, there is also the 2.1 per cent. increase in the price level in one month which, as the Minister of Labour has rightly said, is mainly attributable to the Budget and for the rest to the increase in rates. That situation is fairly and squarely the responsibility of the Government. Not even the hon. Member for Ebbw Vale (Mr. Michael Foot) can get out of that one.

We are grateful to the Chancellor for telling us how he sees the situation. It is one more statement on the record about the situation. We have no objections to the right hon. Gentleman taking the regulator, although my hon. Friend the Member for Barry (Mr. Gower) had some faint doubts about the wisdom of trusting the Chancellor with it. However, I ask my hon. Friend to be generous. It may well be that the Chancellor needs such a weapon because of his present inability to control the economy.

Question put and agreed to.

Clause ordered to stand part of the Bill.

Clause 5.—(VEHICLES EXCISE DUTY: INCREASES AND ALTERATIONS.)

Mr. J. Enoch Powell (Wolverhampton, South-West): I beg to move Amendment No. 101, in page 3, line 32, to leave out "of Schedule 1".

The Temporary Chairman (Mr. H. Hynd): It is suggested that with this

Amendment the Committee should discuss the following Amendments:

In page 3, line 35, to leave out "1".

In Schedule 5, page 123, line 3, to leave out Part I.

In Schedule 5, page 123, line 10, column 2, to leave out "£2 0 0" and to insert "£1 5 0".

In Schedule 5, page 123, line 17, column 2, to leave out "£4 0 0" and to insert "£2 0 0".

In Schedule 5, page 123, line 18, column 2, to leave out "for £8 0s. 0d.," and to insert "£5 0s. 0d."

Mr. Powell: We come to the Clause of the Bill which imposes increases in vehicles excise duty. For hon. Members in the Committee who are following this in detail in the Bill, it may be of some help if I point out that this page is wrongly lined. There are two lines 32 on the page. My Amendment refers to the former of the two lines 32.

There are three groups of vehicles to which the increases which this Clause imposes relate: motor-cycles, to which the present Amendment is directed; goods vehicles, which we shall be considering, if you see fit, Mr. Hynd, in connection with the next Amendment; and passenger vehicles, which, I assume, the Committee may wish to discuss upon the Motion, That the Clause stand part of the Bill.

In this Amendment we are considering the increase in vehicles excise duty which is imposed upon motor-cycles and other vehicles of that ilk, and the first point which must strike anyone who reads the Clause is the extraordinary difference between the steepness of the increase of the duty upon motor-cycles and that which is being imposed on the other types of vehicles. We have here an increase of roughly 100 per cent.—100 per cent. in some cases and nearly 100 per cent. in other cases—in contrast with increases of about 18 per cent. applied to passenger vehicles and of 50 per cent., more or less, applied to freight vehicles. The major question to which I hope the Financial Secretary, in replying, will direct himself is, why have motor-cycles been singled out for double the rate of increase imposed upon any other type of vehicle and roughly five times the rate of increase imposed upon the most

closely comparable vehicle, the passenger vehicle, namely the passenger car.

The last time that vehicles excise duties were increased—and that was under the Budget of my right hon. and learned Friend for Wirral (Mr. Selwyn Lloyd) in 1961—the Committee will recall that the increase was uniformly imposed upon all types of vehicle and that there was no distinction in the increase for one category and another. Incidentally, we should bear in mind that in that case the average rate of increase was around 20 per cent. and not an increase, as here, of 100 per cent. on some passenger vehicles and 50 per cent. on goods vehicles.

The question poses itself with even greater insistence—why this tremendous increase in the vehicles duty upon motor-cycles? What has the motor-cycle done in the Government's eyes to merit twice as great an increase as the very heavy impost which we shall be discussing presently upon the freight vehicle? We recognise that a slight concession has been made in that the side-car is no longer taken into account to add to the duty which is payable, but I cannot believe that that minor factor can make very much difference to the striking contrast between the treatment of the motor-cycle and the treatment of other vehicles.

Refreshing my memory of the words which the Chancellor of the Exchequer used in his Budget speech in referring to these increases in vehicles excise duties, I want to draw the Committee's attention to a rather sinister implication of what the right hon. Gentleman said which I fear—I hope that the Financial Secretary will be able to dispel my fears—contains the germ of the explanation of this apparently remarkable and paradoxical contrast. As reported in c. 291, when he was talking about cars, the Chancellor floated the idea of a differential between excise duties for cars. Having spoken about that—and I will come back to it in a moment—he introduced his actual proposal with these significant words:

“While this possibility is being looked into”

—in other words, while he was considering how it might be practicable to revise the duty on cars so as to introduce a differential between one type of car and another—

“I am proposing a moderate flat rate increase of £2 10s.”—[OFFICIAL REPORT, 6th April, 1965; Vol. 709, c. 291.]

On the face of it, the implication of these words is that the increase of only 18 per cent. in the rate of duty upon cars is in the Chancellor's view provisional and that the contrast between that 18 per cent. and this 100 per cent. upon motor-cycles which we are discussing is due to the fact that he has 100 per cent. in his mind as the extent to which he wants to raise the vehicles excise duties upon passenger vehicles, whether motor cycles or cars. Since the question of a differential did not arise in relation to motor-cycles—of course, there is a differential between different c.c. capacity already in the Schedule for motor-cycles—he has slapped the 100 per cent. on the motor-cycle now, and while waiting to sort out how he can arrange the differential for cars he has only—note the word “moderate” in relation to the increase of 18 per cent.—slapped 18 per cent. on to cars.

This proposal, which I think might well lie behind the puzzle which is before the Committee, has a quite remarkable history. In discussing the 1961 Budget, the right hon. Gentleman now the Prime Minister—he was careful to say that he was speaking only in a personal capacity—put forward the idea of a differential, not of course going back to the horse-power differential, but still a differential, based perhaps upon size and area of road occupied, between the licence duty of one type of car and another. He followed up this idea in the Committee stage of the 1961 Finance Bill.

Whatever he was in 1961, the right hon. Member for Huyton (Mr. H. Wilson) is no longer speaking in a private capacity as far as the members of the Government are concerned, and this year the Chancellor of the Exchequer has to take very careful account of the proposals thrown out by his right hon. Friend back in 1961. They have not, as usual, made much progress in the four years in working out what could possibly be the practical application of the idea which the right hon. Gentleman floated, but at any rate an obeisance had to be made towards it in the Budget statement. Here I suggest—and I ask the Financial Secretary to repudiate it if it

[MR. POWELL.] is not so—what is happening is that the Government have in mind 100 per cent. as the rate of increase in vehicles excise duty for passenger vehicles; they are imposing it now upon motor cycles; they are imposing 18 per cent. *ad interim* upon the cars until they can work out what I fear may well be a disastrous alteration in the system of vehicles excise duties for cars when they get around to it. That is one possible explanation of this extraordinary and, on the face of it, unjustifiable contrast between the treatment of those who own and use motor cycles and those who own and use other forms of passenger vehicles.

5.30 p.m.

It is possible, however, that the Chancellor of the Exchequer simply thought, "These are very small figures—only a pound or two". [Interruption.] My hon. Friend draws my attention to the fact that the users of $1\frac{1}{2}$ million motor cycles whose vehicle excise duty will be doubled are represented on the benches opposite by exactly one hon. Member, who is, or appears to be, fast asleep.

I was about to suggest that another possible explanation, although equally discreditable, for this extraordinary contrast is that the Chancellor of the Exchequer felt that the figures were so relatively small that it would not matter if he slapped on £2 instead of £1—if he doubled the duty for the motor cyclist instead of increased it by 20 or 50 per cent. If he is under that misapprehension, I would warn him that this discrimination will be noticed outside. The owners and users of motorcycles will note that, when in the past there has been a variation in the vehicle excise tax, it has been a uniform variation, broadly speaking, whether the underlying figures were small or great and they will resent deeply the fact that merely because they use smaller and cheaper vehicles the rate of tax on their vehicles is increased by twice as much as that of any other road user.

I move the Amendment in the hope that the Financial Secretary will explain clearly the grounds on which this discrimination has been exercised. Then we shall have to consider whether anything that he has said justifies so gross a differentiation between one class of road user and another.

Mr. Maxwell-Hyslop: With his usual modesty and understatement, my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) has drawn attention to some of the anomalies and injustices, but the most staggering one is left before us. At no time in his Budget speech did I hear the Chancellor of the Exchequer announce that he intended to impose an excise duty of £8 on every bicycle—every ordinary pushbike. Line 19 on page 123 of Part I of Schedule 5—which is covered by Amendment No. 103 which proposes to leave out Part I—states quite clearly that bicycles and tricycles not in the foregoing two paragraphs shall suffer a duty of £8. There is no mention anywhere in the Schedule of this provision being restricted to mechanically or electrically propelled bicycles.

Incidentally, if we look at Part II of Schedule 1 of the 1962 Act, to which reference is made, which was passed by my right hon. and hon. Friends, we find that we never decided to put an £8 tax on pushbikes. Surely this is all the more reason why it is absolutely essential that the Committee should pass Amendment No. 103. Could anything be more inflationary or generate more wage claims than to impose out of the blue, and without even giving warning in the Budget statement about it, an £8 duty on every pushbike? Why was not this in the Labour Party's election manifesto?

The Financial Secretary may say that the Government did not mean to do this at all, that it is entirely due to their incompetence and that, although there are more Ministers in this Government than there have been in any previous British Government, they had not read their own Bill and did not know what was in it. Possibly this will be his excuse—professional negligence.

Sir Knox Cunningham (Antrim, South): Does this include children's tricycles?

Mr. Maxwell-Hyslop: Of course it does. It will be apparent to my hon. and learned Friend that a children's tricycle is not included in the first category given in Part I of Schedule 5, which refers to:

"Bicycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres, or which are electrically propelled".

because it does not have an engine. Nor does it fall in the second category, which refers to

“Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres; tricycles and vehicles (other than mowing machines), with more than three wheels, being tricycles and vehicles neither constricted”—not, hon. Members will notice, “constricted”—

“nor adapted for use nor used for the carriage of a driver or passenger.”

I dare say that it might be claimed that a child's tricycle was a constricted tricycle. I conceive it possible that, with the subtlety for which right hon. Members opposite are so rightly renowned, they slipped in the word “constricted” hoping that, like this additional and entirely novel tax on bicycles and tricycles, it would not be noticed by the Committee and that it would be passed on the nod. Because of their other outrageous propositions in the Bill, they doubtless hoped that the focus of our attention would not fall on these trivia.

Could anything be more devastating to the Government's incomes policy? Could anything be more unjust to members of the least affluent section of the community, who depend on bicycles for their transport, than the imposition of an £8 duty? I am unable to tell the Committee what percentage increase this is, because it is an infinite percentage. To go from zero to £8 is the greatest percentage rate of tax ever known in British history. This is certainly an Administration for records. I only wish that some of its records were not so outstanding.

Moreover, I cannot recall in the four years that I have been a Member a time when the Government back benches were so poorly supported on the second day of the Committee stage of the Finance Bill. One can realise the embarrassment of hon. Members who support the Government when they realise what their own party is trying to do in the Bill. I therefore take it that not one Government supporter will fail to support the Amendment. Any hon. Member opposite who votes against the Amendment will be voting for an £8 tax on every bicycle, and if there are any Government supporters who do not know this, may I tell them that it is because they could not be bothered to be in the Chamber

when this iniquitous new tax was being debated.

Sir Arthur Vere Harvey (Macclesfield): I congratulate my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) on bringing to the notice of the Government the inefficiency of the Chancellor of the Exchequer and his hon. Friends in the drafting of the Bill. It is well known that this has all been done in a matter of weeks, or a few months, and the Government are obviously trying to do in that time what it would normally have taken the Treasury and other Departments two years to do. The result is that we have a Bill which is so bad that a coach and horses could be driven right through it in many places.

Mr. Maxwell-Hyslop: Tricycles.

Sir A. V. Harvey: And constricted tricycles as well.

Mr. Paul Hawkins (Norfolk, South-West): Are they taxing coaches and horses?

Sir A. V. Harvey: I have no doubt that the Government will consider putting down an Amendment to effect that. The Minister of Agriculture, who has just gone out—

The Minister of Agriculture, Fisheries and Food (Mr. Fred Peart): No.

Sir A. V. Harvey: I am delighted that he is here, because I wish to refer to him in a moment.

Why in his Budget statement did the Chancellor refer to this “modest” increase on passenger vehicles when it was to be a 100 per cent. increase on motor cycles and a 50 per cent. increase on transport freight vehicles? It is the latter which particularly concerns me this afternoon.

Surely what is important is the cost of living and this tax will greatly affect the cost of living. When the vehicle excise duty on transport vehicles is increased, almost every delivery in the country, long-distance and short, is affected. As the Minister of Agriculture is here, perhaps he will tell us to what extent this increase will affect agriculture.

I have had 75 farmers down from Cheshire to see me who would like to have a word with the right hon. Gentleman if they could get hold of him.

[**SIR A. V. HARVEY.**]

Over the years I have had a roasting from farmers at different times, but I have never seen them so indignant and angry as they still are with the Government.

The road haulage people have to contend also with the 6d. increase in the tax on fuel. We were told during the election that there would be no increase in taxation. How can the Government have the face to come along—and very few of them have and we had only one hon. Member opposite until about 10 minutes ago, but I imagine that the Whips have been rustling up a few more and we are glad to see them and we hope that they will make their contributions to these matters which affect the cost of living of the poorest people in the country—[*Laughter.*] The hon. Member for South Ayrshire (Mr. Emrys Hughes) laughs. He is easily amused, but I wonder what his constituents would think if we had television in the Chamber and they could see him laughing. The other day he said that he would not support the whisky distilleries in his constituency. He is not coming out of this Finance Bill very well, and I hope that he will try to justify himself in the days and nights of debate which we have ahead of us.

I want also to refer to the motor car industry. In his Budget statement, the Chancellor said that he was not putting a big tax on motor cars because there might be some fall-off in the industry later in the year. I should like to tell him that the inquiries I have made show that while exports of motor cars have been holding up fairly well—

The Temporary Chairman : Motor cars are not dealt with in the Amendments which we are now discussing.

Sir A. V. Harvey : I am referring to passenger vehicles.

The Temporary Chairman : Perhaps I have been a little too indulgent, but the Amendments deal with neither goods vehicles nor motor cars in general.

Sir A. V. Harvey : I am grateful to you for your indulgence, Mr. Hynd, because it has allowed me to make at least some of the points I had in mind.

Mr. John M. Temple (City of Chester): On a point of order. May I question your Ruling, Mr. Hynd, and draw attention to the fact that Amendment No. 106 is being discussed with these?

The Temporary Chairman : That Amendment is not being discussed with these.

5.45 p.m.

Sir A. V. Harvey : I return to the subject of motor cycles. The young people of this country are being promised, or led to think, that they are to get the vote at 18. These are the very people whom the Government should have in mind, because right hon. Gentlemen opposite are always conscious of votes. Many of these young people, probably more than 90 per cent., buy their motor cycles on hire purchase. Hire-purchase rates are being stiffened and only today we have read how the hire-purchase companies have now to insist on larger deposits and that rates are going up, entirely due to the Government's fiscal policy. The Government are inflicting great hardship on young people throughout the country and I am sure that when the time comes people will take note of the Government's action in these matters.

Mr. William Baxter (West Stirlingshire): I presume that the hon. Gentleman wants the Government to have some revenue from some source so as partly to placate the angry farmers about whom he was speaking earlier. Would he be kind enough to tell us where they would get that revenue if the Finance Bill did not go through?

The Temporary Chairman : The hon. Gentleman would be out of order if he did that.

Sir A. V. Harvey : I am very disappointed that I would be out of order, because I should like to debate that with the hon. Gentleman.

I will conclude my remarks on these Amendments by saying that the Government's sins will find them out. It is only a matter of time. My advice to them is to reconsider these matters during the very long and dreary nights which we shall spend discussing the Bill. If they want to make some amends for the hundreds of mistakes which they have made

in the last few months, they should sit down and rewrite the Bill, or scrap it altogether.

Mr. Emrys Hughes : I have been provoked for only a few minutes and I will not delay the Committee long. I was provoked, of course, by the hon. Member for Macclesfield (Sir A. V. Harvey) who was greatly concerned about the effect of the Clause on the farmers. He said that indignant farmers had been storming into the Lobby to try to stimulate the hon. Gentleman into taking as much interest in the farmers as he usually takes in the aircraft industry. I listen to him with some care when he talks about the aircraft industry, but his contributions hitherto in the Session have been to advocate plans which would mean that another £500 million would have to be added to the Budget, and I am sure—

Captain L. P. S. Orr (Down, South): Filibustering?

The Temporary Chairman : Will the hon. Member please come to the Amendment?

Mr. Hughes : I was coming to the point of saying that agriculture had nothing to fear from the imposition of this tax. The farmers I represent take the view that they need a considerable increase in the Price Review.

The Temporary Chairman : I am sorry to interrupt again, but these Amendments do not deal with the farming industry.

Mr. Hughes : The only point I intended to make—

Sir D. Glover : It has nothing to do with it.

Mr. Hughes : If it has nothing to do with it, how did the hon. Member for Macclesfield get away with it in his speech?

The Temporary Chairman : I did pull up the hon. Member for Macclesfield (Sir A. V. Harvey). I did not know whether he intended to suggest that some farmers were riding bicycles.

Mr. Hughes : All I want to point out is that the Chancellor of the Exchequer needs revenue to find money for the Price Review, for example, and that this

is one of the taxes which has been introduced to help the farmers and to help the aircraft industry.

Sir A. V. Harvey : Will the hon. Gentleman give way?

Mr. Hughes : Certainly. I am delighted to do so.

Sir A. V. Harvey : I am sure that the hon. Gentleman is grateful to have a few minutes' rest to think it over. He accused me of wanting to spend £500 million of Government money on the aircraft industry. What I have been endeavouring to do for months is to show that the Government will have to spend £500 million in dollars in the United States for aircraft.

The Temporary Chairman : Shall we leave it at that and get on with the Amendment?

Mr. Hughes : The trouble is that the hon. Member for Macclesfield entices and tempts me and then I come into conflict with you, Mr. Hynd. I will conclude by saying that if the revenue of the country is to be maintained, it can be done only by taxation. Yet, when the Chancellor proposes taxation, the Opposition say that they do not want to pay it.

Mr. Victor Goodhew (St. Albans): It would be interesting to follow the hon. Member for South Ayrshire (Mr. Emrys Hughes) on the question of aircraft, but I dare not do so. It is extraordinary that it should have been necessary for one of my hon. Friends to discover this remarkable provision in the Budget for taxing cycles and tricycles. It is a sad reflection on the Government if they cannot produce a Finance Bill without having this sort of nonsense in it. I know that we passed a nonsense this morning on another Bill, but we do not want to make a habit of it.

I should like to warn the Government that it was not long ago that one hon. Gentleman opposite, I think that it was the hon. Member for Loughborough (Mr. Cronin), endeavoured to introduce a Private Member's Bill to provide compulsory accident cover for passengers on motor cycles. This provoked the most tremendous lobby that I have seen in the six years that I have been in the House, and hon. Members who were here then

[MR. GOODHEW.] will remember that their post bags were increased 100-fold. It was only at the end of some weeks of this very heavy pressure from those who owned motor cycles that the hon. Gentleman, although he felt that his Bill was right, was forced to withdraw it. If the Government have not explored the political implications of what they are doing in picking on this very section of the community which was so anxious about a possible increase in the cost of motor cycling, it seems that they have dashed blindly into their Budget without thought for the consequences.

It surprises me that the Government should think that a motor cyclist should bear this disproportionately high increase in taxation. After all, he occupies a good deal less of the road, and the motor cycle is an economic means of transport which enables people who cannot afford motor cars to provide their own transport. It also enables people to go to work in country areas where, very often, there are no bus services.

I cannot help wondering whether this is part of a great plan by the Government gradually to drive the private motorist off the road and force him on to public transport. We are seeing signs in various Government policies that this prejudice against private transport is developing. The Government are trying to pressurise the private motorist back to public transport. Having found yesterday that the indicator on a parking meter moved only a fraction when I put in 6d., instead of moving half way across, I realise that this is part of a general policy.

Another matter which should be considered is the export of motor cycles by this country, and the effect which an increased tax can have on the home market. We are constantly told that if we are to be able to export at a competitive price we must have a good and large home market. What will happen to the home market for motor cycles if this incredible increase in taxation is suddenly introduced? I have noticed extensive advertisements in magazines and newspaper for Japanese motor cycles. At a time when other countries are trying to invade our home market, are we going to discourage people from motor cycling altogether so that we destroy our industry

and make it unable to compete in markets abroad?

It seems that this proposal, like so many others introduced by the Government since last October, has not really been thought out. They have had plenty of time to think about this. They have had thirteen years during which they constantly told us that we were wasting time, yet when they come to produce a Finance Bill, the thickest one that we have seen for many years, we find that it is full of the most incredible anomalies, and also sinister signs that they may be going to bring pressure to bear to reduce the amount of private motoring in this country.

I hope that when the hon. and learned Gentleman has heard what is said in this Committee he will decide that it would be right for the Government to accept the Amendment and thus see that at last this part of the Bill makes sense, even if much of the rest of it does not.

Mr. R. Gresham Cooke (Twickenham): I, too, was amazed when I read Schedule 5 to find that the tax on the moped, the scooter, the modest motor cycle, the modest means of transport of the working boy, had been doubled. Now, having heard the brilliant exposition of my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell), I realise that this Schedule is only a paving amendment for what is to happen next year, when the tax on motor cars will no doubt be doubled if the party opposite has not been thrown out of office before then.

It is surprising that no one from the benches opposite has risen to say that it is grossly unfair that the means of getting to work of the ordinary man should be attacked in this way and his tax should be doubled. They are not here to attack the Government on that score. I am certain that if we were in power many hon. Gentlemen opposite, who for 13 years attacked the Government on issues such as this, would have had something to say, and I am amazed at the cowardice of some hon. Gentlemen opposite on this occasion.

On the most elementary economic grounds I think that the Chancellor ought to encourage the small moped and the motor cycle, which use less fuel, cause the least congestion, and are in

every way an advantage in enabling people to get to and from work. As my hon. Friend the Member for St. Albans (Mr. Goodhew) said, this is the worst moment to hit the motor cycle industry, because it has had nothing like the good fortune of the motor industry. Production in the motor cycle industry at home has been going down year by year. This year it produced only a small number of vehicles. [HON. MEMBERS: "Why?"] This is the worst moment for this attack in the industry, and I am certain that the men making these cycles will feel that this is an unfair and unpopular attack on them.

Sir A. V. Harvey: My hon. Friend was asked why the production of motor cycles had gone down. Will he accept that over the last 13 years the standard of living has risen to such an extent that young people are now buying motor cars?

Mr. Gresham Cooke: My hon. Friend is right. Many young people have graduated to four wheels, but it does not get over the fact that apprentices and other young workers still cannot afford to travel to work on four wheels and have to keep to their motor cycles, and will do for many years.

Over the weekend I was up in the industrial North. I was interested to hear what a large number of people in the works had not voted for the Socialist Party in the local elections. It is obvious to me that the actions taken in this Budget are unpopular, and this small action, which they had hoped to slip through unnoticed, but which, fortunately, we have drawn to the attention of the public, is one of those factors which will bring the Labour Party even further down the scale in the Gallup polls in the next few weeks.

Mr. William Hamling (Woolwich West): I should like to follow the hon. Member for Twickenham (Mr. Gresham Cooke) and talk about some of the unfairnesses to motor cyclists. Unlike some right hon. and hon. Gentleman opposite, I was a motor cyclist until very recently. The remarkable thing is that many hon. Gentlemen opposite who are defending the motor cycle have not ridden one in 30 years.

For example, if they are so sympathetic why was it that they increased Purchase Tax on motor cycles when they were in office? Why was it that for so many years they permitted Purchase Tax on crash helmets? The hon. Member for Macclesfield (Sir A. V. Harvey) talked about motor cyclists now being wealthy enough to graduate to cars. This contradicts what has just been said for the hon. Member for Twickenham, who argued that all motor cyclists are poor. The implication of his speech is that all motor cyclists are still poor after 13 years of glorious Tory rule.

This concern for motor cyclists is spurious. If the Conservatives had been in power they would have applied the regulator, which would have meant an increased Purchase Tax on motor cycles, which would have been far more than a mere modest increase of tax such as that which my right hon. Friend has imposed in his Budget. [Interruption.] It is no good hon. Members opposite shouting. We can look at the record to see what happened in 1961. Did they or did they not increase the Purchase Tax on motor cycles? Let them say so. That was the Tory answer to the balance of payments problem which my right hon. Friends inherited from them. This concern for different sections of the community is spurious, and it deceives no one outside the 1922 Committee—and, heaven knows, that is gullible enough.

6.0 p.m.

Sir D. Glover: I listened with great interest to the hon. Member for Woolwich, West (Mr. Hamling) who, I understand, was a teacher in a previous incarnation, and who regards a 100 per cent. increase as a minor increase.

Mr. Hamling: A modest increase.

Sir D. Glover: A modest increase. The country will take note of the fact that to the Labour Party a 100 per cent. increase is considered to be a modest increase.

Mr. Hamling: Does not the hon. Member agree that an increase in 30s. in tax is modest, compared with an increase in Purchase Tax of, say, 12 per cent. on a motor cycle costing £300?

Sir D. Glover: I do not want to get carried away into a discussion of that

[**SIR D. GLOVER.**] point. I should like the hon. Member to show me a motor cycle that costs £300.

Mr. Hamling *rose—*

Sir D. Glover : I cannot give way again. By no stretch of any man's imagination can a 100 per cent. increase be considered to be modest. What the hon. Member has said shows the way in which the Labour Party's mind is working on this matter.

In a brilliant speech, my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) raised the problem of bicycles. He thought that Schedule 5 was an error in printing. I do not agree. Does not my hon. Friend realise that the one thing that the Prime Minister has been trying to do with the Labour Party for the last eight years is to get rid of their penny-farthing mentality, and that he has now decided that the only way to do it is to put an £8 tax on penny-farthings.

When we get away from all the hyperbole we realise that this is merely another question of Labour modernisation—in other words, more “strength through misery”. I do not know why the hon. Member should say that this is a minor impost—

Mr. Hamling : Modest.

Sir D. Glover : —a modest impost on motor cyclists. I observe that we now have the help of the Prime Minister, who can tell us whether the tax will be put on all bicycles in order to get rid of the penny-farthing. We are glad to have the right hon. Gentleman with us, because his party is doing so badly. It needs his help.

My hon. Friend the Member for Macclesfield (Sir A. V. Harvey) has pointed out that many people have now got motor cars.

Mr. Hamling : I have.

Sir D. Glover : This also applies to the hon. Member for Woolwich, West. I am delighted to hear it.

Mr. Hamling : I have had one for many years.

Sir D. Glover : The hon. Member just now said that he had recently been a motor cyclist. This is another case of

prosperity under the Tories. He is a two motor car man—or a motor car-motor bike man, with a motor bike for pleasure and a car for business.

Mr. Hamling : I had it in 1949.

Sir D. Glover : Motor bicycles are bought by the young element of the nation to whom I thought the Labour Party was trying to appeal. It is not a pleasant thing for a young man who has bought a motor bicycle, perhaps a hire purchase, to find that a 100 per cent. increase has been made in the tax. These are heavy burdens for many people. They are not minor increases. These increases are pushing up the spiral of the cost of living.

Many people work in factories and need motor bicycles to get from their homes to their place of work. They have taken jobs ignoring public transport and have been in a position to buy their own private vehicles. Now the cost of petrol has risen by 6d. a gallon and the tax on a motor bicycle has risen by 100 per cent., and all this is adding to their cost of living. Therefore, when future wage negotiations are in process people in certain factories will immediately say, “We must have a rise in pay, not because we have increased production but because, as a direct result of Government action, my cost of transportation has been greatly increased and unless I get a rise in pay it will not be worth my while coming across country to get to this factory.” Is this increasing modernisation and efficiency?

My hon. Friend the Member for St. Albans (Mr. Goodhew) said that this was the thickest Finance Bill that we have had for several years.

Mr. Walter Monslow (Barrow-in-Furness) *rose—*

Sir D. Glover : No, I have given way several times already. If the hon. Member for Barrow-in-Furness (Mr. Monslow) wants to filibuster on his own Finance Bill I do not mind. My hon. Friend said that this was the thickest Finance Bill that we had seen for many years. Having listened to the debate and having studied the Clauses with which we have dealt so far, realising that the ones that we shall come to later on are even more muddle-headed and dangerous to the economy, I

say that if this is the sort of standard of modernisation of the party opposite the sooner it gets up and goes the better.

Lieut.-Colonel Sir Walter Bromley-Davenport (Knutsford): I have just these hasty notes cast together at random. A point was made, on which I do not wish to enlarge unduly, that the production of motor bicycles had been decreasing in recent years. My hon. Friend the Member for Macclesfield (Sir A. V. Harvey), in his quick way, took the point right out of my mouth and said that the reason was that 13 years of Tory prosperity had meant that people had been buying motor cars. What is so bad—hon. Members opposite will not like this—is that now, under Socialist misrule, all these people will have to sell their motor cars and buy motor cycles.

During this part of the debate, when we are fighting for the little man and his transport, on all the benches opposite there are only 17 Members. The Prime Minister has come in to bolster up his party and make it 18 Members. On the Opposition benches we have no less than four times as many Members as the Government have, because we care and the Government do not.

Mr. J. Bruce-Gardyne (South Angus): I wish to intervene only very briefly to support the points made by my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop). I must declare a personal interest, because I believe that I am one of the most regular users of what is called now, I believe, a "constricted" vehicle. I use it regularly every day and I am appalled by what my hon. Friend has exposed. I learn, thanks to his diligence and inquiry, that the Government are proposing to impose on my vehicle what amounts to a 100 per cent. tax, an £8 tax.

Mr. Hamling: What make is it?

Mr. Bruce-Gardyne: I am not worried about that very much but I can assure the hon. Member that it cost me no more than £8 and I am now told that I have to pay a 100 per cent. tax. This is a remarkable example of the way the Government are encouraging the stability of the cost of living.

When announcing his plans for increasing tax, the Chancellor of the

Exchequer spoke of the need to contribute to a reduction of the overcrowding of our streets by traffic. Those of us who use these constricted vehicles are making our own very important contribution to the elimination of this traffic. Now the Government imposes a 100 per cent. tax on their use. It is a horrifying situation. I am sure that all of us who use these vehicles are grateful to my hon. Friend the Member for Tiverton for bringing it to the attention of the Committee. My hon. Friend the Member for Ormskirk (Sir D. Glover) pointed out—

Mr. Raymond Gower (Barry): My hon. Friend says that this is an increase of 100 per cent., but surely this is a new tax on certain kinds of bicycle. It is more than 100 per cent.; it is a new tax altogether.

Mr. Bruce-Gardyne: I am grateful to my hon. Friend the Member for Barry (Mr. Gower) for drawing attention to my error. What I meant is that it is a 100 per cent. value tax on the cost of these bicycles.

My hon. Friend the Member for Ormskirk said that the Government intend to tax the penny-farthing also. I hope that the Financial Secretary can reassure us on this. Perhaps he can tell us that neither the penny-farthing nor the scooter comes within the terms of the Clause, that both vehicles are excluded, so that at least those of us who regularly use this method to get to and from the House and elsewhere can—

Mr. Thomas Swain (Derbyshire, North-East): The hon. Member for South Angus (Mr. Bruce-Gardyne) is the only Conservative who, in the last three days, has not made a commercial or constituency speech. I wonder whether he would tell us the make of the motor cycle on which he arrives at work.

Mr. Bruce-Gardyne: The hon. Member does not appear to have listened very carefully. The vehicle in question is a bicycle. That is why the tax imposed on it is so prohibitive. If he wishes to find out what the make is, I shall have to take him outside the Committee afterwards and we can examine it together. I cannot tell him the make at the moment. It is for me an essential means of transport, and I know that it is for other hon. Members.

Mr. A. P. Costain (Folkestone and Hythe): My hon. Friend keeps referring to a 100 per cent. tax. Is it not correct that it is 100 per cent. per annum? It is a yearly tax.

Mr. Bruce-Gardyne: I am grateful to my hon. Friend. Yes, it is 100 per cent. per annum, which is unique even for this Government and beats the record of any Socialist Government in the past. It is the best record which they have achieved to date.

Sir Knox Cunningham: If a child's tricycle is bought at 10s., surely this is an 800 per cent. tax?

Mr. Bruce-Gardyne: My hon. and learned Friend is perfectly correct. Perhaps the Financial Secretary will be able to enlighten us on this too.

I hope that the Financial Secretary will reassure us that in buying a penny-farthing—which was manufactured before hon. Gentlemen opposite or their party were even thought of—or even a simple scooter, we will escape the ravages of this disgraceful tax.

6.15 p.m.

The Financial Secretary to the Treasury (Mr. Niall MacDermot): I had better intervene, because hon. Members opposite are allowing their fantasies to run away with them. I should make it clear that I have no prejudice whatever against motor cycles or motor-cyclists. I had the good fortune to be brought up in a country where one was allowed to have and drive a motor cycle at the age of 13. I took advantage of that and became the owner of a motor cycle at that age. I have wondered since how it is that I am still alive.

One hon. Member pointed out that there is a powerful motor cycle lobby in this country. He referred to the occasion on which my hon. Friend the Member for Loughborough (Mr. Cronin) introduced a Bill in order to make insurance for pillion passengers compulsory, a proposal which, I was interested to see, the Bar Council recommended again the other day. That Bill was making good progress until a very vigorous campaign began. I was not in the House at the time, but I had helped to draft my hon. Friend's Bill, so I took a keen interest in it. I am aware of the existence of this lobby and so is my

right hon. Friend. I would assure hon. Members that, in framing taxes and in trying to do so fairly and equitably, we shall not allow ourselves to be dissuaded by this sort of consideration from doing what we believe is right.

I would start by making it clear that this Schedule refers to motor vehicles, to three-wheelers, bubble cars and to certain types of pedestrian-controlled vehicles. It does not—I am sorry to disappoint hon. Members—refer to push bicycles or to tricycles. When I was on the benches opposite and had to try my hand at drafting Amendments from time to time, I learned a great deal of modesty in my approach, knowing how difficult it is to fathom the technicalities in the language of the draftsmen. I was astonished at the confidence with which the hon. Member for Tiverton (Mr. Maxwell-Hyslop) informed us that we had inadvertently applied this Schedule to all push bikes and to all tricycles, including children's tricycles. He pointed out with pride how, in the 1962 Act, his right hon. Friend had not applied the tax to these articles. What he has omitted to notice is that Schedule 5 is merely an amendment of Part 2 of Schedule 1 of the Act of 1962. It therefore applies only to vehicles to which that Act applies, which in this context means only mechanically propelled vehicles.

Perhaps we can therefore turn to what is relevant in the Amendments. I was asked by the right hon. Member for Wolverhampton, South-West (Mr. Enoch Powell) particularly why it is that my right hon. Friend is making a higher percentage increase on motor cycles and the other vehicles coming within this category than he is on private motor cars. I would emphasise first—I am sure that hon. Members will have observed this—that the Schedule introduces very great simplifications into the scales in the duty relating to motor cycles. There were previously no fewer than seven different scales. I am sure that hon. Members would not wish me to weary them by outlining and repeating them all, but there were seven different scales, plus two different scales for motor cycle combinations. So there were at least nine scales, or, if one added all the possible combinations with side-cars, more than that.

My right hon. Friend has, first of all, abolished completely any additional duty

in respect of side-cars. He has simplified the scales and reduced them to three, which will be taxed now respectively at £2, £4 and £8 per annum. This involves increases, but not as large as has been suggested. For three-wheelers and bubble cars, the increase will be less in money terms than the increase for ordinary four-wheeled private cars; the increase will be from £6 to £8. For motor cycles, which are the great majority of the vehicles falling within the Schedule, the increases for those with side-cars vary from 8s. to £2. That is what was categorised by one hon. Member as "the absolutely incredible increases in taxation"—from 8s. to £2 per annum.

Mr. Powell: I think that the hon. Gentleman made a slip. He said that the increase for bubble cars was from £6 to £8 and that this was proportionately a less increase than the increase for private cars.

Mr. MacDermot: I said that it was less in money terms. It is higher in proportion.

The largest percentage increase is at the lower end of the scale with the lightest vehicles. The increase there is a 100 per cent. increase from £1 to £2 per annum; that is for vehicles up to 150 c.c. The increase in percentage terms for solo vehicles varies between 80 per cent. and 100 per cent. For vehicles with side-cars, if one takes into account the abolition of the side-car duty, the lowest increase is only 25 per cent., and that shows that there is real relief to motor-cyclists who have side-cars by the abolition of that duty.

The justification for this higher proportionate increase on motor cycles is simple. As I think any hon. Member will agree if he looks at the duties dispassionately, the duties for motor cycles for a long time have been disproportionately low compared with those on other vehicles. If one takes, for example, the heaviest class of motor cycle or bubble car, those which will be paying at the highest rate of duty, £8 per annum, they will still pay less than half the duty on any class of motor car, including the mini cars. I suggest to hon. Members that if they were approaching this matter afresh they would agree that that is a very fair differential. It might

even be criticised still for being unduly fair towards motor cyclists.

This is the simple explanation. It is true that a motor cycle may occupy less space on the roads than does a motor car though I believe that one would give rather more clearance to a motor cyclist when overtaking than one would give to a motor car. Unfortunately, statistics show that the accident rate for motor cyclists and scooter riders is considerably higher than that for the drivers of motor cars.

Mr. David Webster (Western-super-Mare): Surely the explanation is that motor cycles and scooters are ridden by the youngest section of the community. Is it not also true that among accidents involving motor cars, the highest incidence involves the younger section of the community?

Mr. MacDermot: I think that that is so, but I do not know whether the hon. Member is suggesting that the youngest section of the community has no taxable capacity to meet this increase. If that is his suggestion, I would question it.

If one takes the heaviest type of motor cycle—over 250 cc.—the cost to the motor cyclist of this extra duty will be £3 10s. I am told that on an average of 3,000 miles riding per annum, which is a modest average figure to take, the cost to the motor cyclist will still be under one-third of a penny per mile.

Mr. James Allason (Hemel Hempstead): I am becoming confused by this. The hon. Member said that the rate for motor cycles over 250 c.c. would be £3 10s. My reading of the Bill suggests that it will rise from £4 10s. to £8. He also said that there would be no increase above £2. Will he explain what was the previous rate for motor cycles over 250 c.c. and what will be the rate under the Bill?

Mr. MacDermot: The increase for the vehicle over 250 c.c. is £3 10s.—the difference between £4 10s. and £8. The increase from £1 to £2 is for the lightest vehicle—up to 150 c.c. I am sorry if I am speaking too fast.

Some hon. Members have referred to the decline in production in the motor cycle industry which is, of course, a fact. The reasons have been given; they are

[MR. MACDERMOT.]
partly a change of consumer taste and partly the fact that people can afford motor cars whereas previously they could afford only motor cycles, and they have switched their choice.

There was a suggestion that in some way the industry should be assisted because of overseas competition. Overseas competition, particularly with lighter vehicles, has been very successful, but there is no question of favouritism in tax matters for overseas vehicles. Quite the contrary; there is still a protective duty on the overseas vehicles. It cannot be said that they are under-pricing the British vehicles. The fact is that they have produced a type of vehicle which appeals more to some classes of motor cyclist.

I was asked by the right hon. Member for Wolverhampton, South-West about the remark which my right hon. Friend the Chancellor made on the review which he is conducting into the taxation of ordinary private cars. The right hon. Gentleman asked whether this means that there will be a 100 per cent. increase in taxation on cars. It is quite true that the Chancellor made it clear in his speech that the modest increase which he is imposing on motor cars was an interim measure while he is considering again the possibility of introducing a fair and workable differential system of taxation on motor cars. Everyone is agreed that the old horsepower system was not satisfactory, had a bad influence on the industry and was rightly swept away, but I think there is a general feeling that it is not right that a mini car and the heaviest type of luxury car should be taxed, as they are, on the same basis.

If one is hoping to achieve a satisfactory differential system, it would not be right immediately in advance of that to make a substantial increase over the whole field. It is for that reason that the increase in motor car taxation is disproportionately low this year, if I may put it that way, compared with the increase for motor cycles and goods vehicles.

Assuming that it is possible to introduce a satisfactory differential system next year, no doubt this will mean a substantial increase for some types of motor car, whereas other types of motor car at

the lower end of whatever may be the new scale may not find themselves having to meet much, if any, further additional increase. But pending that review, it would not be right for us to refrain from introducing what is quite clearly desirable, namely this streamlining of the system of taxation for motor cycles and the revised system for goods vehicles which we shall discuss later.

Miss J. M. Quennell (Petersfield): Before he leaves this point, will the hon. and learned Gentleman confirm whether the concession given in respect of handicapped persons' vehicles has been preserved in the Bill? It was granted in an earlier Finance Act, but I cannot remember which. An hon. Member would need a wheel-barrow-load of Finance Acts to have them all here.

Mr. MacDermot: I am not sure whether that is done specifically in this Measure. Certainly it is being preserved, and I assure the hon. Lady that it is not affected. What I believe is known as the pre-1933 vintage concession for motor cycles is also preserved.

For the reasons I have given I must recommend the Committee to reject the Amendment.

6.30 p.m.

Mr. Webster: The Financial Secretary's speech was ominous. He was very much on the defensive about this 100 per cent. rise for motor cycles. He has talked about simplifying the system, and I have no doubt that if the electors allow the Government to remain in office we will have other simplifications, perhaps with a rise of 100 per cent. for motor cars. Since for motor cars we have an increase this year of 18 per cent., I suppose that we must consider the increase modest compared with the 100 per cent. increase for motor cycles.

I have been wondering about the results of the studies made by my hon. Friend the Member for Tiverton (Mr. Maxwell-Hyslop) into the provisions of the Bill—studies which he makes with such expertise—and the fact that reference is not made to a vehicle without an engine. I take it that if a three-wheeled pram were invented it would be liable for taxation under this legislation. Is that why the word "constrictive" is used in the Bill?

The Financial Secretary spoke at length about the small amount of space occupied on our roads by motor cycles. This must be very much in his mind. That being so, why is this load of taxation being placed on the road user who takes up the least amount of road and who, presumably, is least able to afford this increase. It is undisputable that the motor cycle, because it occupies such a small amount of space on the road, does not cause as much congestion as the motor car. At present many learned men, including Professor Buchanan, are discussing road congestion in cities, yet at this very time the Government place a 100 per cent. increase on the vehicles which occupy the least amount of space.

As I have previously said, it must be remembered that the majority of motor cyclists eventually graduate, or hope to graduate, to motor cars. The hon. Member for Woolwich, West (Mr. Hamling)—who, after his exertion in describing his attempts at trying to ride a motor cycle, and who has unfortunately left the Chamber—said that he had recently, as a result of prosperity under Tory Administrations, graduated from a motor cycle to a motor car.

The Government are imposing the highest rise in taxation on that section of the road-using public which is least able to afford it. It is well known that in the present Administration a tremendous number of hon. Members and their supporters are anti-motorist, anti-road and anti-commercial vehicle. They want to shove everything on to public road transport and the railways, regardless of efficiency, or the lack of it.

In our discussions the hon. Member for Derbyshire, North-East (Mr. Swain) tends to get up and, with his hands in his pockets, make one intervention and then resume his place, followed by him soon leaving the Chamber, no doubt to attend to his other important duties. He has said on many occasions that constituency speeches were made in Monday's debate. I wonder if the Financial Secretary and the Chancellor have considered the people who live in the constituencies where motor cycles are made. Have they considered, for example, that 33 per cent. of the output of the British Small Arms Company is in the manufacture of motor cycles?

That firm is in the Birmingham, Small Heath constituency and I wonder whether they have consulted the "Minister of Sport" on the subject. Since that Minister represents the people who are employed in the motor cycle manufacturing industry I am surprised that he is not here. Indeed, the Ministry of Transport does not have a representative here to keep an eye on things. It is obvious that this is simply a tax-raising exercise and that no concern is being shown for the people employed in the industries concerned with this tax.

It is regrettable that the "Minister of Sport" is not here, because he would, I am sure, be the first to agree that motor cycling is a healthy outdoor sport. I hate it, but I know that many people enjoy it. It will be a body-blow to them if the Amendment is not accepted.

Mr. Allason: Amendment No. 16 refers to heavy motor cycles. I listened to the remarks of the Financial Secretary with attention, and I think that when he refers to the OFFICIAL REPORT tomorrow he will find it reported that he said that £2 was the highest increase in duty on any form of motor cycle. Having said that, he went on to say that the resulting tax on heavy motor cycles would be £3 10s. and I intervened at that point to ask him to qualify what he had said. In fact, the true figures are that the duty at present is £4 10s. and that it will go up under this legislation to £8, which is quite intolerable. My Amendment—which I hope will be accepted even if none other is—would reduce it from £8 to £5, which would be a more reasonable level.

I speak from the point of view of the motor cyclist. I have no constituency interest in the manufacture of motor cycles, but I sympathise deeply with my constituents who drive heavy motor cycles—and by that I mean primarily British motor cycles. The motor cyclist will view the Government proposal as a vicious attack on his costs. The Financial Secretary dismissed it by saying that motor cycles were cheap compared with cars. Certainly, but we must consider the sort of people who ride motor cycles. They are not all wealthy young men who do it for sport. Many of them depend on their machines as their only means of transport. If they could afford to buy cars most of them would. To compare their running costs with the costs of running

[MR. ALLASON.]

a car is an unfair comparison. One might equally well compare the degree of comfort. The comfort of riding a motor cycle is only a fraction of driving a car.

This is a particularly heavy rise for heavy motor cycles. Indeed, £3 10s. is the biggest increase in the whole range and it must be interpreted as an attack on heavy motor cyclists and an attempt to eliminate them. When considering what sort of motor cycles to purchase they will tend to go for the lighter machines—and the tragedy is that they are precisely the machines which are manufactured abroad. The motor cycles of under 150 c.c. available in this country are mainly Japanese and other imported makes. Motor cycles of over 250 c.c. are almost all British made.

It is in the manufacture of heavy motor cycles that the British industry is doing remarkably well in the production of really fine machines, about 70 per cent. of which are exported, particularly to the United States. The industry relies on a good home market to keep its costs at a reasonable level and, while its excellent export record has been maintained, we now have this horrible attack on the British motor cyclist.

It is extraordinary that the largest increase over the whole range of motor cycles should be levelled at the British motor cycle. The increase in tax is only £2 10s. on cars, including foreign cars, but if one buys a British heavy motor cycle the increase is £3 10s. The only comparison I can make is to suppose that the Government would introduce a tax on drinking and charge less for a licence to drink French wine than a licence to drink British beer. I hope that the Financial Secretary will consider this whole matter very seriously.

Miss Quennell: A good many forcible and telling arguments have been adduced from this side against this increased motor cycle tax. Some of my hon. Friends have referred to the sporting side of motor cycling, others to the industrial side, and to various aspects, but one type of motor cycle user has so far been overlooked. *Bona fide* students and apprentices have to get themselves to their technical colleges on part-time day release, and sometimes in the evening.

In a rural constituency such as mine, young people cannot rely on public transport to get to their technical colleges—it is quite inadequate for their purpose. Even if they got there during the day they would not get home afterwards. Neither the public bus services nor the railways supply the type of transport that these people must have. There is not a technical college in my constituency, and these youngsters have to go outside the district to one of three such colleges, which are at an average distance of 20 miles away.

From the comments of hon. Members opposite it would seem that this increase is very minimal and marginal. To refer to the much more expensive motor cycle, costing about £300, is quite misleading. The youngster who has to get to his technical college cannot afford that type of machine. What he does is, with the help of "dad" or the family, to buy a second-hand machine, a moped or some light type of scooter which suffices his needs. He is the type of young person whose technical training must be encouraged by every means at the nation's disposal.

We have had arguments produced *ad nauseam* for years about the need to encourage these youngsters to take *bona fide* apprenticeships and get proper modern qualifications. No one would dispute that now, but one of the effects of this steep increase in taxation is to make it more difficult for *bona fide* apprentices, not earning a man's wages, to pay their way and get through technical college as they have to do if they are to get the qualifications that the country wants them to gain. On behalf of these youngsters, I add my support to those of my hon. Friends who eloquently argued that this is an evil increase from the industrial, the sporting and the export point of view.

Mr. T. G. D. Galbraith (Glasgow, Hillhead): No unprejudiced person listening to this debate can have been in the least satisfied with the argument advanced by the Financial Secretary in attempting to justify this quite extraordinary impost which the Government are placing on the users of motor cycles. The proposal is particularly extraordinary when it comes from members of the party opposite. They always pride themselves—inaccurately as it turns out—on

paying particular attention to the least affluent sections of the community and on adjusting any tax which their incompetence may make necessary so as to take account of the ability of the people to pay. That is the picture they paint, but now we find them acting in the very opposite way, and placing the very heaviest percentage tax increase on the owners of the cheapest type of vehicle—and because it is the cheapest type of vehicle, these people are, as my hon. Friend the Member for Petersfield (Miss Quennell) has pointed out, probably those least able to carry the increase.

It is quite extraordinary that the owner of a motor car has to meet an increase of about 17 per cent.—£2 10s.—the owner of a lorry 50 per cent., but the motor cyclist faces an increase of almost 100 per cent.—in the case of the larger motor cycle, on which the tax goes up to £8 from £4 10s. The Financial Secretary must live in a strange world, unconnected with ordinary people, because he said that the increase in the motor car tax was disproportionately low. He will not find anyone to agree with him there. I find the Financial Secretary's justification of these changes quite inadequate, and I wonder whether there may not be some hidden meaning behind this impost.

6.45 p.m.

For young people, the ownership of a motor cycle is often the first private venture into possession of something for which they themselves are entirely responsible. We know that hon. Members opposite do not like private possession—the whole Budget is aimed against it. Is this the reason behind this provision? Is the object to make it more difficult for people to possess something of their own, and have a sense of pride in ownership because it is entirely contrary to the doctrines and principles of the party opposite?

My hon. Friend the Member for St. Albans (Mr. Goodhew) wondered whether this was possibly an attempt to bolster up public transport by making the motor cycle less financially attractive. There is obviously something more in this provision than just finance, and the hon. and learned Gentleman himself admitted it. I was very surprised to hear him make the admission. He said that the accident rate for motor cycles was much higher,

and he seemed to be giving that as a reason for this increase—

Mr. MacDermot indicated dissent.

Mr. Galbraith: The Financial Secretary certainly said it. If he did not mean it, I do not know why he said it—perhaps he was filling in time—

Mr. MacDermot: If the hon. Gentleman asks the question, it was because one of his hon. Friends was suggesting that as motor cycles occupy less space on the road they should pay less tax. I pointed out that there were other considerations to put in the balance against that.

Mr. Galbraith: The hon. and learned Gentleman has done it again. That seems to be the trouble with members of the party opposite—they keep on putting their foot in it. He said that other considerations had to be taken into account, and safety was one of the things he suggested should be taken into account. If safety is to be taken into account, it is not for the Financial Secretary to discuss it. He should have representatives of the Ministry of Transport here, but there is no sign of them. This is a matter that goes to the root of transport, and it has nothing at all to do with finance.

The hon. and learned Gentleman who, presumably, is reading the same brief as his right hon. Friend the Chancellor of the Exchequer did when presenting the Budget, said that the object was to simplify the Schedule with regard to motor cycle taxation, so that now, instead of motor cyclists having to pay odd sums, with fractions of a £, it will be straight and easy—they will pay £2, £4 or £8. Here we see the bureaucratic mind at work. It looks nice and neat. It simplifies things administratively for the tax collector.

But it does not simplify things at all for the motorist. He would rather pay less, even though it be a fraction of a £, rather than more in round figures. It makes it more difficult for the motorist, because he has to find the extra money. To say that it simplifies things does not appear to the motor cyclist as being at all a good reason for him to pay an increase far higher than any other vehicle user is asked to meet. If the hon. and learned Gentleman is really genuine in wishing to simplify the matter, let him show that he means what he says by

[MR. GALBRAITH.]
reducing it to a round figure instead of putting the tax up to a round figure. This is a thoroughly unfair tax. It falls especially hard on a section of vehicle owners who are least able to bear the increase. No satisfactory explanation has been given for it.

I am very glad to see that the right hon. Gentleman the Minister of Transport has now arrived. Perhaps he can help us in the debate on the next Amendment. We shall vote on this matter with relish, and I hope that the younger sort of people whose first motor vehicle is a motor bicycle will notice the Labour Party's callous indifference to their hopes and aspirations, and that when next they have an opportunity of registering their votes outside they will bear this in mind.

Mr. George Y. Mackie (Caithness and Sutherland): I did not intend to speak to this Amendment, but reference has been made by a previous speaker to unprejudiced persons. I wish to state that we on this bench are not supporting the Amendment if it is taken to a Division. There are many things in what in some Clauses is a monstrous Bill to which we seriously object, but, as unprejudiced persons, we on this bench cannot support the long bout of enforced hysteria that we have just gone through, enlivened by one spark of humour from the hon. Member for Tiverton (Mr. Maxwell-Hyslop).

Mr. Maxwell-Hyslop: I regret having missed part of the Financial Secretary's speech in which he referred to my observations on bicycles. I had not realised that he intended to intervene before the conclusion of the debate. I gather that the Financial Secretary has suggested that bicycles are not covered, because Schedule 5 in the Bill replaces the one on page 62 of the 1962 Act. I suggest that he is quite mistaken. The Schedule in the 1962 Act states:

"1. Bicycles (other than bicycles which are electrically propelled) of which the cylinder capacity of the engine—

(a) does not exceed 150 cubic centimetres

(b) exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres

(c) exceeds 250 cubic centimetres.

2. Bicycles which are electrically propelled . . ."

There is no class included in that Schedule, which is being replaced, for bicycles which do not fall into those descriptions, but the new one which we are invited to accept in its place does precisely that.

Also if we look at paragraph 3 of the Schedule of the 1962 Act we see:

"In this Schedule 'bicycle' includes a motor scooter and a bicycle with an attachment for propelling it by mechanical power."

It is quite clear there what is included, but it does not say what it excludes. The hon. and learned Gentleman will possibly remember that the courts have held that a car with no engine is a mechanically-propelled vehicle, and a man has been convicted for driving such a vehicle, his defence being that since it had no engine it was not a mechanically-propelled vehicle. If a car with no engine is a mechanically-propelled vehicle, a bicycle that has a mechanism between the rear wheel and the pedals is most certainly a mechanically-propelled vehicle.

Living in the penny-farthing era, as hon. Members opposite do, they might think that bicycles are still in the penny-farthing form with fixed pedals on the front wheel. In fact, we live in the era of the safety bicycle, and that undoubtedly has a mechanically-propelled rear wheel. It may be more or less complicated, but I think the Financial Secretary will find that the majority of bicycles today have an internal toothed wheel with three or even four gears. It has a sprocket and a chain running through another driving sprocket. If that is not mechanical, I do not know what is.

Mr. Bruce-Gardyne: My hon. Friend has obviously conducted a lot of valuable research into this matter and I should like his help. I often find that the chain comes off my bicycle. In that case is it no longer a mechanically-propelled vehicle and subject to the incidence of this tax?

Mr. Maxwell-Hyslop: Subject to legal opinion, I suspect that my hon. Friend is safe from this new imposition of £8 a year on bicycles so long as he does not have a chain on his bicycle. But let him put a chain on his bicycle or have gears in the hub and he, too, will be liable.

The Schedule which appears in this Bill and which would be eliminated by the Amendment proposed so eloquently from the Opposition Front Bench contains phrases which are not in the original Act and therefore—I speak subject to expert legal opinion—we are still in the position where, unless this Amendment is accepted, a tax of £8 a year will be imposed on every bicycle unless it is a penny-farthing bicycle or has its chain missing.

Mr. MacDermot: I am sorry the hon. Gentleman could not be here to hear my remarks. I was inviting him to show a little modesty in this matter. I can only remind him of the words of Oliver Cromwell, in the rather strong language of the 17th century, and beseech him

“in the bowels of Christ, think it possible you may be mistaken”.

The relevant passage is to be found in Part I of the Fifth Schedule to the Vehicles (Excise) Act, 1962:

“The annual rate of duty applicable to a mechanically propelled vehicle of a description specified in the first column of Part II of this Schedule . . .”

Mr. Maxwell-Hyslop: I am grateful to the hon. and learned Gentleman. I put it to him that if a car with no engine is a mechanically-propelled vehicle, a bicycle with no engine is also a mechanically propelled vehicle.

Mr. MacDermot: The answer is, not for the purpose of vehicle excise duty.

Mr. Maxwell-Hyslop: With respect, the fact that the hon. and learned Gentleman says it is not, does not make it the law. Very often Ministers have said things in this Committee which have no force of law whatsoever, any more than do the White Papers which the Government have churned out purporting to explain what the Finance Bill means. Those have no force of law whatsoever. If the hon. and learned Gentleman, from his rich cornucopia of legal knowledge and experience, can quote the specific test case which holds that a bicycle which has a mechanism between its pedals and its driving wheel is not a mechanically-propelled vehicle, then of course I will accept the precedent. But my researches certainly have not produced anything of that kind.

Mr. Thomas Steele (Dunbartonshire, West): Does the hon. Gentleman's definition include a girl on roller skates?

Mr. Maxwell-Hyslop: I will tell the hon. Gentleman why my definition does not include that. It is because Schedule 5 of the Bill does not include girls on roller skates but it does include other bicycles—

“Bicycles and tricycles not in the foregoing paragraphs.”

Whereas a pedal-operated bicycle with a mechanism between the pedals and the rear wheel is a “bicycle or tricycle not in the foregoing paragraphs”, a girl on roller skates undoubtedly is not. Though his observations have injected a delightful tone of levity into this otherwise serious discussion, I do not think that they are very much help to the Committee on the specific point. I conclude by saying that the hon. and learned Gentleman has not proved to the Committee any test case to support his view that if a car with no engine is a mechanically-propelled vehicle a bicycle with a mechanism interposed between the pedals and back wheel is nevertheless a mechanically-propelled vehicle.

7.0 p.m.

The Temporary Chairman (Sir H. Legge-Bourke): Order. The hon. Gentleman has put his point. I should be grateful if the Financial Secretary could tell me whether in fact the third part of Part I of Schedule 5 does include only bicycles and tricycles, which have engines but which are not included in paragraphs 1 and 2.

Mr. MacDermot: It is the point which, before you were in the Chair, Sir Harry, I was making clear. The hon. Member has suggested to the Committee that Clause 3 would include ordinary bicycles. I was pointing out that, owing to the wording of the Schedule which this part amends, that Schedule deals only with mechanically-propelled vehicles.

Mr. Maxwell-Hyslop: I am most grateful. I was pointing out that it does not only deal with mechanically-propelled vehicles; and, consequently, even if it did, within the meaning of the law—because of the case in which it was held that a car with no engine is still a mechanically-propelled vehicle—a bicycle with no engine also is a mechanically-propelled vehicle.

The Temporary Chairman: Order. The hon. Member is, I think, in this difficulty. We are dealing here only with

[THE TEMPORARY CHAIRMAN.]
bicycles and tricycles, and I do not think it is in order to bring in a test case whether a motor car with four wheels is a mechanically-propelled vehicle, even if it had no engine.

Mr. Maxwell-Hyslop: I was hoping to provoke from this cornucopia of legal knowledge which the Financial Secretary, by his profession, can be presumed to have, information about the test case on the bicycle. The hon. and learned Gentleman has not yet been able to do that.

The Temporary Chairman: Order. We are not in this Amendment dealing with test cases. What we are dealing with is whether or not the words "of Schedule 1" should be left out. I would ask the hon. Gentleman to confine himself to that argument.

Mr. Maxwell-Hyslop: All I would say is that the Financial Secretary has been quite unable to give any evidence

whatsoever to the Committee that the words do not mean what they say, and what they say is

"bicycles and tricycles not in the foregoing paragraph."

They do not say, "motor bicycles, mechanically propelled bicycles or motor tricycles". As the Financial Secretary has been quite unable to offer any evidence at all that the words in this Finance (No. 2) Bill at page 123, line 18, do not mean what they say, then the Committee should take it that they do mean what they say. If they do mean what they say then they impose a duty of £8 a year on a pedal bicycle. This can be avoided in the state of proceedings that we have at the moment only by accepting my right hon. Friend's Amendment.

Question put, That the words "of Schedule 1" stand part of the Clause:—

The Committee divided: Ayes 205, Noes 178.

Division No. 117.]

AYES

[7.5 p.m.]

Ahse, Leo
Albu, Austen
Alldritt, Walter
Allen, Scholefield (Crewe)
Armstrong, Ernest
Bacon, Miss Alice
Barnett, Joel
Baxter, William
Bellenger, Rt. Hn. F. J.
Bence, Cyril
Bennett, J. (Glasgow, Bridgeton)
Binns, John
Bishop, E. S.
Blackburn, F.
Blenkinsop, Arthur
Boardman, H.
Bowden, Rt. Hn. H. W. (Leics S.W.)
Bowen, Roderic (Cardigan)
Boyden, James
Braddock, Mrs. E. M.
Bradley, Tom
Bray, Dr. Jeremy
Broughton, Dr. A. D. D.
Brown, Hugh D. (Glasgow, Provan)
Brown, R. W. (Shoreditch & Fbury)
Buchanan, Richard
Butler, Herbert (Hackney, C.)
Butler, Mrs. Joyce (Wood Green)
Callaghan, Rt. Hn. James
Carmichael, Neil
Carter-Jones, Lewis
Chapman, Donald
Coleman, Donald
Conlan, Bernard
Cousins, Rt. Hn. Frank
Craddock, George (Bradford, S.)
Crawshaw, Richard
Cronin, John
Crosland, Rt. Hn. Anthony
Cullen, Mrs. Alice
Dalyell, Tam
Darling, George
Davies, G. Elfed (Rhondda, E.)
Davies, Harold (Leek)
Davies, Ifor (Gower)

Davies, S. O. (Merthyr)
Delargy, Hugh
Dell, Edmund
Dempsey, James
Diamond, John
Doig, Peter
Duffy, Dr. A. E. P.
Dunn, James A.
Edelman, Maurice
Edwards, Rt. Hn. Ness (Caerphilly)
Edwards, Robert (Bilston)
Ennals, David
Evans, Ioan (Birmingham, Yardley)
Ferryhough, E.
Finch, Harold (Bedwellty)
Fitch, Alan (Wigan)
Fletcher, Sir Eric (Islington, E.)
Fletcher, Ted (Darlington)
Floud, Bernard
Foot, Sir Dingle (Ipswich)
Fraser, Rt. Hn. Tom (Hamilton)
Freeson, Reginald
Galpern, Sir Myer
George, Lady Megan Lloyd
Gourlay, Harry
Gregory, Arnold
Grey, Charles
Griffiths, David (Rother Valley)
Griffiths, Rt. Hn. James (Llanelli)
Griffiths, Will (M'chester, Exchange)
Gunter, Rt. Hn. R. J.
Hamilton, James (Bothwell)
Hamilton, William (West Fife)
Harper, Joseph
Harrison, Walter (Wakefield)
Hart, Mrs. Judith
Hattersley, Roy
Heffer, Eric S.
Henderson, Rt. Hn. Arthur
Herbison, Rt. Hn. Margaret
Hill, J. (Midlothian)
Holman, Percy
Hosoon, H. E.
Horner, John
Howarth, Robert L. (Bolton, E.)

Howie, W.
Hoy, James
Hughes, Emrys (8. Ayrshire)
Hughes, Hector (Aberdeen, N.)
Hunter, Adam (Dunfermline)
Hunter, A. E. (Feltham)
Hynd, John (Attercliffe)
Irvine, A. J. (Edge Hill)
Irving, Sydney (Dartford)
Jay, Rt. Hn. Douglas
Jeger, George (Goole)
Jenkins, Hugh (Putney)
Johnson, Carol (Lewisham, S.)
Johnston, Russell (Inverness)
Jones, Dan (Burnley)
Jones, J. Idwal (Wrexham)
Jones, T. W. (Merioneth)
Kelley, Richard
Kenyon, Clifford
Kerr, Mrs. Anne (R'ter & Chatham)
Kerr, Dr. David (W'worth, Central)
Lawson, George
Lee, Rt. Hn. Frederick (Newton)
Lewis, Ron (Carlisle)
Lipton, Marcus
Lubbock, Eric
Mahon, Dr. J. Dickson
MacDermot, Niall
McInnes, James
McKay, Mrs. Margaret
Mackenzie, Gregor (Rutherglen)
Mackie, George Y. (C'ness & S'land)
McLeavy, Frank
MacMillan, Malcolm
MacPherson, Malcolm
Mahon, Peter (Preston, S.)
Mahon, Simon (Bootle)
Mallalieu, J. P. W. (Huddersfield, E.)
Mayhew, Christopher
Mendelson, J. J.
Miller, Dr. M. S.
Monslow, Walter
Morris, John (Aberavon)
Neal, Harold
Noel-Baker, Francis (Swindon)

Oakes, Gordon
 O'Malley, Brian
 Orbach, Maurice
 Orme, Stanley
 Oswald, Thomas
 Owen, Will
 Page, Derek (King's Lynn)
 Paget, R. T.
 Palmer, Arthur
 Parker, John
 Parkin, B. T.
 Pearson, Arthur (Pontypridd)
 Peart, Rt. Hn. Fred
 Pentland, Norman
 Popplewell, Ernest
 Price, J. T. (Westhoughton)
 Probert, Arthur
 Pusey, Cmr. Harry
 Redhead, Edward
 Rees, Merlyn
 Rhodes, Geoffrey
 Roberts, Albert (Normanton)
 Roberts, Goronwy (Caernarvon)
 Robertson, John (Paisley)
 Rodgers, William (Stockton)

Rogers, George (Kensington, N.)
 Rose, Paul B.
 Ross, Rt. Hn. William
 Rowland, Christopher
 Sheldon, Robert
 Shinwell, Rt. Hn. E.
 Shore, Peter (Stepney)
 Short, Rt. Hn. E. (N'c'tle-on-Tyne, C.)
 Short, Mrs. Renée (W'hampton, N.E.)
 Silkin, John (Deptford)
 Silkin, S. C. (Camberwell, Dulwich)
 Silverman, Julius (Aston)
 Silverman, Sydney (Nelson)
 Slater, Joseph (Sedgefield)
 Small, William
 Snow, Julian
 Soskice, Rt. Hn. Sir Frank
 Steel, David (Roxburgh)
 Steele, Thomas (Dunbartonshire, W.)
 Stones, William
 Summerskill, The Hon. Dr. Shirley
 Swain, Thomas
 Taylor, Bernard (Mansfield)
 Thomas, George (Cardiff, W.)
 Thornton, Ernest

Tinn, James
 Varley, Eric G.
 Wainwright, Edwin
 Walden, Brian (All Saints)
 Walker, Harold (Doncaster)
 Wallace, George
 Watkins, Tudor
 White, Mrs. Eirene
 Wigg, Rt. Hn. George
 Wilkins, W. A.
 Willey, Rt. Hn. Frederick
 Williams, Alan (Swansea, W.)
 Williams, Albert (Abertillery)
 Willis, George (Edinburgh, E.)
 Wilson, Rt. Hn. Harold (Huyton)
 Wilson, William (Coventry, S.)
 Winterbottom, R. E.
 Woodburn, Rt. Hn. A.
 Woof, Robert
 Yates, Victor (Ladywood)

TELLERS FOR THE AYES:

Mr. John McCann and
 Mrs. Harriet Slater.

NOES

Agnew, Commander Sir Peter
 Alison, Michael (Barkston Ash)
 Allason, James (Hemel Hempstead)
 Anstruther-Gray, Rt. Hn. Sir W.
 Astor, John
 Atkins, Humphrey
 Awdry, Daniel
 Baker, W. H. K.
 Barlow, Sir John
 Beamish, Col. Sir Tufton
 Bell, Ronald
 Bennett, Sir Frederic (Torquay)
 Berry, Hn. Anthony
 Biggs-Davison, John
 Birch, Rt. Hn. Nigel
 Black, Sir Cyril
 Blaker, Peter
 Bossom, Hn. Clive
 Box, Donald
 Boyd-Carpenter, Rt. Hn. J.
 Brinton, Sir Tatton
 Brooke, Rt. Hn. Henry
 Brown, Sir Edward (Bath)
 Bruce-Gardyne, J.
 Buchanan-Smith, Alick
 Buck, Anthony
 Burden, F. A.
 Buxton, Ronald
 Carlisle, Mark
 Cary, Sir Robert
 Channon, H. P. G.
 Clark, Henry (Antrim, N.)
 Clark, William (Nottingham, S.)
 Clarke, Brig. Terence (Portsmouth, W.)
 Cole, Norman
 Cooke, Robert
 Cooper, A. E.
 Cooper-Key, Sir Neill
 Corfield, F. V.
 Costain, A. P.
 Craddock, Sir Beresford (Spelthorne)
 Crothwaite-Eyre, Col. Sir Oliver
 Cunningham, Sir Knox
 Curran, Charles
 Currie, C. B. H.
 Davies, Dr. Wyndham (Perry Barr)
 Dean, Paul
 Deedes, Rt. Hn. W. F.
 Digby, Simon Wingfield
 Dodds-Parker, Douglas
 Douglas-Home, Rt. Hn. Sir Albc
 Eden, Sir John
 Elliott, R. W. (N'c'tle-upon-Tyne, N.)
 Emery, Peter
 Errington, Sir Eric
 Eyre, Reginald
 Fisher, Nigel

Fletcher-Cooke, Charles (Darwen)
 Fletcher-Cooke, Sir John (S'pton)
 Foster, Sir John
 Galbraith, Hn. T. G. D.
 Gammans, Lady
 Gilmour, Ian (Norfolk, Central)
 Gilmour, Sir John (East Fife)
 Glover, Sir Douglas
 Godber, Rt. Hn. J. B.
 Goodhew, Victor
 Gower, Raymond
 Gresham-Cooke, R.
 Grieve, Percy
 Griffiths, Eldon (Bury St. Edmunds)
 Griffiths, Peter (Smethwick)
 Gurden, Harold
 Hall, John (Wycombe)
 Hall-Davis, A. G. F.
 Hamilton, Marquess of (Fermanagh)
 Hamilton, M. (Salisbury)
 Harris, Frederic (Croydon, N.W.)
 Harris, Reader (Heston)
 Harrison, Brian (Maldon)
 Harvey, Sir Arthur Vere (Macclesf'd)
 Heald, Rt. Hn. Sir Lionel
 Heath, Rt. Hn. Edward
 Higgins, Terence L.
 Hiley, Joseph
 Hill, J. E. B. (S. Norfolk)
 Hirst, Geoffrey
 Hobson, Rt. Hn. Sir John
 Hopkins, Alan
 Hordern, Peter
 Hornby, Richard
 Hornsby-Smith, Rt. Hn. Dame P.
 Hutchison, Michael Clark
 Iremonger, T. L.
 Irvine, Bryant Godman (Rye)
 Jenkin, Patrick (Woodford)
 Jopling, Michael
 Joseph, Rt. Hn. Sir Keith
 Kerby, Capt. Henry
 Kerr, Sir Hamilton (Cambridge)
 Kershaw, Anthony
 King, Evelyn (Dorset, S.)
 Kirk, Peter
 Kitson, Timothy
 Lågden, Godfrey
 Litchfield, Capt. John
 Lloyd, Rt. Hn. Geoffrey (Sut'nC'dfield)
 Lloyd, Rt. Hon. Selwyn (Wirral)
 Longbottom, Charles
 McAdden, Sir Stephen
 MacArthur, Ian
 McLaren, Martin
 Macleod, Rt. Hn. Iain
 McMaster, Stanley

Maginnis, John E.
 Maitland, Sir John
 Marten, Neil
 Mathew, Robert
 Maude, Angus
 Mawby, Ray
 Maxwell-Hyslop, R. J.
 Maydon, Lt.-Cmr. S. L. C.
 Mills, Peter (Torrington)
 Miscampbell, Norman
 Monro, Hector
 Morrison, Charles (Devizes)
 Mott-Radcliffe, Sir Charles
 Murton, Oscar
 Neave, Airey
 Osborn, John (Hallam)
 Page, John (Harrow, W.)
 Page, R. Graham (Crosby)
 Pearson, Sir Frank (Clitheroe)
 Percival, Ian
 Pickthorn, Rt. Hn. Sir Kenneth
 Pitt, Dame Edith
 Pounder, Rafton
 Powell, Rt. Hn. J. Enoch
 Price, David (Eastleigh)
 Redmayne, Rt. Hn. Sir Martin
 Ridley, Hn. Nicholas
 Ridsdale, Julian
 Roberts, Sir Peter (Heeley)
 Robson Brown, Sir William
 Roots, William
 Scott-Hopkins, James
 Sharples, Richard
 Shepherd, William
 Smith, Dudley (Br'ntf'd & Chiswick)
 Smyth, Rt. Hn. Brig. Sir John
 Spearman, Sir Alexander
 Stainton, Keith
 Stoddart-Scott, Col. Sir Malcolm
 Studholme, Sir Henry
 Summers, Sir Spencer
 Taylor, Sir Charles (Eastbourne)
 Taylor, Edward M. (G'gow, Cathcart)
 Taylor, Frank (Moss Side)
 Temple, John M.
 Thatcher, Mrs. Margaret
 Thomas, Rt. Hn. Peter (Conway)
 Thompson, Sir Richard (Croydon, S.)
 Turton, Rt. Hn. R. H.
 Tweedsmuir, Lady
 van Straubenzee, W. R.
 Vaughan-Morgan, Rt. Hn. Sir John
 Walker, Peter (Worcester)
 Walters, Dennis
 Ward, Dame Irene

Weatherill, Bernard
 Webster, David
 Whitelaw, William
 Williams, Sir Rolf Dudley (Exeter)

Wills, Sir Gerald (Bridgwater)
 Wilson, Geoffrey (Truro)
 Woodhouse, Hon. Christopher
 Woodnutt, Mark

Younger, Hn. George

TELLERS FOR THE NOES:

Mr. Ian Fraser and Mr. Francis Pym.

Mr. Powell: I beg to move Amendment No. 102, in page 3, line 33, to leave out from the beginning to “and”.

The Temporary Chairman: It may be for the convenience of the Committee if I say now that it would be in order to discuss also Amendment No. 104, in page 3, line 35, leave out “II, III”;

Amendment No. 10, in line 36, at end insert:

“for vehicles licensed in England and Wales”.

Amendment No. 12, in line 37, leave out subsection (2);

Amendment No. 13, in page 4, line 15, leave out “Parts II and” and insert “Part”; and

Amendment No. 106, in Schedule 5, page 123, line 19, leave out Parts II and III.

Mr. Powell: The Amendment raises one of the major questions in the increase in the vehicles excise duty. It relates to the increase of the duty on goods vehicles of various kinds. There is no doubt what kind of tax it is which is represented by this part of the increase in the excise duty. It is a tax upon the raw materials and upon the tools of production and distribution.

7.15 p.m.

Let us recall for a moment what the magnitude of that imposition is. A sum of £27 million approximately will be added to the costs of operating commercial vehicles of various kinds, and there falls to be added to that about £8 million related to cars operated for commercial purposes. The increase in vehicle excise duty in itself therefore increases by about £35 million the annual production and distribution costs of industry and commerce. But in considering this, the Committee has to take it in conjunction with the effects of the Chancellor's Autumn Budget and the increase in the petrol duty. Of the £100 million approximately which that increase in petrol duty brought in, it is broadly agreed that some £60 million will be attributable to petrol consumed by commercial vehicles of various kinds.

In total, therefore, taking these two measures together, the costs of production and distribution have been increased by a total of about £95 million by these two imposts. This faces the Committee with the question why, having to raise a given amount of additional revenue—and for the purpose of discussing this Amendment we start with the hypothesis that there was a certain quantum of additional revenue which he decided he had to obtain in some way or another—the Chancellor chose to raise this revenue not in relation to consumption but in relation to one of the factors of production and distribution.

It is so surprising, so paradoxical, so unnatural for a Chancellor to use taxation to raise the costs of production and of industry that we are bound to ask ourselves why he resorted to this measure, why he was prepared to put this substantial slab of taxation—£35 million in this Bill alone—upon the costs of production and distribution.

In his Budget speech the right hon. Gentleman, of course, used the standard argument in these circumstances which is available to all in need—that it is “only a little one”. We were told that the increase represents only between 2 per cent. and 4 per cent. of the cost per ton-mile of conveying goods.

This, although it seems at first sight small, is in itself a substantial addition to costs when one bears in mind two things. First, something like 80 per cent. to 90 per cent. of all the goods carried in this country are carried by road. This additional cost therefore will fall on the overwhelming majority of all goods transported from one place to another in this country. I am sure that the Chancellor will agree, and I am sure that it will be the advice he will receive from the Minister of Transport, that in no circumstances would any degree of success which we hope for British Railways reduce appreciably the proportion of the total national freight which will continue to go by road. Therefore this is an impost upon the vast majority of all freight transport.

Secondly, we have to remember that this is not just a once-for-all addition to

the cost of any given product. In the production of hundreds of thousands of items transportation enters in not just once but repeatedly—the transport of the raw material, the transport of the semi-finished parts, the transport of the finished article. Transport is not simply the final, distributive element in the productive process: it is built into production at many stages throughout our industry. Therefore, for many goods, this addition will be cumulative; it will be an addition added at successive stages of the process of production.

The Chancellor of the Exchequer—again with the object of playing down the size and importance of this impost—said that there had not been any change for about thirty years. He went back to 1933, the implication being, I suppose, that it was time we got around to increasing vehicle excise duties again. I wholly repudiate the idea that the fact that a tax has not been increased for a certain number of years can in itself be a justification for increasing it now. It is no excuse, when one is taxing a factor of production and increasing the impost upon it, to say: "We have not increased the imposition for some thirty years". It really makes the absurdity greater rather than less, that one should now reach back a generation in order to haul out one of the factors of production and crack down an additional tax upon it.

Of course, there is a vast difference between 1933 and 1965 for road transport. It is true that the vehicle excise duty is, in terms of money, the same and, therefore, in real terms, naturally appreciably less; but this is not the whole or the greater part of the taxation which is levied upon road transport. We have to take this in conjunction with the increase in fuel duties. The difference between the fuel duty in 1933 and now is that on petrol is was 8d. a gallon in that incredibly remote golden period as against 3s. 3d. today, and on diesel fuel it was 1d. a gallon compared with 3s. 3d. today.

We have to take the whole of taxation upon road transport together, and, if we do that, the notion that there has been no increase in the imposition upon road transport for a period of years vanishes into thin air. In fact, this is the second blow in six months. Let there be no

nonsense about 1933. This is the next increase following upon last November. Thus, there is no substance either in the Chancellor's contention that it does not matter because it is a very little one or in his contention that it was road transport's turn now to have its tax increased because these duties have not been raised for over thirty years.

Again, the Committee has to ask: Why this extraordinary act of picking upon a productive process and taxing it additionally and heavily in this way?

There seems to be some theory implicit in what has been said by right hon. Members opposite that, perhaps, the users of the roads for road haulage are somehow now paying enough. We find this theory associated with the really separate notion that one could somehow protect rail traffic, or even shift goods back on to the railways, by increasing taxation of road transport. I shall examine these two propositions because I suspect that they are part of the psychology which explains this taxation. They are fallacies to which wide currency is given, and it is important that it be understood that neither has any substance.

I take the second first, the notion that, if one taxes road transport, one will produce a dramatic rearrangement of freight so that great masses of it will go back on to the railways. This is a complete misconception. [*Interruption.*] Theoretically, of course, one could tax road transport off the roads altogether, but, with any conceivably practical level of taxation of road transport, the amount of freight which could go back on to the railways is very small indeed. Those who believe most strongly in the possibility of developing the railways for forms of freight transport for which they are specially suited have never pretended that more than a very small percentage of the traffic now using the roads—I have heard 2 per cent. mentioned in this context—could go back on to the railways in the best case. So it is a pure delusion that by putting on an extra £30 million or £50 million of taxation on to road transport one will alter the balance of the situation as between road and rail. Broadly, whatever success we wish for the railways or secure for the railways, this volume of traffic will flow by road and will increase as the years go by.

[MR. POWELL.]

We come then to the other leg of the theory, that in some sense road traffic is not paying enough, that there is unfairness, in that the costs which road traffic, particularly the transport of goods by road, and, above all, the transport of heavy goods by road, imposes upon the community are not fully made good by what road traffic pays in terms of taxation.

Can one make out a case that road haulage is not paying its whack of the costs which it causes? The argument might be advanced—it is the only remaining resort of the Chancellor to defend what he is doing here—that the cost of road transport to the public exceeds what freight transport is paying and that, therefore, he is justified in increasing what road transport pays in taxation. This view has been fairly clearly implicit in what has been said from a number of sources on the benches opposite. I am glad to see the right hon. Gentleman the Minister of Transport back with us in the Chamber. I notice that on 3rd March, for example, he said:

“ . . . Nobody yet knows to what extent a good deal of road transport in this country is in fact being subsidised by the general public ”.
—[OFFICIAL REPORT, 3rd March, 1965; Vol. 707, c. 1321.]

In other words, no one knows to what extent the cost to the public of road haulage exceeds what road haulage pays into the public by way of taxation.

Next—this was very ominous and it only shows how one should read the omens—the President of the Board of Trade, speaking on the Third Reading of the Finance Bill last year, said that my right hon. Friend the Member for Barnet (Mr. Maudling)

“ might at least have had a look at the vehicle tax on goods’ vehicles . . . which has not been raised since as long ago as 1933 ”.

That was a suggestive remark, and one on which his right hon. Friend has now acted.

“ . . . he could have looked at an example where we might have achieved some secondary benefit at the same time, as for instance balancing a little better the costs of goods transport between the railways and the roads ”.—
[OFFICIAL REPORT, 3rd July, 1964; Vol. 697, c. 1699.]

We see the same thought again—Let us put a bit more on to the costs of road

transport, on the assumption that they are not paying their share of the cost which they impose upon the public by way of the maintenance and building of roads and in other respects.

7.30 p.m.

This is a subject on which there is not a complete absence of at any rate statistical material or the expression of opinions. The Committee will recall that last summer British Rail produced a report which was put before the Geddes Committee, then sitting, and which purported to show that road haulage vehicles were not paying in tax as much as the full costs of their track, that is, of providing and maintaining the roads in the full sense of the words. But the Ministry of Transport did not agree with this and promptly produced its own figures and evidence which contradicted British Rail and showed that, on the contrary, there was and had at all material times been a big excess of what is paid in terms of tax by road haulage and any possible road costs which could be attributed to road haulage.

These views of the Ministry of Transport were embodied in the evidence which the Transport Holding Company subsequently submitted to the Geddes Committee. The conclusions are so important that I would like to remind the Committee of what they were. The Transport Holding Company said:

“ These conditions of surplus ”—

that is, the excess of tax paid over total road track costs—

“ however calculated, apply to all main categories of roads and all main categories of motor transport, including heavy goods vehicles and buses . . . and substantial surpluses will continue as far ahead as can be reasonably foreseen.”

It said that when the figures of the Railways Board

“ . . . were adjusted for certain major questions of fact and approach . . . ”

the result was

“ . . . that far from heavy goods vehicles paying only a half of their fair share of the costs they are in fact ”—

and this was before this Bill—

“ paying about double.”

The Company then wisely went on to dismiss the suggestion that taxation of road users was necessarily related in

any precise way to expenditure upon the roads. It put that on one side and said:

“What the survey does conclude, however, is that no argument for increasing the present contributions of road transport can validly be founded on the theory that the users are paying less than the real cost of the roads.”

We do not yet know at what conclusion the Geddes Committee, to which these differing views—of the Ministry, of the Transport Holding Company and the Railways Board—were submitted, will eventually arrive. It may be that the Minister of Transport does not agree with his own Ministry on this. It may be that the Chancellor does not agree with the Minister of Transport. But the fact is that there is at least a conflict of evidence, to put it at its lowest, before the public at the moment, and the Committee set up to resolve it has not yet done so—at least so far as is known to the public.

Yet the Government, in advance of the report of the Geddes Committee, with this issue unresolved, with this only remaining argument which could conceivably justify the Chancellor's action unproven, have hurried forward to put this tax on road transport in addition to the fuel duty imposed last November.

The whole proceeding reeks of prejudice. This is not the action of people who are really interested in getting at the facts and ensuring that the imposition of taxation is not only related to established facts, to principles of fairness which are generally agreed, but also takes into account the undesirability of taxing the factors of production and distribution.

This is the action of prejudiced men, of men who are profoundly prejudiced against one of the modern forms of production and distribution. They are giving way to their innate prejudices in this piece of legislation. The object of the Amendment is to extract it or, if we cannot extract it, then to expose it and to show it up for what it really is.

Sir A. V. Harvey: This is a most extraordinary piece of legislation. In the 1945-50 Labour Government none of the three Chancellors of the Exchequer—Lord Dalton, Sir Stafford Cripps and Mr. Hugh Gaitskell—did this. I wonder why. They held views on transport and

British Railways and created British Road Services. But they left this one alone.

I agree with my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) in what he says about this proposed tax. It is quite extraordinary to put a 50 per cent. increase on to goods vehicles when it must be in the Government's own interest to keep the cost of living down. This means in the long term and in the short term almost overnight an effect on the daily lives of the people.

As my right hon. Friend said, this involves £27 million on the cost of operating commercial vehicles in distribution over long distances and £8 million on commercial vehicles used by industry, both of which must be added to the 6d. increase on fuel tax totalling £60 million. The grand total reaches £95 million. That is bound to affect the cost of living. It has already done so, as we see from the newspapers today, for there has been a sharp increase.

These things cannot be blamed on 13 wasted years of Tory rule. They are the result of the Government's own actions. They got themselves into a hopeless muddle last October and November. I remind the Committee that Mr. Patrick Gordon Walker, when Foreign Secretary, went to the United States on 27th October, 12 days after polling day and said that there was no question of raising Bank Rate. Thus, the Tories can be absolved from that one. Subsequent events which have brought about this legislation are the result of actions which were the Government's own fault and built up in the first place on lack of confidence. They have done it although the Attlee Government avoided it.

Mr. Cyril Bence (Dunbartonshire, East): Oh.

Sir A. V. Harvey: The hon. Member for Dunbartonshire, East laughs, but these are not joking matters. There are four back benchers opposite present, apart from a Parliamentary Private Secretary. It is disgraceful that so few should be present when we are discussing taxation totalling £95 million, unlike the previous Clause which dealt with £1 million on motor cycles. That total of £95 million will affect the cost of living of every soul in the country.

[SIR A. V. HARVEY.]

However, we have got used to this Government making the wrong decisions on every possible occasion. This was reflected last week in the local government elections. They were far better results than I thought the Tories would get, although it was not because of what we had done but the result of the Government making the wrong decisions all the time.

Mr. Bence : The hon. Member referred to the fact that I laughed at something he said. I am always amused by the propaganda idea that, because a statesman or an official of the Treasury says that the Government have no intention of raising Bank Rate, therefore, in raising it, the Government do something wrong. It would be very stupid if one said on a Monday, "Next week we shall raise Bank Rate." That would be the last thing one should say.

Sir A. V. Harvey : The hon. Gentleman should look up what Mr. Gordon Walker said. What I am trying to show is that the Conservative Party cannot be blamed for this taxation. The onus is on the Government fairly and squarely. As my right hon. Friend said, this affects industry throughout. When raw materials are drawn from depot or factory they have to be conveyed to the plant. Sub-contractors have to collect the materials. They finish their share of the product, which is then sent back. The goods are assembled and go to the docks. This tax must affect the export price. In the long term, it will affect everything.

We know perfectly well why this has been done. It is because the Government think that in the long term they can drive traffic back to the railways. What a hope they have when the liner trains, which Dr. Beeching in conjunction with his officials has had manufactured and built, stand in the sidings because the workers will not use them. The Government should put first things first in their thinking.

The Minister of Transport (Mr. Tom Fraser) indicated dissent.

Sir A. V. Harvey : The Minister of Transport disagrees. Would he like to state the position about the liner trains and why they are not being used?

Mr. Fraser : It is because the Railways Board does not have the equipment. It does not have even the terminals, the cranes and other equipment to start the service.

Sir A. V. Harvey : I have been informed that the trains are waiting in the sidings. There seems to be something wrong with this policy. Can the Minister of Transport assure us that the trains will be used in the near future to move freight rapidly across the country? If for once we could see the Government putting first things first, they might make progress in these matters, but I fear the worst, that they will never learn.

Mr. Geoffrey Lloyd : I support my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) in his Amendment, and I should like to illustrate the argument from the viewpoint of industry, more particularly in Birmingham and the Midlands. In our view, this tax which has been imposed by the Government is motivated basically by political prejudice and hostility against the road transport industry, the industry that got away from being nationalised. The Government would like to take a running kick at it when they get the opportunity. I am not suggesting that the Government would do it if they did not have to raise revenue, but when it comes to where the weight shall be put they find it easy to put it on the industry which in the end they failed to nationalise.

I have been in touch with a good many firms in Birmingham about the effect of the tax on their costs. I have deliberately kept away from the road hauliers in this matter because they have again been chosen for a reference by the Government. I have, therefore, consulted firms which run large fleets of their own of various sizes.

In one small case, the addition to the company's costs will be about £2,500. For a bigger fleet, the extra cost comes up to £50,000-£60,000. In general, my information is that while this increased tax may be about a 2 per cent. increase in costs, since the Government have taken office, with the increased petrol tax and other items, the increased cost is about 5 per cent. This is a considerable amount. Nobody can laugh off an increase of 5 per cent. in transport costs.

I wish to emphasise the point made by my right hon. Friend in moving the Amendment about the integral part that transport now plays in modern industry. I can illustrate this very well from the Midlands, where I know of a big motor assembly plant where the radiators, for example, come from Coventry. It is no longer a case, as it was in the old days, of the radiators being brought from Coventry, stored in the motor factory and then put on to the production line. The transport of radiators is continuous so as to avoid tying up money unnecessarily in stocks. When I was shown round the factory, I was told that the roads between Coventry and Birmingham were part of its assembly line.

7.45 p.m.

That instance could be multiplied a hundred times in the Birmingham area, because from the viewpoint of motor car production and many other things the great strength of that area, which, incidentally, is a producer as well as a great user of lorries, is that it is a big engineering market. It is possible to go out and buy gearboxes and every other component in a highly competitive atmosphere. This involves frequent transport between different parts of the region. Therefore, when one adds up the 5 per cent. and notes the fact that on different components it enters many times into the cost of production of many of the more complicated final articles, one realises that this is a serious matter.

One other important matter affecting the Midlands in this respect is exports. The Midlands is obviously one of the greatest exporting and industrial areas of the country. A tremendous proportion of our exports goes by lorry, as my right hon. Friend and I found when investigating the great difficulties particularly in the London docks earlier this year. There is, therefore, a direct increase in the cost of our exports as a result of this increase in tax.

I should like finally to mention a point which may attract more sympathy on the benches opposite. We do not feel that hon. Members opposite are very sympathetic to our activities in the Midlands, an area which at the General Election did not give them a favourable result and which last week gave them an even less favourable one. Hon. Members opposite may, however, be more

interested in the effect of the tax on the development areas of the North.

As is well known, some of our big industries from the Midlands have moved up to the North, but they have found that the components have still to come from the Midland area, where they are primarily made, and the response of local manufacturers in the North who make components for the motor industry in the North has been disappointing.

It is reported in the Press only today that the cost to one large factory of transporting components from the Midlands to Scotland is as much as the wages of 5,000 men. Here again is an increase as a result of this tax on the development of an industry in the development areas which still depend upon the Midlands for components.

I therefore very much support my right hon. Friend in his Amendment. The increases in costs which I have mentioned so far have been those which fall upon the large operators of big commercial lorry fleets who, by reason of their size, are able intensively to utilise the commercial asset represented by their fleets. There are, however, other types of operators also. The relatively small operator performs a useful service because he does a specialised job which is extremely useful, but very often he cannot utilise his vehicles as intensively as the big fleet. On him an increase in overheads of this kind falls more heavily.

Mr. Bence: Some of the statements which I have heard tonight, particularly from the right hon. Member for Wolverhampton, South-West (Mr. Powell), about the Government doing their best to drive traffic back to the railways remind me of the 1920s, when the internal combustion engine was being evolved and when the vested railway interests did their best to frustrate it.

Mr. Gresham Cooke: The hon. Member is very old-fashioned.

Mr. Bence: That was what happened in the 1920s. The private railways did everything in their power to prevent the development of that dangerous competitor, a far greater competitor than the horse. I know what the motor industry had to struggle against in those years. This is an overhang by hon. Members opposite from those days of private

[Mr. BENCE.]

enterprise railways, when they frustrated as far as they could the evolution of the internal combustion engine.

I have always said that the internal combustion engine has done more to revolutionise human society than any other factor. It has given us fast air and motor transport. It has enabled people to move about the world to a degree which would never have been possible without it. Therefore, the internal combustion engine has been an attractive proposition, not only to people who wanted to travel, but to Chancellors of the Exchequer who wanted to raise funds from it because it was a successful industry. The first Chancellor of the Exchequer, I believe, to look on the motor car as a favourable source of revenue was the late Sir Winston Churchill, who imposed the road tax. The railway companies were at one with him. They agreed with him. Every director of the old L.M.S., L.N.E.R. and G.W.R. agreed with him. They said, "Make this industry pay for the roads as we have to pay for the railway track". This should not be laid at the door of a Labour Government. This was done by a Conservative Administration.

Mr. Geoffrey Wilson (Truro): I cannot allow the hon. Gentleman to get away with that. Is he not aware that the first concern to run a motor bus service in this country was the Great Western Railway, in Penzance?

Mr. Bence: I welcome that interjection. It ran from Penzance to some other place which I have forgotten. This was a private undertaking which many years ago—

Mr. Wilson: It was in 1903.

Mr. Bence:—believed in the co-ordination of road and rail. This is what the Government want to do today. But everybody is frustrating them. Other people want competition between road and rail. Unfortunately, there are forces in this country which resist the idea of co-ordination between road and rail.

The right hon. Member for Sutton Coldfield (Mr. Geoffrey Lloyd) mentioned that he had consulted various interests about the increases in the cost of transporting their products which would result from this increased tax-

tion. I, too, consulted some people whom I know who are involved in handling heavy loads of goods by road and rail. I am assured by three managers who should know their business that the heaviest factor in transporting the raw product from the shop to the machines in their factory is wharfage at the docks and handling in their own factory. The cost of moving their products from one point to another was less. They are using road transport. But I was told that the situation was the same on the railways; they got no advantage from using the railways. They still faced heavy handling charges at each end. The contention of one of them is that, although we have efficient means of transport by road and rail, we still lack the full expansion of handling devices at terminal points. He complains about handling on the docks. This is one of his heaviest costs.

All that we have heard about from hon. Members opposite is the impact of the costs between the two points. The right hon. Member for Sutton Coldfield, who comes from the industrial Midlands, will know how in that area all sorts of mechanical handling devices have been devised. No area in Great Britain has done so much work on mechanical handling as the Midlands. We are continually driving home to people who transport goods the fact that the greatest saving that they can make in transporting costs arises from handling at both ends of the journey.

Mr. Geoffrey Lloyd: I appreciate the hon. Gentleman's argument about the great importance of reducing handling costs. But that is no reason why the Government should arbitrarily increase taxes and thereby increase the costs of transport.

Mr. Bence: The Labour Party took over the government of this country in October. It inherited a situation left by a party which had been politically campaigning—

Sir A. V. Harvey: Oh.

Mr. Bence: The hon. Gentleman has had his fun.

Sir A. V. Harvey: Not fun.

Mr. Bence: We inherited a situation in which for 12 months there had been practically no solid administration or government of this country. The party in power

had been campaigning politically. The present Leader of the Opposition made it perfectly plain that everything that his party did was in the interests of winning the next election.

Sir A. V. Harvey: Would the hon. Gentleman say that for my right hon. Friend the Member for Bexley (Mr. Heath) last year to put through legislation abolishing resale price maintenance was a popular thing to do a few months before the election?

Mr. Bence: Yes. What was the matter with it? Hon. Members opposite supported it, and many of us on this side agreed with some of the principles of the abolition of resale price maintenance. However, that is irrelevant to the point I am making, which is that we inherited an external deficit of nearly £800 million. Something had to be done about it. Measures had to be taken. Pensions were increased and we had measures for the sick, injured, unemployed, and so on, and taxation had to be raised.

My right hon. Friend the Chancellor of the Exchequer, like Chancellors over the past 30 years, has gone for extra revenue to that industry which by its evolution, development and skill is best able to absorb increased taxation—the motor industry. I have been in the motor industry for a very great part of my life. I feel rather aggrieved that, because it is the most efficient industry and produces a splendid product which we can sell all over the world and which every country wants if it can get enough money to pay for it, the Chancellor of the Exchequer should say that it is a good industry from which he can raise funds. Chancellors of the Exchequer have been doing this since the 1920s. It is not unique for a Labour Chancellor to look at this industry as a source of revenue.

I do not like to see ever-increasing taxation levied on this industry, but it has been done. I have no interest in the industry now. I do not work in it, but I did for a great part of my life. I wish that the rest of the industries in this country were as efficient as the motor car industry. If they were as efficient in searching for markets abroad, perhaps we should not have had the £800 million external deficit which the Tory Party left us. It is because of that that the

Chancellor of the Exchequer has been forced again to raise more revenue from the most efficient industry in this country.

Mr. George Y. Mackie: I understand that we are also discussing Amendment No. 10, the purpose of which is to confine the duty increases to England and Wales. The Amendment has been tabled in the name of myself and other members of the Scottish Liberal Party. [HON. MEMBERS: "Where are they?"] They will be here. I assure the Committee that it has not been tabled out of spite or malice towards other hon. Members.

Mr. Webster: On a point of order. As there are no other members of the Liberal Party present, may I draw your attention, Sir Harry, to the fact that there are not 40 Members in the Chamber?

The Temporary Chairman (Sir Harry Legge-Bourke): I am afraid that the hon. Gentleman has chosen the wrong time to do that.

Mr. Mackie: I was saying that we bore no malice towards other hon. Members who are not fortunate enough to live in or to represent parts of Scotland. What we are trying to do is to get the Government to take a serious view of the development of regional communications and so on.

8.0 p.m.

The Government have many times said that the spread of industry over the country is their aim and that regional policy is one of the principal aims of their programme. I saw the President of the Board of Trade here a short time ago—he has now left—and he has frequently stated this to be the case. Here is a chance to initiate a practical experiment in regional policy. The Government cannot possibly expect industry to spread over the country unless there is some attraction to make industry go to various areas.

However, as the right hon. Member for Sutton Coldfield (Mr. Geoffrey Lloyd) said, the further an area is from the large centres and the markets, the greater is the effect on it of a 5 per cent. increase in costs. In my constituency, a 5 per cent. increase in value on goods exported or imported will not cover the cost of the tax increase, for that increase will

[MR. MACKIE.]
be infinitely greater by the time the goods have reached remote districts.

If the Government are serious in what they say about a regional policy of development, here is a splendid opportunity for them to apply it. Because Scotland is a country and not a region, it would be easy to have a differential system of taxation. It would be easy to check whether there were *bona fide* registrations and so on, and yet this would be extremely beneficial to Scotland where the economic conditions are far from needing deflation. Our unemployment figures, at more than 3 per cent., are more than double those for England.

Mr. Michael Alison (Barkston, Ash): Are you saying that the differential principle should apply—

The Chairman: Order. When an hon. Member addresses another hon. Member, he must do so through the Chair.

Mr. Alison: Is the hon. Gentleman proposing that the differential should relate to Scottish vehicles transporting Scottish goods to England, or should also apply to English vehicles transporting English goods to Scottish industry?

Mr. Mackie: The hon. Gentleman is making what he thinks to be a clever point. I am quite serious in saying that if vehicles in Scotland were relieved of this tax, that would be a considerable help to Scotland. I am proposing Scotland as an area in which it would be administratively easy to operate such a provision. This would be an experiment which could be extended to other areas once the Treasury had seen that it could be done in Scotland.

Mr. Bence: Does the hon. Gentleman know that insurance companies use this principle and that the insurance premium for the comprehensive cover of a car registered in Glasgow is higher than that for a car similarly insured in some out-of-the-way place in Lanarkshire, although it does not matter where the car is driven after it has been insured? The insurance companies operate the differential system all over the country.

Mr. Mackie: I thank the hon. Gentleman for that intervention. There is no need to convince me, however. If

he could convince his hon. and right hon. Friends that it could be done, I should be very grateful.

As I was saying, Scotland has a very high percentage of unemployment and something like the differential taxation is needed before we can get anything like the state of prosperity enjoyed in the South-East. When the Government are trying to deflate in the South-East, they cannot possibly apply the same provisions to Scotland where there is more than 3 per cent. unemployment. If they are serious about a regional policy and about using the resources of the whole country, an earnest of their good intentions would be to accept the Amendment.

Mr. Alison: I support the Amendment, because the Government are hitting hard in two directions in their proposal to raise the licence duty, particularly for commercial vehicles, and both the directions hit the public interest and not the private profit so often held in disrepute by the Labour Party.

The first direction is in the direct costs which will be imposed on commercial vehicle operators. My right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) has dealt fully and formidably with the indirect costs which are now likely to be imposed on our general industrial production. He quoted the figure of £95 million as a direct increase in industrial costs resulting from increased vehicle licence duties.

At this point I am thinking of the impact directly on the commercial vehicle operators. I speak with some concern, because one of the areas in my constituency is given over almost wholly in one aspect of its activities to many medium-sized and small firms operating commercial vehicles between the East Coast ports and the West Riding industrial cities, southern England and Scotland. This is the town of Selby.

What marks them is that, as free enterprise commercial vehicle operators, operating on extremely close and narrow profit margins in an industry which is extremely competitive, every addition to their costs makes the profit narrower. It is at least a pleasure to be able to say that there is a section of the economy which makes a profit, but the Bill will make it a great deal more difficult for these people to earn their profits.

What really gets them—and this will have the sympathy of the whole Committee—is the way in which the Government's policy of bringing proposed increases in charges and prices before the price review body serves to focus a kind of psychological enmity from the community as a whole upon people who have to raise their charges, particularly when those charges result from increases in Government costs which are the responsibility of the Government.

I should like rapidly to itemise some of the costs which have led the private road hauliers recently to propose a 5 per cent. increase in charges, an increase which they have voluntarily held over for at least a month pending the investigations of the price review body into the proposals, a deferment, I notice, which has not been in any way undertaken by the Road Haulage Wages Council in respect of its 6 per cent. wage increase which is to take effect from 9th June.

One of the items which come into the proposal to increase charges is fuel, where costs have risen at the direct behest of the Chancellor of the Exchequer. A gallon of fuel of the type used by many vehicle operators in my constituency has gone up from 4s. 2d. to 4s. 8d., an increase of 12 per cent., due to budgetary measures. This is a severe direct impost on operating costs which the Government have imposed. It hits the small man most, the small man who operates one or two vehicles—and there are several in Selby—who do not get rebates from the big oil companies from bulk buying. They are the boys who are hit hard, and yet this arises directly from the Government's measures.

As I said, the Road Haulage Wages Council has just given a 6 per cent. increase, the second increase in effect since 1964, taking account of the overtime arrangements which were made last year. This increase is to come into effect almost immediately, without the deferment to which the increased charges have been subjected.

There is also the item of the depreciation of the commercial vehicles, which is very sharp and heavy. A medium tonnage lorry lasts for probably five years—if the operator is lucky. The small operator has to replace vehicles largely by borrowing from the bank—paying 8 per cent. or 9 per cent. loan charges for the

replacement of vehicles, a process which must go on all the time in the interests of efficiency and safety.

Thus, we have fuel costs, wages and the Bank Rate directly affecting their depreciation costs. In addition, they have garages, depots, maintenance centres, and so on, to maintain. Local authority rates have risen with the result that the costs of these operators have been increased through no fault of their own. One has also to consider the National Insurance charge and superannuation costs which have increased as a result of the Government's budgetary policies. A firm now has to pay 12s. 11d. per man for National Insurance contributions. This is a lot of money for a small firm to have to pay. All these items are the ingredients of more than a 5 per cent. increase in costs, yet these firms are held up for public approbrium because they propose to increase their charges.

The responsibility for this state of affairs rests on the Government, and it is a very broad-minded, tolerant, and, indeed, noble, act on the part of the Road Haulage Association to propose that the increase of 5 per cent. should be deferred for a month, knowing full well that the wage increase is to be effective from 9th June.

The Government are hitting in two directions. This is a direct attack not only on the road haulier's industrial and commercial activities, but on the public interest, because, as other hon. Members have said, the private road haulier makes an essential contribution to exports. In my constituency, because of the existence of small, private, road hauliers, it is possible for an exporter in the West Riding to ring up a small man at 4.30 on a Saturday afternoon and tell him that he wants a truck load of goods delivered to Liverpool within 24 hours. That exporter will find somebody who is prepared to load up and do the job, yet he will not find a British Railways office open on a Saturday.

The contribution which the industry is making to exports and to the efficient mobility of the economy of this country is being attacked directly by the Government by the imposition of these costs. This is Government by nutcracker. Pressure is being applied from below because of the costs being imposed on the

[MR. ALISON.] industry by budgetary measures, and pressure being applied from above not to respond to that pressure by increasing charges to the public. This is essentially a squeeze. The result is that something will give in the end. In the case of road transport it will be a diminution in the efficiency of the service, or less attention will be paid to maintenance, or longer hours will be worked by the drivers. Something will give, and it will not be the fault of the private haulier if the service is reduced.

8.15 p.m.

Mr. Bruce-Gardyne : I have some sympathy with Amendment No. 10 in the name of the hon. Member for Caithness and Sutherland (Mr. George Y. Mackie), who has now left the Chamber.

Hon. Members : Where is he?

Mr. David Steel (Roxburgh, Selkirk and Peebles) : My hon. Friend has left the Chamber in order to get something to eat.

Mr. Bruce-Gardyne : I appreciate that the hon. Gentleman's appetite comes before the consideration of the serious matter which is before the Committee at the moment. I believe that it would be far better to devote attention to the Amendment moved by my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell)—

Hon. Members : Where is he?

Mr. Webster : The hon. Member for Caithness and Sutherland (Mr. George Y. Mackie) is feeding his face. My right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) is upstairs reading his speech in the HANSARD room.

Mr. Bruce-Gardyne : I am grateful to my hon. Friend for explaining the situation. I believe that Amendment No. 10 is really just a *jeu d'esprit*. The hon. Member for Caithness and Sutherland knows that it is impractical. I am all in favour of differential taxation, and I do not think that we have done enough about it, but the hon. Gentleman's proposal is impractical, and I am sure that he is aware of that. What is needed is an Amendment on the lines of that moved by my right hon. Friend the Member for Wolverhampton, South-West to get rid

of this flagrant attempt to discriminate against road transport in favour of the railways and rail freight.

When we were discussing the first of this series of impositions on the road transport industry last November, during the discussions on the autumn Budget, the Chief Secretary said:

"I take it as a great compliment to the Government that most hon. Gentlemen opposite have based their case on the assumption that we"—

that is the Government—

"should have done in 40 days what they should have done in over 4,000 days. It is natural that we should work ten times as fast; working a hundred times as fast is a little challenging—but we will do our best."—[OFFICIAL REPORT, 30th November, 1964; Vol. 703, c. 157.]

They are doing their best. They have increased the cost of petrol by 6d., and now we have had these two additional imposts. This is an example of their technique of working at speed, and we are all suffering for it.

As my right hon. Friend reminded us, the Chancellor, in proposing this swingeing increase in duty on commercial vehicles, justified it by the fact that the rate had not been increased since 1933. Naturally the right hon. Gentleman could not leave that alone. The Government have established something of a record for achieving the biggest increase in the cost of living in a month in the country's history. Obviously a rate that had been left unchanged since 1933 stuck out like a sore thumb. The Chancellor could not allow that contribution to the stability of the cost of living index to go unnoticed, and so the rate was doubled to bring it into line with the other increases for which the Government are responsible.

We have heard a certain amount today about the motives which lay behind that particular piece of taxation. I think that they were well summed up by the comments which the Road Haulage Association made when this impost was announced. It was quoted as saying:

"These rates are going to alter the whole basis of competition between the two forms of transport",

and that at a time when, as some of my hon. Friends have pointed out, the relationship between the two forms of transport was actively under consideration by the Government.

What concerns me most is the effect of this great increase in taxation on commercial vehicles in areas which are some distance from the main centres of industry, and where the impact of the impost is heaviest because the distance which they have to cover, whether it be by road or rail, in receiving their goods and in sending their products out, is greatest.

When the hon. Member for Dunbartonshire, East (Mr. Bence), who is also not with us now, rose, I hoped that we would at last have a contribution from that side of the Committee to draw attention to the effect of these measures on Scotland. We had nothing of the kind. The hon. Gentleman treated us to an interesting dissertation on the importance of such factors as wharfage and handling charges in the costing of industrial operations. They are two items in respect of which industry in Scotland and in England are more or less on a par.

What the hon. Gentleman failed to draw attention to was that industries in Scotland, and for that matter in the north of England, Northern Ireland, and other areas which are not covered by Amendment No. 10 face an inevitable disadvantage because of the high transport costs involved in getting their goods to market and in receiving their raw materials. I was interested, on looking back to previous years, to see that when my right hon. and learned Friend the Member for Wirral (Mr. Selwyn Lloyd) increased the vehicle excise duty from £12 10s. to £15 four years ago, the hon. Member for Edinburgh, East (Mr. Willis) who is now the Minister of State for Scotland, said that the tax would result "in increasing the transport charges in those areas"—

he was referring to the more outlying part of the United Kingdom, and he said:

"People who carry goods in lorries and vans for the tail end of the journey will add on the extra cost . . . the cost of living will go up even further and it will become increasingly difficult to maintain the population in those areas".—[OFFICIAL REPORT, 1st June, 1961; Vol. 641, c. 435.]

We have heard nothing from him today. We have not heard anything from him on this subject at any time since right hon. Gentlemen opposite came into power.

On that occasion the hon. Member referred to the tail end of the journey.

What concerns me is not merely the tail end but the whole journey. It is the cost of the whole journey which will be increased by this impost. As my right hon. Friend the Member for Wolverhampton, South-West reminded us, the amount of freight which, by any conceivable increase in the taxation of commercial vehicles, can be driven off the roads is extremely marginal.

I can cite an example in my constituency. Two years ago I made careful inquiries in order to discover the extent to which small, medium and medium-large firms were using the railways for their freight traffic. I discovered that they were virtually not using the railways at all—not out of any prejudice against them, and not even because of the cost differential, but because of the appalling service that they had experienced from the railways in the past. One such incident concerned a small consignment which took 21 days to cover 12 miles. That is the sort of thing that industry has had to live with, and which has led it to turn more and more to the roads.

By this tax the Chancellor of the Exchequer is imposing a severe additional burden on firms which use the road freight service, which gives them an efficient service, tailored to their requirements and not one, as in the case of the railways, which by bitter experience they have learnt that they cannot afford to rely upon.

The right hon. Member for Kilmarnock (Mr. Ross) who, needless to say, is not with us, said, when we were discussing the increase in the vehicle duty introduced by my right hon. and learned Friend the Member for Wirral, a few years ago:

"If the Government take action to deal with those parts of the country"—

that is, the South-East and the Midlands—

"in such a way as affects the whole country, they will worsen and exaggerate the position of places like North-East Scotland and Northern Ireland."

He also said that

"when they"—

that is, the then Government—

"take action it should not apply indiscriminately to all parts of the country . . . Scotland has been suffering from this sort

[MR. BRUCE-GARDYNE.]

of thing for the past eight years."—[OFFICIAL REPORT, 1st June, 1961; Vol. 641, c. 517-527.]

At least the right hon. Gentleman can reassure himself; the action which the Chancellor has taken on this occasion is not indiscriminate. It is highly discriminatory against areas like Scotland, where the distances that have to be covered by freight services are very much greater.

Once again we have heard nothing from the right hon. Gentleman on this subject. We wonder what he was doing when this proposition was brought up. Were he and his hon. Friends taking no part in these considerations?

Mr. David Steel: Will the hon. Gentleman tell us what the Secretary of State for Scotland in his party's Government was doing when the same measures were introduced by his Government?

Mr. Bruce-Gardyne: I would remind the hon. Member that there has been no increase in the commercial vehicle tax since 1933. Who was Secretary of State for Scotland in 1933 I am not able to recall. He may have been a member of the National Labour Party; I do not know. During the 13 years of Tory Government we never had an increase in this impost. However, no sooner had hon. Members opposite come into power than we got precisely that.

It is a great pity that the Chancellor, if he had to increase vehicle taxation generally, did not take a greater slice from the private motorist. Then he would not have been damaging the interests of industry in areas like Scotland and the North-East, to which a great deal of lip-service has been paid by hon. Members opposite in connection with regional planning and development. What we have had is a vast pyramid of planners and a whole series of measures, of which this is the most notorious, designed to make industrial development in Scotland, the North-East and Northern Ireland more difficult than it was before.

Mr. W. H. K. Baker (Banff): We have already had talk of some of the more remote areas of the country, and I also want to address my remarks to those parts, specifically in connection with the increase in vehicle duty. One body of people which has not been considered in

conjunction with these Amendments is the farmers. Those farmers who are in the more remote areas, and especially the small farmers, will be hit very badly by this impost, because, of necessity they have to import into their farms a great deal of merchandise.

Mr. Webster: Is it not a pity that there is nobody from the Ministry of Agriculture here to deal with this subject? [Interruption.]

The Chairman: I hope that the hon. Member will not continue his interruption across the Floor of the House. Further, I hope that hon. Members are not going to persist in the practice, which has begun in the last half hour, of calling attention to the absence of every hon. and right hon. Member, otherwise we shall not be able to discuss the Bill. May I also say to the hon. Member who has the Floor of the House at the moment that there are later Amendments on the Order Paper which deal with farmers. I hope he realises that.

Mr. Baker: Thank you, Doctor King, I do indeed. I would respectfully draw your attention to the fact that Amendments other than those which you have called refer to farming interests. There have been other imposts than those which we are discussing on the farmers. As my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) said, the majority of goods nowadays are transported by roads. The suspicion on this side of the House is quite definite that the emphasis seems to be on trying to move goods from the roads to the railways. In the areas which I have in mind, the more remote areas of the south-west of England, Wales and Scotland, there are no railways to carry these goods. If I may take one example, in Part 2 of Schedule 5, the rate of duty for haulage vehicles not being showmen's vehicles under two tons amounts to £45 per annum. That seems to me to be a great deal of money to expend on such things as trailers. I understand that under this Clause trailers towed by any vehicle will be charged via the vehicle at that rate.

I should like to return to farmers. In helping himself, the small farmer may wish to construct a small trailer—say 4 ft. 6 ins. by 7 ft. 6 ins. by 6 ft.—to

convey small quantities of goods either from his farm to the market or from a merchant to his farm. Equally, that farmer is entitled to put a caravan behind his car or Land Rover. He can move that caravan from Land's End to John o'Groats without paying a 1d. of tax on it. If he puts a commercial trailer on the back of his car to convey such goods as I have mentioned he has to pay £45. That is a tremendous impost on the smaller man. It does not matter whether he is a farmer, a bricklayer, or anybody else, if he has to pay that large amount it will affect the smaller man more than the big man.

8.30 p.m.

I mentioned that the Amendment standing in the name of the hon. Member for Caithness and Sutherland (Mr. George Y. Mackie) wishes to exclude the whole of Scotland. Nobody thinks it possible other than, frankly, a madman, that this sort of thing can be carried out. It is impossible from the point of view of administration to try to do this. I would draw the attention of the Chief Secretary to the differential taxations which the previous administration carried out, the Local Employment Act, for instance, and the special investment allowances for the development areas. If something were worked out on those lines, it would help not only the unemployment position in the remoter areas which I am talking about but would also cure what I might call that twin evil, depopulation—

Notice taken that 40 members were not present ;

Committee counted, and, 40 members being present—

8.34 p.m.

Mr. Baker: In conclusion, I would suggest to the Government Front Bench that they should bear in mind the principles which were elucidated in these two Measures and that they might be able to give some alleviation to those paying these increased imposts in the remoter areas, especially the development areas.

Mr. Daniel Awdry (Chippenham): The Chancellor chided us on Monday and said that there was a lack of sincerity in some of our Amendments and a lack of passion in some of our speeches.

If we do not use the extravagant language which the Paymaster-General employs, that does not mean that we do not feel strongly. I do not say that I hate the Chancellor's guts, but I do say that I think that the policies contained in this Clause will be disastrous. I ask the Financial Secretary to accept that I and my hon. Friends are entirely sincere in moving our Amendments.

I am glad that the Chancellor accepted in his speech on Monday that one should look at the two Budgets, the Budget of last November and the present one, together. I am sure that the Road Haulage Association and everyone interested in road haulage is bound to look at them together, because they have been hit so extremely hard in both. The Chancellor said on Monday that he was trying to achieve a balance in the two Budgets. It is no good trying to tell that to the road users. There has not been much balance for them—hit for £100 million in the first Budget and, in round figures, for £50 million in the second. No wonder the British Road Federation feels that it has been singled out for harsh and penal treatment. I agree with them.

I hope that the Financial Secretary will listen to the arguments which are deployed and marshalled from this side of the House. When I say "listen", I mean really listen, not as the First Secretary uses that word. I mean listen with an open mind, so that when he replies he tries to answer the arguments which we are putting forward. It may be that he will not accept my arguments. May I, therefore, remind him of what Lord Mitchison, then the hon. and learned Member for Kettering, said in 1961 when an increase in the rates of vehicles excise duties was being discussed. The hon. and learned Gentleman moved an Amendment, and the present Prime Minister took part in the debate. The hon. and learned Member for Kettering said:

"Looking at this as a piece of indirect taxation, surely it can be said that a tax on road transport, telling on both passenger and goods transport, is bad in principle and is likely to have a bad effect out of proportion to the revenue-raising factor in it, which we would all agree the Chancellor has to consider. . . . It is unlikely to have a deterrent effect. It will simply impose additional charges on those who use transport and who need the goods which are brought to them by road transport."—[OFFICIAL REPORT, 1st June, 1961 ; Vol. 641, c. 430-31.]

[MR. AWDRY.]

He could not have put the argument better which we are using tonight. The tax which the Chancellor is imposing will not have a deterrent effect. It will not drive transport off the roads. This point has been made time and again from this side of the Committee. It will not drive transport off the road and on to the rail. We all know that rail may well be helpful for long haulage journeys but that most of the journeys are short hauls, and the tax will not have the effect of driving these goods back on to the rail.

I expect that the debate will go on for a long time. Indeed, I hope that it does, because the amount of money which we are discussing in the Amendment is enormous. If this Finance Bill is ever passed—and I express the hope that it never will be passed—motor taxation in this country will produce over £800 million a year, or well over one-tenth of all the total revenue received by the Government. Out of that enormous total of £800 million, £275 million will be from goods vehicles if the Bill is passed.

I very much object to the timing of the Measure, coming, as it does, before the Report of the Geddes Committee, a point which has been well made by my hon. Friends. The most detailed evidence was produced to that Committee by the Ministry of Transport. I am delighted to see that the Parliamentary Secretary is here to listen to me make this point. The Ministry tried to discover the total cost of roads. In their evidence they said that for 1962 the total cost of the roads, including capital, maintenance, lighting administration, policing and everything else, was about £340 million. They tried to assess how much of that was fairly attributable to goods vehicles, and they came to the conclusion that in 1962 it was £130 million.

If this tax is passed, goods vehicles will contribute about £270 million a year, as my right hon. Friend said in his brilliant speech, or about twice as much as they actually cost the roads. These are enormous figures, and I hope that when he replies the Financial Secretary will address his mind to these specific arguments.

The Clause will have an enormous effect on the cost of living. All our constituents are horrified about it, and if

hon. Members opposite are not, then they have not yet awakened to the effect which the tax will have on the cost of living, and they should ask some of the Labour candidates in the recent municipal election. If one wanted seriously to harm the First Secretary's incomes policy and wanted to pick out a single measure which would do most harm, then adding 50 per cent. to the tax on one of the basic industries of the country is what one would do. That is what the Chancellor will do unless we can save him from his own foolishness. In the Election campaign last year we said that Socialism would mean higher taxes and a higher cost of living. Unfortunately, that has come true more quickly than we feared. I hope that there is still time for the Chancellor to think again about this taxation. We shall think a great deal more of him if he does so. I say that this is a bad tax, and I ask the Committee to reject it.

Mr. Peter Mills (Torrington): I support the Amendment because the extra tax on goods vehicles is, to say the least, a savage increase and one which the Government will regret in the years ahead. Transport contractors in my constituency are up in arms about it. I should not like to repeat what my predecessor, Percy Brown, who is a haulage contractor, is saying about it.

Those of us who live in the South-West depend on road transport. As parts of the railways system disappear we are depending on it more and more. I am glad to see the Joint Parliamentary Secretary to the Ministry of Transport in his place and I hope that he will pass these remarks on to his right hon. Friend. He must be aware of the difficulties which we in the West Country face. As the railways close, so more of our produce must go by road. This is bound to increase road transport costs.

North Devon is a development district which has been establishing new industries, for many of which road transport is the only transport available. The increase is bound to affect these newly-established industries, and I fear that it will mean a setback for the efforts that have been made in the area to establish new employment. I have no doubt that people in the area—many of whom have known unemployment for some time—will suffer

and will remember that it was a Socialist Government who imposed these increases.

Has the Chancellor considered the extra cost that this will mean on the road building programme? We want to see the programme continued and extended, but I fear that costs are bound to rise. Cement, tarmacadam and all the other materials which are transported by road are bound to cost more.

Adequate communications are essential to a district like the one which I represent and that is why this savage increase will cause a real setback, not only for north Devon and other development districts but also for the road building programme. I support the Amendment and hope that the Chancellor will realise in time that this increase will adversely affect a large number of people in my constituency.

Mr. George Younger (Ayr): I hope that the Financial Secretary, who has been listening patiently for a considerable time today to the excellent points which my hon. Friends have been making, appreciates that we are trying to save him from himself and the Government from themselves. I assure the hon. and learned Gentleman that if this provision is passed in its present form it will not be regarded as a little piece of taxation which went easily and quietly through the Committee and which can be forgotten. People throughout the country will realise that it was a piece of Government legislation and that they must suffer from the evil effects of this imposition as well as others in the Bill.

There are four reasons why I hope that the Financial Secretary will bring home to the Chancellor the excellence of the points which have been made from this side of the Committee. First, as my hon. Friend the Member for Torrington (Mr. Peter Mills) said, we are discussing a major increase and nobody can make out that it is a minor or inconsiderable one.

One hon. Gentleman opposite thought that the increase in the duty on motor cycles of 100 per cent. was modest. If an increase of 100 per cent. was very modest, I suppose that this increase of only 50 per cent. is positively infinitesimal in the Government's view. The fact is, of course, that it is a very major increase. We do not appreciate that fact

only by looking at the figures of increase for a given vehicle this year and in the future. A very great increase results from the way in which this provision is already being implemented. I hope that the Financial Secretary will look at the very difficult point I am about to relate.

8.45 p.m.

It used to be the case that if a vehicle had its unladen weight altered during a year in which it was registered—as can happen for many reasons—the extra duty payable was calculated by charging the appropriate proportion of the duty that the extra weight would attract. That seems to be a perfectly reasonable method. Since the new increase in duty has been introduced, a different method is being used. Let us assume that a vehicle was registered in March of this year and has had its unladen weight upgraded in May. In such a case, ten-twelfths—that is, the remaining portion of the year—of the total charge is payable at the new rate less ten-twelfths of the total charged at the old rate. It does not require a mathematical expert to appreciate that this is a very much more disadvantageous way of calculating the charge than simply to take the difference in weight as a proportion of the whole.

Let us take the example of a vehicle weighing 8 tons 4 cwt. licensed in March, 1965, with duty payable at that time of £162. The weight is revised to 8 tons 9 cwt. in May—two months later. The new rate of duty for the vehicle will be £252—from £162 to £252 for an addition of only 5 cwt. in unladen weight. By the new method of calculation there will be an increased charge of £75 for the extra 5 cwt., whereas, by the old method, the increase would have been only about £9 or, possibly, £7 10s. This means that the vehicle owners are losing out both ways—both by the increase in the duty and by the new method of calculation. I could not possibly expect the Financial Secretary to go into all this detail on the spot, but I hope that he will at least undertake to look at this point, which is causing the haulage contractors great concern.

My second reason for suggesting that the Amendment should be accepted has been made so often and so well that I will

[MR. YOUNGER.]
not dwell on it. It is that these new charges will affect everything. There is not a production officer, manufacturer, distributor or retailer who is not now poring over his books and worrying as to where he will find the money to meet these extra charges. This will affect every part of the country.

The third reason concerns me even more, of course, and I was very glad to hear it raised by several of my hon. Friends. This increase, by its very nature, will affect most hardly those parts of the country least able to bear it. I wonder whether the Financial Secretary or the Chancellor of the Exchequer has consulted those of his colleagues responsible for looking after those areas. Has he consulted the Secretary of State for Scotland? Has he consulted the Secretary of State for Wales? Has he consulted them fully, and has he their full approval for this increase? These extra charges may be painful in places like Birmingham, Manchester, Wolverhampton, Hull, Newcastle and Winchester, but in the remoter areas everything in life has to be brought by lorry for 50, 60, 80 or 100 miles along a winding road—everything from milk to newspapers, groceries, and the mail.

Mr. Emrys Hughes : Beer.

Mr. Younger : Yes, and I might add whisky as well. Everything that keeps life going in these remote areas has to be transported by these vehicles on which this extra tax has to be paid. That means that the cost to the communities, who already find that their purchases cost them more than in this part of the country, will be even greater in the future.

A moment ago I was asking the Financial Secretary whether he had consulted his colleagues. I wonder whether the Ministers concerned have consulted the First Secretary. He has been tramping round the country for seven or eight months talking about regional development and economic planning. We are to have everything planned logically and sensibly according to the right principles. But here we have him allowing his colleagues in the Cabinet to impose something which acts directly against the interests of those places in the country which are least able to bear the cost. I wonder whether there has been yet

another Cabinet row and whether the First Secretary has lost this round.

For these four reasons I suggest that if there is, as I am sure there is, a genuine spirit on both sides of the Committee to think carefully about this and to take full account of what is said in these debates, the Financial Secretary and the Chancellor should seriously consider accepting this excellent Amendment, no matter how difficult it may be for them.

Mr. Gresham Cooke : Plenty of evidence and a mass of detail has been given tonight to the Chancellor to give him pause and to show him the trouble that he is piling up for himself and his colleagues. Even his own back benchers are getting a little impatient.

I should like to give him two more details to indicate where this is going to pinch on the taxpayer. Take the case of a 10-ton lorry on which an extra £2 a week has to be paid, so that for every hour it works during the week someone has to find 9d. or 1s. As the hon. Member for Dunbartonshire, East (Mr. Bence) knows, in a big factory in the Midlands or in the south of England there can be 1,000 movements of lorries a day in and out.

In addition to the extra vehicle tax, there is the petrol duty. A lorry may run six or eight miles to the gallon and the owner may have to find an extra 1d. for every mile. Therefore, every time one of these lorries passes the factory gates this extra impost has to be paid to the Chancellor. Every time it passes the factory gates to the place in the factory where it loads or unloads a few pence or even 1s. has to be paid to the Chancellor.

Let us take the case of a firm of wholesalers or retailers with 200 smaller vehicles, perhaps 3-tonners. I calculate that such a firm would have to find an extra £4,600 a year for those 200 vehicles. When the First Secretary reads the report of this debate tomorrow and finds out what the Chancellor has landed him in for, he will have all the Treasury boys up in his study and "give them what for", because it is perfectly obvious that costs in industry and commerce generally will rise. Not only is the Chancellor annoying the First Secretary of State, but he must be infuriating the Minister of

Transport because here is the Minister reading through his report at this moment, waiting to publish, waiting to give to the nation a considered plan for transport and the Chancellor of the Exchequer has anticipated him by putting an extra tax on transport, of which no account has been taken at all.

I am afraid that the Chancellor of the Exchequer is not annoying only his Cabinet colleagues. He is annoying the whole road haulage industry. Every trader who owns a C-licence vehicle—and there are tens of hundreds of thousands of them—knows that he will be affected. The right hon. Gentleman is annoying the whole of the public, because as a result of his action the cost of living will not go up 2 per cent., as it has done this month; it will go up by another 2 to 3 per cent. within a very short time.

Mr. Geoffrey Wilson: I am pleased to be able to support the Amendment moved by my right hon. Friend (Mr. Powell) and to follow the speech of my hon. Friend the Member for Twickenham (Mr. Gresham Cooke). I was absent from this Chamber during the greater part of the debate on the previous Amendment. I returned in time to hear one hon. Member opposite complain that hon. Members on this side of the House were making party points. I am not quite sure what the relevance of that point was. I should have thought that, as we represent constituencies, it was part of our duty to make party points. I want to make a party point relevant to this Amendment. I was absent from the Chamber, with a number of other West Country Members, listening upstairs in the Committee rooms to the authors of the South-West Development Plan explaining their findings.

That Report was produced at the instigation of six local authorities with support, not only of the previous Government, but of the present Government as well. The Report drew attention to a proposed point in connection with the South-West. One of the points was that we had an age structural imbalance and the population on the whole was 4 per cent. older than in other parts of the country. It was also said that the population was less dense and that the income was lower. Time and time again throughout the Report it came back to the point

that the reason for these discrepancies and differences in the South-West was insufficiency of transport. The hon. Member for Dunbartonshire, East (Mr. Bence), whose speech I listened to with great amazement, made a number of points that did not seem to have any relevance in the least, but he made one point which seemed to have some relevance to this Motion. He pointed out that the transport cost which had fallen on industry arose at the terminals. That is true, maybe, of haulage in connection with a manufacturing industry. But it is not true to any substantial extent with regard to a C-licence vehicle carrying its owner's goods.

We in the South-West, and this point has been made in connection with other areas, suffer particularly because any increase in transport charges is multiplied. That is because of our distance from other areas. For instance, the rise in petrol tax affects us more than it affects the agricultural growers in Kent, because our hauliers carrying horticultural produce from the South-West are travelling much longer distances. The effect is felt also in another way because a large number of goods are going in owner's vehicles. The owners who are exporting our horticultural produce, to a large extent, fish and china clay, do so by road in C-licence vehicles. I have always thought that the last mentioned traffic would be more suitable by rail, but I believe the explanation for that is that the potteries and the other industries which need china clay, because there are many other industries besides the potteries which use it, may have to put up with some delay on the part of the railway and prefer it to be delivered by lorry. That may be, but the point is that when we are dealing with long distances these charges fall very heavily on hauliers.

9.0 p.m.

There is the petrol tax to begin with and then we have this charge on top of it. They fall heavily more especially on owners and those who are dealing with commodities which are not high-priced. China clay is a cheap material. Not much profit is made out of fish, and certainly not out of horticulture unless one is lucky. These charges, therefore, fall heavily on certain areas one of which is the South-West. It seems to me extraordinary that, at a time when this Report has just been

[MR. WILSON.]

issued and has pointed out that one of our difficulties is lack of transport, we are now to face an inevitably heavier charge on transport which will not do us any good. It is for these reasons that I am pleased to support the Amendment.

Mr. MacDermot: We have had a very full debate on this subject, with many speeches from hon. Members, and as I think that I am seized of most of the arguments which have been deployed in support of the Amendments it might be helpful to the Committee if I were to state our position on them. The Amendments deal with the proposal to raise the Excise Duty on goods vehicles by 50 per cent. I would point out at once that the Opposition Amendment, moved by the right hon. Member for Wolverhampton, South-West (Mr. Powell), would exempt these vehicles from any increase at all whilst increases would be imposed on other vehicles.

The first and major question which I have been asked is why the Chancellor should have chosen, as it is put, to impose the burden of this taxation upon industry and on goods vehicles in general. As my right hon. Friend pointed out in his Budget speech, the simple fact is that since the 1933 rate of duty was fixed this duty on commercial vehicles has only risen in money terms by 20 per cent. I think that some hon. Members opposite were carried away in their enthusiasm and they thought that there had been no increase since 1933. They are of course wrong about that. Goods vehicles were included, along with all vehicles with the exception of buses, in the 20 per cent. increase made by the right hon. and learned Member for Wirral (Mr. Selwyn Lloyd) in 1961.

This means that this duty in real terms has fallen very substantially since 1933. As the right hon. Member for Wolverhampton, South-West pointed out, we assume for the purposes of this debate that it is necessary for my right hon. Friend to raise extra taxation and indeed in the Budget debate I do not think that this was seriously challenged. When my right hon. Friend is looking round for some means by which to raise extra taxation it is only right that his eye should fall upon a duty which in real terms has fallen very substantially compared with

its pre-war level. If in those circumstances he failed to raise that duty one could almost say that preferential treatment was being given to that field compared with other fields of taxation.

I should make clear at the outset that the fears which have been expressed by hon. Members opposite—with what depth of conviction they are held I do not know—are quite misplaced. It is not my right hon. Friend's intention by this taxation to impose any deterrent effect upon road transport. He is not seeking by means of this increase to drive goods back on to the railways. I think that that was the suggestion of the hon. Member for Chippenham (Mr. Awdry), who, I am sorry to see, is not still with us in the Chamber. Nor was my right hon. Friend moved by any reflections upon the other fallacy, so called by the right hon. Member for Wolverhampton, South-West, namely, a belief that more public expenditure is being paid out on the roads than is being received back by way of taxation on road transport.

I do not wish to be involved in argument on that contentious issue, but, looking at this matter from a fiscal point of view, I do not suppose that any hon. Member would wish to revive the error of the Road Fund licence approach. We do not look to a particular sector of taxation and try to hypothecate that and earmark it for a particular use or purpose. It would be about as logical to try to strike a balance between taxation on road use and public expenditure on roads as it would be to strike a balance between taxation on beer and the cost of building State-owned public houses or between the tax on cigarettes and expenditure on tobacco plantations or on what, in the nineteenth century, used to be called, I think, cigar divans. One has only to state these things to see that they are ludicrous. They are ludicrous also as a basis for argument when one has to consider what is the right level of taxation on motor vehicles.

We did not hear much argument on these Amendments addressed to the comparative treatment of goods vehicles and private cars. We heard rather more about that on the previous Amendment. I think it was the hon. Member for South Angus (Mr. Bruce-Gardyne) who suggested that the Chancellor would have

done better not to impose this increase on goods vehicles but, rather, to put what would, of course, have been much stiffer increases on private cars. On the last Amendment, I gave the reasons why the Chancellor, on this occasion, made a modest increase in respect of private cars. Clearly, if we are to succeed, as we hope we shall, in devising a satisfactory differential system for private cars, it would be wrong to precede that by putting on a substantial flat-rate increase which would bear hardly and, perhaps, unfairly upon the owners of small cars.

Most of the arguments in the debate have been directed to the supposed or real economic effects of the increase. The right hon. Member for Sutton Coldfield (Mr. Geoffrey Lloyd) was the first to raise specifically the question of the effect on operating costs. I have here a fascinating table of what are the believed increases in operating costs in respect of vehicles of various weights. I shall not weary the Committee by giving them in full, but here are some examples. On the lightest vehicles, that is, vehicles up to one ton, the effect of the increase is just over 1½d. per ton-mile. At the other end of the scale, on the heaviest type, that is, vehicles over 5 tons, the increase will be just under one-tenth of a penny per ton-mile.

Although the increase on the lighter vehicles will be more than 15 times as much as the increase for the heavier vehicles, viewed in percentage terms it is the other way round. The larger increase on the lighter vehicles represents a 2 per cent. increase while the very much smaller actual increase for heavier vehicles represents a 4 per cent. increase.

Mr. Temple: On what mileage per annum is the hon. and learned Gentleman basing his figures both for light and heavy vehicles?

Mr. MacDermot: I have not with me the figures on which they are based. If the hon. Gentleman would like further particulars perhaps he will write to me about the information he wants and I will try to supply it. It would, of course, be worked out on assumed averages—I do not know the basis of calculation—on the mileage of the different classes of vehicles. These figures illustrate vividly the reason why it is right to have a

graduated rate of duty and to impose such very much higher rates of duty upon heavier than upon lighter vehicles.

Another point, also raised by the right hon. Member for Sutton Coldfield, concerned the suggestion that this would operate heavily upon export costs. The duty, of course, enters into the calculation of the export rebate and therefore these increases will qualify in due course for a revision of the rebate. The adjustment will not be made at once but after some time has elapsed and is allowed for renewal of licences.

Of course, the effects generally on costs will vary from industry to industry, depending upon the extent to which road transport is used. Putting the matter into perspective and looking at this as a percentage of the gross costs of industry as a whole, it will represent an increase of .1 per cent. on total costs—less than one farthing in the £. Although the duty will impose an additional burden I hope that the figures I have given will help the Committee to get the increases into perspective.

The hon. Member for Caithness and Sutherland (Mr. George Y. Mackie), on behalf of the Scottish Liberal Members, urged that we should use this duty as a means of giving help and preferential treatment to regions which it is accepted are candidates for economic assistance. The simple question here is whether the Liberal proposal in Amendment No. 10 is practical as a way of achieving its object. I must advise the Committee that it is not because it would be so open to abuse, avoidance and evasion.

Presumably, the intention would be to help industry and hauliers in the area concerned—Scotland, in the case of the Liberal Amendment. But, of course, it would be possible for any one who had business connections with Scotland to register his vehicles there. Indeed, one can see that for any person with a substantial fleet of vehicles it would be well worth while to manufacturer some Scottish connection which could provide an excuse for obtaining Scottish registration.

9.15 p.m.

Mr. George Y. Mackie: I do not think that the verification of registrations in Scotland would be beyond the ingenuity of the Civil Service, which has produced, for instance, this year's Bill. The hon.

[**MR. MACKIE.**]
and learned Gentleman will never know until he tries it. If the Government are serious about regional development and regional preference in any way, they must start somewhere. That was why we put down our Amendment.

Mr. MacDermot: The hon. Member is arguing his case again. I thought that he was intervening for further clarification. He suggests that policing would be an easy matter. The answer is that it would not. I do not know where the hon. Member envisages instituting a check system, whether on the Border, within Scotland or elsewhere. It would require an elaborate policing system and arrangement which, to be effective, would be extremely wasteful in manpower, time and cost. Presumably, if this policy were to be adopted, there would be pressure for it also to be extended to private cars, with a similar field for abuse in that direction also.

Another objection is that as a matter of general approach it is not our policy, and it has not been the policy of any Government, to try to exempt regions from particular taxes. The attempt to start it here would be a bad precedent.

Mr. Mackie: Surely, companies in development districts are allowed to write off their plant. If that is not differential taxation, I do not know what is.

Mr. MacDermot: That is a different matter. In that case, there are special reliefs to encourage industry to go to different areas.

The Amendment proposes this special exemption only for Scotland. A number of other hon. Members, however, speaking for different regions, have said that if the principle were accepted, it could be extended to the South-West, the North-East and to other areas which have been suggested. The simple answer to all these points is that this is neither a desirable nor a particularly effective way of trying to help particular regions. The Government have done a great deal to help the less prosperous areas and as my right hon. Friend the First Secretary made clear in his speech on the Budget on 7th April, further measures are being considered.

In the Budget, my right hon. Friend the Chancellor announced the scheme for allowing 50 per cent. long-term borrowing

from the Public Works Loan Board for particular areas needing assistance. The Scottish Planning Board is making its study of the Highlands, the area in which the hon. Member for Caithness and Sutherland is particularly concerned, and its report is expected soon. The Government have introduced the Highland Development Bill, which is going through its various stages, for the setting up of the Highland Development Board.

Mr. Bruce-Gardyne: Would not the hon. and learned Gentleman agree that the Chancellor's decision to allow local authorities 50 per cent. access to the Public Works Loan Board was made necessary by the Government's own credit squeeze and that it is, therefore, hardly a concession to regional development?

Mr. MacDermot: Whatever made it necessary, it is a concession. The increase in these duties is made necessary by the need to reduce the pressure of demand. What we are being asked to do is to make a special concession. I am explaining that in one case the aid can be given in a form in which we would be sure that it reached and helped those who really needed to be helped, would be easy to administer and would not be open to abuse. That does not apply to the Amendments.

A detailed point was put to me by the hon. Member for Ayr (Mr. Younger) in connection with the position when the vehicle becomes liable for a higher rate of duty on an increase in weight. He asked me to look into the question. I will certainly do so. I will study carefully what he said and see whether there is any basis for changing the system. But I understand that there is nothing new in the system proposed in the Bill. The system of which he complained and which I do not pretend fully to understand as yet is one which we have inherited and which was laid down by a previous Act. I will look into what the hon. Member said without giving any undertaking or making any promises.

To sum up, I reject the suggestion that these duties have been in any way motivated by political prejudice. They are proposed by my right hon. Friend solely for the reason that he needs to raise extra duty, that here is a field where the real value of the duty has fallen very substantially and the burden of it will

not fall heavily and severely on some limited class but will be spread very generally throughout the level of taxpayers.

May I deal with the argument of hon. Members to the effect that this increase will go into prices and will cover the whole field of the cost of living. First, I am not as pessimistic as they are about the capacity of industry to absorb increases in greater efficiency. Secondly, their own argument shows that this burden will be spread very widely and therefore, I suggest, very fairly throughout the community. For these reasons, I advise the Committee to reject the Amendments.

Mr. Galbraith: This increase in the vehicle excise duty which we are seeking to amend is, like a great many of the Chancellor's ideas, somewhat half-baked and does not fit in with the other aspects of the Government's policy. This may well be intentional on the part of the right hon. Gentleman. I am sorry that he is not here, but he is a bit of a dark horse. He started very far behind the First Secretary, who took over a large section of what had previously been under the control of former Chancellors of the Exchequer. The Chancellor of the Exchequer may be catching up somewhat, because these licence proposals of his, coupled with the earlier petrol tax increase, will make it almost impossible for the First Secretary to achieve his incomes policy, as was pointed out by my hon. Friend the Member for Chippenham (Mr. Awdry).

The First Secretary is in the unfortunate position of being like a man trying to repair a millstream while the Chancellor of the Exchequer insists on keeping the sluice gates wide open. My hon. Friend the Member for Barkston Ash (Mr. Alison) pointed out that the Road Haulage Association has, very public-spiritedly, responded to the First Secretary's request to advise its members to delay the proposed increase in charges for another month. But as the Chancellor of the Exchequer's tax policy in his Budget imposes an extra £35 million a year in addition to the extra £60 million a year which the 6d. petrol tax imposed on basic production costs, it is unlikely that even the most well-disposed organisation will be able to retard the economic effects of the Chancellor's

policy, and therefore the First Secretary's policy will not succeed. The policy of the Chancellor of the Exchequer is clearly increasing costs and will stimulate inflation and make the task of everybody concerned with the competitive efficiency of British industry that much more difficult.

Of course it is not only the incomes policy which is prejudiced, nor the competitive position of British industry which alone will suffer. We on this side of the Committee believe not only that this charge is unnecessary but that it will tend to put in jeopardy, and certainly make much more difficult, the success of the policy of the distribution of industry, as was pointed out by my right hon. Friend the Member for Sutton Coldfield (Mr. Geoffrey Lloyd).

I did not hear my right hon. Friend's speech, but we probably read the same account in the Press. I noticed the outcry, not from Conservatives but from the unions at the new B.M.C. factory at Bathgate, against the costs of motor car components which come from the Midlands and thereby have to bear a very heavy transport charge. According to these men, the cost of transport is seriously jeopardising the development prospects of the motor car industry in Scotland which the late Government encouraged to come to Scotland and whose advent there created a new spirit, until recently, of hope and change.

I appreciate that again this is a matter in which the First Secretary is more interested than the Chancellor of the Exchequer and that, because of the competitive position between the two, he may not be inclined to be helpful about it. However, on behalf of the Chancellor of the Exchequer the Financial Secretary should remember that it is a Socialist majority in Scotland which is keeping him in his present position and that, when the time comes to vote, his action and that of his right hon. Friend in making it harder for firms at the periphery to take root and grow will not easily be forgotten. Nor will the fact that the present Secretary of State for Scotland has allowed this proposal to go through the Cabinet.

The second defect in this tax—the Chancellor has just returned; I have been slightly critical of him—

Mr. Callaghan: I was listening.

Mr. Galbraith: I should not like the right hon. Gentleman to think that I was saying it in his absence.

Mr. Callaghan: I heard the hon. Gentleman say that it was a Scottish majority which was keeping us in power, but my reflection was that it was a Welsh majority which was keeping us in power.

Mr. Galbraith: It is the majority at the periphery which will not be particularly pleased with what the Chancellor is doing.

The second defect in this increase in vehicle licence duty is that it looks as though the Government are prejudicing the recommendations of the Geddes Committee. Hon. Members will be aware that the proceedings of the Geddes Committee have already given rise to an acute division of opinion about whether road haulage vehicles pay their full share of providing the extra cost of the heavy roads which they require. Speaking for the railways, Dr. Beeching maintained that the road haulage vehicles did not pay enough and were being subsidised by the taxpayer, but the industry, with some backing from the evidence of the Ministry of Transport to the Geddes Committee—and I am glad that the Parliamentary Secretary is here—takes an entirely different view from that of Dr. Beeching and maintaining that it is paying more than its share of what it costs to provide these roads.

I had believed that it was in order to resolve this problem that Lord Hinton was appointed to the Ministry of Transport. We are awaiting his report, even though it will be a secret report, before the Government decide what to do. By putting on this increase, the Government have prevented hon. Members from having the opportunity to discuss what Lord Hinton proposes. In these circumstances, it is utterly wrong to increase the incidence of taxation in a way which is prejudicial to the road haulage industry.

In spite of what the Financial Secretary said about his motives being entirely appropriate and above board—and I have no doubt that his motives are—I have grave doubts about the Minister of Transport who has given grounds for suspecting with considerable reason that what he

and many Government supporters want to do is to keep the railways just as they are at any price, just as they are determined to keep the coal mines just as they are at any price. It is all, apparently, part of what they regard as modernisation. As the party sprang into existence in Victorian times, I suppose hon. Gentlemen opposite think that what existed in those times is best.

9.30 p.m.

A third defect in this tax is that it is quite clear that the Chancellor of the Exchequer regards the travelling public as a kind of dripping roast that he can squeeze indefinitely, and as much as he wants. On the whole people do not mind paying taxes if they get something in return, but what is intolerable about this tax is that when there has already been a great increase in the Petrol Tax, a vastly increased amount of money which is being taken from the motoring public is not being balanced in any way by a Government promise to increase the road programme. In fact, the very opposite. Although hon. Gentlemen opposite said at the election that they would do this, the Parliamentary Secretary to the Ministry of Transport, not the one in this House, but the one in another place, has said that there will be no increase in the road programme, so there is another election promise gone, and another hope for modernisation damped down.

The only possible justification for this vast increase—one-quarter of the extra money raised in the Budget—would be if the Government were to show that they realised the magnitude of the urban transport problems that are crowding in on them, and as a corollary to this increased tax initiated a new programme for urban road development by spending some of this money—not, as the Financial Secretary suggested, all of it. He said that we do not want to go back to the concept of a road fund, and I agree, but I believe that it is wrong to take all this money and show nothing in return.

We are determined to vote for the Amendment. The tax is a thoroughly bad one. It will increase costs, and it will increase inflation. It jumps the gun before the Geddes Committee has reported, and it offers no hope that any of the money will find its way into improving urban roads. I hope that the

car-travelling public, and that means almost everybody in the country, will now realise how old-fashioned and anti-motorist the Socialist Party is, and that they will vote against them at the next election to which we shall soon come, in the way that we intend to vote tonight.

Mr. David Steel: I apologise for rising to speak after the two Front Benches have indicated that they wish the debate to be brought to a close, but we have had a most unsatisfactory answer from the Minister on the Liberal Amendment No. 10, which proposes that Scotland be exempt from the increases in vehicle licences and I wish to speak further to this point.

It was interesting to note that the hon. and learned Gentleman did not contest the principle of what we were arguing. He said that it was impracticable. I do not believe that he has studied this at all, because at the moment it is impossible to register a vehicle outside the area in which it is normally kept. One has to register it within the local authority area in which the vehicle is ordinarily kept, and I do not for a moment accept that it would be impossible to introduce a different lower rate of vehicle tax in Scotland from that in England.

I draw the hon. and learned Gentleman's attention to what happens with dog licences. He may not be aware of the fact that while the dog licence rate is the same both north and south of the Border, in Scotland the revenue from dog licences goes to the Treasury, while in England it is retained by the local authorities, and I am not aware of any mass infiltration south of the Border by Scottish dogs to avoid payment to the Treasury. If a distinction can be drawn between the allocation of revenue in Scotland and England, it is not impossible to draw a distinction in the level of a rate of duty such as this which is already administered by clearly defined local authorities north and south of the Border, and which would require very little machinery to implement.

Much has been said about the rise in freight costs and passenger transport costs. I want to make another point. The Liberal Party Amendment covers private vehicles as well as goods vehicles.

We are concerned about the maintenance of the fabric of social life in some of the Scottish rural communities in which the public transport service has almost entirely broken down and where—this is certainly the case in some parts of my constituency where it may be summed up as “one bus per village, per week, perhaps.” It is not good enough now, when so many parts of the country are dependent upon the private car for transport, to put on this heavy increase in areas where it is not a luxury but where such people as agricultural workers who do not enjoy a high standard of living maintain a motor vehicle as a social necessity.

We have now reached a position in which the annual rate of duty to be charged on a vehicle will often be more than the value of the vehicle itself. [*Laughter.*] This is true in certain areas. I speak from personal experience.

The most important point is that we are not criticising the Treasury itself; we are criticising the whole Government because they keep telling us that they believe in regionalism. It is no use Minister after Minister telling us that he is hatching plans to encourage industry to move into the regions and to encourage movements of population and housing development if, at the same time, the cost of transport is increasing. It does not matter if the Minister tells us what fractions of a penny the increase represents; the point that we are making is that there should not be an increase at all; there should be a decrease in the cost of transport. If we are to have a genuine regional policy a cheap transport policy is a prerequisite of it.

This is a point which the Minister has not grasped at all. He may have a point in saying that he has to raise so much money out of this sector of taxation, but if he says that why does not he do it by imposing a greater increase in certain overcrowded areas and maintaining the present rate or lowering it in other parts of the country such as Scotland?

The hon. Member for Glasgow, Hillhead (Mr. Galbraith) made several remarks with which I agree, but one thing that did not surprise me was that throughout the debate never more than two or three Scottish Conservative Members were present. [*Interruption.*]

Mr. Bruce-Gardyne: On a point of order. Is it in order for the hon. Member to make comments about the presence of Scottish Members?

The Deputy-Chairman (Sir Samuel Storey): That is not a point of order.

Mr. Steel: What I said was quite true, I took careful note of the number who were present during this debate, and there were never more than two or three. That did not surprise me; the Conservative Party is a discredited organisation in Scotland. What did surprise me was that throughout the debate no Member of the Scottish Office was present—none of the Scottish Ministers has been present until now. What is far worse is: what was the Secretary of State for Scotland doing behind the scenes when this matter came up for discussion? Throughout his years

in opposition we were told that he was the man who would fight for Scotland. There is no sign of his fighting for Scotland in this matter.

I support the hon. Member for Hillhead in the point that he made that the people of Scotland will judge the Government by their treatment of Scotland. He should know. The people of Scotland have begun to remove the Conservatives, and are continuing to remove them, from the face of Scotland. If this Government continue to implement the policies which we criticised the last Government for implementing, they will go the same way.

Question put, That the words proposed to be left out stand part of the Clause:—

The Committee divided: Ayes 190, Noes 176.

Division No. 118.]

AYES

[9.40 p.m.]

Abse, Leo
 Albu, Austen
 Aldritt, Walter
 Armstrong, Ernest
 Bacon, Miss Alice
 Barnett, Joel
 Baxter, William
 Bellenger, Rt. Hn. F. J.
 Bence, Cyril
 Bennett, J. (Glasgow, Bridgeton)
 Binns, John
 Bishop, E. S.
 Blackburn, F.
 Blenkinsop, Arthur
 Boardman, H.
 Bowden, Rt. Hn. H. W. (Leics S.W.)
 Boyden, James
 Braddock, Mrs. E. M.
 Bradley, Tom
 Bray, Dr. Jeremy
 Broughton, Dr. A. D. D.
 Brown, Hugh D. (Glasgow, Provan)
 Brown, R. W. (Shoreditch & Fbury)
 Buchanan, Richard
 Butler, Herbert (Hackney, C.)
 Butler, Mrs. Joyce (Wood Green)
 Callaghan, Rt. Hn. James
 Carmichael, Neil
 Carter-Jones, Lewis
 Chapman, Donald
 Coleman, Donald
 Conlan, Bernard
 Cousins, Rt. Hn. Frank
 Craddock, George (Bradford, S.)
 Crawshaw, Richard
 Crosland, Anthony
 Cullen, Mrs. Alice
 Dalyell, Tam
 Darling, George
 Davies, G. Elfed (Rhondda, E.)
 Davies, Harold (Leek)
 Davies, Ifor (Gower)
 Davies, S. O. (Merthyr)
 Delargy, Hugh
 Dell, Edmund
 Dempsey, James
 Diamond, John
 Donnelly, Desmond
 Duffy, Dr. A. E. P.
 Dunn, James A.

Edelman, Maurice
 Edwards, Rt. Hn. Ness (Caerphilly)
 Edwards, Robert (Bilston)
 Ennals, David
 Evans, Joan (Birmingham, Yardley)
 Fernyhough, E.
 Finch, Harold (Bedwellty)
 Fletcher, Sir Eric (Islington, E.)
 Fletcher, Ted (Darlington)
 Floud, Bernard
 Foot, Sir Dingle (Ipswich)
 Fraser, Rt. Hn. Tom (Hamilton)
 Freeson, Reginald
 Galpern, Sir Myer
 George, Lady Megan Lloyd
 Gourlay, Harry
 Gregory, Arnold
 Grey, Charles
 Griffiths, David (Rother Valley)
 Griffiths, Rt. Hn. James (Llanelli)
 Griffiths, Will (M'chester, Exchange)
 Gunter, Rt. Hn. R. J.
 Hamilton, James (Bothwell)
 Hamilton, William (West Fife)
 Harrison, Walter (Wakefield)
 Hart, Mrs. Judith
 Hattersley, Roy
 Heffer, Eric S.
 Herbison, Rt. Hn. Margaret
 Hill, J. (Midlothian)
 Holman, Percy
 Horner, John
 Howarth, Robert L. (Bolton, E.)
 Howie, W.
 Hoy, James
 Hughes, Emrys (S. Ayrshire)
 Hughes, Hector (Aberdeen, N.)
 Hunter, Adam (Dunfermline)
 Hunter, A. E. (Feltham)
 Hynd, John (Attercliffe)
 Irvine, A. J. (Edge Hill)
 Irving, Sydney (Dartford)
 Jay, Rt. Hn. Douglas
 Jeger, George (Goole)
 Jenkins, Hugh (Putney)
 Johnson, Carol (Lewisham, S.)
 Jones, Dan (Burnley)
 Jones, J. Idwal (Wrexham)
 Jones, T. W. (Merioneth)
 Kenyon, Clifford
 Kerr, Mrs. Anne (R'ter & Chatham)

Lawson, George
 Lee, Rt. Hn. Frederick (Newton)
 Lewis, Ron (Carlisle)
 Lipton, Marcus
 Mabon, Dr. J. Dickson
 MacDermot, Niall
 McInnes, James
 McKay, Mrs. Margaret
 Mackenzie, Gregor (Rutherglen)
 McLeavy, Frank
 MacMillan, Malcolm
 MacPherson, Malcolm
 Mahon, Peter (Preston, S.)
 Mahon, Simon (Bootle)
 Mallalieu, J.P.W. (Huddersfield, E.)
 Mapp, Charles
 Mendelson, J. J.
 Miller, Dr. M. S.
 Milne, Edward (Blyth)
 Monslow, Walter
 Morris, John (Aberavon)
 Neal, Harold
 Noel-Baker, Francis (Swindon)
 Oakes, Gordon
 O'Malley, Brian
 Orbach, Maurice
 Orme, Stanley
 Oswald, Thomas
 Owen, Will
 Page, Derek (King's Lynn)
 Paget, R. T.
 Palmer, Arthur
 Parker, John
 Pearson, Arthur (Pontypridd)
 Peart, Rt. Hn. Fred
 Pentland, Norman
 Popplewell, Ernest
 Price, J. T. (Westhoughton)
 Probert, Arthur
 Pursey, Gmdr. Harry
 Redhead, Edward
 Rees, Merlyn
 Rhodes, Geoffrey
 Roberts, Albert (Normanton)
 Roberts, Coronwy (Caernarvon)
 Robertson, John (Paisley)
 Rodgers, William (Stockton)
 Rogers, George (Kensington, N.)
 Rose, Paul B.
 Ross, Rt. Hn. William
 Rowland, Christopher

Sheldon, Robert
 Shinwell, Rt. Hn. E.
 Short, Rt. Hn. E. (N'e'tle-on-Tyne, C.)
 Silkin, John (Deptford)
 Silverman, Julius (Aston)
 Silverman, Sydney (Nelson)
 Slater, Mrs. Harriet (Stoke, N.)
 Slater, Joseph (Sedgefield)
 Small, William
 Snow, Julian
 Soskice, Rt. Hn. Sir Frank
 Steele, Thomas (Dunbartonshire, W.)
 Stones, William
 Swain, Thomas

Swingler, Stephen
 Taylor, Bernard (Mansfield)
 Thomas George (Cardiff, W.)
 Thornton, Ernest
 Tinn, James
 Tomney, Frank
 Varley, Eric G.
 Wainright, Edwin
 Walden, Brian (All Saints)
 Walker, Harold (Doncaster)
 Wallace, George
 Watkins, Tudor
 White, Mrs. Eirene
 Wigg, Rt. Hn. George

Wilkins, W. A.
 Willey, Rt. Hn. Frederick
 Williams, Alan (Swansea, W.)
 Williams, Albert (Abertillery)
 Willis, George (Edinburgh, E.)
 Wilson, William (Coventry, S.)
 Winterbottom, R. E.
 Woodburn, Rt. Hn. A.
 Woof, Robert
 Yates, Victor (Ladywood)

TELLERS FOR THE AYES:

Mr. John McCann and
 Mr. Alan Fitch.

NOES

Agnew, Commander Sir Peter
 Alison, Michael (Barkston Ash)
 Allison, James (Hemel Hempstead)
 Anstruther-Gray, Rt. Hn. Sir W.
 Astor, John
 Atkins, Humphrey
 Awdry, Daniel
 Baker, W. H. K.
 Barlow, Sir John
 Beamish, Col. Sir Tufton
 Bell, Ronald
 Bennett, Sir Frederic (Torquay)
 Berry, Hn. Anthony
 Biggs-Davison, John
 Birch, Rt. Hn. Nigel
 Black, Sir Cyril
 Bossom, Hn. Clive
 Bowen, Roderic (Cardigan)
 Box, Donald
 Boyd-Carpenter, Rt. Hn. J.
 Brinton, Sir Tatton
 Brooke, Rt. Hn. Henry
 Brown, Sir Edward (Bath)
 Bruce-Gardyne, J.
 Buchanan-Smith, Alick
 Burden, F. A.
 Buxton, Ronald
 Carlisle, Mark
 Cary, Sir Robert
 Channon, H. P. G.
 Clark, Henry (Antrim, N.)
 Clark, William (Nottingham, S.)
 Clarke, Brig. Terence (Portsmouth, W.)
 Cole, Norman
 Cooke, Robert
 Cooper, A. E.
 Costain, A. P.
 Craddock, Sir Beresford (Spelthorne)
 Crosthwaite-Eyre, Col. Sir Oliver
 Cunningham, Sir Knox
 Curran, Charles
 Currie, G. B. H.
 Davies, Dr. Wyndham (Perry Barr)
 d'Avigdor-Goldsmid, Sir Henry
 Dean, Paul
 Deedes, Rt. Hn. W. F.
 Digby, Simon Wingfield
 Dodds-Parker, Douglas
 Eden, Sir John
 Elliott, R. W. (N'e'tle-upon-Tyne, N.)
 Emery, Peter
 Errington, Sir Eric
 Eyre, Richard
 Fletcher-Cooke, Charles (Darwen)
 Fletcher-Cooke, Sir John (S'pton)
 Foster, Sir John
 Fraser, Ian (Plymouth, Sutton)
 Gammans, Lady
 Gilmour, Ian (Norfolk, Central)

Gilmour, Sir John (East Fife)
 Glover, Sir Douglas
 Godber, Rt. Hn. J. B.
 Goodhart, Philip
 Goodhew, Victor
 Gower, Raymond
 Gresham-Cooke, R.
 Grieve, Percy
 Griffiths, Peter (Smethwick)
 Gurden, Harold
 Hall, John (Wycombe)
 Hall-Davis, A. G. F.
 Hamilton, Marquess of (Fermanagh)
 Hamilton, M. (Salisbury)
 Harris, Reader (Heston)
 Harrison, Brian (Maldon)
 Harvey, Sir Arthur Vere (Maccles'f'd)
 Harvie Anderson, Miss
 Heald, Rt. Hn. Sir Lionel
 Heath, Rt. Hn. Edward
 Higgins, Terence L.
 Hiley, Joseph
 Hill, J. E. B. (S. Norfolk)
 Hirst, Geoffrey
 Hobson, Rt. Hn. Sir John
 Hooson, H. E.
 Hopkins, Alan
 Hordern, Peter
 Hornby, Richard
 Hornsby-Smith, Rt. Hn. Dame P.
 Howe, Geoffrey (Bebington)
 Hutchison, Michael Clark
 Iremonger, T. L.
 Irvine, Bryant Godman (Rye)
 Jenkin, Patrick (Woodford)
 Johnson Smith, G. (East Crinstead)
 Johnston, Russell (Inverness)
 Jopling, Michael
 Joseph, Rt. Hn. Sir Keith
 Kerby, Capt. Henry
 Kerr, Sir Hamilton (Cambridge)
 Kershaw, Anthony
 King, Evelyn (Dorset, S.)
 Kirk, Peter
 Kitson, Timothy
 Lagden, Godfrey
 Lewis, Kenneth (Rutland)
 Litchfield, Capt. John
 Lloyd, Rt. Hn. Geoffrey (Sut'n C'dfield)
 Lloyd, Rt. Hn. Selwyn (Wirral)
 Longbottom, Charles
 Lubbock, Eric
 McAdden, Sir Stephen
 MacArthur, Ian
 Mackie, George Y. (G'ness & S'land)
 McLaren, Martin
 Macleod, Rt. Hn. Iain
 Maginnis, John E.
 Maitland, Sir John
 Marten, Neil

Mathew, Robert
 Maude, Angus
 Mawby, Ray
 Maxwell-Hyslop, R. J.
 Maydon, Lt.-Cmdr. S. L. G.
 Mills, Peter (Torrington)
 Miscampbell, Norman
 Mitchell, David
 Monro, Hector
 More, Jasper
 Morrison, Charles (Devizes)
 Mott-Radclyffe, Sir Charles
 Murton, Oscar
 Neave, Airey
 Nicholson, Sir Godfrey
 Nugent, Rt. Hn. Sir Richard
 Osborn, John (Hallam)
 Page, John (Harrow, W.)
 Page, R. Graham (Crosby)
 Pearson, Sir Frank (Clitheroe)
 Percival, Ian
 Pitt, Dame Edith
 Pounder, Rafton
 Powell, Rt. Hn. J. Enoch
 Price, David (Eastleigh)
 Redmayne, Rt. Hn. Sir Martin
 Ridsdale, Julian
 Robson Brown, Sir William
 Roots, William
 Sharples, Richard
 Spearman, Sir Alexander
 Stainton, Keith
 Stanley, Hn. Richard
 Steel, David (Roxburgh)
 Stoddart-Scott, Col. Sir Malcolm
 Studholme, Sir Henry
 Summers, Sir Spencer
 Taylor, Sir Charles (Eastbourne)
 Taylor, Edward M. (G'gow, Cathcart)
 Temple, John M.
 Thatcher, Mrs. Margaret
 Thomas, Rt. Hn. Peter (Conway)
 Thompson, Sir Richard (Croydon, S.)
 Turton, Rt. Hn. R. H.
 Tweedsmuir, Lady
 van Straubenzee, W. R.
 Vaughan-Morgan, Rt. Hn. Sir John
 Walker, Peter (Worcester)
 Ward, Dame Irene
 Weatherill, Bernard
 Webster, David
 Whitlock, William
 Williams, Sir Rolf Dudley (Exeter)
 Wills, Sir Gerald (Bridgwater)
 Wilson, Geoffrey (Truro)
 Woodhouse, Hn. Christopher
 Younger, Hn. George

TELLERS FOR THE NOES:

Mr. Francis Pym and
 Mr. Dudley Smith.

Mr. Powell: I beg to move Amendment No. 14, in page 4, line 19, to leave out "6th" and to insert "14th".

The Deputy-Chairman (Sir Samuel Storey): I think it would be convenient for the Committee to take at the same

[THE DEPUTY-CHAIRMAN.]

time Amendment No. 27, which also stands in the name of the right hon. Gentleman in Clause 6, page 5, line 18, leave out "7th" and insert "15th".

Mr. Powell: Amendment No. 14, unlike the last Amendment we were discussing, does not involve a substantial sum of money, but it does afford the opportunity to remove a sense of grievance which is felt by many thousands of people and, as I shall argue, a justifiable grievance. I hope that the Financial Secretary will, therefore, approach the Amendment in a helpful frame of mind.

The significance of the date "14th", which the Amendment seeks to write in—and Amendment No. 27, which seeks to amend a subsequent Clause—is that by convention it is allowable during the first 14 days of the month to take out a vehicle licence to run from the first day of that month.

I entirely concede that this 14 day concession is not statutory. Nevertheless, it is a concession which is perfectly well known. Its existence is officially stated and the right hon. Gentleman the Minister of Transport recently indicated that to the best of his knowledge it is invariably observed. It is, therefore, a concession which has undoubtedly public and official sanction. In other words, no blame or liability whatever attaches to a person who takes out a road vehicle licence to run from the first of the month during the first 14 days of the month. That is the reason why the date "14th" appears in the Amendment.

In the Budget and in the Finance Bill the new rates of duty were imposed in respect of licences taken out after 6th April, from 7th April, and I quite accept—and this was the point which the Financial Secretary made in moving the Second Reading of the Bill—that it was essential for the Chancellor to take steps to prevent forestalling. It would have been absurd if licences which were running could have been paid in and new ones taken out at the old rate for a further 12 months during the remaining days between 6th April and 14th April. I therefore admit that it was necessary for the Chancellor to take steps against forestalling; which he took by the dates "6th" and "7th" respectively which

occur in the Resolutions and, therefore, in the Bill.

I also accept from the Financial Secretary that it would have been retrospective legislation if the problem had been solved by bringing in the new rate of duty from 1st April because that would have meant that people who had taken out licences at the old rate, at a time when they were perfectly entitled to do so, would then have found afterwards that they had not paid enough and would have to pay a supplement. I will show that what is in the Bill now is also retrospective legislation in essence, and that is what I seek to remove.

It is really an unacceptable unfairness that as between two sets of people taking out Road Fund licences from 1st April, and doing so in a manner perfectly admissible, those who happen to do so before 7th April should have their licences at the lower rate, and those who happen to do so between 7th and 14th April should have to pay the new rate. This is an unfairness which, if we can possibly avoid it, we should not impose. It is not only an unfairness, but it results in all sorts of absurdities where it is only a matter of chance—often of causes not within the control of the applicant for the licence—whether the new licence was issued or the application made before or after 7th April.

In short, this, too, is retrospective legislation, because those who took out their licences between 7th and 14th April paid for a licence as from 1st April. They therefore have, in fact, since this is a 1st April licence, in their case, as in the rest, been subjected to a retrospective raising of the licence in respect of the date from which that licence was to run.

What I am asking the Financial Secretary and the Government to do is to take a perfectly simple step to remove this injustice, anomaly, and sense of grievance. The Government's mind may well be open on the subject, because I noticed that they themselves made an extra-statutory concession beyond the terms of the Resolution of this Committee. Although under the terms of that Resolution the new rate of duty is payable on any licence taken out on or after 7th April, the right hon. Gentleman the Minister of Transport announced in a Written Answer on 26th April that

"... instructions were given"—

an extra-statutory concession:

"to the authorities concerned that any licence properly applied for before the announcement of the Budget increase could be issued at the old rate."—[OFFICIAL REPORT, 26th April, 1965; Vol. 711, c. 28.]

That was irrespective of when it was, in a legal sense, taken out. So the Government themselves are alive to the possible injustices and frictions implicit in this date here, and I want to help them a little further.

I am far from going as far as the right hon. Gentleman the First Lord of the Treasury did when the vehicle licence duties were increased in the 1961 Finance Act. On that occasion, as Budget day fell on 17th April, this problem did not arise, since the 14 concessionary days had elapsed. But the right hon. Gentleman, so nice was his sense of fairness, argued that since people took out their licences in different months round the calendar it was really unfair that those who took out their licences from May onwards should be paying at the newer rate, and that the Chancellor ought to wait to bring the new rates into force until the following January so that everyone could start on an even footing.

My proposal is very much simpler, very much cheaper, and very much more moderate in character than that. It is simply that now that the Chancellor of the Exchequer is safe against forestalling—no one can now forestall—he should recognise that all those who took out their licences from 1st April in a manner in which they were entitled to up to and including 14th April, should have those licences at the old rate; that he should remove this anomaly, this meaningless distinction.

He could do this relatively simply by an administrative arrangement when licences fall to be renewed. I am sure that arrangements whereby this could be done on renewal can be devised, if the Government want to do so. And I am sure that they must want to do so, since there is a manifest unfairness there, a manifest element of retrospection which they themselves repudiate, and an element of accident which, above all, we should attempt to banish from the incidence of taxation.

It being Ten o'clock, The CHAIRMAN left the Chair to report Progress and ask leave to sit again.

Committee report Progress.

BUSINESS OF THE HOUSE

Ordered,

That the Proceedings of the Committee of Ways and Means may be entered upon and proceeded with at this day's Sitting at any hour, though opposed.—[*Mr. Callaghan.*]

FINANCE BILL

Again considered in Committee.

Mr. Powell: I was concluding my appeal to the Government to substitute "14th" for "6th" to remove these difficulties and thus to banish the sense of unfairness and grievance which, I can assure them, rankles in the minds of many thousands of law-abiding citizens as a result of the present form of this Bill.

Mr. MacDermot: The arguments have been deployed so fully and with such clarity by the right hon. Member for Wolverhampton, South-West (Mr. Powell) that I rise at once to answer them, also because he has deployed them with such clarity that the fallacies in the arguments already lie fully revealed. In my imagination I was picturing the even greater clarity with which the right hon. Gentleman would have answered his own arguments if he had had the opportunity to do so.

As the right hon. Gentleman says, this point has excited considerable interest among the people affected, many of whom feel that they have suffered an injustice. I hope to convince the Committee and, through the Committee, them that it is not an injustice and that for my right hon. Friend to have taken any other course in this matter would itself have been unjust.

The Ways and Means Resolution which we passed imposed the new rate of duty in the ordinary way from the moment at which the Resolution was passed. It is a necessary part of our procedure that all new duties should be made to operate immediately so as to prevent forestalling, and quite plainly it could and would have been forestalling if we had adopted the procedure which is suggested in the Amendment. All the holders of licences would have been able, as they are entitled, to surrender their licences. They then could

[Mr. MacDermot.] have taken out new licences for a full year period at the old rate. As a result, anybody who was astute and quick enough to do so could have escaped the new rate of duty for a period of 11 months. Quite clearly this is something that we could not contemplate.

The consequence is that those people who had deferred renewing their licences until after 6 April had to pay the higher rate of duty. As I say, there is no injustice here. They deferred taking out their licence until a time when the rate for that licence had gone up.

First of all, let me stress, as the right hon. Gentleman pointed out, that the so-called grace period of 14 days has no statutory basis at all. Indeed, most hon. Members will have seen a report in the newspapers recently of a case in which this was quite clearly established in the courts. It was shown that someone had committed a criminal offence by driving without a licence during the grace period. I think that much of the fallacy in the argument derives from the thought that when a licence is issued during the grace period it operates as from the first day of the month. It does not. It operates from the first day on which it is issued. It is only an authority to the user from that date. It is correct, as the right hon. Gentleman pointed out, that whatever date during a month a licence is taken out, the rate for the whole month has to be paid. But the licence itself operates only from the date of issue.

The position is exactly the same as anyone who failed to anticipate any other Budget change. One knows of people who were stocking up with whisky before the Budget in anticipation that there might be an increase in the duty. Those who did no doubt congratulated themselves and those who did not, and who were whisky drinkers, regretted it. But I do not think they went around smarting under a great sense of injustice against my right hon. Friend. The position is the same for those people who chose to defer renewing their licences until after Budget day. They ran a risk, but there is no implication that the "grace period" carries with it a guarantee that the Chancellor is not going to alter the rate of duty during the period and an awful lot of gentlemen—

Mr. Gower: Would the hon. and learned Gentleman admit that, by the kind forbearance of the authorities, people have been allowed these days of grace? In effect, the person who pays on the fourteenth of those days of grace is paying the same annual licence duty as the person who pays on the first day and to this extent is there not a distinction to be drawn?

Mr. MacDermot: The answer is no, he is not, if during those 14 days the Chancellor has changed the rate. That is a risk which he runs in taking advantage of the grace period to defer his payment and his renewal until a time when the rates may have been altered. It is surely common knowledge when Budget day is, and anyone renewing his licence must realise that if he fails to renew during those six days he is running the risk that the licence fee may be increased. Equally, of course, he might calculate the other way and think that perhaps the licence fee will be reduced.—[*Interruption.*] I invite hon. Gentleman to pursue the logic of their argument. One can contemplate situations in which these licences are reduced and if they are reduced and someone defers taking out their licence until after the reduction, is he not going to smart under a great sense of injustice and say, "I correctly deferred taking out my licence and now I have to pay at the old higher rate"? It is quite illogical and mistaken to associate and identify the grace period with the rate of duty.

Mr. Keith Stainton (Sudbury and Woodbridge): Would not the hon. and learned Gentleman agree that both the application form and the motor vehicle registration book refer to the 14 days' grace? The hon. and learned Gentleman referred to a case tried in the courts recently where a man exceeding the 14 days' grace was fined £2. Is it not a fact that people applying after 6th April for renewal on 3rd April are in effect being fined £2 10s., without trial?

Mr. MacDermot: They are not being fined at all. All that is happening is that they are being charged the new rate of duty which was imposed. They are not being fined any more than the unfortunate who deferred purchasing his bottle of whisky until after 6th April. He would not be fined by the increase

in the duty which he had to pay. He may have disliked it and he may have failed to anticipate it.

Mr. Costain : The hon. and learned Gentleman has made a very important point in saying that the licence taken out on the 14th is effective only on the 14th. Is he not aware that a vehicle which is not licensed is not insured? Is he implying that for the first 14 days that vehicle was criminally not insured?

Mr. MacDermot : It is not a question of insurance but of the road vehicle licence.

Sir D. Glover : This is not a party point but an important point which applies equally to my party when in Government. If the 14 days' grace is a 14 days' grace which has not effect in law and the person who takes out his licence on the 14th of the month is, from the point of view of the licensing of the vehicle, not covered from the 1st to the 14th, is not the State extracting from him 14 days of tax for a period when he was not covered by law? Is not that dishonest on the part of the State?

Mr. MacDermot : All that the 14 days' period means is that the State says in effect, "Provided you renew within 14 days of the end of the month we will not proceed against you for the fact that you may have driven the vehicle before the renewal". This is what the 14 days' grace period is and remains. This is not altered in the slightest. It has nothing whatever to do with the rate of duty. It is not an offer that, "If you renew within 14 days we will allow you to renew at the rate which was laid down for the previous month or before the new Budget."

Sir D. Glover : I am not arguing about the rate of duty. I was asking whether in law from the 1st to the 14th the vehicle was covered, that is, was licensed. The hon. and learned Gentleman is now saying that the owner is covered only from the day on which he takes out the licence.

Mr. MacDermot : That is the legal position in law and if the hon. Gentleman—he not being bound by the grace period—were to choose himself to take out a private prosecution against one of his hon. Friends, which I am sure he would not do, for having driven a car during

the 14 days' period unlicensed, as I understand the law, the court would be bound to convict his hon. Friend. The court might give him an absolute discharge and think that the hon. Gentleman had been wasting the time of the court, but that is the legal position. The grace period means that as far as the State is concerned we would not prosecute in those circumstances, provided that a licence is taken out.

Mr. Maxwell-Hyslop : Nonsense.

Mr. MacDermot : I will give way to the hon. Gentleman's courteously worded intervention.

Mr. Maxwell-Hyslop : It is not the State that prosecutes. It is the county authority. I am not aware that the Crown prosecutes in these cases. Surely the person concerned would be prosecuted by the local licensing authority and not the State. Therefore, the State cannot give an undertaking that a county authority or a borough authority will not prosecute.

Mr. MacDermot : The point is that there is a happy understanding between the police authorities, the local authorities and the Ministry of Transport in these matters and I think that hon. Members understood what I meant by "the State".

The right hon. Member for Wolverhampton, South-West, referred to the fact that we had made an extra-statutory concession in this matter. That is quite right and I hope that the Committee will agree that it was a proper thing to do. The extent of it was that if people had properly applied for a licence before Budget day and the licence had not been issued—and of course in many cases people apply by post—although this was not strictly covered by the Ways and Means Resolution we thought it right to grant an extra-statutory concession and allow the licence to be renewed at the old rate. Because it was an extra-statutory concession it was announced to the House by my right hon. Friend the Minister of Transport.

10.15 p.m.

Finally, there is no grace period in respect of new vehicles. There would be no reason what ever to refrain from imposing the new rate of duty on any vehicle being registered for the first time after Budget day. It would be a very

[MR. MACDERMOT.]

curious situation if two vehicles were both licensed on the same day for the same period and there were two rates of duty according to whether it was a licence for a new vehicle or it was a renewal of an old licence. If one did not apply it to all vehicles, as I pointed out, this could be used for forestalling, and if one did apply it only to new vehicles it would operate unfairly in the way I indicated.

The crux of the matter is that any increase in duty must come into force at a given point of time. Always, people who happen to fall one side of the line or the other feel that it is at least unfortunate or, in some cases, an injustice if they are caught. The existence of the so-called grace period for renewing licences has no relevance to this matter and has quite erroneously led people to feel that they were suffering an injustice.

Sir A. V. Harvey: The hon. and learned Gentleman is trying to get the best of all worlds because he said that a man who stocked up whisky before Budget day was lucky but a man who did not was unlucky, ignoring the fact that there is no 14 days' grace period for the man who wants to stock up whisky. In logic, the hon. and learned Gentleman should scrub out the 14 days completely so that the public know exactly where they stand. It is a fraud.

Mr. Ronald Bell (Buckinghamshire, South): The Financial Secretary has given us a very disappointing and illogical answer. He has already had his attention drawn to what is printed on the log book. I must say that, in view of what is printed there, I was a little surprised that the prosecution took place. However, that is another matter. The inscription on the log book is a notification to the public that they have a period of 28 days, 14 before and 14 after, in which to take out a licence.

Is the hon. and learned Gentleman aware that the application form which is used in applying for an excise licence has on it a formula to the effect that the applicant has not used the motor vehicle on the public road before applying for the licence, there being a note underneath that that paragraph should be struck out if the application is for a licence starting immediately after the expiration of the previous one. Thus,

upon the form, a statutory form on which a prosecution could be based, there is a direct indication that a person can apply after, say, ten days. He can cross out that item and say, in effect, "Yes, I have been using my car for the previous ten days and I apply for the licence to be renewed as from the first day of the period for which I wanted a new licence, which began ten days ago". That is what the form tells him. In the circumstances, I find it a little difficult to understand what the hon. and learned Gentleman was saying about the period of grace having no bearing on the argument which my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) advanced.

The Financial Secretary should remember that the 14 days' grace period is not entirely for the benefit of the motorist. If the issuing offices—the county boroughs and county councils—had to issue all the licences within the 14 days preceding the date on which renewal was due, they could not do it. This arrangement of having 14 days before and 14 days after is a necessary administrative arrangement to cope with the rush of renewals at these fixed times. This being so, it being for the convenience of the administration as for the convenience of the subject, the hon. and learned Gentleman has no moral justification for the line which he is taking.

My final question is this. Does the speech which he has just made amount to a formal and explicit repudiation by him of the arguments used by his right hon. Friend on the occasion referred to by my right hon. Friend when exactly the opposite was said?

Mr. Geoffrey Hirst (Shipley): I am sorry to intervene because I am not anxious to prolong the discussion. [HON. MEMBERS: "Why not?"] Because there is a lot of important business in which I am interested. But nevertheless this is an occasion which must be marked. If progress in a big Bill like this is to be made, then right hon. and hon. Members opposite must realise that they cannot ruffle opinion so unjustifiably as they have done here tonight.

Mr. MacDermot: Oh.

Mr. Hirst: I am speaking for a very large volume of opinion in the country.

The hon. and learned Gentleman cannot treat the Committee or the public at large in this way. I have every respect for him and I do not think that he means it, but it is nothing more than impertinence to suggest that because they are not back-dating the licence fee for people who already had a letter in the post for the licence the Government are handing out a concession. That is impertinence and unacceptable to this side of the Committee. I feel very strongly about this. The Government cannot treat people in this manner and expect co-operation from this side of the Committee if they are to make that sort of statement.

I do not question the legalistic argument about a concession, but the British public have considered this 14-day period as a concession. It has been respected and used with great wisdom to the mutual advantage of the authorities and the public. The public have accepted it in good faith and they have believed and had every reason to believe, that when they posted their applications or were about to do so this trick would not be played upon them. [HON. MEMBERS: "Oh."] Yes, trick.

The public had every reason to believe that, provided they signed their licence application within the period, it would be in order. That is a sensible and reasonable attitude, whatever the legalistic argument. I have no interest beyond these two points. I express them strongly because I feel them strongly. If hon. Members opposite are to treat the Committee in that way they will have hell in the process of the Bill.

Mr. Powell: I believe that the Committee wishes to make progress, but in view of the surprising attitude of the Government progress can only be made by dividing. The hon. and learned Gentleman reduced his argument to bathos by seeking an analogy with those stocking up with whisky. If that is the best argument he can produce for this, then the whole thing is in ruins, for what analogy can there be between stocking up with whisky and carrying out an act which one is required by law to carry out and which one is allowed by public concession to carry out at any point of time within a period of 14 plus 14 days?

The very fact that the hon. and learned Gentleman should produce such an argu-

ment reveals a sense of guilt and shows the vindictiveness of the proposal. If he accepts the Amendment, there is no possibility of forestalling. No one can forestall at this moment of time if the Amendment is accepted. If at any future time—it will not, of course, be under a Labour Government—these duties are reduced, then the same argument of fairness as between those entitled to take out their licences in a period would equally apply. I therefore ask those who regard this position as wholly unacceptable to divide in favour of the Amendment.

Sir D. Glover: I do not propose to delay the Committee more than a moment. [HON. MEMBERS: "Why not?"] But being a cautious individual I have in my pocket an application for a renewal of a motor vehicle licence. The Government's case is shot completely down because it is stated on the reverse page:

"Application is made within the period from 14 days before to 14 days after the expiration of the previous licence."

This, I understand and I have always thought, is a statutory form with the authority of the Government behind it. I have filled it in over many years, usually out of date, I might say, but whatever I have done I have always thought that it had the authority of the State behind it in stating that I had 14 days' grace in which to renew my licence.

The Government are abrogating that form. They can give as many arguments as they like. This is not a form for which, as a result of a Tory Government, one has to apply. It is sent when one renews one's licence. That is why I have it. This copy is for next year. It tells me that I have 14 days after the expiration of my licence in which to renew it, presumably on the same terms as those on which I had it before.

The Financial Secretary is saying that the Government have a white-sheet case for making an alteration and that this form which has been sent to me, which has been in my possession for some months and will, presumably, remain in my possession until I renew my licence next time, is not valid and that what is stated on the form has no validity.

Mr. MacDermot: There is no withdrawal of the concession. It is perfectly valid. The 14-day concession remains.

Question put, That "6th" stand part The Committee divided: Ayes 174,
of the Clause:— Noes 153.

Division No. 119.]

AYES

[10.28 p.m.]

Abse, Leo
Allaun, Frank (Salford, E.)
Aldritt, Walter
Armstrong, Ernest
Bacon, Miss Alice
Barnett, Joel
Baxter, William
Bellenger, Rt. Hn. F. J.
Bence, Cyril
Bennett, J. (Glasgow, Bridgeton)
Binns, John
Bishop, E. S.
Blenkinsop, Arthur
Boardman, H.
Bowden, Rt. Hn. H. W. (Leics S.W.)
Bowen, Roderic (Cardigan)
Boyden, James
Braddock, Mrs. E. M.
Bradley, Tom
Bray, Dr. Jeremy
Brown, Hugh D. (Glasgow, Provan)
Brown, R. W. (Shoreditch & Fbury)
Buchan, Richard
Callaghan, Rt. Hn. James
Carmichael, Neil
Carter-Jones, Lewis
Castle, Rt. Hn. Barbara
Chapman, Donald
Coleman, Donald
Conlan, Bernard
Cousins, Rt. Hn. Frank
Craddock, George (Bradford, S.)
Crawshaw, Richard
Crosland, Anthony
Cullen, Mrs. Alice
Daiyell, Tam
Davies, G. Eifed (Rhondda, E.)
Davies, Harold (Leek)
Davies, S. O. (Merthyr)
de Freitas, Sir Geoffrey
Delargy, Hugh
Dell, Edmund
Dempsey, James
Diamond, John
Doig, Peter
Donnelly, Desmond
Duffy, Dr. A. E. P.
Dunn, James A.
Edelman, Maurice
Edwards, Rt. Hn. Ness (Caerphilly)
Evans, Ioan (Birmingham, Yardley)
Ferryhough, E.
Finch, Harold (Bedwellty)
Fitch, Alan (Wigan)
Fletcher, Sir Eric (Islington, E.)
Fletcher, Ted (Darlington)
Floud, Bernard
Foot, Sir Dingle (Ipswich)
Fraser, Rt. Hn. Tom (Hamilton)
Freson, Reginald

Galpern, Sir Myer
George Lady Megan Lloyd
Gourlay, Harry
Gregory, Arnold
Grey, Charles
Griffiths, David (Rother Valley)
Griffiths, Will (M'chester, Exchange)
Hamilton, James (Bothwell)
Hannan, William
Harper, Joseph
Harrison, Walter (Wakefield)
Hart, Mrs. Judith
Hattersley, Roy
Heffer, Eric S.
Herbison, Rt. Hn. Margaret
Hill, J. (Midlothian)
Holman, Percy
Hooson, H. E.
Horner, John
Howarth, Robert L. (Bolton, E.)
Howie, W.
Hoy, James
Hunter, Adam (Dunfermline)
Irvine, A. J. (Edge Hill)
Jay, Rt. Hn. Douglas
Jeger, George (Goole)
Jenkins, Hugh (Putney)
Johnston, Russell (Inverness)
Jones, Dan (Burnley)
Jones, J. Idwal (Wrexham)
Jones, T. W. (Merioneth)
Kenyon, Clifford
Kerr, Mrs. Anne (R'ter & Chatham)
Lawson, George
Lee, Rt. Hn. Frederick (Newton)
Lewis, Ron (Carlisle)
Lubbock, Eric
Mabon, Dr. J. Dickson
MacDermot, Niall
McInnes, James
Mackenzie, Gregor (Rutherglen)
Mackie, George Y. (C'ness & S'land)
MacMillan, Malcolm
MacPherson, Malcolm
Mahon, Peter (Preston, S.)
Mahon, Simon (Bootle)
Mallalieu, J.P.W. (Huddersfield, E.)
Mapp, Charles
Mendelson, J. J.
Miller, Dr. M. S.
Milne, Edward (Blyth)
Monslow, Walter
Morris, John (Aberavon)
Neal, Harold
Noel-Baker, Francis (Swindon)
Oakes, Gordon
O'Malley, Brian
Oram, Albert E. (E. Ham, S.)
Orme, Stanley

Oswald, Thomas
Owen, Will
Paget, R. T.
Pearson, Arthur (Pontypridd)
Peart, Rt. Hn. Fred
Pentland, Norman
Popplewell, Ernest
Price, J. T. (Westhoughton)
Probert, Arthur
Rees, Merlyn
Rhodes, Geoffrey
Roberts, Albert (Normanton)
Roberts, Goronwy (Caernarvon)
Robertson, John (Paisley)
Rodgers, William (Stockton)
Rogers, George (Kensington, N.)
Rose, Paul B.
Ross, Rt. Hn. William
Rowland, Christopher
Sheldon, Robert
Short, Rt. Hn. E. (N'e'ctie-on-Tyne, C.)
Silkin, John (Deptford)
Silverman, Julius (Aston)
Silverman, Sydney (Nelson)
Slater, Mrs. Harriet (Stoke, N.)
Slater, Joseph (Sedgefield)
Small, William
Snow, Julian
Soskice, Rt. Hn. Sir Frank
Steel, David (Roxburgh)
Steele, Thomas (Dumbartonshire, W.)
Stones, William
Swain, Thomas
Swingler, Stephen
Taylor, Bernard (Mansfield)
Thomas, George (Cardiff, W.)
Thornton, Ernest
Tinn, James
Tomney, Frank
Varley, Eric G.
Wainwright, Edwin
Walden, Brian (All Saints)
Walker, Harold (Doncaster)
Wallace, George
White, Mrs. Eirene
Wigg, Rt. Hn. George
Willey, Rt. Hn. Frederick
Williams, Alan (Swansea, W.)
Williams, Albert (Abertillery)
Willis, George (Edinburgh, E.)
Wilson, Rt. Hn. Harold (Huyton)
Wilson, William (Coventry, S.)
Woodburn, Rt. Hn. A.
Woof, Robert
Yates, Victor (Ladywood)

TELLERS FOR THE AYES:

Mr. John McCann and
Mr. Ifor Davies.

NOES

Agnew, Commander Sir Peter
Alison, Michael (Barkston Ash)
Allason, James (Hemel Hempstead)
Anstruther-Gray, Rt. Hn. Sir W.
Astor, John
Awdry, Daniel
Baker, W. H. K.
Barlow, Sir John
Batsford, Brian
Beamish, Col. Sir Tufton
Bell, Ronald
Bennett, Sir Frederic (Torquay)
Berry, Hn. Anthony
Biggs-Davison, John

Birch, Rt. Hn. Nigel
Black, Sir Cyril
Bossom, Hn. Clive
Box, Donald
Boyd-Carpenter, Rt. Hn. J.
Brinton, Sir Tatton
Bromley-Davenport, Lt.-Col. Sir Walter
Brown, Sir Edward (Bath)
Bruce-Gardyne, J.
Buchanan-Smith, Alick
Buxton, Ronald
Carlisle, Mark
Cary, Sir Robert
Clark, Henry (Antrim, N.)

Clark, William (Nottingham, S.)
Cole, Norman
Cooke, Robert
Cooper-Key, Sir Neill
Costain, A. P.
Cranthwaite-Eyra, Col. Sir Oliver
Curran, Charles
Currie, G. B. H.
Davies, Dr. Wyndham (Perry Barr)
d'Avigdor-Goldsmid, Sir Henry
Dean, Paul
Deedes, Rt. Hn. W. F.
Digby, Simon Wingfield
Dodds-Parker, Douglas

Douglas-Home, Rt. Hn. Sir Alec
 Eden, Sir John
 Elliott, R. W. (N'c'tle-upon-Tyne, N.)
 Errington, Sir Eric
 Eyre, Reginald
 Fisher, Nigel
 Fletcher-Cooke, Charles (Darwen)
 Fletcher-Cooke, Sir John (S'pton)
 Foster, Sir John
 Fraser, Ian (Plymouth, Sutton)
 Gammans, Lady
 Gilmour, Ian (Norfolk, Central)
 Gilmour, Sir John (East Fife)
 Clover, Sir Douglas
 Godber, Rt. Hn. J. B.
 Goodhew, Victor
 Gower, Raymond
 Gresham-Cooke, R.
 Grieve, Percy
 Griffiths, Peter (Smethwick)
 Gurden, Harold
 Hall, John (Wycombe)
 Hall-Davis, A. G. F.
 Hamilton, M. (Salisbury)
 Harvey, Sir Arthur Vere (Macclesf'd)
 Harvie Anderson, Miss
 Heald, Rt. Hn. Sir Lionel
 Heath, Rt. Hn. Edward
 Higgins, Terence L.
 Hiley, Joseph
 Hill, J. E. B. (S. Norfolk)
 Hirst, Geoffrey
 Hobson, Rt. Hn. Sir John
 Hordern, Peter
 Hornby, Richard
 Hornsby-Smith, Rt. Hn. Dame P.
 Howe, Geoffrey (Bebington)
 Hutchison, Michael Clark
 Iremonger, T. L.

Irvine, Bryant Godman (Rye)
 Jenkin, Patrick (Woodford)
 Johnson Smith, G. (East Grinstead)
 Jopling, Michael
 Joseph, Rt. Hn. Sir Keith
 Kerby, Capt. Henry
 Kerr, Sir Hamilton (Cambridge)
 Kershaw, Anthony
 King, Evelyn (Dorset, S.)
 Kirk, Peter
 Kitson, Timothy
 Lewis, Kenneth (Rutland)
 Litchfield, Capt. John
 Lloyd, Rt. Hn. Geoffrey (Sut'n C'dfield)
 Longbottom, Charles
 MacArthur, Ian
 Macleod, Rt. Hn. Iain
 Maginnis, John E.
 Maitland, Sir John
 Maude, Angus
 Mawby, Ray
 Maxwell-Hyslop, R. J.
 Maydon, Lt.-Cmdr. S. L. C.
 Mills, Peter (Torrington)
 Miscampbell, Norman
 Mitchell, David
 Monro, Hector
 More, Jasper
 Morrison, Charles (Devizes)
 Murton, Oscar
 Nicholson, Sir Godfrey
 Nugent, Rt. Hn. Sir Richard
 Osborn, John (Hallam)
 Page, John (Harrow, W.)
 Page, R. Graham (Crosby)
 Pearson, Sir Frank (Clitheroe)
 Percival, Ian
 Pitt, Dame Edith

Pounder, Rafton
 Powell, Rt. Hn. J. Enoch
 Price, David (Eastleigh)
 Pym, Francis
 Redmayne, Rt. Hn. Sir Martin
 Ridley, Hn. Nicholas
 Ridsdale, Julian
 Roots, William
 Stanley, Hn. Richard
 St. John-Stevas, Norman
 Scott-Hopkins, James
 Sharples, Richard
 Sinclair, Sir George
 Stainton, Keith
 Stanley, Hn. Richard
 Stoddart-Scott, Col. Sir Malcolm
 Studholme, Sir Henry
 Summers, Sir Spencer
 Taylor, Sir Charles (Eastbourne)
 Taylor, Edward M. (G'gow, Cathcart)
 Temple, John M.
 Thatcher, Mrs. Margaret
 Thomas, Rt. Hn. Peter (Conway)
 Thompson, Sir Richard (Croydon, S.)
 van Straubenzee, W. R.
 Vaughan-Morgan, Rt. Hn. Sir John
 Walker, Peter (Worcester)
 Ward, Dame Irene
 Weatherill, Bernard
 Webster, David
 Whitelaw, William
 Williams, Sir Rolf Dudley (Exeter)
 Wilson, Geoffrey (Truro)
 Wise, A. R.
 Younger, Hn. George

TELLERS FOR THE NOES:

Mr. Martin McLaren and
 Mr. Dudley Smith.

Question proposed, That the Clause stand part of the Bill.

Mr. Webster: Having listened to the debate on every part of this Clause, I would describe it as inflationary, doctrinaire, retrograde, and, after the last Amendment and the way in which it was dealt with by the Financial Secretary, mean and stupid. It is clearly inflationary, and we are today in the presence of the biggest rise in the cost of living index for the last 10 years.

We have been told at every step, and at every change of Government policy, that what they are doing is not inflationary, but the fact is that 83 per cent. of all the goods moved in this country are moved by commercial vehicles. When the price of petrol was increased by 6d. a gallon last November I was standing close to the Bar of the House and I heard screams of delight and shouts of, "Get the stuff back to the railways", regardless of whether it pays or not. This is the doctrinaire attitude with which we are faced today.

The industry is faced with finding additional costs of £100 million. We know that the Government benches are anti-road user, and opposed to the use of the roads. They wish to use the railways, at any expense. They have behind them powerful trade unions and vested interests which are all the time pressing for goods to be moved by rail.

We have not seen the First Secretary of State here today. He does not appear to have been consulted about the duty on beer, the Excise Duty on Scotch, or about the increase proposed here, yet he is naive enough to ask industry why it considers it necessary to increase its prices. This attitude simply beggars description.

That this is a doctrinaire attitude is proved by the fact that this provision anticipates the publication of the Geddes Report which was to deal with every aspect of the problem. I am sure that the country would like to see hon. Gentleman below the Gangway on television, and note how they are laughing at this matter. The Report has gone in great detail into every aspect of our licensing system, and now it is being anticipated by the swingeing increase in commercial vehicle taxation.

That brings me to what was said by the Prime Minister, who graced us with his company at one stage of our proceedings today. About two years ago, in America, he said, when interviewed on television and asked what he would do about nationalising the road haulage industry, that he was not going to take over "every little back-street garage" and every little run-down unit in the industry at big compensation prices. What he was going to do was to take the lid off the B.R.S. The Government are also going to put on various other forms of discriminatory tax, and this is one of them. We can see the prediction coming true today.

I have here a list of the numbers of bankruptcies in the industry. In 1962 it had the second highest number of bankruptcies of any industry; in 1963 it had the fourth highest, and there are many people in this industry who are working on very small margins. The Prime Minister knew quite well what he was saying, and the Chancellor knows quite well what he is doing when he puts an extra burden on the industry. At the same time the Minister of Transport has the bare face to say to the industry, "Please do not pass on these extra prices to the community until next month, while we consider the problem."

Let us compare the difference in efficiency and the passing on of costs between the B.R.S. and the privately-owned sector of the industry. In 1950 B.R.S. put up its prices by 7½ per cent.; in 1951 by 12 per cent., and in 1952 by 12½ per cent. and that meant a rise of over 30 per cent. over three years. In 1965 the private sector of the road haulage industry is still costing 5 per cent. below what the B.R.S. was charging 11 years ago, despite the addition of 58 per cent. in wages during this period. This is the sector of the industry which is being asked to sustain and contain increases in duties and costs.

In transport debates we are frequently addressed by hon. Members who represent railway workshop towns. I think of one father and son, both renowned Members, who represent Derby, South (Mr. Philip Noel-Baker) and Swindon (Mr. Francis Noel-Baker). [HON. MEMBERS: "Where are they?"] I do not

know where they are today. But they should know that they not only represent railway workers; they represent a vast number of workers in the motor industry, in the Pressed Steel Company and the Rolls-Royce Company. They should be less doctrinaire and should look after the interests of our major exporting industries. The industry needs a firm base, both on the commercial side, in the road haulage industry, and in the private car sector.

We know that the Government are having a little trouble about nationalisation. There is a little to-ing and fro-ing. We do not know what their intentions are. We do not know whether they will proceed with the Steel Bill or let it drop. What we do know is that there is no fear of their bringing in a Bill to nationalise the road haulage industry—

The Deputy-Chairman: Order. The hon. Member must not deal with nationalisation on this Clause.

Mr. Webster: I thank you, Sir Samuel. Their purpose would be to put increasing charges on the industry, as they have done by National Insurance contributions, by the 6d. on the gallon of petrol and by immense increases in Excise Duty. At the same time they are trying to induce the industry not to pass on these taxes. There will be gradual bankruptcy in the industry, and it will be gradually taken over by the B.R.S., which is having the load taken off it. This is nationalisation by the back door. That is what the Clause is about, and that is why I, for one, will oppose it.

10.45 p.m.

Mr. Patrick Jenkin (Wanstead and Woodford): I should like to add my word of opposition to the Clause. I am sorry that the Minister of Transport has not thought it right to listen to the debate. I see the Joint Parliamentary Secretary skulking down at the other end of the Treasury Bench; no doubt he will take note of what is said. He is trying to hide behind the Paymaster-General. I cannot see the Minister of Transport here because he is not yet in the Committee.

I attack this Clause and particularly the increases in duty on goods vehicles.

It is premature, even if it were justified, and it is totally indiscriminatory. Most serious of all, it is prejudicial to the very serious investigation which I hope is being carried out by Lord Hinton and his advisory committee into the difficult and technical problem of track costs. This is something which has come into the open in the last six or nine months, as containing the key to the road-rail conflict, the key to the proper basis of competition between road transport and rail transport. The essence of the problem is to make sure that both forms of transport know their true track costs, their costs on what is known as the substratum of their operations.

This, as my hon. Friend the Member for Weston-super-Mare (Mr. Webster) said, has come out in the evidence given by many bodies and individuals to the Geddes Committee. We are told that this Committee has reported, and we await the publication of its report with great interest. This is a subject on which it will have pronounced. It is certainly a subject which was referred to Lord Hinton in the statement made by the Minister of Transport when he announced the co-ordinating functions to be performed by the noble Lord. Perhaps the most frightening statement on this came from Dr. Beeching, in his evidence to the Geddes Committee on comparative road and rail track costs.

I am prepared to believe that there is a great deal in what Dr. Beeching said, but the important thing to recognise is that it is inevitably selective to say that the heavy lorry is not paying its true share and that it ought to pay more in taxation. This applies only to the long-distance heavy lorry going on trunk roads. This is where there is true competition between long-distance road transport and rail transport. This is a problem which has to be determined scientifically on the basis of the evidence and the facts, and on proper allocation of road costs.

My objection to the Clause is that it sweeps aside all this argument and totally ignores the great deal of work which has been done in the Ministry of Transport, by British Railways and the Transport Holding Company and other bodies in trying to arrive at the truth of this difficult problem. This Clause and its

[MR. JENKIN.]

swingeing increases in taxation, indiscriminately affecting the large as well as the small, entirely prejudices the issue. Of course, this is bound to put up the cost of living.

I have here the Annual Reports of the Licensing Authorities, covering the twelve months up to 30th September, 1964. These reports make it clear that, inevitably, as the railways are rationalised, as lines which can never pay and are only partially used are closed down—as the vast majority of people recognise that they must be—this traffic will go on to the roads. The licensing authorities for England and Wales are now faced with applications for contract aid and B licences to carry traffic which was hitherto carried by rail. I have here the annual report of the licensing authority for the Yorkshire area. It refers to the fact that some of the fish traffic from Hull will have to be carried by rail. Applications for licences included an application for a new B licence to authorise 91 rigid vehicles and 45 articulated vehicles.

This is a very big application indeed. One shudders to think of the extra cost which this places on the hauliers who undertake this vital function of moving fish about the country. It will cost him thousands and thousands of pounds extra, and it is bound to put up the cost of fish to the housewife. In the report of the licensing authority for the East Midland Traffic Area, the closure of railway yards is given as a reason for the increased operation of road vehicles for the movement of coal traffic. There is reference to concentration in new coal depôts, as we have seen around London, for example, at West Drayton. This is bound to lead to the increased movement of coal by road in the interests of economy—but then the economy is swept away by the substantial tax increases which the Bill seeks to make.

I will not weary the Committee by giving other examples. [HON. MEMBERS: "Go on."] I am grateful to my right hon. and hon. Friends for their interest. This increase in taxation is calculated to defeat the objectives of the Minister of Transport. [HON. MEMBERS:

"Where is he?"] The Minister of Transport, who is standing beyond the Bar, knows that he is not in the Chamber. He has set himself a task of achieving co-ordination between road and rail on the basis of ensuring that each form of transport bears its proper costs. It may seem ironic that the Socialist Government are working on a system which is relevant only if one believes in co-ordination by competition. Of course, if one believes in co-ordination by direction and integration, then it is not necessary to bother about these costs; if one is to direct the traffic to the rail, it does not much matter how much of the true track costs different forms of transport bear.

But if we recognise that track costs are an important factor and that it is important to determine the true track costs to make sure that road transport bears its proper share, it is nonsense to prejudge the whole issue by adding this enormous increase to the cost of road vehicle licences, destroying the whole foundation of the co-ordination work which is going on. This is a classic example of the Government's left hand not knowing what the right hand is doing. I cannot believe that the Minister of Transport and his advisers have agreed to the increased tax if they are serious in what they say about the need for co-ordination. One may be led to the conclusion that they are not serious and that this is merely a front to persuade the various interests concerned that this is a genuine exercise in co-ordination in which they should be encouraged to co-operate. I very much hope that if we have an opportunity to divide on this issue we shall vote against the Clause.

Mr. Robert Cooke (Bristol, West): I am glad to rise at this stage to oppose this Clause. I am glad that my hon. Friend the Member for Weston-super-Mare (Mr. Webster) gave the Committee such welcome detail and made out such a good case against the inflationary effects of the Clause. He can hardly claim to represent a great industrial area—I am sorry if my hon. Friend seems upset by that—but his chief industry is tourism.—[HON. MEMBERS: "Toryism?"]—Toryism and tourism; and perhaps transport looms very large in my hon. Friend's considerations so perhaps I have done him an injustice.

That brings me to the City of Bristol, part of which I have the privilege to represent, and the industrial considerations there. There is no doubt about it that the provisions of this Clause will greatly increase the costs of transport and the cost of sending out goods produced in the City of Bristol, and goods coming in from all over the West Country. It is no good hon. Members opposite asserting their preference for rail over road. Although we have some quite good through railway routes in the West Country, we certainly have not got a very elaborate road system.

The previous Government made some good plans in this direction, and I hope that the present Government will press on with them. But this Clause will make it very difficult to travel over these roads even if we get them. Such grandiose provisions for increases in road taxation should lead to some of this money being spent on roads for those who are paying these taxes.

We have seen a grand bridge built across the harbour, which has been closed for most of the time since it was opened by the Minister of Transport, and the City of Bristol did not think much of that, as they did not think much of the increases in road taxation.

I will not go in great detail over all the grave injustices contained in this Clause, because my hon. Friends have gone over them in some detail and put forward many probing Amendments of one kind or another. I thought that the hon. Member for Tiverton (Mr. Maxwell-Hyslop) let the hon. Gentleman off pretty lightly, when he was speaking about the two-wheeled bicycle without an engine, by not going wider to speak about the three-wheeled vehicle without an engine, about which I reckon the Government have absolutely no answer at all.

To conclude, we are told, and we agree in the West Country, that the key to all our problems is communications—road communications. A brave start was made by the previous Government, not apparently to be carried on with much energy by the present administration. Over these roads, road vehicles will have to move, but the present Government by their proposals in this Clause have done all they can to make it more difficult and more expensive to move over them.

It is, therefore, as a Member for the City of Bristol, which I would describe as the reluctant capital of the West Country on which the whole future of the area depends, linked with various parts of the West Country by an inadequate road system which we hope to see improved, doing our best to make the economic progress of the West Country a success, that I say we are hampered by this Clause.

No Member for a great industrial city, capital of a far-flung area, one of the most distant regions of the United Kingdom, can possibly support the provisions of this Clause for prodigious increases in road vehicle taxation which will make it even more difficult to do an extremely difficult job.

Mr. Goodhew: After some seven hours debating Amendments designed to save the people of this country from some of these swingeing increases in taxation, during which most of the time we have been blessed by perhaps one sleeping Member on the Government side of the House, it is encouraging to see a round dozen of back benchers now interesting themselves in this Clause.

It is nevertheless very disappointing to find that every time an hon. Member on this side resumes his seat there is no one on that side anxious to stand up and speak.

Mr. Swain: The hon. Gentleman criticises Government back benchers for not being present. But when he goes to the pictures and there is a bad picture, does he sit on to the end?

11.0 p.m.

Mr. Goodhew: The hon. Gentleman complains because he has had to sit through a bad picture. Is he not aware that this bad picture was produced by his party? If he cannot bear to sit through it he should blame his colleagues, not us.

Any hon. Member who has sat through the discussion of the last seven hours must agree that everything that has been said—and most of what has been said has come from this side of the Committee—shows that my right hon. Friend the Member for Wolverhampton, South-West (Mr. Powell) was right when he said that the only reason one can possibly find for the Clause is prejudice.

[MR. GOODHEW.]

We have this heavy Finance Bill—this enormity of increased taxation—because the Government are so blinded by prejudice that they cannot see the cause and effect in economic terms. They can take week-end courses and what they will, but the fact remains that they are so prejudiced against the Swiss bankers that they cannot understand why, when they refer to them as the “gnomes of Zurich”, those bankers react against them. They are so prejudiced against the City that when they make nasty noises about it they are surprised that the City should react badly against their policies.

They are prejudiced against private enterprise, shareholders and speculators. They do not understand that the prosperity which they inherited—[*Interruption*—and they talked with pride about it earlier—resulted from the activities of the various sections of the community against whom they are so prejudiced. And then, when we consider the Clause, we find that they are prejudiced not only against all those things, but also against the private car owner, the motor cyclist, the motor scooter owner and even against the poor Mods and Rockers.

Several Hon. Members rose—

Mr. Goodhew : How can they imagine that a Government of this sort have any promising ideas to put forward when hon. and right hon. Gentlemen opposite are so obviously blinded by prejudice against so many sections of the community and when they keep on producing measures which only make matters worse? They are like the clown in the circus who—

Mr. Swain : On a point of order. Although we are listening to the best speech that has been made 10 times today, has it got anything to do with the Clause?

The Temporary Chairman (Sir H. Legge-Bourke) : If the hon. Gentleman had been out of order he would have been called to order.

Mr. Goodhew : Had the hon. Member for Derbyshire, North-East (Mr. Swain) been here a little longer he would have heard some other excellent speeches from my hon. Friends.

As I was saying, it is surprising that the Government can go on making the same mistakes time and again, just as they are doing in the Clause. They are adding to the cost of our goods and products. I see the Paymaster-General having a seizure. What does he find amusing in all this? Is it funny that the costs of production and of delivering goods are being increased by his Government? It all goes to show that they are behaving like the clown at the circus who, every time a custard pie is thrown in his face, wipes it off and shows great surprise when the next pie hits him. The Government keep on making the same stupid mistakes. I wish they would stop looking so surprised.

Mr. David Mitchell (Basingstoke) : We have heard some stirring speeches from the Prime Minister calling for the Dunkirk spirit to boost Britain's exports. Considering that the most pressing need, if we are to increase our exports, is for British industry to be competitive, there is something contradictory in the Government introducing a Clause of this sort now. Road transport enters into all costs—costs of manufacture, costs of exporting, and so on—and no matter how much we push goods on to the railways the fact is that most factories are not on the railway line. Even if goods are taken in part by rail they usually have to finish their journey by road, and they usually have to go by road to the docks for export.

These proposals will lead to increases in road transport costs. My hon. Friend the Member for Weston-super-Mare (Mr. Webster) has already spoken of British Road Services, and I have recently had through the post a communication that I find most interesting. It is from British Road Services Parcels Ltd. It is dated 12th May, 1965, and it states:

“ Dear Sir,

During the past twelve months a number of factors have contributed to the swelling of operating costs, amongst which have been increases in the excise tax on fuel, in vehicle licence duties and in national insurance and pension contributions.”

It will be noticed that to the increases in all the items in that list the Government have contributed. If the First Secretary is endeavouring to inquire into rising prices, he will find the cause in

rising costs. This letter is not the projection of some hard-faced Tory business man—information comes from British Road Services' own circular. It goes on:

"Now, however, the Company, in common with other road operators, has been faced with new and substantial pay awards. The additional costs represented by these awards are so extensive that they can not be met otherwise than by an increase in the level of charges."

It may be argued that such high wage awards are reprehensible, but we must bear in mind the increased costs of those working for British Road Services—increased Income Tax, increased National Insurance stamps, the increase in the cost of petrol, because workers under the Tory affluence which we have brought about during the last 13 so-called wasted years now own their cars and use them to go to work. There is also the increased cost of the Road Fund licences for their cars, increases in the price of their cigarettes, their beer, and all the rest. All these increasing costs inevitably mean an increasing pressure of wage demands. Bearing all that in mind, one is not surprised to find this letter ending:

"British Road Services Parcels Limited have accordingly been reluctantly compelled to revise their rate schedules."

What we have been talking about and what we already have operating is the result of the Government's legislation and proposed legislation.

One of the problems in many parts of the country is that of rural transport. Rural bus operators are having a very difficult time. This latest increase has seriously added to their costs, and made it much more difficult for them to maintain their services. I have had complaints on this score from old-age pensioner constituents. One letter from an operator states:

"I confirm that a variation in fares is proposed by this company."

"Variation" is, perhaps, a new word to use in this connection, but one knows exactly what it means. An old-age pensioner complains that it now costs 1s. 4d. for the return fare into Andover to do her shopping.

We now have a proposal that will increase the costs of British industry in its efforts to become competitive, and which will increase the hardship imposed on

the elderly—people about whom we on this side concern ourselves very much. For that reason, I hope that we shall reject this Clause.

Mr. Geoffrey Lloyd: Before we part with this Clause I should like to express briefly my opposition to the increase in the motor car duty, more particularly from the point of view of the industrial Midlands, which are the centre of motor car manufacture. It is well known that not only do we manufacture many famous motor cars, but, above all, we are the makers of the components that go into the motor cars that are assembled in other parts of the country. Under Conservative Governments we have become a democracy of car owners, and not only has this been brought about by the general prosperity under Conservative Governments, but my right hon. Friend the Member for Barnet (Mr. Maudling), partly as a result of representations from the Midlands motor car industry and Midland Conservative Members, made the dramatic reduction in the Purchase Tax on motor cars which has been the prime mover in the tremendous acceleration of the motor car industry in this country in recent years.

This increase in the motor vehicle duty following so hard on the increase in the petrol duty in the Budget last autumn is the beginning of the Government turning the clock back so far as the motor car industry is concerned as we see it in the Midlands. It should be remembered that the motor car industry was able to make a very powerful case to the Government that the success of that industry in the export markets would be based upon a secure and ample home market. In fact, experience in recent years has shown that this low level of taxation, thus releasing a greater demand in this country, has had a very beneficial effect on the export trade.

In Birmingham, and the Midlands generally, we have a double interest in this matter. Not only are we the centre of motor car manufacture, but also the prosperous workers in the motor car industry are themselves big purchasers of motor cars. It would be true to say that every up-and-coming young man in Birmingham factories today expects to own his own car within a reasonable period in early life. Sometimes it is a

[MR. LLOYD.]

question whether he wishes to buy his house first or his motor car first, but the present Government have made it almost impossible for him to buy a house, and now they are making it more difficult for him to finance his motor car. There is, therefore, a feeling growing up in the Midlands that the Government are hostile to the Midlands industrial prosperity, partly out of political spite because that is not an area which supported the Government in the General Election.

I therefore express opposition to this tax, and I do so to a very large extent on behalf of the industrial operatives in Birmingham who see, on the one hand, that it is now becoming more difficult for them as individuals to finance the running of a motor car, and, on the other hand, the danger of their earnings being eroded by lessened prosperity in the industry under the present Government.

Sir D. Glover: I wish to oppose this Clause. I do not think that any party has been returned to power on such a "phoney" prospectus as the party opposite. Many people supported the party opposite on the theory that they were determined to modernise Britain. If this is the theory on which they were returned to power, why is it that they show such a hatred to the aircraft industry—

The Temporary Chairman: Order. I shall be very grateful if the hon. Member will keep all four wheels on the ground.

Sir D. Glover: I am sorry that you were so quick on the ball, Sir Harry. I was not going to refer to anything else that would have been out of order. I was wondering why the Government showed such hatred to a certain industry which is a modern industry. They do not like modern industries. Why are they antagonistic to the road haulage industry? They have an in-built loyalty for the railways. I shudder to think what would be the state of this country if the Labour Party had got into power in the days of the stage coach and had nationalised it, because if they had done so we would never have had a railway system.

11.15 p.m.

It is one of the great weaknesses of nationalisation that one then has a vested interest in protecting something which belongs to the State. There is no doubt that the Labour Party has an adverse and antagonistic approach to the new industries which are competing against the old means of transport—the railways. Even now we do not have liner trains. I take some pride in the fact that I was the first person in the House of Commons, in 1954, to advocate liner trains and the means of putting lorries on them. I even described the turn-tables which could be used for that purpose. I went into great detail eleven years ago, but the railway authorities have only just accepted this idea and the railway workers even now will not accept it. I am sure that if it had been put into practice at that time the railways would have retained a great deal of the traffic which they have now lost.

When we are discussing increased costs as a result of this Clause—and I also blame my right hon. Friends when we were the Government for their attitude in this respect—we must realise that there is a great gulf between taxing consumption and taxing production and distribution and the efficiency of our economy. What we are doing again now is to put a further burden on the efficiency of British industry.

I am sorry that the Chancellor is not here. If one has a box of children's bricks—and it is as simple as this—and one brick is a 6d. increase in excise licence, another an increase in wages, another representing increased costs as a result of shorter hours, another the increased cost which comes indirectly from the cost of insurance, one is all the time adding one brick to another to build a house which is most insecurely built and which will be blown away with the wind because it is an inflationary house. It is not an economy or a society which is soundly based.

In this Clause the cost of transportation is being increased for all the people who travel to work by these mechanically propelled vehicles. We have already increased by a previous Budget the cost of the fuel which is put into these vehicles. We are making these people

more and more conscious of the rise in the cost of living and they want to put the on-cost on to the product manufactured at the factories where they work. We are increasing the cost of licensing vehicles carrying goods and even carrying passengers. In each case we are adding another on-cost to the burden of British industry, and the Government who are doing this were returned to power pledged to modernise industry. The Clause makes it more difficult for industry to modernise. It increases costs which industry must try to absorb by increased efficiency. I accept the First Secretary's view that costs should be absorbed by increased efficiency, but even if the increased burdens imposed by the State are absorbed by increased efficiency it means that the chance of a reduction in prices becomes less likely. If these burdens were not put on the industrialists, their increased efficiency could bring about reduced prices; but if the State adds to the burden of their costs all the time, how can industrialists absorb the other increased costs and get their prices down?

If I am right—I am sure that all hon. Members, on whichever side of the Committee they sit, know that I am—what about our export trade as well? The effect does not apply only to consumer goods in this country; it applies to every facet of our industrial production effort, even to efficiency. Human beings are very similar, whether they are on that side of the Committee or on this, or whether they are on one side of industry or the other.

Mr. Robert Cooke: No.

Sir D. Glover: Yes. If my hon. Friend will allow me to finish, I was about to say that we all react to encouragement, and we are all discouraged when we think we have done a good job and then some other burden is put on our shoulders which takes away our sense of achievement. The Government seem to lose sight of this completely in their psychological approach to industry. What is the incentive to increase efficiency, if someone reduces his costs and he reads in the newspaper the next moment that the Government have put another burden on him? Is it surprising that people are inclined to say, "What is the use? Why should we try? If we cut our costs, the

Government will only treat us as another source of more revenue". This is exactly what has happened in so many features of the Budget.

In dealing with transport, one is dealing with one of the fundamental things which can create the right climate of thought on efficiency and a dynamic society. Yet all the Government's proposals in this Clause are making people more inclined to be fuddy-duddies than they were before it was brought in. The Clause increases the burden on industry, lowering its incentive to efficiency, and I hope that my right hon. and hon. Friends will divide the Committee against it.

Mr. Norman Cole (Bedfordshire, South): There was a famous man, Bacon, who said that he had taken all knowledge for his province. One can adapt that and apply it to this Government: they have taken all taxation as their province, without any discrimination whatever. If the history of the past few months could be rewritten, the Government might well want to think again about many of the actions which they have taken. If proof of that be wanted, there is the news this morning about the 2.1 per cent., rise in the cost of living last month, which, I understand, is a record and which, if maintained, would mean a 25 per cent. increase each year. What the Socialist target is I do not know. Moreover, the rise in the cost of living does not yet include higher transport costs because these have been postponed at the volition of the industry itself, so the effect of this Clause, not to mention other parts of the Bill, has yet to come on top of the bad news we already have.

At times, I find it in my heart, as one human being thinking of another, to feel sorry for those who have to act as defenders on the Government Front Bench during the passage of the Finance Bill. Having to make a defence without any real defence and, I suspect at times without any real conviction, we have heard tonight from the other side of the Committee much which will carry no conviction to our side or to our opponents simply because there is no case at all which can be made. I also suspect that a great deal of this has been done with great precipitation and without much thought and would not have

[MR. COLE.]

been done if it could have been done in some other way.

The Chancellor wants to raise money, but if ever anybody could find the wrong road, or the wrong way, in which to visit this impost upon the nation, then the right hon. Gentleman has found it. The agricultural position arising from this Clause, not to mention the Schedule associated with it, is something which merits special attention. Incidentally, I am sorry that the Minister of Agriculture has gone. I can only imagine that he thought nobody was going to refer to that aspect and decided it was not worth staying; but I propose to refer to it. The Chancellor opened his Budget on 6th April, well after the farm Price Review had been concluded, so that this extra taxation on farm vehicles is just one more cost which will be added to this most important sector of our earning community.

Already we know of the difficult time through which the farming industry is passing, but this Government, not to be outdone by any extremes, are considering the re-rating of agricultural premises. The real morass into which the Government have got themselves means that they, like the Gadarene swine, will go over the cliff in full measure. It is a raw deal for the farming community, and I warn the right hon. Gentleman that it will prove to be a raw deal for the Government, because there will be repercussions in the next few months. It is a raw deal for a very hard-working section of our country—the farm community. It is a raw deal for the haulage industry; and, as my right hon. Friend the Member for Sutton Coldfield (Mr. Geoffrey Lloyd) has said, a raw deal for the motor trade. I represent a similar constituency to his; not all motor cars are manufactured in the Midlands. Some are made in Dunstable and Luton. It is a raw deal for the manufacturers, and for the people who own cars, many of whom are paying for them over a period.

I see that the Chancellor has now returned to the Committee. I am sorry that he has missed the gist of my remarks; the best of my remarks, but I am sure you would call me to order, Sir Harry, if I attempted to make them all over again. I see that I have also

attracted the Minister of Agriculture back into the Chamber. It seems that I am having some success, if only in a personal sense.

I shall vote against this Clause, and look forward to the day when we can teach this Government a lesson by defeating them in the Division Lobby on a matter of this kind.

Mr. MacDermot: It is obvious that hon. Members opposite are looking forward with pleasure to voting against this Clause and it would be very wrong of me to keep them from that pleasure for any longer than is necessary. Under your benevolent eye, Sir Harry, it has been a far-ranging debate. First I would say that, as a representative of a railway town, I am tempted to reply in kind to many of the remarks made in the discussion by some hon. Members opposite, but I suspect that they have a guilty conscience. So reserved have they been in their attitude to the railways, and so anxious have they been to favour road haulage that they appear to think that any action taken which impinges on road transport from this side of the Committee is dictated by some doctrinaire, revengeful spirit against road transport. Hon. Members opposite are unable to comprehend, because it does not enter into their philosophy, that the right solution to the transport problem is, rightly, to integrate road and rail transport.

11.30 p.m.

I repeat, as I said earlier in our debates on various of the Amendments, that the duties and the increases in duty which my right hon. Friend the Chancellor proposes are not motivated by any kind of doctrinaire spirit or any attempt to redress the balance between road and rail transport.

Sir A. V. Harvey: The hon. and learned Gentleman has tonight been most inconsistent in his arguments. He said that the Conservative Government did little for the railways. Will he recall that a Conservative Government acquired the services of Dr. Beeching, who saved the taxpayers tens of millions of pounds, and that it was his party who sacked him?

Mr. MacDermot: We have not sacked Dr. Beeching. The hon. Member tempts me further, but I will still resist the temptation.

The one hon. Member on the benches opposite who raised a new point of relevance to the debate was the right hon. Member for Sutton Coldfield (Mr. Geoffrey Lloyd), who raised the question, which it has not been in order to debate up till now, of the increase in the motor car duty. It is, of course, the ordinary private motor car which is coming off best under these increases; it is having the least percentage increase of any class, the increase being £2 10s. a year in the rate of duty.

I understood the right hon. Gentleman to be protesting against even that and to be suggesting that there should have been no increase for the private motorist. I do not think that he has many of his hon. Friends with him, because most of the criticism so far during the debate has been that everyone else is having too heavy a duty imposed compared with the private motorist and that more should have been done against him. [HON. MEMBERS: "No."] Some hon. Members who have not been here during the debate are obviously unaware of what some of their hon. Friends have said in their absence.

It has been said—one hon. Member said specifically—that we should not have imposed any duty on goods vehicles but, instead, should have imposed the increase on private cars. As my right hon. Friend the Chancellor said, he is reviewing the system of duties for private cars to see whether a workable differential scheme can be imposed.

The real question on the Clause, however, is whether it is right to impose an increase in vehicle excise duty. What the increases will achieve in terms of additional revenue is £48½ million this year and £54½ million in a full year. That contributes towards the total of additional increases in revenue and reduction of expenditure totalling £250 million in reduction of demand which is the underlying strategy of my right hon. Friend's Budget.

If we are not to obtain a comparable sum to that by means of vehicle excise duty increases, in what other way do right hon. and hon. Members opposite suggest that we should obtain it? I do not think that they are suggesting that it should be by means of any further increases in direct taxation. There was

a suggestion from one hon. Member that it should more directly attack the consumer and not go into increasing the costs of industry. There have been very heavy increases in taxation directly affecting the consumer. Surely it is right that at least this proportion of the additional taxes should be spread fairly and widely over the whole of industry. That is what the increases in these duties achieve.

It was suggested that this would increase our export costs. I remind the Committee of what I have already said in our debates, that this increase in duty will qualify for an increase in the rebate on duty under the export rebate scheme. In short, the position is that I commend this to the Committee as a fair way of raising the additional revenue, and any alternative way would put a quite disproportionate and unfair burden on other taxpayers.

Mr. Powell: Four years ago almost to the day this Committee was considering the Question that Clause 5 of that Finance Bill should stand part of that Measure. It so happens that Clause 5 of the Finance Bill in 1961 increased the vehicle excise duties by about 20 per cent. uniformly. The present Prime Minister wound up, and among his parting shots I find these sentences:

"The Chancellor obviously decided that motors cars were a sitting target for his predatory instincts. I think that he would have liked to have gone for petrol."

What is wrong about this Clause in itself and in its wider context is that the present Chancellor of the Exchequer has both gone for petrol and taken the motor car as a sitting target, for in his two Budgets within six months he has imposed first £100 million and then a further £50 million of taxation wholly concentrated upon road users. So both in its context and in itself this Clause is a bad one, though admittedly some parts are even more bad than others, and we have been spending the last eight hours in surveying the main evils which it contains.

There was the increase of nearly 100 per cent. imposed upon the motor cycle, virtually twice the increase imposed upon any other form of road vehicle, which

[MR. POWELL.]

was defended by the Government by saying that motor cyclists had been getting off too lightly for too long and that the object was to bring them more into line with the general level of vehicle licence duties upon motor vehicles generally.

Then we considered the imposition of a 50 per cent. increase, at a direct cost of £35 million, upon the productive costs of British industry. This was defended on the ground that the present level of the vehicle licence duty had become obsolete and, therefore, it was high time that it was raised regardless of the addition to those costs, about £60 million, which had been made in the autumn Budget.

Then there were cars. The Financial Secretary seemed to be surprised that attention had not been drawn more firmly to the relatively low rate by which the vehicle excise duty on the passenger motor car was being increased in the Clause. In explaining away this anomaly, which seemed to worry him more than anything else, he gave the Committee very alarming intelligence which I think will attract attention out of doors tomorrow and subsequently.

I do not know whether the Chancellor of the Exchequer was aware of the extent to which his future Budget, or Budgets, was being anticipated by the Financial Secretary. He said that the increase in vehicle excise duty was disproportionately low—those were his words and he used them several times. "But, not to worry," he said, "This is only temporary; this is only interim; this is just while we are thinking about a new system and we will come back to this next year when, we hope, we shall have the new system."

What will happen when they come back next year? I do not know about 100 per cent., but at any rate this "disproportionately low" increase of the excise duty on motor cars is to be put right. We have been promised that and let note be taken of it out of doors—it is to be put right. Admittedly, in the case of small cars not much, if any, increase is to be anticipated for next year, but for other cars there must be

substantial increases and, if the words of the Financial Secretary mean anything, then the norm—or should I say the "guiding light"?—which appears to be in the minds of the Government is a 50 per cent. increase in the vehicle excise duty.

So the public now knows after today that this is not the end of the matter and that it has not seen the end of the increase in vehicle licence duties which it can expect and those owners of cars getting off so "lightly" with an increase of "only" 18 per cent., of course on top of the petrol tax increase, may be reassured that it is to be put right and that under the new system it is to be brought up to a proper proportion to other duties.

In the debate four years ago, the right hon. Gentleman to whom I have referred almost shed tears when he thought of the plight of some car owners faced with the flat-rate increase of just under 20 per cent. which that Budget imposed, and he said:

"... the people who own many of these old cars are people living on small fixed incomes, or retired people. We all know of them, and we could give examples of them. We all know, too, the dangers which people like this have to face. . . . on top of all this they are now to be asked to pay a tax of £15 instead of £12 10s."—[OFFICIAL REPORT, 1st June, 1961, Vol. 641, c. 477-8.]

They now know that under the present Government they have not only participated in the £100 million increase in taxation upon motor fuel, they have not only had a further 20 per cent. increase this year in the vehicle licence duty, but, if they are unfortunate enough to be running by this time next year any but the very smallest of cars, they will be subject to a further increase in the vehicle licence duty. That they know.

What is wrong about this Clause and the reason why I ask the Committee not to add the Clause to the Bill is that it adds to the deliberate attack made upon the users of the roads in the last Budget a further attack, another 50 per cent. increase in that additional weight of taxation, and we have been given warning that that is not to be the end. We had better start now by throwing out the Clause.

Question put, That the Clause stand *The Committee divided:* Ayes 159,
part of the Bill:— Noes 151.

Division No. 120.]

AYES

[11.44 p.m.]

Abse, Leo
Allaun, Frank (Salford, E.)
Armstrong, Ernest
Bacon, Miss Alice
Barnett, Joel
Baxter, William
Bellenger, Rt. Hn. F. J.
Bence, Cyril
Bennett, J. (Glasgow, Bridgeton)
Binns, John
Bishop, E. S.
Blenkinsop, Arthur
Boardman, H.
Bowden, Rt. Hn. H. W. (Leics S.W.)
Boyden, James
Braddock, Mrs. E. M.
Bradley, Tom
Bray, Dr. Jeremy
Brown, Hugh D. (Glasgow, Provan)
Brown, R. W. (Shoreditch & Fbury)
Buchanan, Richard
Callaghan, Rt. Hn. James
Carmichael, Neil
Carter-Jones, Lewis
Castle, Rt. Hn. Barbara
Chapman, Donald
Coleman, Donald
Conlan, Bernard
Cousins, Rt. Hn. Frank
Craddock, George (Bradford, S.)
Crawshaw, Richard
Crosland, Anthony
Cullen, Mrs. Alice
Dalyell, Tam
Davies, G. Eifed (Rhondda, E.)
Davies, Harold (Leek)
Davies, Ifor (Gower)
Davies, S. O. (Merthyr)
de Freitas, Sir Geoffrey
Delargy, Hugh
Dell, Edmund
Dempsey, James
Diamond, John
Doig, Peter
Donnelly, Desmond
Duffy, Dr. A. E. P.
Dunn, James A.
Edelman, Maurice
Edwards, Rt. Hn. Ness (Caerphilly)
Edwards, Robert (Bilston)
Evans Ioan (Birmingham, Yardley)
Ferryhough, E.
Finch, Harold (Bedwellty)
Fletcher, Sir Eric (Islington, E.)

Fletcher, Ted (Darlington)
Floud, Bernard
Foot, Sir Dingle (Ipswich)
Fraser, Rt. Hn. Tom (Hamilton)
Freeson, Reginald
Galpern, Sir Myer
George, Lady Megan Lloyd
Gourlay, Harry
Gregory, Arnold
Griffiths, David (Rother Valley)
Griffiths, Will (M'chester, Exchange)
Hamilton, James (Bothwell)
Hannan, William
Harrison, Walter (Wakefield)
Hart, Mrs. Judith
Hattersley, Roy
Heffer, Eric S.
Herbison, Rt. Hn. Margaret
Hill, J. (Midlothian)
Horner, John
Howarth, Robert L. (Bolton, E.)
Howie, W.
Hoy, James
Hunter, Adam (Dunfermline)
Irvine, A. J. (Edge Hill)
Jeger, George (Goole)
Jones, Dan (Burnley)
Jones, J. Idwal (Wrexham)
Jones, T. W. (Merioneth)
Kenyon, Clifford
Kerr, Mrs. Anne (R'ter & Chatham)
Lee, Rt. Hn. Frederick (Newton)
Lewis, Ron (Carlisle)
Mahon, Dr. J. Dickson
McCann, J.
MacDermot, Niall
McInnes, James
Mackenzie, Gregor (Rutherglen)
MacMillan, Malcolm
MacPherson, Malcolm
Mahon, Peter (Preston, S.)
Mahon, Simon (Bootle)
Mallatieu, J.P.W. (Huddersfield, E.)
Mapp, Charles
Mendelson, J. J.
Miller, Dr. M. S.
Milne, Edward (Blyth)
Monslow, Walter
Morris, John (Aberavon)
Neal, Harold
O'Malley, Brian
Oram, Albert E. (E. Ham, S.)
Orme, Stanley
Oswald, Thomas

Owen, Will
Paget, R. T.
Pearson, Arthur (Pontypridd)
Peart, Rt. Hn. Fred
Pentland, Norman
Poplewell, Ernest
Price, J. T. (Westhoughton)
Probert, Arthur
Rees, Merlyn
Rhodes, Geoffrey
Roberts, Goronwy (Caernarvon)
Robertson, John (Paisley)
Rodgers, William (Stockton)
Rogers, George (Kensington, N.)
Rose, Paul B.
Ross, Rt. Hn. William
Rowland, Christopher
Sheldon, Robert
Short, Rt. Hn. E. (N'c'tle-on-Tyne, C.)
Silkin, John (Deptford)
Silverman, Julius (Aston)
Slater, Mrs. Harriet (Stoke, N.)
Slater, Joseph (Sedgefield)
Small, William
Snow, Julian
Soskice, Rt. Hn. Sir Frank
Steele, Thomas (Dunbartonshire, W.)
Swain, Thomas
Swingler, Stephen
Taylor, Bernard (Mansfield)
Thomas, George (Cardiff, W.)
Thomson, George (Dundee, E.)
Thornton, Ernest
Tinn, James
Varley, Eric G.
Wainwright, Edwin
Walden, Brian (All Saints)
Walker, Harold (Doncaster)
Watkins, Tudor
Wells, William (Walsall, N.)
White, Mrs. Eirene
Wigg, Rt. Hn. George
Willey, Rt. Hn. Frederick
Williams, Afan (Swansea, W.)
Williams, Albert (Abertillery)
Willis, George (Edinburgh, E.)
Wilson, Rt. Hn. Harold (Huyton)
Wilson, William (Coventry, S.)
Woodburn, Rt. Hn. A.
Woof, Robert
Yates, Victor (Ladywood)

TELLERS FOR THE AYES:

Mr Alan Fitch and
Mr. Charles Grey.

NOES

Agnew, Commander Sir Peter
Alison, Michael (Barkston Ash)
Allason, James (Hemel Hempstead)
Anstruther-Gray, Rt. Hn. Sir W.
Astor, John
Awdry, Daniel
Baker, W. H. K.
Barlow, Sir John
Batsford, Brian
Bell, Ronald
Bennett, Sir Frederic (Torquay)
Berry, Hn. Anthony
Biggs-Davison, John
Birch, Rt. Hn. Nigel
Bossom, Hn. Clive
Bowen, Roderic (Cardigan)
Box, Donald
Boyd-Carpenter, Rt. Hn. J.
Brinton, Sir Tatton

Bromley-Davenport, Lt.-Col. Sir Walter
Brooke, Rt. Hn. Henry
Brown, Sir Edward (Bath)
Bruce-Gardyne, J.
Buchanan-Smith, Alick
Buxton, Ronald
Cary, Sir Robert
Clark, Henry (Antrim, N.)
Clark, William (Nottingham, S.)
Cole, Norman
Cooke, Robert
Cooper-Key, Sir Neill
Costain, A. P.
Crosthaite-Eyre, Col. Sir Oliver
Curran, Charles
Currie, G. B. H.
Davies, Dr. Wyndham (Perry Barr)
d'Avigdor-Goldsmid, Sir Henry
Dean, Paul

Deedes, Rt. Hn. W. F.
Digby, Simon Wingfield
Dodds-Parker, Douglas
Douglas-Home, Rt. Hn. Sir Alec
Eden, Sir John
Emery, Peter
Errington, Sir Eric
Eyre, Reginald
Fisher, Nigel
Fletcher-Cooke, Charles (Darwen)
Fletcher-Cooke, Sir John (S'pton)
Fraser, Ian (Plymouth, Sutton)
Gammans, Lady
Gilmour, Ian (Norfolk, Central)
Glover, Sir Douglas
Godber, Rt. Hn. J. B.
Goodhew, Victor
Gower, Raymond
Grieve, Percy

Griffiths, Peter (Smethwick)	Lloyd, Rt. Hn. Geoffrey (Sut'n C'dfield)	Ridsdale, Julian
Gurden, Harold	Longbottom, Charles	Roberts, Sir Peter (Heeley)
Hall, John (Wycombe)	Lubbock, Eric	Roots, William
Hall-Davis, A. G. F.	MacArthur, Ian	Scott-Hopkins, James
Hamilton, M. (Salisbury)	Mackie, George Y. (C'ness & S'land)	Sharples, Richard
Harvey, Sir Arthur Vere (Macclesf'd)	McLaren, Martin	Sinclair, Sir George
Harvie Anderson, Miss	Macleod, Rt. Hn. Iain	Smith, Dudley (Br'ntf'd & Chiswick)
Heald, Rt. Hn. Sir Lionel	Maginnis, John E.	Stainton, Keith
Heath, Rt. Hn. Edward	Maitland, Sir John	Stanley, Hn. Richard
Higgins, Terence L.	Maude, Angus	Steel, David (Roxburgh)
Hiley, Joseph	Mawby, Ray	Studholme, Sir Henry
Hill, J. E. B. (S. Norfolk)	Maxwell-Hyslop, R. J.	Taylor, Sir Charles (Eastbourne)
Hirst, Geoffrey	Maydon, Lt.-Cmdr. S. L. C.	Taylor, Edward M. (G'gow, Cathcart)
Hooson, H. E.	Mills, Peter (Torrington)	Temple, John M.
Hordern, Peter	Miscampbell, Norman	Thatcher, Mrs. Margaret
Hornby, Richard	Mitchell, David	Thomas, Rt. Hn. Peter (Conway)
Hornsby-Smith, Rt. Hn. Dame P.	Monro, Hector	Thompson, Sir Richard (Croydon, S.)
Howe, Geoffrey (Bebington)	More, Jasper	Tilney, John (Wavertree)
Hutchison, Michael Clark	Morrison, Charles (Devizes)	Vaughan-Morgan, Rt. Hn. Sir John
Iremonger, T. L.	Murton, Oscar	Walker, Peter (Worcester)
Irvine, Bryant Godman (Rye)	Nugent, Rt. Hn. Sir Richard	Ward, Dame Irene
Jenkin, Patrick (Woodford)	Osborn, John (Hallam)	Weatherill, Bernard
Johnston, Russell (Inverness)	Page, R. Graham (Crosby)	Webster, David
Jopling, Michael	Pearson, Sir Frank (Clitheroe)	Whitelaw, William
Joseph, Rt. Hn. Sir Keith	Percival, Ian	Williams, Sir Rolf Dudley (Exeter)
Kerby, Capt. Henry	Pitt, Dame Edith	Wilson, Geoffrey (Truro)
Kerr, Sir Hamilton (Cambridge)	Pounder, Rafton	Wise, A. R.
Kershaw, Anthony	Powell, Rt. Hn. J. Enoch	Younger, Hn. George
King, Evelyn (Dorset, S.)	Price, David (Eastleigh)	
Kirk, Peter	Pym, Francis	
Kitson, Timothy	Ramsden, Rt. Hn. James	
Lewis, Kenneth (Rutland)	Redmayne, Rt. Hn. Sir Martin	
Litchfield, Capt. John	Ridley, Hn. Nicholas	

TELLERS FOR THE NOES:

Mr. R. W. Elliott and
Mr. Geoffrey Johnson Smith

Mr. Callaghan: I beg to move,

That the Chairman do report Progress and ask leave to sit again.

I do not think that we have made very much progress today. Two Clauses by midnight is not a rapid rate of progress. I hope that it will be possible to make more progress tomorrow. I think that that is possible, because I cannot believe that it will be likely that hon. Members opposite will be able to find any more quotations to read. We have heard all

the speeches from the 1961 debates, and I cannot think that there are any more quotations left. Perhaps I am wrong; we shall see. But I think that this would be a convenient moment to adjourn, and I move this Motion on the assumption that we shall be able to make reasonable progress tomorrow and get a fair way through the Clauses that are left.

Question put and agreed to.

Committee report Progress; to sit again Tomorrow.

WAYS AND MEANS

Considered in Committee

[Dr. HORACE KING in the Chair]

INCOME TAX (COMMON INVESTMENT FUNDS)

11.55 p.m.

The Financial Secretary to the Treasury (Mr. Niall MacDermot): I beg to move,

That provision be made with respect to the income tax chargeable on income arising from common investment funds established under the Administration of Justice Act 1965 and in respect of dividends on shares in such funds.

I do not imagine that at this hour the Committee will want any lengthy explanation from me of the purpose of the Resolution. Perhaps it will be enough if I say that its object is to pave the way for a new Clause which it is intended to put down at a later stage of the Finance Bill, which will enable special tax concessions to be made in respect of one of the common investment funds which are to be set up under the Administration of Justice Act, in favour of widows, infants and mental patients who have been successful suitors in court actions.

This will give effect to one of the recommendations in the Report of the Committee, which led to the passing of the Act. If there are any questions which hon. Members want me to answer, I should be glad to do so. Otherwise, perhaps we can leave it to full consideration when we discuss the proposed new Clause in the Finance Bill.

Mr. Edward Heath (Bexley): We on this side of the House support this Ways and Means Resolution. I understand the purpose which the Financial Secretary has mentioned. We are grateful to the Chancellor for taking this action to support another Measure. We give our full support to the Resolution tonight, as we shall to the Clause when we come to it.

*Question put and agreed to.**Resolution to be reported.**Report to be received Tomorrow; Committee to sit again Tomorrow.***ESTATE DUTY (OWNER-OCCUPIED HOUSES)**

Motion made, and Question proposed,
That this House do now adjourn.—[*Mr. Grey.*]

11.58 p.m.

Mrs. Margaret Thatcher (Finchley): The subject which I want to raise on the Adjournment is, I believe, an important one for many widows and relatives of persons who have died, when the house in which they were living comes to be valued for Estate Duty purposes. The essence of the case which I want to raise is that, at present, the district valuers are valuing the house for Estate Duty purposes, not on its existing use basis, but as if it were to be developed at some unknown date in the future. This naturally gives a very much greater value to the house and involves the widow in a very much higher payment of death duty.

The point of principle was first drawn to my attention in a typical case, which occurred in my constituency. It concerned an owner-occupied house built in 1934 of a quite typical kind, with five bedrooms, bathroom, three reception rooms, garage, etc. When the owner died a certain amount of work was required to put the house into good repair, and the house was valued as an owner-occupied house at approximately £10,000, which compared very well with the price obtained for a nearby property sold at about the same time.

When the district valuer made his valuation on behalf of the Inland Revenue, he valued it not as an owner-occupied house but at the kind of value which it would have if a small block of flats were built on the site. He wrote to the person who was acting for the widow in the following terms:

"The property would form an excellent site for a small block of flats located in the same position as the existing building and my valuation made on the assumption that some 22 rooms or slightly more would be permitted, gives a figure of £14,850, which I have rounded down to £14,500."

No application for planning permission had in fact been made by the widow or any other person and none was contemplated. She wishes to go on living in

[MRS. THATCHER.]
the house as it is. I wrote to the Financial Secretary and, following his answer, put down a Parliamentary Question on 27th April, and I am afraid that I was given a rather abrupt and unsatisfactory Answer.

Since then another case in my constituency has come to my attention, the relevant figures being £12,000 as the value of the house as an owner-occupied house and £25,000 on the basis of what the house would fetch if its full development potential were realised. This is a far greater increase in value than the case which originally came to my attention.

Naturally, being a lawyer and having practised at the Revenue Bar, I took the precaution of looking up the law on this subject. Estate Duty is payable on the principal value of the property within the charging provisions. There are no special statutory provisions for owner-occupied houses. They are valued as freehold or leasehold land and are aggregable with other estate. The relevant Section is Section 7 (5) of the Finance Act, 1894, which reads:

"The principal value of any property shall be estimated to be the price which, in the opinion of the Commissioners, such property would fetch if sold in the open market at the time of the death of the deceased."

It is the application of this subsection which has given rise to some difficulty and doubt and a considerable amount of work for solicitors and barristers as well as for professional valuers. It will be noted at this stage that no reference is made in the relevant subsection to enhancement of value arising from the grant of planning permission. Such things were unknown in those days and no later amendment has ever been added. It is now fashionable to identify the increasing value of land with the point of time at which planning permission is granted. Until that time the property is usually valued on its existing use basis.

Naturally, I have looked up some of the case law on the subject, some of which I believe is favourable to my case and some of which, alas, is favourable to the Treasury case.

It might help the Financial Secretary to know that I have looked up the case of the Inland Revenue Commissioners v. Clay, 1914, 3 K.B., page 460, a case

not very favourable to me, and I have looked up the Attorney-General v. Jameson, 1905, which I hope will appeal to him, especially as it is an Irish case and is reported in the Irish Report for that year on page 218. Discussing the meaning of price, the learned judge said that the price was to be that which a purchaser would pay for the right to stand in a deceased's

"shoes with good title to get into them and to remain in them . . . and to receive all the profits subject to all the liabilities of the position."

I note that at the time of the death with which I am concerned the house was an owner-occupied house, and that is all. I also looked up the case of the Earl of Ellesmere v. the Inland Revenue Commissioners, a later case and therefore in my favour if it triumphs over the others, 1918 Law Times, page 568, in which the judge there quoted with approval the following statement

"The hypothetical purchaser must moreover be (it is thought) an ordinary purchaser as distinguished from a purchaser to whom for special reasons the property may have an exaggerated value."

My contention in this case is that the district valuer is taking the value on the assumption that there would be a purchaser for whom special reasons the property had an exaggerated value, and that of course was specifically disproved in that case.

I have been through all the relevant text books—Dymond on Estate Duty, Green on Estate Duty, the relevant Halsbury's Laws, etc., and all the various laws under which the district valuer would operate. I quite understand that if one can prove that no increased value would in fact be paid by any speculator unless planning permission had been granted, then the law and the fact would be the same and no difference would arise; because if a speculator would not pay an increased value until planning permission, then the house would have to be valued on an existing use basis.

But it is not much comfort to a widow to tell her to litigate on this basis. She already suffers a double burden because the value of owner-occupied houses has gone up enormously, and therefore she has to pay Estate Duty on an already inflated value even on the value of the house as an ordinary house. If, in addition, she is going to have to pay as

well on a potential development value, the burden is going to be very, very great indeed.

Often a house is the only capital asset which a husband leaves, coupled perhaps with a small income arising on his death, and to value the house highly means, of course, that the widow has got to find a capital sum very speedily to meet the Estate Duty or to move out of the house in pretty short order.

I believe there is great merit in the claim I am making that the house should be valued on an existing use basis at the date of death.

I have had a letter from one of my constituents, who says

"I cannot see how there can be any justification for assessing Estate Duty on what may happen if the land is developed at some future date."

Where great merit exists, as I believe it does in this case, I would submit that it is a suitable case for one of the many concessions which are common practice by the Inland Revenue. There are, as the Financial Secretary knows, whole lists of such concessions, and there have indeed in the past been precedents for such concessions in the case of Estate Duty. There is a very close precedent in the famous Chancellor's concession which persisted from the war days until 1959, which applied to owner-occupied houses and which refrained from charging the unrealised value attributable to vacant possession where a close relative who had been ordinarily resident with the deceased continued to live in the house.

This concession might be adopted here, changing just a few words, so that it produced the following concession

"In the case of a house owned and occupied by the deceased, where a spouse or a near relative of his who was ordinarily resident with him at the date of death, satisfies the Commissioners that he or she intends to remain in the house and has no other place of residence available, any increase in the value above the existing-use value of that house, in so far as it could only be realised by a sale, shall be disregarded. The valuation shall however be reviewed if the property is sold within a reasonable period within say three years of the death."

Such a concession would help very many widows and dependent relatives.

Alternatively, the Financial Secretary could take the view that the point at which Estate Duty starts to be charge-

able is too low and he could raise it considerably; but that would be a matter for debate on the Finance Bill. Or he could say that the duty in respect of owner-occupied houses should not be payable until the death of the widow. There would be no difficulty in that, because Estate Duty attaches to the land. Therefore, the amount would be safe and adequately secured. If nothing is done, all kinds of anomolous situations and inflated values will arise. For example, suppose that the permitted densities increase. That would give a further enhanced development value.

I hope that the hon. and learned Gentleman will answer sympathetically and agree to have a look at this whole matter. A number of hon. Members on both sides of the House have approach me about this matter and have shown a good deal of sympathy for the case I am putting forward. This is in no way a party political matter and I make it clear to the hon. and learned Gentleman that if one of my hon. or right hon. Friends in his position had given me an outright "No", I would have taken him apart molecule by molecule. With that thought, I hope that he will not need to submit himself later in the Finance Bill to that process. If his answer is unsatisfactory I may have to take action during our proceedings on the Finance Bill, which might result in our being kept up till rather later than even this late hour.

12.12 a.m.

The Financial Secretary to the Treasury (Mr. Niall MacDermot): The hon. Lady the Member for Finchley (Mrs. Thatcher) has such grace and charm that even the prospect of being taken apart molecule by molecule by her has its attractions. Apart from the persuasiveness with which she argued her case, it is a case which excites sympathy.

The hon. Lady, as a lawyer, will not misunderstand me when I remind her of the old saying that bard cases make bad law. What she is really inviting me to do by way of extra-statutory concession is to alter the law, which I do not have the power to do, and I think that it would make bad law to do what she asks, even if I had the power. The hon. Lady is complaining, first, that the Inland Revenue valuers, in valuing owner-occupied houses for Estate Duty purposes,

[MR. MACDERMOT.]

are not valuing them at existing use value but are taking development value into account. To the extent that they do, they are doing it only because they are applying the law.

The law on this, which the hon. Lady cited and which is contained in Section 7 (5) of the Finance Act, 1894, requires the valuers to value land for Estate Duty purposes at the price which it would fetch if sold in the open market at the time of the death. One of the cases which she cited, the Ellesmere case, laid down clearly that that price is to be ascertained on the assumption that the property is sold in the open market in such a manner and subject to such conditions as might be calculated to obtain the best price that could be obtained for the vendor; that is, not a special price but the best price in the ordinary market.

The hon. Lady rightly pointed out that at the time at which that Act was passed our modern planning legislation had not been passed, so that the sudden increases in value which occur when planning permission is granted was something which was not known. But, then as now, market values contained and reflected development values. If the best price that would be obtained for the property in the open market was the development value, then in 1894, as in 1965, it is that price which must be looked at in determining the Estate Duty. The effect of our planning legislation is not to confer some additional value that did not exist before, but to place a restriction on the value, so that the development value in full cannot be taken into account until planning permission is granted, but for the purpose of this valuation vacant possession has to be assumed and the house has to be valued on that basis.

If there are appreciating factors, such as a development potential, they have to be taken into account by the valuer in his valuation. There is nothing hypothetical about this. There is an open market in houses, and by ordinary methods of valuation and comparison with prices which other comparable properties are fetching, valuers on both sides do their best to arrive at what they think is a fair valuation. If the parties are unable to agree, there is a proper

machinery for determining the dispute, and machinery for appeal.

If the district valuer thinks that a prospective purchaser would take a development value into account, that factor has to be reflected in his estimate of the price that would have been payable at the death. The relevance of planning permission in this connection is that if planning permission has been obtained the development value is reflected in full, but that if it has not been obtained it is nothing like the full development value that is reflected. In the case to which the hon. Lady refers, I understand that there was no question of full development value being taken into account, but I do not want now to go into the details of that case, as I believe that the matter is still subject to negotiation.

To deal with the matter broadly and hypothetically, where there has been no planning permission, all the district valuer does is to assess a price which he thinks will reflect the consensus of the likely views of the buyer and the seller as to the possibility of planning permission being obtained. This is something which the prospective seller would have regard to just as much as a prospective buyer, and even if the prospective buyer was only intending to purchase in order to reside in the house himself and not with a view to developing, if the seller thought that it had a development value he would say to such a purchaser, in effect, "You may only want it for its existing use, but it has this development value. I can get that from someone else. If you want to buy it and live in it, you must pay a price which will include that prospective development value."

This is the legal basis, and the district valuer has no power or right to depart from that basis. It is laid down in the Statute, and I do not think that it would be in order to attempt in an Adjournment debate to discuss whether it is a proper basis, and whether or not the law should be altered.

The hon. Lady suggested that we could and should deal with the matter by way of concession, and referred to the "Chancellor's concession" which was introduced towards the end of the war and continued during the post-war period. That was a special concession because

of the special circumstances of the time. It was due to the acute war-time housing shortage, which gave an abnormal value to vacant possession. If the law had been applied in its strictness there, it would have resulted in quite artificially high and abnormal values for Estate Duty purposes. Therefore, this concession was introduced. It was formally withdrawn in 1959. I think that experience of the working of that concession would give one to hesitate very much before trying to introduce a comparable concession again, because it proved a very mixed blessing at times to those whom it was intended to help.

It quite often happens that a widow left alone in a house does not want to continue living there. It may be too large for her needs. It may be too fraught with associations which she would like to escape from. Perhaps she would like to change her life and not be reminded constantly of the past in ways which make her sad. Not all widows, but often a widow will want to sell the house, realise the capital asset which the house is and which often is the main part of her late husband's savings, and move somewhere else, perhaps to live with or near some other member of her family, and perhaps in a smaller house.

What happened was that as a result of this concession widows found themselves in effect tied to their houses for a two-year period. They had to reside in the house for two years to enjoy the concession. They found themselves tied to the house and were asking, in effect, "How long do I have to go on living in the house in order to get the concession?" It did not really work very satisfactorily in all cases, and I think one would be hesitant before thinking of introducing again a system which was intended to give relief but which might cause distress in some cases and be open to abuse in others.

Other suggestions have been made that the duty should be deferred until the house is sold, or that it should be deferred

for as long as the widow continues to reside in the house. There are provisions for spreading the duty by instalments over a considerable period. The duty does not become payable until one year after the death, and then it may at the wish of the taxpayer be spread in yearly or half-yearly instalments over the following eight years, providing the house is not sold in the meantime. In this way there is a substantial alleviation of the immediate burden of the duty.

Also the house frequently is a valuable security on which it is possible, if need be, for the owner to raise a loan. But it is really the instalment provisions which provide the alleviation and which are intended to meet the hardship which can occur of the kind which the hon. Lady referred to. In the case of a widow without large means, where the house is substantially the only asset, as often happens, usually the full value of the house, or something very near the full value, is covered by the initial exemption for the first £5,000 of the estate.

There has also been the proposal that the payment of the duty should be deferred until the time of the widow's death, but this would alter the character of the Estate Duty which, unlike legacy and succession duties which were repealed in 1949, is framed on the basis that it does not in its assessment pay attention to the destination of the estate. It is the instalment provisions which are intended to provide relief from hardship in the case to which the hon. Lady refers.

If there are other cases the hon. Lady knows of, where she thinks these provisions are inadequate and are causing real hardship, I shall be glad to look at the matter further, but I do not think that a solution can be found in any event on the lines which she has so persuasively put forward.

Question put and agreed to.

Adjourned accordingly at twenty-five minutes past Twelve o'clock.

Wednesday, 19th May, 1965

AGRICULTURE, FISHERIES AND FOOD

Veterinary Establishments (Standards)

15. **Mr. Dudley Smith** asked the Minister of Agriculture, Fisheries and Food whether his Department lays down a standard for the conduct of veterinary establishments used for dogs and cats in quarantine; and if regular inspections of such premises are carried out.

Mr. John Mackie: Yes, the Department's requirements are concerned with security and with adequate provision for the health of the animals. All quarantine kennels are regularly inspected by our veterinary staff.

Food Prices

26. **Mrs. Renée Short** asked the Minister of Agriculture, Fisheries and Food what investigation he has made into the gap that exists between food prices paid to producers and the retail price paid by the housewife; and if he will make a statement.

Mr. Peart: Such investigations are best made commodity by commodity and linked with a consideration of possible reforms in the structure of marketing. The improvement of the structure of marketing is one of my main priorities. As the House knows, I have proposals for improving meat marketing which are now being discussed with the interests concerned; and I have instituted an inquiry into certain aspects of the structure of milk distribution.

Bread and flour prices have, of course, been referred to the National Board for Prices and Incomes.

Fat Cattle (Guaranteed Price)

31. **Mr. Ian Gilmour** asked the Minister of Agriculture, Fisheries and Food if he will take steps to assist those beef producers who will derive no benefit from the increase of 4s. per live cwt. in the guaranteed price of fat cattle.

Mr. Hoy: The increase in the guaranteed price for fat cattle will benefit the industry as a whole. Other changes in the guarantee arrangements will affect individual producers differently, depending on the time they sell their cattle

and on the relationship between the market price and the standard price. These changes are intended to influence the production and marketing plans of producers.

Hill Land

34. **Mr. Bence** asked the Minister of Agriculture, Fisheries and Food if he will take steps to improve the hill land of Great Britain, so that food production may be increased.

Mr. Hoy: As announced in the Annual Review White Paper we are considering urgently what more should be done to make the best use of agricultural resources in the hills, bearing in mind the economic, social and other factors involved. We will of course inform the House when we have firm proposals to put before them.

Russian and Japanese Trawlers (North Atlantic)

43. **Mr. Hector Hughes** asked the Minister of Agriculture, Fisheries and Food if he is aware of the increase in the Russian and Japanese giant freezer trawlers which compete with British trawler fleets in British traditional fishing grounds, and of the danger of inroads by them into the supply of fish to British consumers; and if he will state his plans to protect the British fishing industry and British consumers.

Mr. Hoy: I am aware of the increase in fishing effort in the international waters of the North Atlantic. We are playing our full part with the other countries concerned in the work of the international commissions responsible for the conservation of the fish stocks and we are assisting the continuing modernisation of our fleet with the object of ensuring adequate supplies for consumers.

Milk

44. **Mr. Hastings** asked the Minister of Agriculture, Fisheries and Food whether he intends to increase the standard quantity of liquid milk as the market expands; and whether he expects an expansion during the current year.

Mr. Peart : The standard quantity is adjusted each year to take account of changes in sales of milk for liquid consumption. It was estimated at this year's Price Review that liquid sales would increase this year and the standard quantity was increased to take account of this.

45. **Mr. Awdry** asked the Minister of Agriculture, Fisheries and Food what progress has been made in the inquiry into the system of milk distribution ; and what proposals he now has to reduce the gap between the price which the farmer receives for his milk and the price which the consumer pays.

Mr. Peart : Mr. J. L. Davies's investigations are well under way and I hope to receive his report by the end of the summer. Clearly I cannot anticipate the results of his inquiry.

46. **Mr. Hugh Fraser** asked the Minister of Agriculture, Fisheries and Food what an increase in the retail price of $\frac{1}{2}$ d. per pint of milk over a full year represents in terms of an increase in pence per gallon in the guaranteed price to producers, if all the extra revenue is used to bring about this increase in the guaranteed price.

Mr. Peart : About three pence a gallon.

60. **Mr. W. T. Williams** asked the Minister of Agriculture, Fisheries and Food what was the national level of contamination of milk by antibiotics over the past 12 months.

Mr. Hoy : The latest information on the level of antibiotics in milk was published in 1963, following a special survey which took two years. No further survey has taken place. At that time, antibiotic residues, in minute quantities, were found in 14 per cent. of all milk sampled. There is reason to think that action taken since then, including the labelling of drugs with the time for which milk from treated cows should be withheld, and advice to farmers by veterinary surgeons, has had a salutary effect. The position should improve still further when the Milk Marketing Board is able to introduce a scheme of penalties against producers supplying milk which is found to contain antibiotics.

Mr. Bessell asked the Minister of Agriculture, Fisheries and Food if he will

restore to the Milk Marketing Board full powers of distribution and control.

Mr. Peart : As stated in the announcement on the talks between the Government and the Unions, discussions are to be initiated on the Unions' request for a reconsideration of the marketing arrangements for milk.

Brucellosis

52. **Mr. Kitson** asked the Minister of Agriculture, Fisheries and Food if he has now studied the report which was printed in 1964 on the incidence of brucellosis in the national herd ; what steps he intends to take to improve the situation ; and if he will make a statement.

Mr. Peart : I am examining the 1964 Survey in the light of studies carried out within the Department. I shall make a statement as soon as possible.

Farm Workers (Sick Pay)

53. **Mr. Hazell** asked the Minister of Agriculture, Fisheries and Food when amending legislation to the Agricultural Wage Board Act is to be introduced to permit statutory negotiations for wages during sickness for farm workers to be commenced.

Mr. John Mackie : As I have said in reply to a question from my hon. Friend the Member for King's Lynn (Mr. Derek Page), this matter is under consideration, but I am not yet able to make a statement.

Moles

55. **Mr. John Wells** asked the Minister of Agriculture, Fisheries and Food if, in view of the large increase in the number of moles this spring, he will reconsider his decision about supporting rabbit clearance societies who wish to undertake their destruction.

Mr. John Mackie : I have nothing to add to the reply given on 23rd March by my right hon. Friend the Secretary of State for Scotland.

White Fish

54. **Mr. Bruce-Gardyne** asked the Minister of Agriculture, Fisheries and Food whether he will now introduce a minimum pricing scheme for white fish.

Mr. Hoy: Proposals for a statutory minimum price scheme are still under consideration.

Eggs

47. Mr. Thorpe asked the Minister of Agriculture, Fisheries and Food what written assurances were given by his Department in 1956 to the National Egg Packers' Association relating to their right to retain wholly the egg throughput if so desired in the event of the proposed egg marketing scheme becoming operative.

Month	Quantity ('000 long hundreds)	Weekly Prices (per long hundred)				
		17½ lbs	16½ lbs	15¼ lbs	14 lbs	12½ lbs
January	26·8					
Week commencing:		s. d.	s. d.	s. d.	s. d.	s. d.
4th				None quoted		
11th				None quoted		
18th		22 6	20 0	18 0	17 0	16 0
25th		22 6	20 0	18 0	17 0	16 0
February	105·8					
Week commencing:						
1st		21 6	19 0	17 6	16 6	16 0
8th		21 6	19 6	18 0	17 0	16 0
15th		21 6	19 6	18 0	17 0	16 0
22nd		22 0	20 6	19 0	18 0	17 0
March	126·4					
Week commencing:						
1st		21 6	19 6	18 0	17 0	16 0
8th		22 0	20 0	19 0	18 0	17 0
15th		23 0	21 0	20 0	19 0	18 0
22nd		24 0	22 0	21 0	20 0	19 0
29th		25 0	23 0	21 6	20 0	19 0

NOTE:

- (1) The figures for quantities are derived from the Overseas Trade Accounts of the U.K.
- (2) The prices are wholesale prices for bulk supplies published by the London Egg Exchange.
- (3) The weights quoted correspond to the U.K. statutory grades as follows:—
16½ lbs and 17½ lbs per long hundred—Large
15¼ lbs per long hundred—Standard
12½ lbs and 14 lbs per long hundred—Medium

Mr. Hastings asked the Minister of Agriculture, Fisheries and Food if he will make a statement on his policy towards the regulation of imports of shell eggs.

Mr. Hoy: My right hon. Friend and my right hon. Friend the President of the Board of Trade are not contemplating any change in policy.

Mr. Maxwell asked the Minister of Agriculture, Fisheries and Food if he will now state the outcome of his talks with the farmers' unions and the British Egg Marketing Board.

Mr. Peart: Talks have been taking place since November, 1964, between the Government, the National Farmers'

Mr. Hoy: I cannot trace that any such assurance was given by the Department.

Mr. Hastings asked the Minister of Agriculture, Fisheries and Food whether he will furnish details of the imports of Polish eggs during the last three months; and at what prices these eggs have been selling on the British market.

Mr. Hoy: Shell egg imports from Poland in January, February and March, 1965 (which are the last three months for which figures are available) and the prices during those months are as follows:

Unions and the British Egg Marketing Board to consider possible changes in the marketing and supply arrangements for eggs. Agreement has been reached between the unions, the Board and Agricultural Ministers on an outline of arrangements, to be introduced on 3rd April, 1966, and operated by the Board under its existing powers. This is intended to promote the more orderly marketing of eggs through packing stations and also to bring supply and demand into better balance, without preventing the modernisation of the industry at a satisfactory pace.

More orderly marketing of the greater part of the supply will be sought by

offering producers, individually or collectively, a choice of two kinds of contract with the Board. Both of these will confer a premium, not exceeding 4d. per dozen, on the delivery of specified quantities of eggs spread equally over the four quarters of the year. Under the first form of contract, producers will contract to supply all their eggs (except for "B" licence sales and sales at point of production) to the Board. Under the second, producers wishing to retain freedom to sell privately will be able to contract for a specified quantity of eggs but will receive no premium in any quarter when supplies are more than 10 per cent. below the contract quantity.

In view of the risks of recurrent over-production, there will, under both forms of contract, be a ceiling on the numbers of eggs eligible for premium. This will be based on actual supply to the Board during the two years ended 27th March, 1965, though it will be modified in subsequent years by a two year "rolling average" which will take account of changes in each producer's deliveries, and perhaps from time to time by a "ceiling" when over-production is in prospect.

The remaining supply of eggs, not embraced under the two types of contract already described, and mostly in the hands of large numbers of small producers, will be subject to a third and simpler form of contract under which any producer may receive the same premium on up to 100 boxes delivered during any contract year.

The premiums will be paid out of the Board's funds and will thus represent a redistribution of its payments to producers.

Further details of the arrangements will be published by the Board, which accepts full responsibility for these and for the actual operation of the plan. Agricultural Ministers are concerned only with its more general features, and are satisfied that it should help to achieve the objects stated in the first paragraph of this statement. It will, however, be subject to review with the Unions and the Board not later than 1969, and will not in any way affect the guarantee arrangements.

Hormones

50. **Mr. Maxwell** asked the Minister of Agriculture, Fisheries and Food if he

will introduce legislation to prohibit the use of hormones in agriculture.

Mr. John Mackie: No, but the Scientific Advisory Panel is currently considering the general question of the use of hormones in agriculture and we expect to have their advice shortly.

Broiler Fowls (Slaughtering)

51. **Mr. Harold Walker** asked the Minister of Agriculture, Fisheries and Food if he will introduce legislation to make stunning prior to slaughter of broiler fowls compulsory.

Mr. John Mackie: I would refer my hon. Friend to the reply which I gave on 12th May to my hon. Friend the Member for Brighton, Kemptown (Mr. Hobden).

Home Market

57. **Sir J. Langford-Holt** asked the Minister of Agriculture, Fisheries and Food if he will give an assurance that the policy of Her Majesty's Government is that British agriculture should continue to supply an increasing percentage of the home market; and if he will make a statement.

Mr. Peart: The Government's policy is designed to help farmers to improve their competitive efficiency in production, in marketing and in meeting consumer demand and, provided that they can become more competitive with other suppliers, our farmers will have the opportunity of increasing their share of our growing market.

Agricultural Support Costs

48. **Mr. Scott-Hopkins** asked the Minister of Agriculture, Fisheries and Food what is his latest estimate of the out-turn of the cost of support to agriculture in the year 1964-65; and how this compares with the three previous years.

Mr. John Mackie: The latest out-turn figure (subject to final adjustment and audit) of the cost of agricultural support in the financial year 1964-65 is £264.8 million. The details are given below. The comparable figures for the three previous years are 1961-62 £342.6 million, 1962-63 £309.6 million and 1963-64

£293.9 million. Details are shown in the Annual Review and Determination of Guarantees 1965 (Cmnd. 2621).

LATEST OUT-TURN OF THE COST OF AGRICULTURAL SUPPORT IN 1964/65 (SUBJECT TO FINAL ADJUSTMENT AND AUDIT) CLASS V, VOTES 3, 4, 5 & 6.

I. Farming Grants and Subsidies		£ million
1. General Fertilisers Subsidy ...	...	31.4
2. Lime Subsidy ...	...	9.9
3. Grants for Ploughing up Grassland	...	8.1
4. Grassland Renovation Grants ...	...	—
5. Field Drainage and Water Supply Grants ...	...	3.8
6. Grants for Improvement of Live-stock Rearing Land ...	...	1.4
7. Winter Keep Grants ...	...	2.5
8. Bonus Payments under the Tuberculosis (Attested Herds) Scheme ...	...	1.5
9. Calf Subsidy ...	...	20.4
10. Hill Cattle and Hill Sheep ...	...	11.7
11. Silo Subsidies ...	...	0.3
12. Grants for Farm Improvements	...	11.5
13. Grants to Rabbit Clearance Societies ...	...	0.4
14. Grants to Small Farmers ...	...	4.8
15. Other Grants ...	...	0.1
Total I ...	...	107.8

II. Implementation of Agricultural Price Guarantees

		£ million
1. Cereals:—		
Wheat and Rye ...	...	15.9
Barley ...	...	37.4
Oats and mixed corn ...	...	10.0
		63.3
2. Fatstock:—		
Cattle ...	...	9.8
Sheep ...	...	5.7
Pigs ...	...	32.1
		47.6
3. Eggs ...	...	32.3
4. Wool ...	...	2.3
5. Potatoes ...	...	0.7
Total II ...	...	146.2

III. Other Services

Payment to the Exchequer of Northern Ireland ...	...	0.8
Totals I, II and III ...	...	254.8

IV. Administrative Expenses

Applicable to I and II only ...	...	10.0
Total cost of Agricultural Support ...	...	264.8

49. **Mr. Scott-Hopkins** asked the Minister of Agriculture, Fisheries and Food whether he is satisfied that the cost of support to agriculture in the year

1965-66, forecast in Command Paper No. 2621 at £294 million, is not over-estimated; and if he will make a statement.

Mr. John Mackie: The hon. Member will appreciate that there are many factors liable to cause variations in the cost of agricultural support. The present estimates were constructed on the best information available at the time and I have no reason so early in the financial year to think that they do not give a reasonable forecast of the order of the cost in 1965-66.

Irish Republic (Minister's Visit)

56. **Mr. Farr** asked the Minister of Agriculture, Fisheries and Food what was the purpose of his visit to the Republic of Ireland; what discussions he held with the Irish Minister of Agriculture; and if he will make a statement.

Mr. Peart: I would refer the hon. Member to the reply I gave to the hon. Member for North Cornwall (Mr. Scott-Hopkins) on 12th May.

Annual Price Review

58. **Sir J. Langford-Holt** asked the Minister of Agriculture, Fisheries and Food what steps he has taken to discuss with the National Farmers' Union matters raised by them following their dissatisfaction with the Annual Price Review.

Mr. Peart: I would refer the hon. Member to the statement issued jointly by the Agricultural Ministers on 11th May.

Mr. Bessell asked the Minister of Agriculture, Fisheries and Food whether he will introduce legislation to amend the Agriculture Act 1947, to provide for an independent arbitration tribunal to settle disputes arising from the Annual Price Review.

Mr. Peart: No, I am satisfied that the decisions needed to implement the objectives of the Agriculture Act, 1947, which are reached only after full consultation with the Farmers' Unions and consideration of the national interest, must continue to be the responsibility of the Government.

Zoological Collections (Animal Imports)

59. **Sir B. Janner** asked the Minister of Agriculture, Fisheries and Food, what progress has been made since January, 1961, in making a general standing order to cover all importations of animals for recognised zoological collections; and what was the cost of preparing and presenting to Parliament the Order dated 6th May authorising the landing at Liverpool of one Red River hog.

Mr. John Mackie: A standing order made in 1961 allows the importation of ruminating animals and swine by the main zoological societies under suitable safeguards.

The Red River hog was imported by the Jersey Zoological Park for quarantine in this country because there are no suitable quarantine facilities in Jersey.

The cost of preparing and presenting the special order was about £10.

Meat Products (Standards)

25. **Mr. Park** asked the Minister of Agriculture, Fisheries and Food whether he will introduce standards for meat products.

Mr. Peart: Yes. I am satisfied after considering the relevant reports of the Food Standards Committee that there is a real need to protect the consumer by prescribing standards governing the composition and labelling of meat products. Regulations on meat paste are in existence which are now being reviewed by the Committee, and I am hoping shortly to receive proposals for bringing them up to date. So far no regulations have been made implementing the Committee's recommendations on sausages, canned meat and meat pies, and I have today issued proposals for regulations to cover these and other meat products. My intention is that the proposals, which would be made jointly with my right hon. Friend the Minister of Health, would prescribe compositional standards and labelling requirements for canned meat, meat pies, sausages and other meat products. Similar proposals for regulations will be issued by my right hon. Friend the Secretary of State for Scotland and the Minister of Health and Social Services for Northern Ireland.

In accordance with the provisions of the Food and Drugs Act, 1955, the proposals are being circulated for comments from interested parties. But I regard it as important that the regulations should be made as soon as possible and I shall do everything I can to this end.

Toxic Chemicals

Mr. Farr asked the Minister of Agriculture, Fisheries and Food if he will now announce his decision on the future control of poisonous chemicals used in agriculture and horticulture.

Mr. Hoy: No. The Advisory Committee on Pesticides and Other Toxic Chemicals has not yet completed its review of the present arrangements for the safe use of pesticides in agriculture and food storage.

Water Resources Act, 1963

Sir M. Redmayne asked the Minister of Agriculture, Fisheries and Food whether he is aware that there is misunderstanding about the Water Resources Act, 1963, and the licensing provisions contained in it, with particular reference to the Spray Irrigation (Definition) Order, 1965; and if he will circulate to farmers a simple explanatory note giving guidance as to how and by whom applications for licence should be made.

Mr. Peart: I was not aware of any misunderstanding, but I appreciate the complexity of this subject. If in doubt on the need to apply for a licence, farmers can obtain advice from river authorities, the National Farmers' Union or the Ministry's Divisional Offices. But a safe rule is, if in doubt, apply for a licence—and do so before 1st July. My right hon. Friend the Minister of Housing and Local Government is arranging publicity about applications for licences. I do not think I would be justified in going beyond this by circularising farmers individually.

Foreign Agricultural Products

Mr. Jackson asked the Minister of Agriculture, Fisheries and Food what is his estimate of the extent to which the entry of foreign agricultural products on a competitive basis helps to keep the cost of living steady.

Mr. Peart: I regret that it is not possible to provide such an estimate. But

it seems evident that the alternative of excluding a wide range of imported products, assuming this to be practicable and desirable, would greatly raise the cost of food, even after allowing for subsequent increased production at home.

Tractors and Lorries (Duty)

Mr. Wingfield Digby asked the Minister of Agriculture, Fisheries and Food what is his estimate of the additional cost to farmers in a full year of the 50 per cent. rise in the duty on tractors and lorries.

Mr. John Mackie: I regret that estimates for tractors and lorries alone cannot be made from the existing statistics. The cost for all farm machines and vehicles is estimated at about £1·8 million in Great Britain.

Food Labelling

Mrs. Butler asked the Minister of Agriculture, Fisheries and Food what action he is taking to implement the Report of the Food Standards Committee on Food Labelling; and if he will make a statement.

Mr. Hoy: We are now studying the large number of representations made on the Committee's Report with a view to formulating proposals for new food labelling regulations as quickly as possible.

Farming Methods (Report)

Mrs. Butler asked the Minister of Agriculture, Fisheries and Food when he expects to receive the report of the committee which is investigating intensive farming methods.

Mr. John Mackie: We hope to receive this report by the autumn.

COURT OF CRIMINAL APPEAL

36. **Mr. Rose** asked the Attorney-General what was the average time between sentence and the hearing of appeals in the Court of Criminal Appeal during 1964.

The Attorney-General: The average period was 16 weeks.

MAGNA CARTA (750th ANNIVERSARY)

37. **Mr. A. J. Irvine** asked the Attorney-General what official arrangements are being made to commemorate the 750th anniversary of the sealing of Magna Carta, and what cost to public funds will be involved.

The Attorney-General: A ceremony in the Great Hall of the Law Courts will be held on 15th June, 1965, the first day of the Trinity Term, which my noble friend the Lord Chancellor will attend accompanied by all the judges of the Supreme Court who are in London. It is hoped that a representative gathering of the legal profession in this country, together with a number of distinguished visitors from the Commonwealth and the U.S.A., will be present. The cost is expected to be of the order of £1,500. Perhaps I might add that Her Majesty the Queen has been graciously pleased to intimate her intention of attending a commemorative service at St. Paul's Cathedral on Thursday, 10th June, 1965.

YOUNG CHILDREN (EMPLOYMENT)

38. **Mr. Hugh Jenkins** asked the Attorney-General, in view of the fact that the employment of children under the age of 12 years is illegal, if he will instruct the Director of Public Prosecutions to take proceedings against the Independent Television Authority for aiding and abetting a breach of the law.

The Attorney-General: No. The Director of Public Prosecutions has received no evidence which would justify the institution of criminal proceedings.

CRIMINAL APPEALS (QUASHED CONVICTIONS)

Mr. Rose asked the Attorney-General in how many cases appeals against conviction were quashed in the Court of Criminal Appeal during 1964 where the appellant had already served a period of the sentence of imprisonment imposed upon him by the trial court.

The Attorney-General : There were 49 such cases in 1964. In 22 of these the appellant was not entitled to be discharged when the conviction was quashed because he was already liable to serve other sentence.

DWELLINGHOUSES (POSSESSION ORDERS)

Mr. Grant asked the Attorney-General how many orders for possession were made by the courts against tenants of dwellinghouses in 1963, 1964, and 1965.

The Attorney-General : In the first three months of this year the county courts issued 4,613 orders for possession of dwellinghouses. Separate figures in respect of dwellinghouses are not available for 1963 and 1964, nor are such figures kept in connection with orders for possession issued in the High Court or the magistrates' courts.

LEGAL AID

40. **Mrs. Butler** asked the Minister without Portfolio if he will seek to amend the Legal Aid and Advice Act, so as to make legal aid available at hearings by a rent officer or a rent assessment committee.

Sir Eric Fletcher : I do not think that it would be appropriate to provide legal aid for the parties to be represented at consultations before a rent officer. This would require legislation.

My noble Friend the Lord Chancellor has power under the Legal Aid and Advice Act, 1949, to make regulations to extend the legal aid scheme for proceedings before the rent assessment committees when they are set up. However, I would expect that the parties to proceedings before these committees would normally be able to present their cases satisfactorily without legal representation, and, if need be, they would be assisted in this by the committees.

NATIONAL PROVINCIAL BANK LIMITED v. AINSWORTH

41 and 42. **Mr. Abse** asked the Minister without Portfolio (1) what action he is taking upon the comment of a judge in the case of National Pro-

vincial Bank Limited v. Ainsworth that the present law relating to the matrimonial home of a deserted wife is unsatisfactory; and whether he will cause an examination of the law to be made by the Law Commissioners in order to ensure that any third party acquiring property that is the home of a deserted wife should do so subject to the wife's and children's right of occupation.

(2) whether he is aware that a deserted wife and abandoned children can be dispossessed of the family home by an owner who has purchased the home from a deserting husband; whether he is aware that the court in the case of National Provincial Bank Limited v. Ainsworth has stressed the unsatisfactory position of the deserted wife; and whether, in order to prevent a deserting husband from selling the matrimonial home and using the funds to set up a home with another woman, he will now review the recommendations contained in paragraph 685 of the Royal Commission on Marriage and Divorce.

Sir Eric Fletcher : The decision of the House of Lords in National Provincial Bank Limited v. Ainsworth was given as recently as last Thursday. My noble Friend the Lord Chancellor has not yet had an opportunity of considering its implications.

SCOTLAND

Hospitals (Building and Replacement Programme)

61. **Miss Harvie Anderson** asked the Secretary of State for Scotland what alterations have been made in the programme of hospital building and replacement as phased for Scotland by the previous Government.

Mr. Ross : None yet.

Smallholdings, Thirdpart (Rents)

62. **Sir F. Maclean** asked the Secretary of State for Scotland why he has increased the rents of the smallholders at Thirdpart, West Kilbride by 110 per cent.

Mr. Ross : The rents of these holdings were out of line with current values, and a general revision of State smallholding rents was put in hand 18 months ago. Out of 15 smallholders at Thirdpart 14 have

intimated their agreement to the suggested increases in rent. The previous rents of the 7-9 acre holdings here, of good land and including houses and steadings, were between £35-£40 per annum and the new rents proposed range from £77 to £85 per annum.

Strachur and Colintrave (Traffic)

63. **Sir F. Maclean** asked the Secretary of State for Scotland whether he will give the latest available figures for traffic using the Strachur-Colintrave road and the Colintrave-Rhubodach Ferry.

Mr. Ross : During the classified road census in the third week of August, 1963, about 200 vehicles per day used the road near Strachur and about 400 near Colintrave ; and I understand that during that month the ferry carried an average of about 170 vehicles per day. These are the latest figures which are reasonably comparable.

Land Tenure (Review of Feudal System)

64. **Mr. McInnes** asked the Secretary of State for Scotland when his review of the feudal system of land tenure in Scotland will be completed.

Mr. Ross : When I receive the report of the Halliday Committee on conveyancing legislation and practice I shall consider this important matter further, for I am satisfied that there is considerable scope for modernisation and improvement.

Electricity (Tariff Increases)

Sir M. Galpern asked the Secretary of State for Scotland (1) in view of last year's profit of £860,000 and accumulated reserves of £2,250,000, whether he intends to sanction the proposed 6 per cent. increase in electricity charges by the North of Scotland Hydro-Electric Board ;

(2) in view of the hardship that will be caused to domestic consumers, especially old-age pensioners living alone, whether he intends to sanction the proposed increase of 6 per cent. in electricity charges for the South of Scotland Electricity Board.

Mr. Ross : My approval is not required. The tariff increases are necessary in view of the financial and economic obligations

of the Boards, and they have been agreed to by the two Scottish Electricity Consultative Councils.

Private Landlords, Glasgow (Standard Grant)

65. **Mr. McInnes** asked the Secretary of State for Scotland how many applications have been received by Glasgow Corporation each year since January, 1961, from private landlords for a standard amenities grant which provides that the landlord can obtain up to £155 for installing bath, wash hand basin, hot water supply and water closet.

Mr. Ross : I regret that the number of such applications cannot be identified, but during these years the corporation paid only one standard grant to a private landlord, in 1961.

Mentally Handicapped Children (Residential Accommodation)

Mr. McInnes asked the Secretary of State for Scotland what is the extent of the shortage of residential accommodation in Scotland for children with severe mental handicaps.

Mr. Ross : Regional Hospital Boards estimate that the shortage of hospital accommodation for mentally handicapped children requiring in-patient treatment amounts to about 850 places. It is hoped that by 1968 about 500 additional beds for children will have been provided.

MINISTRY OF DEFENCE

Drill Halls (Use)

67 and 68. **Mr. Dodds** asked the Secretary of State for Defence (1) if he will cause an investigation to be made as to how drill halls are being used in general, and in the county of Kent in particular, and also into the potential use of such drill halls by the public at reasonable charges, in view of the present unsatisfactory situation ;

(2) in view of the present limited use of drill halls, what consideration has been given to making greater use of them in the public interest, particularly in areas where there is a shortage of halls.

Mr. Mulley : Territorial and Auxiliary Forces Associations are already encouraged to let Territorial Army property for public use whenever it is

not required for military purposes. There were 2,350 separate lettings, for a wide variety of activities, in Kent alone last year and I do not consider that any general investigation of the current use of Territorial Army property is called for. As regards charges, the rule must remain that these lettings should occasion no expense to public funds.

Iraqi Nationals (Military Training)

69. **Mr. Will Griffiths** asked the Secretary of State for Defence how many Iraqi nationals are receiving military training, or are attending British service courses, either in the United Kingdom or at stations overseas.

Mr. Healey : Fifteen.

Iraq (Supply of Military Equipment)

70. **Mr. Will Griffiths** asked the Secretary of State for Defence whether he will state the details of military equipment supplied to Iraq since January, 1963 ; and whether any such equipment is to be supplied in the immediate future, or is the subject of current negotiations.

Mr. Healey : It is not the practice to disclose details of military equipment supplied, or to be supplied, to other countries.

Anglo-American Research and Development Projects

71. **Mr. Goodhart** asked the Secretary of State for Defence how many joint Anglo-American defence research and development projects of the sort foreshadowed in the communiqué issued after the Prime Minister's discussions with President Johnson have started since December, 1964.

Mr. Healey : No Anglo-U.S. research and development project has commenced since December, 1964, but a number of subjects are being actively pursued with a view to possible co-operation.

Armed Forces (Northern Ireland Recruits)

Mr. Pounder asked the Secretary of State for Defence how many applications were received by the Royal Navy Careers Office in Northern Ireland in 1963 and 1964, respectively ; and how many of the

applicants joined the Royal Navy in each of these years.

Mr. Mayhew : In 1963, 818 applications resulted in 170 entries. In 1964, 800 resulted in 201.

Mr. Pounder asked the Secretary of State for Defence how many applications were received by the Royal Air Force Careers Office in Northern Ireland in 1963 and 1964, respectively ; and many of the applicants joined the Royal Air Force in each of these years.

Mr. Millan : In 1963 the Belfast Careers Information Centre received 1,067 applications for enlistment as airmen or airwomen in ground trades and 435 of the applicants subsequently joined the Royal Air Force. The comparable figures for 1964 were 653 and 270.

Mr. Pounder asked the Secretary of State for Defence how many applications were received by the Army Careers Office in Northern Ireland in 1963 and 1964, respectively ; and how many of the applicants joined the Army in each of those years.

Mr. Mulley : In 1963 Army information offices in Northern Ireland received 2,532 applications from which 1,165 recruits were enlisted. In 1964 the corresponding figures were 2,697 and 1,261. These figures include young soldiers, boys and women.

Abbot 105 mm. Self-Propelled Guns (Re-equipment of Field Artillery Units)

Mr. Baker asked the Secretary of State for Defence when he expects to complete the re-equipment of field artillery units with Abbot 105 mm. self-propelled guns.

Mr. Reynolds : By mid-1967.

RAILWAYS

Goods Depots (Closures)

72. **Dr. Broughton** asked the Minister of Transport if he will give a general direction to the Railways Board, in the public interest, not to close further goods depots without prior consultation with him.

Mr. Tom Fraser : No.

ROADS

Trunk Road Improvement Schemes

73. **Sir B. Janner** asked the Minister of Transport when he will announce the major trunk road improvement schemes in respect of a further year of the five-year rolling programme.

Mr. Tom Fraser: I hope to announce in the autumn a further list of trunk road major improvement schemes to be prepared for inclusion in the programme.

Great North Road (Woodlands-Doncaster)

74. **Mr. Kelley** asked the Minister of Transport if he will give his reasons for the alteration of speed restrictions on a section of the Great North Road between Woodlands and Doncaster.

Mr. Tom Fraser: The construction of dual carriageways made the original speed limit inappropriate.

A.602 (Accidents)

Lord Balniel asked the Minister of Transport how many road accidents have taken place, and what was their nature, in the last five years on the A.602 at The Old Windmill, Waterford, Hertfordshire.

Mr. Tom Fraser: One accident involving personal injury has been reported. This occurred on 10th September, 1963, near The Old Windmill. A cyclist received slight injuries as the result of a collision with a lorry.

Road Signs (Booklet)

Mr. Russell Johnston asked the Minister of Transport what would be the estimated cost of free distribution of the booklet, "New Road Traffic Signs", detailing the new signs to be used on highways.

Mr. Tom Fraser: On the basis of a house-to-house distribution through the Post Office, covering approximately 16½ million households, the cost would be in the region of £165,000. The booklet is already being issued free to 2½ million persons per annum, including new provisional licence holders, children taking the National Cycling Proficiency Test, trainees in the RAC/ACU motor cycle training scheme, and overseas visitors.

Sandwich Bypass

Mr. Ennals asked the Minister of Transport what representations he has received from the Kent County Council concerning the proposed Sandwich bypass; and what was the nature of his reply.

Mr. Tom Fraser: The council informed me on 6th May of their hope for the early inclusion of this scheme in the classified road programme. I am seeking their further comments on its priority relative to other schemes in Kent.

Mr. Ennals asked the Minister of Transport whether he is aware of the petition to the Kent County Council, signed by nearly 3,000, concerning Sandwich Toll Bridge and the need for a Sandwich bypass; and what action he is taking in this regard.

Mr. Tom Fraser: I received the petition and am sending my hon. Friend a copy of the reply sent on 15th April.

Expenditure

Sir W. Bromley-Davenport asked the Minister of Transport what he estimates will be the total expenditure on urban roads in 1970; and if he will break the figures down to show the amounts relating to England, Scotland and Wales, respectively, new construction, major improvements and other works, respectively, specifying the other works, classified roads in all cities, county boroughs and urban districts, respectively, and the expenditure to be undertaken by local authorities.

Mr. Tom Fraser: I expect expenditure on the new construction and major improvement of roads in urban areas in England to amount to about £120 million in 1969-70. Of this about £85 million is likely to be borne by the Exchequer and about £35 million by local authorities. It excludes the construction of estate roads by private developers.

Forecasts of expenditure on other road works are very approximate, but I expect about £80 million to be spent on maintenance and minor improvements of urban roads in England in 1969-70. Of this total about £10 million would be borne by the Exchequer and about £70 million by local authorities.

It is not possible to distinguish so far ahead between expenditure on new construction and expenditure on major improvements, nor between expenditure in the areas of local authorities of different kinds. Comparable figures for 1970-71 are not available yet.

My right hon. Friends the Secretaries of State for Scotland and Wales are responsible for expenditure on roads in those countries.

TRANSPORT

Motor Insurance

Mr. Lomas asked the Minister of Transport if he will introduce legislation to compel individual drivers to be insured instead of the vehicle.

Mr. Tom Fraser: There is no legal obstacle to the voluntary adoption by insurers of my hon. Friend's suggestion. The role of motor insurance as a factor in road safety would need further study before I could propose legislation to require such action.

MINISTRY OF AVIATION

Aldergrove Airport

75. Sir Knox Cunningham asked the Minister of Aviation whether, bearing in mind the inconvenient and unsightly form of the staircase in the civil airport building at Aldergrove in County Antrim and the further increase in the volume of passenger traffic passing through the airport, he will demolish the stairway as a further step in the new development scheme and install a two-way escalator so that there may be speedy and convenient movement between the two passenger floors.

Mr. Stonehouse: No, for the reasons given in my reply to the hon. Member on 5th May.

Sir Knox Cunningham asked the Minister of Aviation if he will state his plans for the improvement of picking up and setting down of passengers by motor cars at the civil airport at Aldergrove in County Antrim; and what changes he proposes to make in the car parking arrangements at the air terminal building.

Mr. Stonehouse: The approach road is to be diverted to the east and the car parking area reorganised so as to create more parking space near the terminal building. The control gate for the car park will be brought much closer to the building. A system of islands will be constructed which will improve the traffic flow, and make it easier to pick up and drop passengers and to walk between the car park and the building.

The reorganisation will be undertaken and completed as soon as possible.

Heathrow Airport

76. Commander Courtney asked the Minister of Aviation if he is satisfied that the passenger handling and other facilities available at Heathrow Airport will be adequate to deal with the expected increased volume of summer air traffic in 1965; and if he will make a statement.

Mr. Stonehouse: Heathrow can certainly cope with the traffic scheduled for 1965, although most facilities are fully extended during peak times and there may be some difficulty over car-parking.

We are engaged on an extensive building programme to increase passenger handling and other facilities, including a new terminal building and car parks.

In the meantime it would help if passengers would use the airline coach services between the town terminals and the airport, or, where this is not possible, make use of the excellent off-airport car parking services.

77. Commander Courtney asked the Minister of Aviation if he will give an undertaking that, in the event of a decision to curtail existing air services or to refuse new applications by reason of congestion at Heathrow Airport, he will not discriminate against British air corporations in favour of foreign-controlled airlines by requiring the transfer of any British Overseas Airways Corporation or British European Airways foreign or domestic services from Heathrow to Gatwick or Stansted.

Mr. Roy Jenkins: As the traffic outgrows the capacity of Heathrow the distribution of operations between the airports serving London and the S.E. of England will present difficult problems for all operators and will only be

resolved by discussion and mutual co-operation. In the meantime it would clearly be inadvisable for me to give any undertaking which might appear to prejudge the issues involved.

POST OFFICE

Commemorative Stamps (Norman Conquest)

78. **Mr. Allason** asked the Postmaster-General whether he has yet decided to issue a set of stamps to commemorate the 900th Anniversary of the Norman conquest; and whether he will include a stamp commemorating the offering of the Crown to William at Berkhamsted Castle.

Mr. Joseph Slater: I cannot at present usefully add anything to the reply which my right hon. Friend gave the hon. Member on 22nd December last.

TELEPHONE SERVICE

Portsmouth

79. **Mr. Ian Lloyd** asked the Postmaster-General what steps he proposes to take to raise the ratio of public telephones to population in the Portsmouth area up to the national average.

Mr. Benn: None. The provision of kiosks does not depend solely on the extent of an area or the number of population, but also on local factors, and the use made of the kiosks. I have no evidence to suggest that the public telephone facilities in the Portsmouth area are inadequate and, as I told the hon. Member on 12th May, this matter is kept under review.

Mobile Telephone Van

80. **Mr. Dodds-Parker** asked the Postmaster-General how many mobile telephone vans are at present available; and whether, in view of the demand for the facilities provided by these vans at country agricultural shows, exhibitions and race meetings, he will increase their number at an early opportunity.

Mr. Joseph Slater: Two. The basis of providing these vans at the functions referred to is currently being examined and I will write to the hon. Member when the investigations have been completed.

DUCHY OF LANCASTER

Justices of the Peace (Selection)

81. **Mr. Hobden** asked the Chancellor of the Duchy of Lancaster whose advice he takes in inviting people to become justices of the peace; what advisory committees exist for this purpose; and by what process these advisory committees are selected and appointed.

Mr. Houghton: I have at my disposal the advice of my Advisory Committee of which there is one for the County Palatine and a separate body for each of those cities and boroughs which have their own Commissions of the Peace. There is no set procedure for the selection of members—I make such inquiries as I think fit.

LAND AND NATURAL RESOURCES

Tree Surgery

82. **Mr. Robert Cooke** asked the Minister of Land and Natural Resources whether he will set up a study group to advise him on tree surgery; and whether he will make a statement.

Mr. Willey: As the Minister responsible for Tree Preservation Orders I am much concerned not only that trees of high amenity value should be protected from indiscriminate and unnecessary felling but also that they should be properly looked after. A Draft British Standard on tree work is in an advanced stage of preparation and my Ministry will be consulted on its final form. When it is published I shall recommend local authorities to apply its provisions in all tree work they undertake. In the circumstances I do not consider that there is any need for the setting up of a special study group.

BOARD OF TRADE

Horticultural Imports

83. **Mr. John Wells** asked the President of the Board of Trade if he will take steps to time-phase import quotas of horticultural produce.

Mr. Redhead: Apart from imports from Eastern Area countries the only temperate horticultural products restricted by quota are apples and pears. The

apple quota is already divided so that over four-fifths of total imports are delivered between January and June.

NATIONAL FINANCE

Private Cars (Duty Rates)

84. **Mr. Wolrige-Gordon** asked the Chancellor of the Exchequer what progress he has made in his study of differential schemes for rates of duty on private cars.

Mr. MacDermot: Possible differential schemes are being studied.

Post-war Credits

Mr. Blaker asked the Chancellor of the Exchequer what is the result of his examination of the possibility of amending the regulations governing the repayment of post-war credits so as to allow repayment to persons who are unable to work through chronic sickness or disability, but who are not entitled to repayment under the existing regulations.

Mr. MacDermot: My right hon. Friend has considered this suggestion, but the practical difficulties are too great.

Parliamentary Questions (Cost)

Mr. Howe asked the Chancellor of the Exchequer (1) what estimate he has made of the average cost to the taxpayer of preparing Ministerial answers to the first 10 Written Parliamentary Questions answered on the four days 10th to 13th May 1965, inclusive;

(2) what estimate he has made of the average cost to the taxpayer of preparing Ministerial answers to the first 10 Oral Parliamentary Questions answered on the four days 10th to 13th May 1965, inclusive.

Mr. Diamond: None, but I would refer the hon. Member to the answer which I gave to the hon. Member for Sudbury and Woodbridge (Mr. Stainton) on 7th May.

Estate Duty (Service Personnel)

38. **Sir W. Bromley-Davenport** asked the Chancellor of the Exchequer whether the estates of the personnel in Her Majesty's forces who are killed on active service during the present operations overseas are subject to death duty.

Mr. Diamond: Total exemption from Estate Duty is given under Section 71, of the Finance Act, 1952, where the appropriate Service Department certifies that a member of H. M. Forces was killed on active service or other service of a war-like nature, or that otherwise the terms of the Section have been fulfilled.

COMMONWEALTH RELATIONS

Overseas Migration Board

Mr. Biggs-Davison asked the Secretary of State for Commonwealth Relations whether he will arrange for the Overseas Migration Board to discuss with local authorities the emigration of children within their care.

Mr. Cledwyn Hughes: No. Local authorities are already aware that, with the consent of the Home Secretary, they may arrange for the emigration of a child in their care if they judge that emigration would be in the child's best long-term interest.

Common Market

Mr. Hamling asked the Secretary of State for Commonwealth Relations what further discussions he has had with Commonwealth countries on the question of their associate membership of the Common Market.

Mr. Cledwyn Hughes: As I said in reply to the hon. Member for Cheltenham (Mr. Dodds-Parker) on 30th March, we are in consultation with the Nigerian Government about their negotiations with the E.E.C. These consultations are continuing.

EDUCATION AND SCIENCE

Training Colleges

Mr. Hopkins asked the Secretary of State for Education and Science if he will make a statement on his policy with regard to the introduction of four-term years in teacher-training colleges.

Mr. Crosland: I am at present considering various suggestions which have been made for securing a more productive use of teacher training facilities, and it is my intention shortly to put some definite proposals to the organisations concerned.

UNITED NATIONS CHARTER (ARTICLE 43)

Mr. Longden asked the Secretary of State for Foreign Affairs what information he has as to why no progress has been made on the conclusion of the special agreements prescribed in Article 43 of the Charter, despite the willingness of the Soviet and United Kingdom Governments expressed in letters to the President of the Security Council on 10th July and 5th August, 1964, respectively.

Mr. George Thomson: As I informed the hon. Member on 1st March, our request to the Soviet Union for suggestions about how and when to resume negotiations for the special agreements under Article 43 had then received no reply. On 22nd April, nine months after our inquiry, the Soviet representative in the Committee on United Nations Peace-keeping proposed that the Military Staff Committee should prepare a draft special agreement. This proposal is now under study. Since the Military Staff Committee operates under the Security Council, the right procedure would be for the Council to consider the proposal and then if they

see fit, issue the necessary instructions. However, the absence of these agreements need not delay a settlement in the Committee on United Nations Peace-keeping of the more urgent problems concerned with future peace-keeping operations and the financial problem.

LOCAL GOVERNMENT

Computers

Mr. Charles Morrison asked the Minister of Housing and Local Government if he will give a list of local authorities who have computers on order for early delivery, showing the estimated date of installation, name of manufacturer, type of computer, and proposed function for which it is to be used, respectively.

Mr. MacColl: The details of computers on order by local authorities are as shown in the following list. Authorities having machines for the first time are likely to use them for general financial purposes initially; replacement computers will probably be used also for the specialist tasks detailed in the reply given to the hon. Member on 29th March, 1965.

<i>Authority</i>	<i>Make and Type of Computer</i>	<i>Expected date of installation</i>	<i>Remarks</i>
COUNTY COUNCILS			
Buckinghamshire ...	International Computer & Tabulators Ltd.: ICT 1903.	June, 1966	—
Carmarthen ...	International Computer & Tabulators Ltd.: ICT 1902.	March, 1966	—
Cheshire ...	IBM United Kingdom Ltd.: IBM 360/30 Tape/Disk.	March, 1966	Replacement
Cornwall ...	International Computer & Tabulators Ltd.: ICT 1902.	January, 1966	—
Derbyshire ...	IBM United Kingdom Ltd.: IBM 360/30 Disk.	March, 1966	—
Dorset ...	International Computer & Tabulators Ltd.: ICT 1902.	August, 1966	Replacement
Durham ...	IBM United Kingdom Ltd.: IBM 360/30 Disk.	March, 1966	Replacement
Essex ...	Honeywell Controls Ltd.: Honeywell 400	Installed since previous reply dated 29th March, 1965	—
Glamorgan ...	International Computer & Tabulators Ltd.: ICT 1903.	August, 1966	—
Greater London Council	IBM United Kingdom Ltd.: IBM 360/30 Tape/Disk.	March, 1966	Replacement
Kent ...	International Computer & Tabulators Ltd.: ICT 1903.	March, 1966	—
Lancashire ...	International Computer & Tabulators Ltd.: ICT 1904.	—	Replacement; date not yet determined
Monmouthshire ...	IBM United Kingdom Ltd.: IBM 1440 Disk.	July, 1965	—
Northumberland ...	IBM United Kingdom Ltd.: IBM 360/20 Tape.	November, 1966	—

Authority	Make and Type of Computer	Expected date of installation	Remarks
Shropshire	IBM United Kingdom Ltd.: IBM 360/30 2 Disk.	July, 1966	—
Somerset	International Computer & Tabulators Ltd.: ICT 1902.	August, 1966	—
Warwickshire	IBM United Kingdom Ltd.: IBM 1401G	December, 1965	—
West Sussex	International Computer & Tabulators Ltd.: ICT 1904.	March, 1966	Replacement
Yorkshire, West Riding	Honeywell Controls Ltd.: Honeywell 400	Installed since previous reply dated 29th March, 1965	Replacement
BOROUGHES			
Bedford	IBM United Kingdom Ltd.: IBM 360/20	October, 1966	—
Birmingham	International Computer & Tabulators Ltd.: ICT 1904.	Installed since previous reply dated 29th March, 1965	Replacement
Bootle	International Computer & Tabulators Ltd.: ICT 1902.	—	Date not yet determined
Camden	International Computer & Tabulators Ltd.: ICT 1903.	August, 1966	—
Doncaster	International Computer & Tabulators Ltd.: ICT 1902.	—	Date not yet determined
Ealing	IBM United Kingdom Ltd.: IBM 360/30 Disk.	July, 1966	—
Gillingham	IBM United Kingdom Ltd.: IBM 360/20 Card.	September, 1966	—
Islington	International Computer & Tabulators Ltd.: ICT 1902.	November, 1965	—
Keighley	International Computer & Tabulators Ltd.: ICT 1300.	—	Date not yet determined
Newcastle-upon-Tyne ...	International Computer & Tabulators Ltd.: ICT 1903.	August, 1966	—
Newcastle-under-Lyme ...	International Computer & Tabulators Ltd.: ICT 1902.	—	Date not yet determined
Nottingham	International Computer & Tabulators Ltd.: ICT 1902.	—	Date not yet determined
Plymouth	IBM United Kingdom Ltd.: IBM 360/30 Disk.	January, 1966	Replacement
Southampton	National Cash Register Co. Ltd.: NCR 315.	September, 1965	—
Stoke	IBM United Kingdom Ltd.: IBM 360/30 Disk.	July, 1966	—
Sunderland	IBM United Kingdom Ltd.: IBM 360/20 Card.	October, 1966	—
Swansea	International Computer & Tabulators Ltd.: ICT 1902.	October, 1965	—
Swindon	National Cash Register Co. Ltd.: National Elliott 4120.	January, 1967	—
Torquay	IBM United Kingdom Ltd.: IBM 360/20 Card.	February, 1966	—
Wigan	International Computer & Tabulators Ltd.: ICT 1902.	—	Date not yet determined
West Bromwich	IBM United Kingdom Ltd.: IBM 360/30 Disk.	September, 1966	—
Wolverhampton	IBM United Kingdom Ltd.: IBM 360/30 Disk.	July, 1966	Replacement
York	IBM United Kingdom Ltd.: IBM 1401 Card.	July, 1966	Replacing hiring arrangement
URBAN DISTRICT COUNCILS			
Basildon	IBM United Kingdom Ltd.: IBM 360/20 Card.	September, 1966	—
Chigwell	Monroe International Ltd.: Monrobot XI.	August, 1965	—
Hazel Grove & Bramhall	National Cash Register Co. Ltd.: National Elliott 803.	May, 1966	—

Sewage Disposal, Tiverton

Mr. Maxwell-Hyslop asked the Minister of Housing and Local Government what representations he has received from Tiverton Rural District Council regarding the Cullompton Sewerage and Sewage Disposal Scheme; what reply he has sent; and if he will make a statement.

Mr. MacColl: Tiverton Rural District Council have submitted their scheme for my right hon. Friend's approval. In the interests of economy he suggested two small modifications. My right hon. Friend cannot authorise the Council to proceed until he knows that they can acquire the necessary land, and it is not yet clear whether they can acquire a small area owned by the British Railways Board. The District Valuer, acting for the Council, made a number of attempts to negotiate with the Board but met with no response. My right hon. Friend understands, however, that negotiations will now begin.

Water Resources Act, 1963 (Leaflet)

Mr. Kimball asked the Minister of Housing and Local Government if he will simplify the form of questionnaire issued under the Water Resources Act, 1963, and Leaflet W.R.2.

Mr. MacColl: The forms prescribed in regulations made under the Act have to elicit information on a variety of points and are necessarily complicated. But an undertaking has already been given that the layout of those forms which will be needed beyond 30th June will be kept under review. The leaflet referred to was prepared and issued by the Trent River Authority.

HOUSING

Service Accommodation

Mr. Evelyn King asked the Minister of Housing and Local Government what estimate he has made of the number of dwellings in Great Britain whose occupants live in them by virtue of their employment, including the Armed Forces; and of the number of persons per year who have to seek fresh housing accommodation on leaving such dwellings.

Mr. Mellish: My right hon. Friend estimates that at the time of the 1961 Census

there were about 840,000 dwellings in Great Britain occupied or intended for occupation by virtue of employment, including employment in the Services; there has been little change in the number since then. He does not know how many people leave these dwellings and seek fresh accommodation each year.

COUNCIL OF EUROPE (CONVENTION)

Mr. Murray asked the Secretary of State for Foreign Affairs if he will make a statement on the policy of Her Majesty's Government concerning ratification of the Council of Europe's Convention of Establishment.

Mr. George Thomson: Her Majesty's Government are examining the numerous restrictions and reservations made by the six countries which have so far ratified the Convention with a view to deciding their attitude.

HOSPITALS

Derbyshire Royal Infirmary (Hyperbaric Oxygen Chamber)

Lord Bahnel asked the Minister of Health why he has turned down an offer by Derbyshire industrialists to provide a £50,000 hyperbaric oxygen chamber for the treatment of patients suffering from carbon monoxide poisoning and heart disease at Derbyshire Royal Infirmary; and why he has refused the Sheffield Regional Hospital Board's proposal to contribute £10,000 of the £12,000-£15,000 annual running costs.

Mr. K. Robinson: In 1963, in view of advice that the scope for hyperbaric oxygen therapy had yet to be established, my Department advised the consultants concerned to seek the views of the Medical Research Council. The Department has not been approached since then nor, I understand, has the Medical Research Council.

MINISTRY OF POWER

Gas (Price Increase)

Mr. Wolrige-Gordon asked the Minister of Power by how much the price of gas has risen in the last four months.

Mr. John Morris : The Scottish Gas Board increased the price of gas by approximately 6 per cent. in February of this year.

HOME DEPARTMENT

Phenacetin (Labelling)

Mr. Fisher asked the Secretary of State for the Home Department if he will introduce legislation to make compulsory the labelling of medicine containing phenacetin in order to warn patients of the danger of overdoses.

Sir F. Soskice : Substances which are controlled as poisons may be made subject to labelling requirements of this kind, but as I said in reply to a Question by my hon. Friend the Member for Holborn and St. Pancras, South (Mrs. Lena Jeger), on 9th March, I have not felt justified, on present information, in referring this substance to the Poisons Board, which advises me on such matters. Before considering the matter further I am awaiting the

outcome of discussions with the Association of the British Pharmaceutical Industry and the Proprietary Association of Great Britain about the possibility of introducing a voluntary labelling scheme.

TECHNOLOGY

Dounreay Experimental Reactor Establishment

Mr. George Y. Mackie asked the Minister of Technology if he will make a statement on the future of the Atomic Energy Authority establishment at Dounreay.

Mr. Cousins : The main work of the Dounreay Experimental Reactor Establishment is at present the development of fast reactors. The current programme is likely to keep the establishment heavily occupied for several years. Since the content of future programmes will depend largely on the results of current research, it is not possible to foresee the long-term future.