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Following is broadcast in 9 o'clock news tonight of
Sir Kingsley Wood, Chancellor of the Exchequer

This afternoon I made my Budget proposals to the House of Commons. As I did last year, I am taking this opportunity of telling you something myself about them and of our financial position generally after still another year of war.

Since I spoke last, whilst the war is by no means won and we may well yet have a hard struggle before us, a favourable and heartening change in the war situation has taken place. We have gone, with our Allies, from the defensive to the offensive, as recent events have so strikingly demonstrated.

Along with all this has been - as we would expect - the rising cost of the war. It has gone on increasing steadily throughout the year. We do not complain about it provided waste and extravagance is eliminated. It is substantial evidence of our growing strength and power and shows that we are reaching the full moon of our strength.

When I opened my first Budget in 1940 we were spending about five-million pounds a day on the war; last year the rate was twelve-and-a-half million pounds - it is now fifteen-million pounds. This means that the increase of expenditure alone between one year and the next has been in the region of nine-hundred-million pounds - or more than the whole of our Budgetary expenditure in 1937-38.

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The four years of war have cost us thirteen-thousand-million pounds. So far throughout the war, I think it will be agreed, we have maintained our financial position on safe and sound lines. At the same time we have not hesitated to adopt new courses and fresh methods in our financial arrangements and the financial technique of this war has been very different from that of the last Great War and immeasurably better.

Weak and insufficient Budgets would not lighten the burden of our citizens - they would increase them. The whole country may well be proud of the way in which it has accepted hard and severe Budgetary impositions and so faced up with courage and determination to the realities of the situation. It is essential that we should continue to carry on in the same excellent way. This is not only of importance from the point of view of the war itself, but to enable us, when the time comes, to undertake those post-war measures of reconstruction and social advancement which we all desire to see achieved.

How is it that we have succeeded in holding our financial front so strong and firm? Well, we have in fact adopted many of the methods we would apply in similar circumstances to our personal affairs not a bad rule to follow in the management of State affairs. We have paid as we go for as much of the war as we can, and when we have borrowed, we have borrowed at low rates of interest, on gradually improving terms, and I am happy to say, we have carried this process still further during the past financial year.

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I definitely rejected the suggestion that we should again increase our direct taxation, which is certainly very heavy indeed. Extra burdens imposed during the war have in fact even higher on the direct than on the indirect side. There are two other things - our primary object must be to reduce purchasing power still further. An additional taxation should be spread as widely as possible amongst all sections of the community. I have also to remember that whilst many millions of incomes have increased during the war, there are large numbers whose incomes have remained fixed, and not a few which, as a result of the war, have diminished.

It is for these reasons that I have again turned to liquor, tobacco and entertainments as proper subjects for indirect taxation. I have chosen this course because I believe - whilst I know it will affect many - it will cause the least inconvenience and avoid real hardship. It will mean that the standard packet of cigarettes will cost another $1\frac{1}{2}$ d. or 2d. according to size, that beer will be subjected to an increased tax of approximately 1d. a pint, and that the duties on wines and spirits will again be increased, as will the tax on entertainments.

I do not think there will be any objection to the other increase of tax I am proposing, which is on such articles as silk dresses, fur coats and jewellery. In all this taxation I have again deliberately refrained from taxing any article which could be regarded as a necessity of life. I am seeking this further contribution either from luxuries or from goods and services which at any rate it will not hurt us to curtail if we choose to do so. There is no need for me to say to you how comparatively small these matters are, compared with all the hardship and suffering so many are enduring in all parts of the world on behalf of the common cause to-day.

I am glad to say that I have been able to make other proposals which I know will help many who are particularly hard pressed by war conditions. You will all know something about the Board of Trade 'Utility' schemes. We have already exempted from the Purchase Tax Utility clothing and boots and shoes and Utility furniture.

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I now propose to free from the tax 'utility' cloth and other articles like towelling, handkerchiefs, black-out material, bedlinen and mattresses. I am doing this because for one thing it helps to achieve economy in materials and processes of manufacture and eases the strain upon labour and factory space. And for another, it will, with what has already been done, reduce the cost of a wide range of sound and serviceable articles in many war-time household budgets. The removal of the tax will take place on May 3.

Another important concession I am happy to have been able to propose is an extension of what are known as the housekeeper and dependent relative allowances. I know that the present level of taxation has meant considerable hardship arising from some of the conditions attaching to these allowances and that is why I feel justified, notwithstanding a by no means easy financial position in taking this step.

I am going to widen the scope of the housekeeper allowance where there are young children in the home and no wife able to perform the normal duty of looking after the home and the children. You will have the exact particulars in due course. But I attach particular importance to the extension of relief to the case where the wife is permanently incapacitated and there are young children. In such a case the housekeeper allowance will be given to the husband who employs a housekeeper to look after the home and the children.

I am also proposing to increase the dependent relative allowance and to extend it to many cases not now within the relief. The existing allowance of £25 will be doubled in the ordinary case where the dependant has only a small income, and the conditions of the allowance will be altered so as to give a measure of relief to all cases in which the dependant's income is less than £80.

This will have the effect of bringing in nearly five hundred thousand dependent relatives who are at present excluded. Many of them will be old age pensioners drawing supplementary allowances which have hitherto brought their income above the limit of eligibility for the allowance.

There is one other important thing I should mention. We shall again this year continue what we call our "Stabilisation Policy". It has been most successful and beneficial. We have kept control over food prices to the extent of probably 90% of the average housewife's expenditure and have held the cost of living index number so that at no time has it risen higher than 30% above the pre-war level. This has cost the Exchequer a hundred-and-eighty-million pounds last year, but it has been of much public advantage and a great improvement over the position in the last Great War when food prices rose by 108% compared with 20% in this war.

These are some of the main features of this year's Budget. Lord Morley in a biography of one of my famous predecessors in office referred to

"The enormous truth that Budgets are not merely affairs of arithmetic but in a thousand ways go to the root of the prosperity of individuals, the relations of classes, and the strength of Kingdoms".

That is even truer of our wartime financial arrangements than it was of any Budget of the 19th Century. The measures we are now taking will, I believe, obtain the universal and ready acceptance of our people. The sacrifices they are making will not be in vain, because the general soundness of our finance is not only adding to the material and moral strength of this Kingdom, but will be a solid and sure aid to the great cause of right and freedom for which we are fighting.

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