

company) income absorbed in taxation for the years 1938-39 and 1947-48. The purposes on which taxation has been expended are also indicated broadly:—

TAXATION AND GROSS REVENUE EXPENDITURE—1938-39 AND 1947-48

	1938-39.	Per cent. of Total Private Income.	1947-48.	Per cent. of Total Private Income.
	£(m.)		£(m.)	
Interest on public debt ..	7.55	3.8	18.04	4.0
General government ..	6.14	3.0	11.60	2.5
Maintenance of works and services (net) ..	3.77	1.9	5.71	1.3
Social services ..	20.03	10.0	59.98	13.2
War and defence ..	2.22	1.1	11.44	2.5
Stabilization ..	..	..	10.98	2.4
Development of industry	2.45	1.2	5.60	1.2
	42.16	21.0	123.35	27.1
Total taxation ..	37.77	18.8	122.28	26.9
Total private income ..	200.70	100	455.00 *	100

* Provisional

The comparisons supplied by this table are interesting. It will be observed that the share of total private income absorbed by taxation was about 19 per cent. in 1938-39, as compared with 27 per cent. in 1947-48. As might be expected the main increase is due to expanded social services, which ten years ago represented 10 per cent. of the total private income, and in 1948 had risen to 13.2 per cent. The item of "Stabilization," which did not appear in 1939, now accounts for 2.4 per cent. of the total private income. The increased percentage devoted to war and defence is a reflection of the fact that, although fighting has ceased, high costs have still to be borne.

I have quoted this table merely as one illustration of the useful information which can be provided by the National Income Statistics. They will be of considerable assistance in helping us to see the various phases of our finances in truer perspective.

Internal Economic Conditions

The quantity of goods and services available for consumption in any country determines the standard of living in that country; and the goods, whether imported or locally produced, which are available for consumption cannot in the long-run exceed the goods produced whether imported or consumed within the country. As it would be undesirable, except for essential capital expenditure, to draw too heavily on our balance of overseas funds, any future improvement in standards should depend largely on increased local production.