

4883

4883

SERVANTS OF INDIA SOCIETY'S LIBRARY,
POONA 4.

FOR INTERNAL CIRCULATION

To be returned on or before the last date stamped below

23 FEB 1963

25 JUL 1963

**THE FINANCE OF
GOVERNMENT**

The Westminster Library

A Series of Volumes dealing with the History,
Politics, and Economic Life of the British Empire.

Bound in Cloth 2/6 net each

*The following volumes are published, or in
course of publication:*

- THE EMPIRE: A FAMILY AFFAIR**
By PERCY HURD, M.P.
- THE LEGACY OF LIBERALISM**
By AL CARTHILL
- STATE SOCIALISM IN PRACTICE**
By ARCHIBALD HURD
- TRADE UNIONS**
By W. A. APPLETON, C.B.E.
- THE PROBLEM OF DEFENCE**
By SIR GEORGE ASTON
- ORIGIN OF THE IMPERIAL IDEA**
By IAN COLVIN
- WOMEN AND PUBLIC LIFE**
By THE DUCHESS OF ATHOLL, M.P.
- HEALTH AND HOUSING**
By LT.-COL. F. E. FREMANTLE, M.P.
- RECENT POLITICAL HISTORY**
By P. G. CAMBRAY
- THE SOCIALIST MOVEMENT**
By DR. A. SHADWELL
- SOME HISTORICAL PRINCIPLES
OF THE CONSTITUTION**
By KENNETH PICKTHORN

*Further volumes are in course of preparation and will
appear shortly.*

THE FINANCE OF GOVERNMENT

By
JOHN WALLER HILLS
(Sometimes Financial Secretary to His Majesty's Treasury)

Assisted by
DOROTHEA COTTER MORISON



LONDON
PHILIP ALLAN & CO.
QUALITY COURT

X7.3
F5

First Published in 1925

4883

**Made and Printed in Great Britain by
The Camelot Press Ltd., Southampton**

TABLE OF CONTENTS

PART I. EXPENDITURE AND REVENUE

CHAP.		PAGE
I.	INTRODUCTION	3
II.	THE EXECUTIVE	15
III.	THE HOUSE OF COMMONS	28
IV.	COLLECTION OF REVENUE	58
V.	THE CONSOLIDATED FUND	74
VI.	THE PAYMASTER-GENERAL	85
VII.	AUDIT AND BALANCE	96
VIII.	PUBLIC ECONOMY	110

PART II. CURRENCY

IX.	OUR PRESENT CURRENCY SYSTEM	133
-----	---------------------------------------	-----

PART III. DEBT

X.	NATIONAL DEBT IN GENERAL	147
XI.	OUR NATIONAL DEBT	158
XII.	FLOATING DEBT	167
XIII.	CONVERSION AND REPAYMENT OF DEBT	181

INDEX

- ACCOUNTING OFFICERS**, 17-20, 82, 98, 100, 124, 126-7; Paymaster-General as, 92.
- ACCOUNTS, NATIONAL**: auditing of, 96-105; balancing of, 105-9, 187-8; examination by Public Accounts Committee, 192-5; form of, 35, 104, 116; see also Estimates, Appropriation Accounts, Currency Note Redemption Account, and Bank of England.
- Admiralty**, Treasury control of expenditure, 24-5; Estimates, 31; transfer between Votes, 39, 87.
- Advances from public departments**, 169, 175-6; from Bank of England, 169-70, 174-5, 186.
- Air Force**: Estimates, 31; transfer between Votes, 39-40, 87.
- Allotted Days**, 46.
- America**, debt to, 148, 153-4, 158-9, 186.
- Anglo-Persian Oil Co.**, 6, 59, 160.
- Annuities**, terminable, 158, 160-1.
- Appropriation Accounts**, 100, 105-7, 123-5.
- Appropriation Act**, 37, 38, 48, 54, 80, 82, 156, 167.
- Appropriations-in-Aid**, 33-4, 60, 75-6, 87.
- ARMY ESTIMATES**, 24, 31, 35, 39, 104; Treasury control of, 24-5.
- Assessment of Customs and Excise duties**, 58-65; of income tax, 67-70.
- Audit**, 82-3, 96-105.
- Auditor**, see Comptroller and Auditor-General.
- Austria**, reconstruction loan to, 178.
- BALANCES in the hands of departments**, 17, 85, 88, 93-5, 107-8, 160-1, 169, 175; verification of, 98; see Currency Note Redemption Account.
- Balancing national accounts**, 105-9, 187-8.
- Bank Act**, 1844, 133.
- BANK OF ENGLAND**: national debt management, 26, 77, 78, 154, 172, 186.
- **ADVANCES** from, 138, 169-170, 174, 186; functions with regard to Currency Notes, 134-44; note issue, 133.
- **ACCOUNTS**: Currency Note Redemption Account, 137, 143-4; Customs and Excise Account, 65, 67; Exchequer Account, 74, 78, 105-9, 168; see also Consolidated Fund; Exchequer Credit Account, 86-7; Paymaster-General's Bill Account, 87 s.; ditto's Cash Account, 86-7, 92-3; ditto's Drawing Account, 87 s.; ditto Supply Account, see Exchequer Credit Account.
- Beer Duty**, collection of, 63-5.
- BONDS**, bearer, 154-6; Exchequer, 164; National War, 164-5, 182; Treasury, 166.

- Bowles, Gibson, 52 n.
 Budget, 20, 23, 49-53.
- CABINET**, 20, 23, 29, 30, 128.
 Civil List, King's, 29, 55.
 Civil Service, 15-27, 126-9;
 Estimates, 28-48.
 Collection of Taxes Act, 50, 52 n.
- COMMONS, HOUSE OF:**
 financial procedure in, 28-57, 156-7; financial powers of, 7-10, 112-26, 156; control of executive, 20, 36, 74-5, 83-4, 88-9, 95, 96-105, 110, 112-26, 129; control of Consolidated Fund, 36, 79, 83-4, 88; control of taxation, 6, 112-15; control of borrowing, 156, 161, 171-2, 186.
 Comptroller and Auditor-General, 11, 77-84, 96-105, 121-2, 123-5, 172.
- CONSOLIDATED FUND**, 11, 28, 89, 105-9, 167, 187-8; payments into, 33-4, 58-60, 66-7, 69, 94, 144, 157; payments out of, 37, 74-84, 86, 161.
 Consolidated Fund Act, 39, 40, 47, 48, 53, 54, 79-82, 156, 167.
- CONSOLIDATED FUND SERVICES**, 29, 37, 49, 54-6, 161; issue of money on behalf of, from Consolidated Fund, 78-9; payment of, 91; audit of, 96-105.
 Consols, 159, 184.
 Contingent Liabilities, 178-80.
 Conversion, 162, 181-4.
 Conversion Loan, 1921, 166, 182-4.
 Credit, Vote of, 48.
 Crown Lands, 59.
 Crown, Powers over finance, 7-10, 79.
 Cunliffe Committee, 139.
CURRENCY, 133-44, 174-8; notes, 134-44; Note Redemption Account, 137-44, 169, 175.
 Customs and Excise, Board of, 26, 49, 60, 61-7.
- CUSTOMS AND EXCISE DUTIES:** imposition of, 49; collection of, 52 n., 61-7; audit of, 98.
- DEBT, NATIONAL**, 147-88; conversion, 162, 181-4; repayment of, 50, 172, 176-8, 184-8; creation of, 50, 55, 156-7; burden of, 149-54; Floating, 138, 141-2, 158, 167-78; External, 153, 159; Funded, 159; Redeemable, 161-3.
 Deflation, 140-3, 173-8.
- DEPARTMENTS, SPENDING:** administration of, 15-20, 126-7; expenditure of, 85-90, *see* Estimates; accounts of, *see* Appropriation Accounts; Treasury, control of, 20-6, 127-9.
 ——— **REVENUE**, Expenses of, 66-7, 71, 75.
 ——— **PUBLIC**, Advances from, 169.
 Deposit Funds, 93.
 Disposal and Liquidations Commission, 26.
- ECONOMY, PUBLIC**, 19-20, 101-5, 110-29.
 Establishment, Treasury Comptroller of, 22, 128.
 Estate Duty, 60, 67.

- ESTIMATES**, 16, 28-48, 57, 117-19; Clerk, 30; Committee, 120-1; form of, 31-6, 104, 116; preparation of, 16, 22-3, 28-31, 127-8; Revenue, 49.
- Excess Estimates**, 48, 108.
- Exchange**, foreign, 93, 153.
- EXCHEQUER**, *see* CONSOLIDATED FUND.
- **ACCOUNT**, 74, 78, 105-9, 168, 187-8; Bonds, 164; Chancellor of, 20-7, 30, 49, 60, 128-9; Credit Account, 86-7.
- Exchequer and Audit Act**, 1866, 122; ditto 1921, 99.
- Exchequer and Audit Department**, 77-84, 96-105.
- Excise**, *see* Customs.
- EXECUTIVE**, 15-27, 126-9; power of, 8-9, 45, 55-6, 117-18, 128; Parliamentary control of, 20, 36, 83-84, 88-9, 95, 96-105, 110, 120-6, 129.
- EXPENDITURE, NATIONAL**, 11, 16, 102-5, 111-12; nature of, 4-6, Parliamentary control of, 20, 28-57, 74-5, 79, 83-4, 110-26; Treasury control of, 20-6, 127-9; manner of, 85-95; audit of, *see* Audit; Select Committee on, 104, 120; Accounts of, *see* Appropriation Accounts; appropriation of, 17-20, 79-84, 87-9, 97-101, 124-5; in excess of grant, 17-20, 47, 95, 100-1, 121-2.
- Export Credits**, 179-80.
- FINANCE ACT**, 37, 51-3; of 1923, 185.
- Financial Resolution**, 20, 55-6, 119-20, 161.
- Financial Secretary of Treasury**, 21-2, 24, 27, 31, 123.
- Financial Statement of Chancellor of the Exchequer**, 50.
- Finance, Treasury Controller of**, 22.
- First Lord of Treasury**, 21.
- Foreign Exchange**, 93, 153.
- GERMANY**, reparations, 148.
- Gladstone, William**, 8, 123.
- Gold Standard**, 133-4, 139, 143.
- GOVERNMENT: Financial administration**, 15-27, 126-129; power of, 8-9, 42, 45, 56, 117-18, 128; and Parliamentary checks, 20, 36, 83-4, 88-9, 95, 96-105, 110, 120-6, 129.
- Grant-in-Aid**, 32, 109 n.
- GRANTS, PARLIAMENTARY**, 108; making of, 40-8; over-spending, 17-20, 47, 95, 100-1, 121-2; administration of, 16-20, 102-5, 122-5.
- Grievances before supply**, 42.
- INCOME, NATIONAL**, nature of, 4-7, 58-60.
- Income Tax**, 29, 51, 52 n, 60, 67-72.
- Income Tax Commissioners**, 69-71.
- Income Tax, Royal Commission on**, 70, 72.
- Inflation**, 136-43, 173-8.
- Inland Revenue, Board of**, 26, 49, 60, 67-72.
- Inscribed stock**, 154-5.
- Inspectors of Taxes**, 70-1.

- Investment of Balances, 93, 138, 144.
 Investments Reserve Account, 144.
 Irish Land Stock guaranteed, 179, 186.
- KEYNES, J. M., 135 n., 174 n.
 King's Civil List, 29, 55.
 Kirkaldy, A. W., 147 n.
- LAND REGISTRY, 33.
 Legislative, powers in respect of finance, 7-8.
 Liabilities, contingent, 178-80.
 Life Annuities, 161.
 LOANS, creation of, 50, 55, 156-7, 159, 161; sources of, 138, 141, 164, 168-78; repayment of, 50, 172, 176-8, 184-8; War, 162; *see* debt to Austria, Greece, Turkey, 178; local, 179, 186.
 Local authorities, 179.
 Lords, House of, powers over finance, 7-10, 52.
- MAY, ERSKINE, 36 n., 47 n.
 Mint, 26, 133.
 Money Bill, 10, 55-6.
- NATIONAL DEBT, *see* Debt.
 National Debt Office, 26; Commissioners, 160-1, 169, 175, 179, 186.
 National Savings Committee, 26.
 National War Bonds, 164-5, 182; Saving Certificates, 165-6.
- NAVY ESTIMATES, 31; transfer between Votes, 39, 87; Treasury control of expenditure, 24-5.
 Non-effective payments, 91-2.
- OVERSEAS TRADE ACTS, 180.
- PARLIAMENT, Control of Finance, 7-10; *see* House of Commons.
 Parliament Act, 1911, 8, 9-10.
 PAYMASTER-GENERAL, 27, 85-95; accounts of, 86-9, 107-8; balance held by, 92-5, 169, 175; functions of, 11-12, 85-95; issues to, 77-8, 81.
 Pay Office, *see* Paymaster-General.
 Pensions, payment of, 91-2.
 Permanent Secretaries, 17, 26, 126-7; as accounting officers, 19, 124.
 Post Office, 6, 49, 59, 160.
 Provisional Collection of Taxes Act, 1913, 52 n.
 Public Accounts and Charges Act, 1891, 33, 34.
 Public Accounts Committee, 20, 48, 121, 122-5.
 Public Trustee, 26, 33, 169.
 Public Works Loan Board, 26; Commission, 179.
- REGISTERED STOCK, 155.
 REVENUE, NATIONAL: accounts of, 105-9, 187-8; audit of, 97; estimates of, 49; sources of, 6, 29, 58-60; *see also* Appropriations-in-Aid and Taxation.

- Revenue Departments, Expenses of, 66-7, 71, 75; see Post Office, Board of Customs and Excise, and Board of Inland Revenue.
- Report of Comptroller and Auditor-General, 97, 100, 101, 122-5.
- Road Act, 1920, 76; Board Fund, 76.
- Royal Order to Treasury, 79.
- SAMUEL, Sir Herbert, 119.**
- Savings Certificates, 165.
- Short Issue, 108.
- Sinking Fund, Old, 50, 107, 185, 187-8; New, 185-7.
- Sinking Funds, 163, 184-8.
- Speaker, 42, 54, 56, 100.
- Stationery Office, 26.
- Stock, registered and inscribed, 154-5; Local Loans, 179; Guaranteed Irish Land, 179, 186.
- Sub-heads in Votes, 31, 35.
- Suez Canal shares, 6, 59, 147.
- Super Tax, 60, 67.
- Supplementary Estimates, 38, 47, 108.
- Supply, Committee of, 36, 40-8, 53, 161.
- Supply Days, 46.
- SUPPLY SERVICES, 25, 37;** authorisation of expenditure upon, 40-8; issues from Consolidated Fund on behalf of, 79-83; payments by Paymaster-General on behalf of, 85-90; audit of, 96-105.
- Supply Services, Treasury Controller of, 22, 30, 127.
- Surpluses, 50, 107.
- Surpluses, surrender of, 12, 13, 32, 48, 108.
- Surrender of balances, 12, 32, 48, 108.
- TAXATION, 4, 6, 58-61;** Parliamentary control of, 6, 112-15; enactment of, 36, 49-54; burden of, 149-52.
- Taxes, annual and permanent, 29, 38, 51; collection of, 52, 60-72; earmarking of, 76.
- Tea duty, 29, 51.
- Terminable Annuities, 158, 160-1.
- Test Audit, 99.
- Trade Facilities Act, 179-80.
- Transfers between Votes, 31, 39-40, 87.
- TREASURY, 12;** organisation of, 20-7, 127-9; control of expenditure, 22-6, 29-31, 67, 77-8, 80-1, 83, 86, 88, 97, 101, 123-5, 127-9; control of revenue, 33, 49; borrowing, 54, 156, 168, 179; conversion, 182-4.
- TREASURY BILLS, 138, 142,** 158, 166, 169, 170-3, 176-8, 187; Bonds, 166; minute of 15/12/19, 139, 141; note issue, 134-44.
- Treasury Bills Act, 1877, 171.
- Treasury Chest, 93.
- UNITED STATES, debt to, 148,** 153-4, 158-9, 186.
- VICTORY LOAN, 162.**
- VOTE IN ESTIMATES 31, 35,** 86, 106; accounts kept by Paymaster-General, 86-8, 107-8; over-spending of, 47, 95, 100; transfers between, 31, 39-40, 87; appropriation, 17-20, 79-84, 87-9, 97-101, 123-5.

- Vote of Credit, 48.
Vote on Account, 38-9, 47,
79-80.
- WAR DEBT**, 147, 148-54, 161-
163, 186-7; loans, 162;
Savings Certificates, 165-6;
Bonds, 164-5, 182; expen-
diture certificates, 165.
- War Loan Acts, 156, 172.
- War Office: Treasury control
of expenditure, 24-5; esti-
mates, 24, 31, 35, 39, 104.
Ways and Means Advances,
138, 169-70, 174, 186.
Ways and Means, Committee of,
36, 44, 45, 47, 48-54, 156.
Woods and Forests, Commis-
sioners of, 6, 26, 59.
- YEAR**, financial, 12, 13, 106, 125.
Young, Hilton, 45, 119.