

now taxed. After much campaigning from pressure groups, the Labour government conceded the existence of the tax allowance welfare state and published details of its scope in the last public expenditure White Paper.

There are two forms of tax allowances. There are what are called the structural or personal reliefs: the White Paper estimated that the married man's allowance costs £6,600 million in lost revenue, the single person's allowance exempts £3,200 million from taxation and the wife's earned income allowance exempts a further £1,800 million. There is also a second form of relief which goes under the title of non-structural allowances. Under this heading come mortgage tax relief, which now costs £1,100 million in lost revenue, and the tax concessions on pension schemes, which now total a loss of revenue of £450 million.

The Canadian report on the tax allowance welfare state shows how the rich benefit disproportionately from this form of welfare. There are three reasons for this: the rich have more income in the first place; they are liable to have surplus income which can be spent in ways which allow them to claim the non-structural tax allowances; and the allowances are valued at the taxpayer's marginal rate. The higher the marginal rate the greater the value of the tax allowances.

How beneficial the tax allowance welfare state is to the rich can be seen from the work of the Royal Commission on the Distribution of Income and Wealth. The Commission showed that the non-structural tax allowances were worth on average £12 in 1975 to the poorest 10 per cent of the population. However, their value to the richest one per cent was £648 apiece.

Next week's budget will therefore provide a key test for the Labour opposition. When in office Labour was unwilling to act against the tax allowance welfare state; but will it stand idly by as the Thatcher government increases a form of public expenditure beneficial to the rich?

Irish post strike wins new support

Brian Trench writes from Dublin: A militant tone was ensured for this week's annual conference of the Irish Post Office Workers' Union (POWU) when Padraig Faulkner, Minister for Posts and Telegraphs, told TV viewers two weeks ago that current rates of pay for the 13,000 striking Irish postal workers are better than those in Britain and Northern Ireland. The days are long gone when Irish workers expected to be paid less than their British counterparts, and the ministerial broadcast, the first public statement of the government position for six weeks, provoked the calling of the first mass meeting of Dublin POWU members since the strike began on 18 February; it also caused Terry Quinlan, leader of the normally conservative POWU, to threaten 'trench warfare'.

The union's leaders had previously been throwing out lifelines, suggesting that members might return to work with an interim settlement worth a third of their original 37.5 per cent claim. But with nearly 50 members facing charges later this month of assault, threatening behaviour, abusive language and obstruction, few are in the mood for a quick settlement.

Politicians of the government party, Fianna Fail, have sought to exploit the differences between the Irish Congress of Trade Unions and the POWU, and, indeed, the divisions within the Union itself were evident during the early days of the strike. But in the wake of clashes between police and postmen at Dublin's main Fastrack depot, where the strikers were attempting to stop diverted mail being sent as railway freight, POWU members have had a positive response to requests for solidarity from other trade unionists. Power workers, teachers and post office technicians have been contributing to the union's hardship fund. The Cork Council of Trade Unions is collecting over £1,000 per week for the strikers in that city. And several of

the civil service associations whose members usually supervise the POWU members have also supported the hardship fund.

With remarkable lack of self-consciousness, the Dublin postal workers have called their pickets on the Fastrack depot 'intimidatory pickets' – and they have had the required effect. Many businesses had been getting round the strike by using private couriers, buses and trains, but Fastrack activity has now been reduced to an even lower level than in normal, non-strike times as a result of the mass pickets. Three weeks ago, the leaders of the country's biggest union, the Irish Transport and General Workers' Union, sent a directive to members in the state transport company, CIE, not to handle anything looking like diverted mail. For a time, following clashes between police and pickets in which one striker's injuries caused a priest to be called to administer the last rites, the railway workers struck too. The police body, the Garda Representative Association, was evidently a little embarrassed by the confrontations and promised the strikers that it would not allow members to distribute polling cards for this week's European and local elections.

Our colonial relics



Christopher Price writes: Talks resume next week in one more attempt to find a political solution to the dispute in Cyprus. They will deal mainly with territory, the constitution, the refugees. But a new element has recently been put on the wider agenda by both Rauf Denktaş (left), leader of the Turkish community, and AKEL and EDEK, the two left-wing coalition partners of President Kyprianou's ruling Democratic Party; it concerns the future of the British military bases.

When Cyprus went independent in 1960, Britain held on to two large tracts of land, one in the south east, the other in the south west of the island, not rented from the new republic on a renewable contract, but held in perpetuity as pieces of British sovereign territory. It was a unique compromise designed to re-establish our 'rightful' position in the Eastern Mediterranean. Ever since, any inclination by an impoverished Britain to get out has been resisted by NATO, who place a high value on the airfield of Akrotiri and the listening station at Agios Nikolaos – which featured in the ABC trial last year.

It was an unwritten assumption that the troops in Britain's Cyprus base would be an earnest of our pledge to guarantee the 1960 constitution. Though we never lifted a finger in 1974 to prevent either the Samson coup or the Turkish invasion, in the past four years to mention the bases in the context of a political settlement has been rather like shouting in church. Now, however, spirits on both sides are emboldened: Denktaş has called for the British to go when the island is demilitarised – hoping to pick up one of the two bases in any final settlement; and the Greek Cypriot Left are arguing that there can never be a lasting solution in an island which doubles up as NATO's middle east aircraft carrier cum spy station.

Sir Geoffrey's books

Caroline Atkinson writes: Next Tuesday's budget will disappoint a lot of first-time Tory voters who thought that the promised income tax reductions could somehow be had for free; so when Sir Geoffrey Howe presents it he will doubtless blame the terrible state of 'the books' when he took office. The ground for this buck-passing exercise was well prepared by the newspapers which faithfully reported that Treasury Ministers were throwing up their hands in horror at the sight of these mythical books (not to be confused with the volumes on Sir Keith Joseph's famous reading list). Sir Geoffrey, so we were told, would have to be tougher than

expected in raising indirect taxes and cutting spending, or meaner than expected in cutting income tax, because of the dreadful legacy found in Labour's dusty tomes.

It is interesting that although the Treasury's economic forecasts, and the papers prepared for the new Chancellor on the present state of the economy, were available to Ministers on their appointment over the weekend of 5-6 May, it was not until 18 May that the 'books' were said to be so disastrous. Since there is no such thing as a set of books for the economy, it was presumably the forecasts, and in particular the forecast for government borrowing (PSBR), that bothered the new Chancellor.

The government borrows enough to cover the gap between its revenue from taxes and its spending. Simple arithmetic shows that if the PSBR is to be cut, either total tax revenue must be increased or public spending reduced. Since the Tories are committed to cut income tax, if they wish to hold, or still more reduce the PSBR they must either raise other taxes or cut spending. Unwillingness to spell this out in the election campaign led the Tories to shelter behind their ignorance of the books. But whatever the books say, the arithmetic holds.

It was already well known before the election that the forecast for public borrowing in 1979-80 was considerably higher than the £8,500m to which the Labour government was committed; Mr Healey has since said that the forecast was nearer £10,500m. The latest estimate could be even higher because public sector pay rises have been higher than the 12.5 per cent probably assumed in the forecast. But this too cannot have surprised the incoming government, for they knew as well as everyone else what was happening to public sector pay.

The government can legitimately claim that some deflationary measures would also have been taken by a Labour government committed to an £8,500m PSBR. They cannot, however, pretend that the size of the spending cuts and indirect tax increases came as much of a surprise to them – nor that the additional measures required to pay for the promised income tax cuts are the fault of the Labour government.

Political bias exposed in official statistics

Duncan Campbell writes: A campaign to re-assess the political role of statistics is marked by the recent publication of *Demystifying Social Statistics*, written by members of the Radical Statistics Group, an offshoot of the Royal Statistical Society. The group – a significant proportion of whom work in the preparation of official government statistics – hope for a revision of the present style of teaching and using statistics.

A 'collective' of unnamed government statisticians has produced an account of how the official 'fact machine' works. It points out that many government statistical products contain significant gaps, since figures reflect what departments are doing, rather than what is actually happening in the world outside: unemployment estimates deal only with those attending the employment department offices, while homelessness figures consider only those in need who have been in touch with a local authority. The government seldom resorts to down-right falsification, says the collective, but relies instead on more softly persuasive techniques of delay, misleading commentaries and 'massage'.

Figures which have been 'massaged' on instructions from the mandarins include the well-known case of unemployment statistics, artificially reduced by means of increasingly restrictive definitions. Other ways of caressing figures include extrapolation from deliberately unrepresentative figures, manipulation of adjustments under civil service control (eg in the Retail Price Index) and the juggling of categories in tables. Embarrassing, unwanted or secret figures disappear into 'miscellaneous' categories for the purpose of concealment. *Pluto Press, £3.95