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Wealth and Taxable Capacity. by Josiah Stamp

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some of the questions at issue with a larger degree of freedom and independent judgment. The preferential movement in Canada and Great Britain is treated with special discrimination and understanding. It is a pity, however, that the authors have not linked up the economic phase of the movement more closely with the larger political aspects of the problem of imperial federation, of which it is only a part, although a most important one.

The value of the study is considerably enhanced by a well-selected bibliography of the chief official documents and secondary authorities of the several states. The bibliography of the British Empire, strange to say, is much less complete and satisfactory than that of several of the less important colonial nations.

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*Wealth and Taxable Capacity.* By Sir JOSIAH STAMP. London, P. S. King and Son, Ltd., 1922.—195 pp.

The increasing cost of government and the heavy burdens of taxation resulting from the war have very naturally focused the attention of economists all over the world upon the questions of taxable capacity, national wealth and national income. Exhaustive researches have been undertaken in the United States and in England, and the results of these studies are beginning to appear in book form. *Wealth and Taxable Capacity* contains the Newmarch lectures delivered at the University College in 1921. The author was formerly an official of the British Inland Revenue Department and is considered today one of the highest authorities on this subject in England. His long experience with the statistics of income and property make him especially well fitted to interpret them. He defines his task in these lectures as that of outlining "some of the elementary principles involved in the valuation of the National capital and income and the determination of their distribution and their relation to prices, taxation and public debt. . . ."

After three preliminary chapters on The National Capital, The National Income, and The Distribution of Income and Capital, Dr. Stamp discusses the central problem of his book, the limits of taxable capacity. In the last two chapters he deals with The Effect of Changing Price Levels on Profits and Wages, and The Effect of Changing Price Levels on the Burden of the Public Debt.

Throughout the book the reader is cautioned against the improper interpretation of figures. The author's careful use of statistical

measures should serve as an example to other writers who seek to substantiate their theories with figures. The data are approached in an abstract way with no preconceived notions as to what they do or do not show. The sources of the data are examined, the extent of their reliability determined and the uses to which they can properly be applied set forth, before any attempt is made to interpret what they really mean. The book is an effort to educate the public to a better understanding of the methods involved in the interpretation of statistical facts and the author takes a great deal of trouble to popularize the results of his very technical investigations. For example, he explains the National income as a national "heap" which "includes the boots and clothes that are made, the loaves that are baked, the sheep that are reared, the sermons that are preached, the songs that are sung, . . ." etc.

An interesting example of the practical value of Pareto's formula is given in the chapter on the distribution of capital and income. By comparing the distribution of the actual returns from the imposition of the super-tax in 1913 with the theoretical distribution according to the Pareto curve, Dr. Stamp was able to tell the Revenue Department "that they had missed over 1000 payers in the lowest class, £5,000 to £10,000". The interesting point about this incident is that the department got busy and succeeded in finding the forgetful taxpayers, making the facts conform to the theory.

Relative to the constancy of the distribution of income among classes, the author has examined the data "from 1842 till recent years . . . and found no evidence of any permanent material shifting in the proportions". This is in agreement with Dr. Bowley's statement that "the constancy of so many of the proportions and ratios . . . seems to point to a fixed system of causation and has the appearance of inevitableness". However a few pages later we read "that the ordinary person of to-day is four times as well off in real commodities as the person in the corresponding stage in the scale in the beginning of the 19th century. . . . The bulk of this advance was secured in the first part of the century." It would be extremely interesting to see more of the details of this part of Dr. Stamp's researches.

The lectures close with two suggestions of means by which the State might extricate itself from its enormous debt burden. "It might pay us," the author says, "to sell life annuities on terms more favorable than precise actuarial prices. With the capital sum, debt would be immediately redeemed—the annuity payment would slightly

exceed the old interest charge, but when it ceased, the debt and its interest would be gone for good, whereas, in the ordinary course, it still remains to be paid off, even forty years hence." The second suggestion seems a bit more practicable. It embodies the Rignono plan of death-duty taxation where the rates are progressively higher as the inheritance becomes more removed from the original saver. Large sums would be coming to the government by this means after some fifty or sixty years.

On the whole, we feel that the author has done a decidedly worthwhile piece of work in a field that is relatively untilled. Contrary to Dr. Stamp's opinion, the informal lecture style adds rather than detracts from the readability of the book. This should help in "popularizing" the methods necessary in the treatment of such a difficult subject.

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*Economic Development in Denmark Before and During the World War.* By HARALD WESTERGAARD. Oxford University Press (for the Carnegie Endowment for International Peace, Division of Economics and History), 1922.—xii, 106 pp.

This monograph might better be entitled "An Economic and Sociological History of Denmark since the Eighteenth Century, with an Appendix on the World War", for only twenty-one pages are devoted to War and post-War developments.

The earlier portion of the treatise is an excellent and valuable discussion. The subject matter is well selected and carefully analyzed; statistical material is skilfully woven into the text; and the style is clear and interesting. There are instances of over-compression, but not many.

Professor Westergaard's narrative throws into relief many factors of importance to the student of social science. Notable among them is the way in which a strong tint of conservatism has operated consistently to render change gradual and reform peaceful. Another is the manner in which the relatively slow and incomplete industrialization of the country has enabled it to remain predominantly rural and also to adjust itself more completely to the vicissitudes of the modern factory system than many of its more "progressive" neighbors have found possible. A third factor is the influence which a widely diffused and long-established system of compulsory education has had upon the ability of the population effectively and