the nineteenth century traders and workmen learned to trace their prosperity or their difficulties to general causes, and they learned this not from books, but from experience. It is Mr. Dicey's chosen task to map out for us the currents, counter-currents, and cross-currents of opinion; but the opinions of men are very largely determined by their instinctive actions. Improvements in machinery made industry on the great scale not only possible, but necessary: when practical men began to understand this, their outlook was widened; they began instinctively to take an interest in the co-operative and competitive efforts of those who were doing the same work as themselves, whether at home or abroad. Hence the socialist and imperialist reaction of which Mr. Chamberlain has been so active an exponent.

Mr. Dicey has devoted an interesting chapter to what he calls Judicial Legislation—a phrase which the judges will not allow to pass without criticism. The late Lord Watson would not hear of "judge-made law"; he had, as he said, no power to lay down any rule, unless he had authority for it. Even epoch-making decisions, such as that in the Taff Vale case, are founded on a careful examination of the history of the law. If we carry the historical inquiry far enough back, we shall find that the law of contract, for example, has its origin, not in the judge's intention to make law, but rather in the usages of men accustomed to trade with one another, and intelligent enough to see the advantage of trading honestly. But, as Mr. Dicey points out, what was implicit in usage or common sense becomes explicit in the recorded judgment, and this is legislation of a kind.

It is impossible, within the limits of a notice, to give any account of a book so full of matter, but no exhaustive description is required: every lawyer or economist will read the book for himself; and it needs no interpreter.

T. RALEIGH

Riches and Poverty. By L. G. CHIOZZA MONEY. (London: Methuen & Co. 1905. 8vo. xx. + 338 pp. 5s. net.)

"THE aggregate income of the 43,000,000 people of the United Kingdom is approximately £1,710,000,000; 1¼ million persons take £585,000,000; 3¾ million persons take £245,000,000; 38 million persons take £880,000,000."

These are the striking words which Mr. Chiozza Money places at the foot of the frontispiece of his work, and which may be regarded as his text. Are they true? It is not an easy question.

The £1,710,000,000 is obtained by taking the net income which appears in the income-tax returns as income of persons with over £160, adding £100,000,000 for income which should come under the collector's eye but does not, and estimating the income of the class below the income-tax level at £880,000,000. Then the difficulty is to discover how many income-tax payers there are, and how the £830,000,000 which they are said to enjoy is divided among them. The Inland Revenue Commissioners tell us that in 1903-4 there were 702,000 valid claims for abatement, so that there must have been at least that number of persons with from £160 to £700 a year. Unfortunately the Commissioners do not tell us what the aggregate income of the 702,000 persons was. It cannot be as much as £295,800,000, and it cannot be as little as £142,600,000. Mr. Money puts it at £230,750,000, which is excessive, as it is based upon the unlikely supposition that the average incomes of the three grades—£700 to £600, £600 to £500, and £500 to £400—are £650, £550, and £450; and on the still more improbable supposition that the average income between £160 and £400 is £300. As incomes decrease in number the higher we go, it seems obvious that the average income of each class must be much below the half-way point. If we take the averages at £635, £535, £435, and £200, we get a total of only £168,225,000. To this we have to add an altogether conjectural amount of income owned by persons who are too ignorant or lazy to claim the abatement to which they are entitled, and another equally conjectural amount for incomes between £160 and £700 which manage to evade taxation altogether. Mr. Money supposes these incomes to number only 48,000 and to amount to only £14,400,000. Probably this estimate is too low, but owing to the reduction suggested for the amount of the actually "abated" incomes, we can raise it sixty-two millions without getting above Mr. Money's total of £244,750,000 for the whole of the income between £160 and £700. Then we are left with the astonishing result that an income of £585,000,000 is apparently left for the class with over £700 a year—a class which certainly makes a big show in the world, but which cannot be very numerous. To get at the number of individuals composing it, Mr. Money takes the number of private dwelling-houses, and assumes that there is one income of over £700 to every house rented at over £60 in London and over £50 in the rest of the country. This gives him a total of 258,000, and (he does not mention this fact) makes the average income of the class £2,267.

I find it difficult to believe that there are as many as 258,000 persons with over £700 a year. If there are as many, the abatement returns are more inadequate than I have supposed them. According to those returns there are :—

607,000	persons	with incomes	between	£160	and	£400
53,000	,,	,,	,,	£400	,,	£500
29,000	,,	,,	,,	£500	,,	£600
13,000	,,	,,	,,	£600	,,	£700

Now let anyone try to continue this table onward among the higher incomes, putting, as he must, a diminishing number of persons opposite each £100 of income. I think he will be astonished at the difficulty of getting any large number into his table, even if he supposes the 53,000, 29,000, and 13,000 to be considerably below the truth. If there are 258,000 incomes and their average is £2,267, there should surely be more than 200,000 between £700 and £2,000. But is it possible that this class is actually equal to one-third of the class with between £160 and £400, to say nothing of the comparison with the £400 to £700 classes, in which there is doubtless much more failure to claim the abatements?

If we reduce the number of persons with over £700, as we can very easily do by slightly altering our rent limit, and leave the total income at £585,000,000, we shall make the average income still higher than the £2,267 at which Mr. Money places it, and that seems already too high. We are thus led to question the £585,000,000. This may be reduced in two ways, first by increasing the amount of incomes within the abatement limits, and secondly by reducing the estimate of £830,000,000 for the total income-tax income. But we have already added about 45 per cent. to the abatement returns, so that we can scarcely expect much help from the first expedient, and are driven to the second. Here we may notice, in the first place, that Mr. Money has not excluded £15,000,000 profits received by local authorities; if this is included, why not also include the profits of the Post Office? I do not think such profits can be conveniently treated as part of the income of individuals, and if they could, it would be wrong to assume that they all go to people with over £700 a year. On the other hand, the income-tax estimate of farmers' incomes, which Mr. Money accepts very innocently, at one-third of the rent they pay, is probably much too low. Mr. Money rather naïvely imagines it to be, if anything, over the truth, because the average income of the very few farmers who are not satisfied with it and claim to be assessed under Schedule D on their actual profits is very small. But this is obviously quite fallacious. The farmers who find it worth while to be taxed under Schedule D of course consist entirely of those who have not reached the one-third standard, and very largely, no doubt, of those who have made losses. The facts that the number is very small and that it fell off largely when the standard was reduced from one-half to one-third, shows that the one-third is a very lenient assumption. From this head, then, we get something to set against the deduction for local authorities' profits, and thus we make little progress in reducing the total. We can only fall back on the suggestion that, owing to the separation of schedules and other technicalities, it is possible that income-tax is collected on some receipts which are not income at all, and on large portions of real net income twice over. Everyone knows that this is to some extent true, but it seems impossible with our present information to estimate what it amounts to. Meantime, it must be allowed that Mr. Money's figures hold the field, and those who dislike the reflections which they suggest should endeavour to refute them if they are not prepared to accept them.

The same thing may be said of the figures which Mr. Money puts forward as to the distribution of that portion of the total income which is derived from property. He assumes that property comes under death-duties once in thirty years on the average, so that the total property in the hands of the living in any one class will be thirty times the amount held by individuals who die in that class in one year. There is some ground for thinking that this method will exaggerate the amount of property held by the wealthier class, since it is the rule that a very rich man is never so rich as when he dies. His property is continually increasing during his lifetime. Now, supposing we were told that crowns passed on the average once in thirty years, and that on the average one coronation took place every year, we should be justified in concluding that there were thirty kings at any one time. But if the custom was for each king to increase the gold in his crown by a certain percentage every year, we should not be able to arrive at the average weight of the crowns of the living sovereigns by simply multiplying by thirty the average weight of the crowns of those dying. That would clearly bring out a figure considerably too high. Mr. Money, therefore, probably exaggerates the inequality when he arrives at the conclusion that 117,030 persons, who, with their families, constitute about one-seventieth of the population, own much more than half the property. Still, the inequality is enormous, and much more than the complacent admirers of the present will like to admit.

On the important question whether the inequality is increasing or decreasing, Mr. Money has little to say. In Chapter IX. he falls into the curious error of comparing variation of wages *per capita* with variation of the absolute total of profits. I have often protested unavailingly against the traditional practice of comparing variations of wages *per capita* with variations of profits per cent., as if the comparison could show something about the distribution of the community's income, but I doubt if Mr. Money's method is much better. If he wants to talk about "the proportion of the national income taken by labour" and the "proportion taken by capital," he should obviously compare aggregates and not rates. The aggregate taken by labour is affected by the growth of population and by the distribution of the workers between well-paid and ill-paid occupations, as well as by variations in the rate of wages for particular kinds of work. Probably Mr. Money's contention that the proportion received by labour was less in 1903 than in 1893 is correct, but this is a very short and surely, we may hope, abnormal period, when the supply of new capital was abruptly stopped by human passions flaming into destructive war. It still remains to be shown whether the present general tendency is towards giving labour or capital a larger proportion of the produce.

To those who believe land-value taxation to be a panacea, Mr. Money very usefully points out that agricultural and urban land together in the United Kingdom is only worth a trumpery hundred millions a year.

He has got the root of the matter also as to the so-called "incidence" of rates. He sees that the price of gas influences the value of property in different localities just in the same way as the price of dust-disposal or sewerage, but naturally declines to say that London landowners north of the Thames therefore "pay" the extra amount charged to the householder over that paid on the south side.

"Contracts as to the use or sale of land and the property affixed thereto have been made between man and man with full knowledge of the existence of rates. While, therefore, it is perfectly true that, but for the existence of local levies, the owners of the soil would be receiving a higher tribute than is actually the case, it is straining the meaning of language to say that they pay the rates or that the rates are an actual burden upon them."

They are a burden in the same sense as the marshiness or rockiness of a man's land, or the expense of removing those bad qualities, is a burden.

I have left myself little space to discuss Mr. Money's schemes of reform, and must content myself with mentioning one of the most striking of them, his plan for a distinctly graduated income-tax. The most extraordinary feature in this is the fact that it involves an absence of graduation on incomes derived from property belonging to persons with between £60 and £2,500 a year (p. 302). I should therefore call it a scheme for taking graduation away rather than for introducing it. Mr. Money proposes to take the rate chargeable on incomes of between £60 and £2,500 as the standard rate, and collect it, as at present, as near the source as possible. The balance of the higher rates which will be chargeable on incomes of over £2,500 will be collected from the taxpayer himself on the declaration of total income which will be required from him. And then Mr. Money observes complacently "an important feature of the scheme is that taxation at the source is not abandoned"! It seems to me to be abandoned precisely at the point where there is the greatest danger of cheating and evasion. People who would hesitate to defraud the State of a tax which they have to pay at the same rate with their neighbours will lie without scruple to avoid paying what they will call an iniquitous imposition in the shape of a surtax added to the standard rate. Why not continue the present practice of charging the highest rate on all income-taxes at the source? Mr. Money is quite right in wishing to substitute a straightforward system of graduated rates for the existing system of abatements, but the objectionable feature in the existing system is not the collection at the highest rate, but the fact that ordinary people do not, and will not, till a great change in general intelligence has taken place, understand the real effect of deducting the tax on the first £160 (or whatever the sum may be).

EDWIN CANNAN

History of Shipping Subsidies. By ROYAL MEEKER, Ph.D. Publications of the American Economic Association, Third Series, Vol. VI., No. 3, August, 1905. (New York: The Macmillan Company. London: Swan Sonnenschein and Co. Price $1.00.)

IN his *History of Shipping Subsidies*, printed for the American Economic Association, Dr. Royal Meeker offers the public a comprehensive volume, which traces in detail the growth of subsidies