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George Warde Norman, *Taxation and the Promotion of Human Happiness: An Essay by George Warde Norman*, ed. D. P. O'Brien, with assistance from John Creedy (Cheltenham and Northampton: Edward Elgar Publishing Ltd., 2009), pp. xiii, 209, £59.95. ISBN 978-1-84844-485-0.

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‘rationalized’ governance” (p. 385) all by himself. But the fact that the actors he studied did not help him with this goal might lead one to think that the very Weberian question was not the best possible.

Second, the nine chapters are more or less period driven. The author opens each one of them with a presentation of the historical context and then enters the details of his own statistical story. Of course, this is how history is usually written because it helps the reader understand the argument. But the problem is that it erases one of the crucial and specific tasks with which federal statisticians are confronted: to properly define what they call the “universe”; that is, to define America itself, the territory to which their cost of living applied, and the time period that is of interest for them in a way compatible with their practices, graspable by their techniques. Statisticians are context makers, not takers (Didier 2009). But the author’s writing method leads him to ignore the point. (Exceptions include the very interesting discussion about the kind of families taken into account [p. 85] and the kinds of cities [p. 163], but why and how these families and cities are chosen is not documented.) Stapleford justifies the word “politics” he uses in his title, but not “America,” which is nonetheless a huge problem—and no less political—for federal statisticians.

Stapleford’s historiographic choices may have caused his story to lack inventiveness, but the whole book remains extremely informative, very well written, and of a high professional standard. This, along with the centrality of his subject, makes it clearly a ‘must-have’ resource for students of anything from labor to statistics and/or the federal administration.

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In the eighteenth century, Britain established what Brewer (1989, p. xvii) calls “the fiscal-military state.” The British government increased expenditures on military affairs, financed them by making long-term loans, and paid their interest mainly through indirect taxes such as customs and excise duties. However, according to

Daunton (2001, pp. 32–33), the British fiscal-military state reached its limits at the end of the Revolutionary and Napoleonic wars (1793–1815). The outstanding amount of public debt increased to about 280% of GDP at that time, and the national tax burden became more than 25%. The income tax that William Pitt introduced in 1799 was abolished in 1816, because people regarded it as an unfair and unpleasant tax. The legitimacy of taxation and people's trust in the state were being lost.

In this situation, George Warde Norman (1793–1882), who served as a director of the Bank of England from 1821 to 1872, wrote an essay on taxation. Although Norman started writing the essay in 1821, and continued until the 1830s, he could not complete it. D. P. O'Brien, with the help of John Creedy, edited Norman's unpublished essay and brought it to light in the form of this book. Thanks to O'Brien's laborious editing, with an excellent introduction, readers will be able to follow Norman's argument with almost no difficulty.

The essay is composed of three parts. Part I contains two chapters (chapters 1–2), in which Norman reveals his views on the general principles of taxation. As O'Brien correctly points out, Norman's normative background can be called "utilitarian." Although in the essay Norman does not refer to Bentham and Mill, in his autobiography, he writes, "Towards the end of 1821, I commenced an Essay on Taxation, redolent of Bentham and Mill—the object being to shew, how the Revenue of Country might be levied with least pressure on the Taxpayers" (*Essay*, p. xv). Moreover, in the essay, Norman repeatedly uses such terms as "the public happiness," "the general felicity," and "the greatest happiness of the great number" as an ultimate standard to differentiate good and bad taxes. It must be stressed that Norman considers not only the "economic effects" of taxes on the public happiness—effects through changes in the production, distribution, and consumption of wealth—but also their "moral effects" through changes in people's sentiments and actions.

Norman was one of the founders of the Political Economy Club. Hence, it is quite conceivable that in the club he had a chance to discuss the issues of taxation with David Ricardo and Jon Ramsey McCulloch. It is also probable that Norman read not only Ricardo's *Principles of Political Economy and Taxation* (1817) but also his article on the "Funding System" in the *Encyclopaedia Britannica* (1820), and McCulloch's early writings on taxation. In fact, Norman's explanations with respect to the shifting and incidence of taxes employ some theories in Ricardo's system of political economy—for example, the theory of differential rent and that of equalization of profit rate. Strangely, however, Norman does not discuss the influences of taxation on long-term economic growth, to which Ricardo and McCulloch attached a high importance. Norman's analysis of taxation can be called Benthamite, rather than Ricardian, because it focuses on the static, rather than dynamic, effects on public happiness.

Part II of the essay is composed of twelve chapters (chapters 3–14), in which Norman provides eleven maxims of taxation: computability, simplicity, frugality in collection, constancy, divisibility, popularity, noninterference, equality, uncorruptiveness, unvexatiousness, and unevasibility. These maxims can be regarded as an expansion of Adam Smith's four maxims: equality, certainty, convenience, and economy.

In the nineteen chapters of Part III (chapters 15–33), Norman examines various taxes on the basis of the eleven maxims. As a general rule, Norman prefers direct taxes to indirect taxes. This preference culminates in his proposal of a single tax on property, which emerges in the final two chapters. In Chapter 32, Norman shows the scheme of a single tax on property as an ideal. This scheme involves a proportional impost on all kinds of material properties—such as land and material capital—with an exemption of subsistence minimum. Norman’s scheme can be regarded as a proposal to make perpetual a capital levy that Ricardo put forward in his article on the “Funding System” as a temporary measure to redeem the public debt. However, the single tax on property had a problem: it would not capture the incomes of traders and professionals who had no material property. Like Ricardo, Norman sidesteps this problem, stating that in the long run, the free movement of labor between occupations will lower these incomes.

The single tax on property had another serious problem—unpopularity. As Ricardo did not think that his capital levy scheme would be accepted by Parliament, Norman thought his scheme unacceptable for the people. Thus, in the final chapter, as the second-best policy, he puts forward a tax system in which a tax on property at a moderate rate is combined with an improved house tax, a timber duty, and a fixed impost on traders and professionals. Revenue obtained from these taxes will be used in order to abolish oppressive indirect taxes. If people become familiar with the tax on property, its rate can be gradually raised, whereas that of other taxes will be reduced. Thus, states Norman, the system of a single tax on property will finally be established.

Readers of this essay may have the following questions. Why did Norman postpone the publication of his essay? Did he give up on its publication because he considered his scheme too radical to be accepted by the people? Alternatively, did he think that Henry Parnell’s successful book, *On Financial Reform* (1830), which proposed reintroduction of income tax in order to abolish oppressive indirect taxes, diminished the significance of the essay?

Changes in the fiscal conditions in Britain may provide one of the possible answers. After the end of the Revolutionary and Napoleonic wars, until Robert Peel reintroduced an income tax and started tariff reforms, the British government did not carry out a radical fiscal reform. However, continuous economic growth, which started in the 1820s, prevented the British government from falling into a fiscal failure. Although the amount of outstanding public debt was reduced very little, its proportion of GDP fell from 280% in 1815 to 180% in 1842. Moreover, although tax revenue continued to increase, its national burden fell from 25% to 11%. Economic growth, to which Norman paid little attention, was a genuine source of public revenue (Dome, pp. 5–12). Norman himself admits this fact in a pamphlet published in 1850, *An Examination of Some Prevailing Opinions, as to the Pressure of Taxation in This, and Other Countries*. Norman may have thought that his essay failed to use the kind of political economy that emphasized the role of economic growth in fiscal reform.

The true reasons regarding why Norman kept the essay unpublished may be elucidated from his autobiography, which O’Brien is now preparing for publication. Together with the autobiography, as well as the 1850 pamphlet, this essay provides a precious document to all scholars interested in the arguments on the fiscal reform in

nineteenth-century Britain. Thus, this book can be regarded as an important supplement to O'Brien's magnificent editorial work, *The History of Taxation* (1999).

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Ross B. Emmett, *Frank Knight and the Chicago School in American Economics* (London and New York: Routledge, 2009), pp. xxxi, 218, \$130 (hardcover). ISBN 978-0415775007.

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Attempting to come to grips with the Knightian corpus can often—as I can readily attest from personal experience—prove rather daunting for the uninitiated. Fortunately, the uninitiated now have Ross Emmett's splendid volume to help guide them through the thorny Knightian thicket. Emmett has long since firmly cemented his place as the world's leading Frank Knight scholar, and this excellent volume collects a number of his previously published papers (thirteen chapters), adds some new material (two chapters), and makes Emmett's first-rate work—all the papers were written between 1987 and 2007—available in one handy place. Accordingly, I expect the volume to make Emmett's mastery of the Knightian corpus deservedly well-known among a rather wider group of readers than that usually associated with the history of economics community (and various fellow travelers) alone. As the volume contains many previously published papers, there is, unsurprisingly, some near-verbatim reiteration of Knightian points that have been made in earlier chapters. Any such repetition, however, hardly mars the outstanding quality of Emmett's work and his solid and sympathetic appreciation for the specific historical context within which Knight wrote. Anyhow, Knight himself supposedly liked to frequently invoke Herbert Spencer's point that “only by varied reiteration can alien conceptions be impressed on reluctant minds” (or words to said effect). Rather than provide a detailed précis of each chapter, I shall here focus on certain key Knightian themes. Indeed, I urge anyone uninitiated in the mysteries of the Knightian corpus to carefully study my two favorite chapters in the volume: Chapter 6 (“What is truth' in capital theory?") and Chapter 7 (“Maximizers versus good sports: Frank Knight's curious understanding of exchange behavior”).