ment, or if he regards his income as a kind of measure of his value to society. On the other hand, some mystic or ascetic may not place a high value on his thousandth dollar of income in any given time period.

We do not have a quantitative measure of pleasure or utility; thus, we cannot, *as scientists,* make interpersonal comparisons of subjective utility. Conclusion: it is not scientifically demonstrable that total social utility within a society can be increased by taking 75 per cent of the rich man's income in the highest tax brackets and transferring this money to a poor man (minus 25 per cent for government handling). There is no such thing, scientifically speaking, as total social utility. We cannot add up subjective utilities as if we were adding up a column of figures.

Admittedly, as policy-makers we have to make judgments concerning the advisability of particular economic programs. But Robbins' refutation of welfare economics by means of the argument against the scientific validity of interpersonal comparisons of subjective utility cannot be limited to the narrow case of the graduated income tax. It undermines *all* attempts to "tally up" social utility in the name of economic science. We cannot, as economic scientists, say that *any* policy will increase total social utility. There is no way to measure "total social utility." *So effective is this argument that it denies to economics the legitimacy of making estimates of the total value of any aggregates.* What does Gross National Product mean, anyway, if we cannot assign any value (or meaning) to the columns of figures in a GNP index? If Robbins' thesis is correct—and since 1932, no economist has shown how it might be incorrect—then most of what we know as modern applied economics, including the formulation of economic policy, is an illusion.

Robbins had this pointed out to him by Roy Harrod, who later became Keynes' biographer, in 1938.[3] Incredibly, Robbins capitulated to Harrod and abandoned the obvious and inescapable logic of his earlier argument.[4] But he could never explain where he had been incorrect. He simply wanted to maintain the status of economists as scientific advisors, so he abandoned the logic of subjectivist economics. Somehow, he and Harrod agreed, economists as scientists *can* make assessments of the total social utility of particular economic policies. Somehow, GNP (or other economic statistics) are meaningful. They could not say exactly how, but somehow.[5] It was a matter of faith.

Capital Formation

The *welfare economists* have long argued that if the State extracts a higher percentage of taxes from the upper income brackets, and then transfers this money to poorer members of society, total social utility can be increased. Robbins demolished the scientific validity of this statement, but his argument has never been taken seriously by economists, since it has so many implications that are unfavorable for the practice of applied economics.

On the other hand, *advocates of capitalism* have replied to the socialist critics of the rich with this argument: the rich man has most of the food and clothing he can use, once he gets into the highest income brackets. Thus, he will be more likely to invest higher and higher proportions of his income as his income stream carries him upward. His "necessities" are taken care of early. Then his pleasures are taken care of. Finally, he has money left over. What is he going to do with it? He will be increasingly willing to invest it or give it to charity, the free market economists have argued. The rich man has demonstrated his competence in making investments; thus, he acts as a public benefactor in his capacity as investor.

What if the civil government attempts to extract this money from him? He will then spend more time and effort in seeking out *tax avoidance schemes.* He will be less interested in expanding his income. He will spend more money on luxuries. For example, a person who was in the 98 per cent tax bracket in England, prior to Mrs. Thatcher's election and the reduction of these confiscatory top-bracket tax rates, might have faced the following decision. Perhaps he had $50,000 to invest (or about 25,000 pounds). If he thought he might get 10 per cent on his money—always a guess, given the inescapable uncertainty of the economic future—he could expect an income stream of $5,000 a year. But he would be allowed to keep only 2 per cent, or $100, after taxes. Or he could buy a Rolls-Royce for $50,000—an asset which tends to appreciate over time. What was the real cost of driving his Rolls-Royce for a year (not counting gasoline, insurance, and repairs)? The $100 he would have forfeited. Tell me, if you could drive a Rolls-Royce for $8.30 a month, plus insurance, maintenance, and gasoline, would you consider it? So did a lot of rich Englishmen.[6] This, of course, increased the demand for Rolls-Royces, thereby giving the buyer ownership of an appreciating asset.[7]

Workers Lack Capital

The problem facing British workers is lack of capital investment. This problem always faces all workers, but especially the British worker today. The confiscatory tax rates have driven private capital into high payoff, high-risk investments, into "off shore" (foreign) investments, which are less easily taxed, and into "con-