

## A MAN OF 'GREAT FORTUNE'

### The Academic Medals of First Baron Stamp of Shortlands

Text of a talk by Allan Speedy



It is one of the wonders of our world that so many books are published...and nearly all consigned to oblivion! Recently I took down from the shelves of Auckland's Central City Library books on economics and society penned by BARON JOSIAH STAMP:

*The Fundamental Principles of Taxation* (1921)<sup>1</sup>

*Wealth and Taxable Capacity* (1922)<sup>2</sup>

*Taxation During The War* (1932)

These are visionary and monumental works,<sup>3</sup> in anticipation of a brighter and more scientifically organised society, but I doubt if nothing more than a cleaner's duster had touched these volumes since the Second World War: the library staff had difficulty locating them and none appeared to have been issued in decades. In the post-war controversies between the roles of labour, ownership of the means of production, and monetary policy, STAMP'S legacy was usurped by the theories of J.M KEYNES and F.A HAYEK (both of whom, unlike STAMP, survived the war).

JOSIAH CHARLES STAMP (1880–1941), 1st Baron Stamp (Bt), Knight Grand Cross (GCB), Knight Grand Cross of the Most Excellent Order of the British Empire (GBE), Fellow of the British Academy (FBA), was a British civil servant, industrialist, economist and economic adviser to the British Government, statistician, writer, and banker. He was a director of the Bank of England and chairman of the London, Midland and Scottish Railway.

For 21 of his 23 years in the civil service he devoted himself to the analysis and development of taxation. The structure of the British income tax that emerged from World War I (and was elaborated in the report of the Royal Commission on the Income Tax, Great Britain, 1920) is in large measure his achievement.

JOSIAH was born at Kilburn, London.<sup>4</sup> At age six he was diagnosed as suffering from severe malnutrition but went on to be educated at a private boarding-school at Goudhurst in Kent called "Bethany House"; He enjoyed drawing and playing the organ, began to succeed at most academic subjects, and 'became really excited with the approach of examinations'. He made also a first acquaintance with political economy: he wrote home at the age of twelve to say that he was reading this subject because it seemed to him likely to be important.

He left school at sixteen and joined the Civil Service by examination as a boy clerk in the Inland Revenue Department; he was assistant inspector of taxes in Hereford (at age twenty-three) and married OLIVE JESSIE MARSH (they were to have four sons); 1st class inspector in London (at age twenty-nine).

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<sup>1</sup> 'The Fundamental Principles of Taxation in the Light of Modern Developments' (London, 1921).

<sup>2</sup> 'Wealth and Taxable Capacity. The Newmarch Lectures for 1920-1 on Current Statistical Problems in Wealth and Industry' (1922).

<sup>3</sup> Others works include: 'British Incomes and Property: The Application of Official Statistics to Economic Problems. With Supplementary Tables From 1914 to 1918' (London, 1920); 'The National Income 1924' with A. L. Bowley (1927); 'Some Economic Matters in Modern Life' (1929); 'The Science of Social Adjustment' (1937); 'The National Capital and Other Statistical Studies' (London, 1937); 'Wealth and Taxable Capacity, Being the Newmarch Lectures for 1920-1921 on Current Statistical Problems in Wealth and Industry' (London, 1922); 'Studies in Current Problems in Finance and Government and "The Wealth and Income of the Chief Powers"' (1914) (London, 1924); 'Industrial Profits in the Last Twenty Years: A New Index Number'. London: Royal Statistical Society. Presidential address delivered on June 21, 1932 (1932); 'Eugenic Influences in Economics' *Eugenics Review* 26:107-119. The Galton lecture delivered before the Eugenics Society on February 16, 1934 (1934); 'The Science of Social Adjustment' Includes Stamp 1934 and 1935 (London, 1937); 'The Calculus of Plenty' (London, 1935).

<sup>4</sup> His father Charles had managed a railway bookstall at Wigan then owned a provision and general shop in London. His mother was Clara Jane (1857–1942), daughter of Richard Evans, a Welsh farrier and veterinary surgeon. At the age of seventeen Clara had set up her own successful millinery business in Notting Hill, but this was sold by her husband after their marriage, without her knowledge, because he objected to the idea of a working wife.

He once wrote to an old schoolmaster that he was ‘fully realising the importance of harmonious and synchronic development of the faculties’, and was accumulating a library of major authors—his favourites being ‘CARLYLE (first and foremost) [Scottish philosopher; he dubbed economics "the dismal science"], MEREDITH [English novelist], RUSKIN [art and social critic], DE QUINCEY [English essayist, best known for ‘Confessions of an English Opium-Eater’], MACAULAY [British historian and Whig politician], EMERSON [American essayist], GEORGE HENRY LEWES [English philosopher and art critic] and BISHOP BUTLER’ [18<sup>th</sup> c. English theologian and philosopher]. He also read widely in nineteenth-century political thought, and taught himself statistical theory.

In 1910 he published his first paper in the *Economic Journal*, ‘Wasting Assets and Income Tax’.

Meanwhile he was studying economics as an external student. He was awarded a first class B.Sc., (Econ.) (1911) by the University of London (by examination, without ever attending a lecture but prepared himself at home, without teaching or guidance, working late at night) and received the COBDEN CLUB MEDAL (1912).

STAMP was awarded his doctorate in 1916 with a D.Sc. by the London School of Economics and received the LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE MEDAL (1916). The thesis, a brilliant dissertation on taxation, was published as *British Incomes and Property*. It became a standard work on the subject and established his academic reputation.

In 1916 STAMP became assistant secretary to the Board of Inland Revenue (at age thirty-six); three years later he was awarded the ROYAL STATISTICAL SOCIETY MEDAL (1919).

A Canadian newspaper columnist later wrote ‘As a youth at university his tremendous energy and keen analytical mind gave promise of a great future. He won prize after prize, medal after medal, mainly in the field of economics.’<sup>5</sup>

STAMP was appointed Commander in the Order of the British Empire (CBE) in 1918. He changed career in 1919, leaving the civil service for business (by now he had an intimate understanding of both government and the private sector), to join as secretary and director of **Nobel Industries Ltd**, from which Imperial Chemical Industries (ICI) developed.

He was knighted in 1920 (KBE) and a Knight Grand Cross (GBE) in 1924. In that year he published several series of lectures all of which give evidence of his continued intellectual growth and production. Honorary degrees, medals, and awards were given him. He became an increasingly frequent visitor to the United States. At home, from the age of forty-five (1925) onwards, he was established as a principal link between the academic world, business, and Whitehall.

In 1926 he became Chairman of the **London, Midland and Scottish Railway** (the world's largest transport organisation; it was also the largest commercial undertaking in the British Empire and the United Kingdom's second largest employer, after the Post Office; the LMS also claimed to be the largest joint stock organisation in the world).

From 1927 (until his death) he was Colonel commanding the **Royal Engineers Railway and Transport Corps**. His first honorary degree from overseas was conferred by Harvard in 1927; STAMP was to receive 23 honorary degrees – 6 from the British Isles, 10 from the United States, 4 from Canada and 3 from other regions. He was an honorary member of many foreign learned societies including the **American Philosophical Society** and the **American Academy of Arts and Sciences**.

STAMP was appointed a director of the **Bank of England** in 1928.

He was often called to serve on public commissions, committees and boards. He was a member of the **Royal Commission on Income Tax**, 1919;<sup>6</sup> the **Northern Ireland Finance Arbitration Committee**, 1923–24; the **Committee on Taxation and National Debt**, 1924; the **Dawes Reparation Commission's Committee on German Currency and Finance**,<sup>7</sup> 1924; the court of inquiry into the dispute in the coal-mining industry, 1925; the statutory commission on the University of London, 1926; the **Young Committee**

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<sup>5</sup> The Gazette, Montreal, Thursday, March 26, 1931 (Vol. CLX. No. 73)

<sup>6</sup> He appeared in 1919 as one of the first witnesses before the royal commission on income tax; the commissioners were so impressed by his grasp and judgement that they asked to have him added to their number, and this was duly done by a special letter of appointment—perhaps unique among honours won by public service. He used his influence on the commission to press for ‘practicality’ rather than abstract justice in tax policies, and defended the ‘minimum aggregate sacrifice’ approach of Alfred Marshall against the ‘pure curves’ of progressive redistribution.

<sup>7</sup> Stamp played a major part in drafting the Dawes plan, which ‘reinstated German economy and for five years kept the peace’.

(a program for settlement of German reparations debts)<sup>8</sup> in 1929; and the **Economic Advisory Council**,<sup>9</sup> 1930-39.

Before the Macmillan Committee ('Committee on Finance and Industry') of 1931 he supported the view that banks should do more to provide domestic industries with investment capital.

STAMP was widely regarded as the leading British expert on taxation, and took an active part in the work of the Royal Statistical Society, serving as president from 1930 to 1932.<sup>10</sup>

FROM 1935 on, in a third phase of STAMP's career, the British government increasingly used him as a consultant on economic policy. Typically, he set in motion a rationalization of the statistical services that enabled the various departments, especially the Treasury, to organize the economy speedily for the prosecution of World War II.

STAMP became first Mayor of the Borough of Beckenham, Kent, and was made an honorary Freeman of the same in 1936 and of Blackpool in 1937.

In 1936 STAMP had written to 'The Times' arguing that Britain's universities should still send representatives to Heidelberg's 550th anniversary ceremony even though 40 Jewish lecturers had been sacked. He argued that this was not the University's fault but the responsibility of the Nazi government. Two years later, however, he was writing articles for Herman Goering's magazine *Die Vierjahresplan*<sup>11</sup> and attended the Nuremberg Party Rally as a guest of Hitler.<sup>12</sup>

He was a Knight of Grace of the Order of St John of Jerusalem. He also held the Grand Cross of the Austrian Order of Merit (awarded 1936) and the Afghan Order of Astaur.

He was created a GCB in 1935 and was raised to the peerage in 1938 as Baron Stamp of Shortlands (in Kent). STAMP became Honorary Colonel of **Transport Units in the Royal Engineers Supplementary Reserve** in 1938. When war broke out in 1939 he was chief economic adviser to the British government.<sup>13</sup>

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<sup>8</sup> Stamp himself was widely blamed for sacrificing British interests to European stability.

<sup>9</sup> Stamp sat on the council's subcommittee on free trade and protection, supporting J. M. KEYNES'S proposal for a 10 per cent tariff on imports, and he chaired the council's committee on economic information.

<sup>10</sup> Less important possibly than his services to governments, but even more characteristic of Stamp, was the service he gave to innumerable private organizations. He was, for more than twenty years in each case, president of the Abbey Road Permanent Building Society and chairman of the governors of the Leys School for Boys and of Queenswood School for Girls. He became a patron of the university-based Christian movement known as COPEC (Conference on Politics, Economics, and Citizenship), and an active member of Christian Order in Industry. He was an original member of the Pilgrim Trust, treasurer of the International Statistical Institute, joint secretary and editor of the Royal Statistical Society for ten years until he became its president (1930-32), and treasurer of the British Association from 1928 to 1935 until he became president (1936) of that also. He repaid his debt to the London School of Economics and Political Science by many years of service, as governor from 1925, vice-chairman from 1925 to 1935, and chairman thereafter until his death. As chairman he gave decisive help to the director in introducing children's allowances as an addition to academic salaries; unheard of until then in any university of Britain, such allowances were familiar to Stamp in the Wesleyan ministry.

<sup>11</sup> In the era of National Socialism, the term 'four-year plan' initially called an early policy statement of Adolf Hitler, then an authority under Hermann Goering.

<sup>12</sup> Stamp had paid an unofficial visit to Nuremberg, where he had been introduced to Adolf Hitler, and shortly afterwards had had an interview in Berlin with Von Papen, at the latter's request. At this meeting Stamp expressed sympathy with German desires for a return to pre-war 'normality' and for 'reasonable counteraction of Jewish domination', but warned against illegal unilateral action to press Germany's claims. Von Papen assured him that 'Hitler was peaceable' and that the main threat of militarism came from a take-over by Goering. 'We discussed the two Hitlers that I had observed at Nuremberg', Stamp recorded, 'and he agreed with my diagnosis of the statesman and demagogue combined'. A year later Stamp again visited Nuremberg, this time to attend a Nazi party conference—a visit that had the unofficial blessing of the foreign secretary, Lord Halifax ('I certainly see no reason to discourage you from seeing Hitler, as I feel that conversation between him and a person in your position might well have a good effect'). Stamp on this occasion was greatly impressed by Hitler's economic and administrative achievements, which appeared to contrast favourably with the muddle and stagnation of 1930s Britain (Jones, 326-32). Throughout this period Stamp was increasingly close to Neville Chamberlain, and it seems probable that his was one of the influential voices persuading Chamberlain that Hitler could be side-tracked from a major European war.

<sup>13</sup> When war became inevitable Stamp was invited by Chamberlain to become the chief adviser on economic co-ordination and the chairman of the economic co-ordination committee, set up in 1939 to prepare the national economy for war. He was seconded from his chairmanship of the LMS, and acquired the services of two senior economists, Henry Clay of the Bank of England, and Hubert Henderson. The work of the committee soon attracted a number of younger and more radical economic theorists who were later to play a major part in wartime economic administration, but in 1939-40 Stamp firmly set his face against 'heroic' measures, and strongly supported Chamberlain's view that the war could best be fought by defending sterling, restraining inflation, and maintaining Britain's role in the international economy, rather than by precipitate conversion to production for total war. This cautious policy initially fitted very closely with the popular mood, but by the start of 1940 was being increasingly criticized in many political quarters and in the press. On 2 January 1940 Chamberlain told Stamp that he wanted him to take over from Sir John Simon as chancellor of the exchequer—for which role it would be necessary to deprive him temporarily of his peerage, so

IN his upwardly mobile career, from a minor clerkship to the peerage of England, Stamp personified the Puritan ethic; he was a teetotaller and a non-smoker, and he was once referred to as the “busiest man in England.” Stamp was a kindly man who had the ability to put his less exalted staff completely at their ease. He had a remarkably retentive memory and great powers of observation and became notorious for mercilessly tearing to shreds the evidence of ill-prepared witnesses who did not fully grasp their subjects.

He was a ‘generalist’ rather than a ‘specialist’ (what would today be dubbed ‘pointy heads’). His philosophical interests were dominated by four great paradigms:

- 1) Significance of religion
- 2) The conflict between theory and practice (theoretical solutions remote from social reality)
- 3) Qualities of leadership
- 4) The contradiction between realpolitik and public service

STAMP’S brother was also notable. SIR (LAURENCE) DUDLEY STAMP, CBE, DSc, D. Litt, LL.D, Ekon D, DSc Nat (1898–1966), was one of the internationally best known British geographers of the 20th century. He was professor of geography at Rangoon and London, ecologist and publisher, and a keen philatelist. Died of heart failure in 1966 at a conference in Mexico City; he is reputed to have just completed a quest to visit every country in the world!

For JOSIAH STAMP the end was no less dramatic than his remarkable life; STAMP refused to be moved out of his house "Tantallon" situated in Bromley, Kent despite German bombing during The Blitz and he and his wife were killed by a bomb which scored a direct hit on their home air-raid shelter during an air raid on the night of 16 April 1941. JOSIAH STAMP was in his sixty-first year. This strike probably caused more harm to the Allied effort than the Germans realized at the time.

He was widely regarded as the second-most wealthy man in Britain. Probate on his estate was £163,548. However his son Wilfred was killed at the same time in the shelter. English law has legal fiction that in the event of the order of deaths being indeterminable, the elder is deemed to have died first. Legally therefore, Wilfred momentarily inherited the peerage, and as a consequence the family had to pay death duty twice. Wilfred Carlyle Stamp holds the dubious record for having held a peerage for the shortest length of time. The peerage passed to the second of Stamp's four sons, Trevor.

#### Quotes Attributed to Josiah Stamp

*The modern banking system manufactures money out of nothing. The process is perhaps the most astounding piece of sleight of hand that was ever invented. Banking was conceived in iniquity and was born in sin. The bankers own the earth. Take it away from them, but leave them the power to create money, and with the flick of the pen they will create enough deposits to buy it back again. However, take away from them the power to create money and all the great fortunes like mine will disappear and they ought to disappear, for this would be a happier and better world to live in. But, if you wish to remain the slaves of bankers and pay the cost of your own slavery, let them continue to create money and control credit.*

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*The government are very keen on amassing statistics. They collect them, add them, raise them to the nth power, take the cube root and prepare wonderful diagrams. But you must never forget that every one of these figures comes in the first instance from the chowky dar (village watchman in colonial-era India), who just puts down what he damn pleases. [Often referred to as ‘Stamp’s Law’]<sup>14</sup>*

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*A democracy that will not let its wealthy save and will not save for itself must slowly sink.*

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*Before every eugenic programme they ought to pose the imminent question, ‘What do I want to do in a stationary population?’*

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*So many of the problems of today are fundamentally intellectual or mental, and not moral.*

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that he could sit in the House of Commons (Stamp had been a peer since 1938). Stamp prevaricated, saying that he had no experience of parliamentary life and that his appointment would not be popular in the City, and the move appears to have been warded off by the resistance of Simon (Jones, 336–45). Over the next few months Stamp's policies of caution became increasingly unpopular in face of the mounting war emergency, and, although he retained his post after the change of government in May 1940, the economic co-ordination committee became thereafter increasingly peripheral to the conduct of the war.

<sup>14</sup> In modern computer philosophy this principal is known as ‘GIGO’ – ‘Garbage in, garbage out’!

*We do not know whether it is possible so to raise the mental power of the millions ... as to make the postulates of democracy come true ... we do not know whether humanitarianism is not biological suicide for the race. The forcible support of the weaker at the expense of the stronger is right by every moral canon, but may lead to political entropy, akin to the second law of thermodynamics. (J. Stamp, *We Live and Learn*, 1938)*

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*It is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities.*

## The Medals



### **COBDEN CLUB MEDAL**

J.S. and A.B. Wyon, silver, 57.4mm, 90.8 grams

EDGE: **JOSIAH CHARLES STAMP. B.Sc., (ECON.), UNIVERSITY OF LONDON, 1912.**

OBV: **FREE TRADE PEACE GOODWILL AMONG NATIONS** around laurel leaves which enclose **COBDEN CLUB FOUNDED 1866**

*The Cobden Club was a political gentlemen's club in London founded in 1866 for believers in Free Trade doctrine, and named in honour of Richard Cobden, who had died the year before. Unusually for contemporary clubs, it had a publishing arm.*

REV: **RICHARD COBDEN 1804-1865** around Cobden in profile.

*Richard Cobden was a British manufacturer and Radical and Liberal statesman, associated with the formation of the Anti-Corn Law League (which opposed trade barriers designed to protect cereal producers in the United Kingdom against competition from less expensive foreign imports) as well as with the Cobden-Chevalier Treaty (an Anglo-French Free Trade treaty signed between the United Kingdom and France in 1860). He has been called 'the greatest classical-liberal thinker on international affairs'. Cobden in the South Island, New Zealand is named after him (the Grey River separates Cobden from the rest of Greymouth).*



### **LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE MEDAL**

Allan Wyon, silver, 4.4cm, 49.65 grams

EDGE: **JOSIAH CHARLES STAMP. 1916.**

OBV: **LONDON.SCHOOL.OF.ECONOMICS.AND.POLITICAL.SCIENCE** around laurel leaves which enclose **IN MEMORY OF HENRY HUNT HUTCHINSON 1822-1894**

*The London School of Economics was founded in 1895 by Beatrice and Sidney Webb, initially funded by a bequest of £20,000 from the estate of Henry Hunt Hutchinson. Hutchinson, a lawyer and member of the Fabian Society, left the money in trust, to be put 'towards advancing its [The Fabian Society's] objects in any way they [the trustees] deem advisable'.*

REV: **ADAM SMITH** around Smith in profile.

*Adam Smith (1723 – 1790) was a Scottish social philosopher and a pioneer of political economy. One of the key figures of the Scottish Enlightenment, Smith is the author of 'The Theory of Moral Sentiments' and 'An Inquiry into the Nature and Causes of the Wealth of Nations'. The latter, usually abbreviated as 'The Wealth of Nations', is considered his magnum opus and the first modern work of economics. It earned him an enormous reputation and would become one of the most influential works on economics ever published. Smith is widely cited as the father of modern economics and capitalism.*



### ROYAL STATISTICAL SOCIETY MEDAL

Harry Bates, A.R.A., 1897, silver, 6 cm, Signed Harry Bates (on the lowest part of the coat)

EDGE: **J.C STAMP, C.B.E., D.SC. 1919.**

OBV: **ROYAL STATISTICAL SOCIETY 1834** around a wheat sheaf.

*The wheat sheaf is the end product of the harvesting and bundling of wheat. It is a pictorial way of expressing the gathering and analysis of data; the foundations of statistical work.*

REV: **WILLIAM AUGUSTUS GUY 1885** around Guy in profile.

*William Augustus Guy (1810–1885) was a British physician (professor of forensic medicine at King's College London and lecturer and orator at the Royal College of Physicians) and medical statistician. He edited the 'Journal of the Statistical Society of London' (now the Royal Statistical Society) and was its president 1873-1875. The medal was commissioned by the Royal Statistical Society to commemorate his death. The Society still presents the Guy Medals (in gold, silver and bronze) in his memory. The Silver Medal is awarded only to fellows and recognises a paper or papers "of special merit" formally presented at an Ordinary Meeting of the Society or published in its journals.*

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### **Appendix I: J.C. Stamp and Economics**

STAMP'S early papers show his grasp of classical economic theory, his capacity to analyse the usage of current terms, his massive work on the illogical structure of the British tax statistics, and his practical judgment concerning those adjustments that would lead to the attainment of tax policy goals with greater efficiency and no loss of total revenue.

A major new concept, excess profits, together with convincing arguments for the ethical correctness of taxing them at a higher rate, entered the British tax structure after 1915. These ideas were foreshadowed in an analytical paper by Stamp on unearned income, where he distinguished between two types of economic surpluses: (a) those necessary for the continuation of productive enterprise, and (b) those created by unusual scarcities or demands. He returned to this problem, in 1932, when he first advanced the index of profits. He saw clearly even before 1920 the imperfections of the excess profits duty, although it produced 25 per cent of the revenue during World War I. He also saw that a capital levy in a society with high income taxes would merely be an anticipation of future revenue and create problems during unstable international monetary conditions.

In all of these writings, while showing a knowledge of the historical development of the income tax structure and of differences between British principles and those of Europe and the United States, Stamp presented what was principally an analytical and statistical argument, highly technical and adapted closely to the exigencies and idiosyncrasies of Britain's particular circumstances. With A. L. Bowley and others at the London School of Economics, he developed acceptable methods for calculating the gross national product of the United Kingdom.

Stamp's contributions to nontechnical economic issues or to general social questions, through his public lectures and addresses to learned societies, aim at clarifying a confused public debate or illustrating the essential complexity of problems that look simple if approached solely from the point of view of economics, statistics, or ethics.

In the *Calculus of Plenty* (1935), a close economic analysis of the concept of "plenty" showed it to mean either (a) physical or scientific potentiality, (b) unused or un-marketed production, or (c) idle capacity—or some combination of these. He deplored the quantification of any one of these three as if it were independent of restraints from the others. "Large dynamic ideas are scientifically dangerous if they remain unmeasured" (see *The Calculus of Plenty* 1935). By measurement, Stamp meant precision of classification, exactness of the crude figures, and elegance in the derived statistics.

As an economist, Stamp did much to clarify and expand specialized aspects of economic doctrine related to the national income, the national capital, and problems in the economics and ethics of taxation. As a master statistician he provided the tools for economic analysis and theory testing rather than the analyses of the theories.

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Stamp elevated to Peer 1938:

<http://news.google.com/newspapers?nid=1928&dat=19380609&id=JsIgAAAIBAJ&sjid=mWoFAAAAIBAJ&pg=1171,5344235>

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September 2013