

stantially (though, as used by Leven, not quite) what I call "income" and, since savings may be said to enter income before leaving it I have comparatively little objection to the compromise by which these two items are recorded as separate varieties of income. If they must both be called income, they might better be called enjoyed income and reinvested income. But they are so widely different in nature that to call them both income is likely to obscure their difference and especially the fundamental fact that only the former is capitalized to form capital value, the latter being itself the capitalized value of a part of the stream of enjoyed income. The fact that some investors and speculators are constantly watching their capital gains, as noted by Mr. Leven, does not imply that they think of them as income. If and when they do, the chances are they are accustomed speedily to convert it into true income. As we have seen, capital gain when spent can be converted into income just as income when saved can be turned back into capital. If we need any term to cover both these mutually exclusive things why not call them simply "gain" one kind being capital-gain and the other, income-gain?

CONCLUSION

Possibly the grave injustices now perpetuated by taxing "income," which is radically different from ordinary income, might soon disappear if economists and statisticians were agreed and insistent that such "income" is not income at all. If the usage among scientific students were perfectly clear, the Supreme Court might ultimately declare taxation of such capital gain unconstitutional. It alone has the power to decide what income legally is. It has been reluctant to do so, and will probably not do so if it can be avoided. But once it is put in possession of a workable system in which it has full confidence, based upon an economically and legally sound concept, there is reason to hope that it may make such sound economics a means of serving the ends of justice.

It must be remembered, however, that the main desideratum is to use correct *concepts* in our *thinking*, statistics, tax legislation, tax administrations and judicial decisions, not simply to insist on the use of a certain *terminology*. If any one wishes to insist on calling savings "income" this is of comparatively little consequence, (except as thereby confusions are likely to enter). Many who are still unwilling to adopt my own preferred terminology admit the essential point that savings ought not to be taxed like "other income." They realize that savings are not discounted in