26th September, 1929.

Dr C.V. Drysdale,
29 Queen's Road,
Richmond Hill,
Surrey.

Dear Dr Drysdale,

I consulted Mallet yesterday, on the question of Socially Superior and its alternatives, and he suggested:

"the half of the population in the more skilled occupations",

which should at least be non controversial.

I want you to reconsider the argument that reduced taxation would increase the upper class births, and enclose a sheet on the point. I cannot see how the argument can now be relied on either in theory, or in the light of experience. Yet you rely upon it wholly for "stimulating the A1 classes to greater reproduction". As I can see no grounds for this argument, you need scarcely look further for my seeing no eugenic good in further birth control.
Can you find any real support for it?

If you approve the new wording, I will send in the clauses in their final form as our report.

Yours sincerely,
EFFECT OF TAXATION ON BIRTH RATE.

(i) The effect of taxation is merely to lower the level of real income of the class taxed. An earned income of £1500 pays about £180 income tax and is equivalent to an untaxed income of about £1320. Total relief from taxation would therefore merely put persons now earning £1320 in the same position as is now enjoyed by persons earning £1500. Since the birth rate is no higher but apparently somewhat lower at the higher income levels, there is no reason to suppose that lower taxation would beneficially affect the birth rate, however great its advantages in other respects.

(ii) The economic motive for the avoidance of parenthood, either by postponement of marriage, by abstinence from sexual intercourse, or by contraception, lies in the contrast in the standards of living of parents and non parents respectively. Lower taxation would not diminish this contrast, but by making the abatements for children less effective would somewhat enhance it. To increase the births in the upper half of society, means are required to equalise the standard of living for persons doing equivalent work, between parents and non parents.

(iii) That the recent fall in birth rate is not due to post war taxation is shown also by the fact that an equally rapid fall is observable in U.S.A., and in non belligerent countries in Scandinavia.