WILEY

Review

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Source: *The Economic Journal*, Vol. 20, No. 77 (Mar., 1910), pp. 95-98

Published by: Wiley on behalf of the Royal Economic Society

Stable URL: <http://www.jstor.org/stable/2220600>

Accessed: 27-06-2016 08:07 UTC

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chapter describes the coming of *laissez-faire* and its history, and rightly insists on the important part played by the "natural protection" of freight charges in the early days of Free Trade. But Dr. Hillier's attempt to disprove the doctrine that "imports must be paid for by exports" in the chapter on Economic Fallacies is both unconvincing and ill-advised. Surely the line to follow was that it is "the character and the extent of the exchange" that matters, and if this is so, the dogma, though true enough, has little bearing on the real question at issue.

After this American Protection and the German Customs' Union are considered, as is the industrial development of this country before Free Trade. The book then pursues its orthodox road to its conclusion, with chapters on "Great Britain's Free Trade Era," the "Colonies and India," and, a short concluding one, on "Democracy and Empire." In the second of these, which is particularly well written, the chief proposals for preference are discussed. Many of the arguments used are what one would expect, but some new and interesting points are raised and the treatment is not seldom original. The need for nursing the sick, as well as the infant, is neatly phrased. The author's ground is, except in chapter iii., well chosen, and he has evidently a sound knowledge of Political Economy. The book is quite a good ex-parte statement, from a point of view that is not very common; but we cannot but regret that Dr. Hillier did not give us that scientific treatment of Federal Economics as a whole. Perhaps, however, that is a pleasure to come.

N. B. DEARLE

Introduction to Public Finance. By CARL C. PLEHN. Revised edition, 1909. Pp. 480. (New York: The Macmillan Co., 1909.)

THIS considerably enlarged edition of Professor Plehn's valuable treatise on finance, first published in 1896, comes at an opportune time when various problems of finance are agitating this and other countries. The new edition contains informing discussions on recent fiscal developments, and the statistics are revised to a later date. The salient features of the tax systems of Great Britain, France, Germany, and the United States are described and contrasted with an historic insight and perspicacity which bring into relief their respective merits and defects. In particular, the working and effects of the American property-tax are exhibited with a frankness which enables a just estimate to

be made of its worth as a mode of taxation; comparison is naturally called forth with the income-tax which may be regarded as its counterpart in the system of Great Britain.

The case for and against the property-tax is stated very impartially; the outcome is, that property does not form a just basis for a test of tax-paying ability; the administration of a tax on all forms of property cannot be equitable, and must be costly and irritating when carried out consistently; when administered with laxity, as is frequently the case, it is open to all kinds of oblique influences, both on the part of the subjects of taxation and the assessors of the values to be taxed. Assessment seems to be largely a matter of guessing, modified by reductions in the case of the one who challenges it, while the one who does not protest suffers injustice. The taxation of money and credit is shown to lead to almost universal evasion, false representation, and to injustice when evasion does not take place. The taxing of credit is unsound in principle; it amounts, in fact, to double taxation, since both the property represented and the loan are taxed separately.

Professor Plehn explains the continuance of the property-tax in the States, and the grounds of its justification, as due to two predominating sentiments—(1) The right of the State to control the power of bequest; (2) the desirability of curbing the perpetuation of large fortunes. On these reasons two comments suggest themselves to an English observer:—(1) That it is not so much the right or power of the State which calls for consideration, as the wisdom, equity, and expediency of the tax; and (2) that it might be profitable to push the investigation back a step, and inquire into the circumstances which have fostered the accumulation of large fortunes in the States: these will be found to be connected with the trusts and monopolies and the conditions which enabled them to grow up; and the mainspring of the whole situation is in the tariffs which have created and which protect vested interests.

Bad legislation has, in fact, created the monopolist plutocrat; then corrective legislation, of an almost equally unsatisfactory type, is employed to check the perpetuation of the consequences. A remedy more direct, if not more simple, would be to sweep away the protective system which rendered the evil possible. Doubtless it is difficult to apply so drastic a remedy after a century of growth; but the object-lesson should be a warning to Great Britain not to enter upon a course which may eventually raise up a like fiscal Frankenstein in this country.

Professor Plehn concludes that property is no longer in the States a criterion of *faculty* or of tax-paying ability; it is the income which property yields that is the best index of the tax-paying power which property represents. In the words of Professor Seligmann, "The general property-tax as actually administered to-day is beyond all peradventure the worst tax known in the civilised world." . . . "It fails entirely to reach intangible property, it debases public morals, and it presses hardest upon those relatively least able to pay."

On the inheritance tax Professor Plehn makes the pregnant remark that it draws upon *accumulated* capital and expends the result upon *current* expenditure, an improvident proceeding. His conclusion is that it would be wiser for the State to invest the capital then taken by taxation, and apply only the interest to current purposes. We are reminded of Mr. Gladstone's proposal to apply death duties entirely to the reduction of National Debt, *i.e.*, to devote a tax on capital to the extinction of capital debt.

The progressive principle of taxation seems to have taken firm root in the United States. Professor Plehn gives an analysis of the working of the principle of graduation, with interesting diagrams, illustrative of its application to the British and Prussian income-tax systems. He believes in a tendency for a progressive rate to become confiscatory, and remarks that "the motive for a progressive rate is always something other than the purely fiscal one."

The tendency to increased application of the progressive principle is illustrated from the case of the newest State, Oklahoma, where "the progression is so rapid and intense that on a bequest amounting to 94,500 dollars, it would, in the case of a stranger in blood, confiscate to the State all but 100 dollars."

Professor Plehn does not enter upon the general discussion of tariffs and protection, regarding it as beyond the scope of his work. He holds, however, that political economy gives no countenance to the notion that artificial direction of industry through tariffs can increase the world's production, and he admits that a protective policy is the outcome of national selfishness, and that the aim at diversity of products is its best defence; in this case the sum paid in tariffs is a subsidy to develop the protected industry. This, no doubt, is the strongest argument for protection; it is, in effect, the infant industry plea; but a study of its working in the States, and of the trusts and monopolies which have been created under its wing, supports the view that its application results in sacrificing the well-being of the community to the

selfish interests of wealthy limited corporations. On one point Professor Plehn is clear, "the subsidy paid to the producer is paid by the consumers within the country; this part of the tax is never shifted to foreigners, and generally remains on the consumer." Professor Plehn enumerates the cases in which part of the tax may be paid by foreigners or others than the consumers; these resolve themselves into cases of temporary monopoly of some kind which affect prices, and through them react upon demand. Professor Plehn remarks that a "tariff for revenue only" is an unattainable ideal. In a sense this is true, since a tax on any import must react upon the general trade of the country through its effects upon the amount imported, and thereby upon the international trade balance. It alters the volume of trade; this, however, is an *indirect* effect and does not impugn the *bona fides* of a "tax for revenue only," by which is meant that the *aim* of the tax is revenue and not protection or any other object, open or concealed. It must be allowed that every tax will have indirect effects, and its incidence may be diffused in some degree often not traceable. Even the income-tax, by impairing a man's purchasing power, affects those industries on the products of which he would have expended the amount abstracted by taxation had it been left with him for his consumption.

The chapter on Customs gives a condensed yet instructive account of the effects of tariff systems in several countries. The amount of legislation they involve, their complexity, variety, trouble, and inconclusiveness should be a warning to those who contemplate entering upon the disturbed sea of tariffs.

In conclusion, Professor Plehn is to be congratulated on the increased value conferred on this useful book by revision. The large experience of the writer, his familiarity with a difficult subject, and his acute powers of analysis render his book not less interesting than informing to those who find themselves attracted by financial topics.

G. ARMITAGE-SMITH

Wirtschaft und Kunst. Eine Untersuchung über die Geschichte und Theorie der Modernen Kuntsgewerbebewegung. By HEINRICH WAENTIG. (Jena. 1909. Pp. v+434.)

UNDER this attractive title the writer gives us an historical survey of the modern arts and crafts movement, which he supplements by a theory of art in relation to production. The first portion of the volume, which deals with the renaissance of the "lesser arts," is undoubtedly the best part of the book. The reaction against the æsthetic ideals of a capitalistic