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Le Prélèvement extraordinaire sur le capital dans l'Empire allemand. By VICTOR BADULESCO. (Paris : Marcel Girard. Pp. 513.)

THIS substantial volume is divided into three parts : (1) The Capital Levy in German legislation and theory down to 1919; (2) The political, economic and financial situation of Germany; and (3) The laws of December 31, 1919, December 22, 1920, and July 6, 1921. The text of the laws is printed in an appendix.

Book II of Part I contains a long and careful account of the economic arguments advanced for and against a capital levy in Germany between the years 1914 and 1919. In spite of expectations of an indemnity, the question appears to have become one of public debate considerably earlier than it did in this country. The existence of the Wehrbeitrag precedent was, no doubt, partly responsible for this. The arguments used on both sides were very similar to those that, towards the end of the war, made their appearance in this JOURNAL and elsewhere. There was even, in veiled form, the famous argument of the rich man among the Penguins : " O Mael, O mon père, j'estime qu'il est juste que chacun contribue aux dépenses publiques et aux frais de l'Eglise. Pour ce qui est de moi je suis prêt à me dépouiller de tout ce que je possède, dans l'entérêt de mes frères pengouins, et, s'il le fallait, je donnerais de grand cœur jusqu'à ma chemise. Tous les anciens du peuple sont disposés, comme moi, à faire le sacrifice de leurs biens ; et l'on ne saurait douter de leur dévouement absolu au pays et à la religion. Il faut donc considérer uniquement l'intérêt public et faire ce qu'il commande. Or ce qu'il commande, O mon père, ce qu'il exige, c'est de ne pas beaucoup demander à ceux qui possèdent beaucoup ; *car alors les riches seraient moins riches et les pauvres plus pauvres. Les pauvres vivent du bien des riches ; c'est pourquoi ce bien est sacré.*" M. Badulesco groups these arguments together in four chapters as financial arguments, economic arguments, considerations of justice and technical considerations. He summarises the general impression to be gathered from them thus : " As we have seen, when account is taken of the real conditions of economic life, of the diversity of individual fortunes and situations, the levy on capital—as public opinion conceives it—loses, in actual realisation, a part of what, at first sight, constituted its true attraction. Immediate payment in cash is limited ; annuities, sometimes of long term, become necessary ; certain fortunes can only meet the levy under the form of a renew-

able tax, others, though important, escape; the results of an extraordinary levy on capital are thus much diminished. . . . We are brought to conclude that the question of the advantages and disadvantages of an extraordinary levy on capital does not lend itself to a general solution *à priori*: it can only be resolved in particular cases, account being taken at once of the economic, political and social conditions of the country under review and of the fiscal needs which the system of taxes is called upon to satisfy" (pp. 151 and 155). In this connection it is important to observe that, whereas in England the object sought by advocates of a capital levy is the liquidation of a large part of the internal debt, in Germany, with an unbalanced budget and the heavy reparations burden, such liquidation is not now a practicable ideal.

In the various capital levy laws as actually passed by the Reichstag it is only possible here to mention one or two points of special interest. (1) In the Wehrbeitrag of 1913 there was an arrangement for taxing income derived from work, to balance, in some degree, the tax on capital; there is no corresponding arrangement in the post-war laws. (2) The first of these laws, that of December 1919, made such free provision for postponing payments that only a very small proportion of its total yield would have accrued in the near future; but the Amending law of 1920 forbade postponement for more than a short time except in very special cases. (3) The German capital levy is assessed, not merely on physical, but also on moral (or fictitious) persons. Universities, churches and certain other bodies are exempted. But joint stock companies are subjected to the levy directly and not merely through their shareholders, complicated provisions being introduced to prevent this arrangement from involving double taxation. The levy on moral persons is, of course, at a fixed rate, and not, like that on physical persons, progressive. (4) Furniture and household goods are exempted from the levy, and a rebate up to 100,000 marks is allowed to people who have lost these things through the war and have not replaced them by a day fixed by the law. Special treatment is also accorded to objects of art and jewellery, a distinction being made between those that had come into their owner's possession before and after 1914. (5) Abatements are allowed in certain conditions to persons below a named standard of fortune if they are over 45 years of age, and larger abatements if they are over 60 years of age. (6) The valuation of fortunes is based on declarations made by the owners and controlled in various ways; and,

moreover, the first valuation is treated as provisional, so that errors discovered within three years may be rectified.

No large sum of money was received under these laws, now apparently abandoned, and there has been little opportunity to draw lessons from a study of their practical working. The collapse of the internal value of the mark since the date of the valuation upset the calculations alike of their advocates and of their opponents. None the less, M. Badulesco's volume will prove an essential part of the equipment of students of this subject. That he is not obsessed by technicalities to the exclusion of wider considerations is well shown by his prefatory remark : " Une réforme fiscale—comme toute mesure sociale—doit compter avec l'opinion publique, et, quels que soient ses mérites, elle échouera si l'opinion lui est hostile ; il importe peu, dans ce cas, que les griefs formulés soient fondés ou non, car rien ne saurait donner plus de force à une erreur que de la mettre au service des intérêts personnels " (p. ix).

A. C. PIGOU

War and National Finance. By the Hon. R. H. BRAND.
(London : Arnold, 1921.)

THIS is a collection of articles written for *The Round Table* between the years 1912 and 1920. Not every writer on current events in a popular periodical could stand the test of being confronted with what he wrote ten years ago. But there is no discrepancy between Mr. Brand's earlier and later articles. His foresight and insight before and at the beginning of the war lend authority to the opinions and advice which he offers with respect to post-war problems. Long before the war, in March 1912, he warned this country and the Dominions that a nation, " even the most up-to-date and reasonable nation "—even Australia or Canada—might be called on to fight for its liberties and its place in the world. Finance does not make war impossible. So long as deep national differences persist, so long there is a danger that they may clash in their effort to live and expand." In December 1914 the prophetic author disputed the comforting idea that our opponents would very soon be forced by financial exhaustion to make peace. He recalls the example of revolutionary France not deterred by wretched finances from conquering Europe. We might add the example of the Prussians under Frederick the Great, who, according to Macaulay, was determined to fight on as long as there was rye-