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Review by: L. L. Price

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situation was forcibly emphasised. It will thus be seen that the conference discussed the question from very varied standpoints, and that a study of its proceedings is necessary to a full understanding of the bimetallic case as it is now presented in this country by its recognised exponents. We have chiefly dwelt on the remarks of the Chairman and of Professors Foxwell and Nicholson, because they—and especially the two latter—may be said to treat the subject from the point of view of greatest interest to the readers of this Journal. Although the practical man may perhaps complain that professors approach the matter as an academic question, and touch lightly on such difficulties as those connected with the selection of the suitable ratio, which will be forced into prominence whenever the question reaches the domain of practical politics, the economic student, on the other hand, will not fail to appreciate the academic bearings of the discussion, and will remember that it is in the sphere of monetary practice that some of the most conspicuous and influential successes of economic theory have been achieved in the past.

L. L. PRICE

Public Finance. By Prof. C. F. BASTABLE. London : (Macmillan & Co., 1892.)

THE reviewer, who describes this book as ‘filling a gap’ in English economic literature, must be understood to be using a hackneyed expression, which is sometimes intended to convey vague or tepid praise, in no ordinary or commonplace sense. For the gap, which Professor Bastable has here attempted to fill, is of considerable size, and has remained open for a long period. In other countries of Europe, and, more recently, in America, systematic discussions of the theory and practice of finance have occupied a respectable, if not a prominent, place in economic writing; and Professor Bastable acknowledges his indebtedness to these inquiries in the preparation of his treatise. But in our own country we have to go back for the space of a century before we discover, in the immortal work of the great writer who is commonly regarded as the founder of our modern political economy, a large treatment of finance as an essential part of economics. Since Adam Smith, as Professor Bastable shows, the discussion has dwindled in most economic treatises to the narrow dimensions of a brief inquiry into the principles and incidence of taxation; and perhaps there is no part of the *Wealth of Nations* which has been more generally adopted as it stands than the chapters in which Adam Smith expounds these principles. Of course criticism has not been idle, or suggestion of improvement or addition wanting; and Ricardo’s great treatise, if it can rightly be called a systematic treatise, bears the double title of the *Principles of Political Economy and Taxation*, while McCulloch’s work on *Taxation and the Funding System* is, as Professor Bastable observes, well known to economic

students, though it is now out of print. But, if we may measure the position of English writers on finance by the number of references which Professor Bastable has occasion to make to them in the course of his treatise—and we believe this to be no unfair or inaccurate standard—then the supremacy of Adam Smith is beyond dispute, and it is almost an exclusive supremacy. Again and again does Professor Bastable commence his examination of some fresh department of his subject with a statement of Adam Smith's opinions. For this predominance more reasons may be adduced than those which are to be found in the remarkable width of that writer's knowledge and the shrewdness and profundity of his judgment. In his time the distinction between the science and the art of Economics had scarcely emerged, and the business of the administrator to provide a revenue for the sovereign formed a large part of the matter contained in economic treatises. In fact the examination of the causes which affect the production and distribution of the 'wealth of nations,' in the sense of the wealth of the individuals composing the nation, had been quite overshadowed by considerations of national power regarded from the point of view of the sovereign and statesman. But from Adam Smith's time onwards a new direction was given to economic inquiry, and the tendency in practice, as in speculation, to reduce the scope of governmental action assisted in withdrawing public attention from the systematic study of finance as a separate important department of Economics. To this we may perhaps add, with Professor Bastable, that 'the very excellence of English financial institutions and management has contributed to this result by making the need of theoretic study as a basis for practical reforms less pressing.' On the Continent, on the other hand, the business of administration has been thoroughly investigated from the standpoint of systematic scientific inquiry, and in Germany, in particular, 'cameralistic science' has left a deep impress on economic research and speculation. And so the English student has been hitherto forced to go abroad—to Leroy Beaulieu, to whom Professor Bastable gives the place of honour in his preface, or to Wagner or Cohn or Roscher—for a systematic and comprehensive treatment of the subject.

Professor Bastable has now removed this reproach. He has, in his own words, 'sought to temporarily supply this need by going over the whole field of Public Finance and presenting the results in a systematic form, so that the student may at least obtain a general knowledge of the leading facts and present position of this branch of political science.' He has given in an English shape a full, if not an exhaustive, treatment of a vast and important subject. He has enabled us to acquaint ourselves with the best and most recent results of foreign investigators, whose reasoning and conclusions he has reviewed with an independent but appreciative judgment. He has also placed the whole subject in its proper relations to English opinion and practice; and the arrangement of his treatise is as clear and appropriate as it is simple. He has

produced a book which, we venture to think, will take its place among the permanent, as distinguished from the merely ephemeral, products of British economic inquiry. Or perhaps, if Professor Bastable will not allow us to claim that he, like Adam Smith, belongs to the whole United Kingdom rather than to any one part of it, he will at least permit us to say that he has worthily maintained the traditional fame of an University, which can reckon among its distinguished *alumni* two economists of such opposite views but such equal eminence as Cairnes and Cliffe Leslie. And his book has appeared at an opportune moment ; for, whether we approve or regret the tendency, whether we regard it as beneficent or deem it dangerous, there can be no doubt, as Professor Bastable himself indicates, that the amount of public expenditure is likely to increase and its directions to multiply ; and, with a growing expenditure, the consideration of ways and means becomes more and more urgent. Such a calm and judicial examination as is made in this book into matters, on which heated controversies have often arisen, cannot fail to be of assistance to the student, and also, if he will but listen to its counsel, to the practical man of affairs.

There are two points in Professor Bastable's book on which we are inclined to quarrel with him ; but they both admit of amendment in a second edition should the author see fit. We cannot but regard it as a grave omission that so large and important a book should be destitute of an index. It is true that a tolerably full analysis of contents is prefixed, and that the general plan of the work is so admirably simple and clear that the reader has little difficulty in deciding in which chapter and section he should look for any particular topic ; but these undoubted excellences do not, in our opinion, atone for the serious lack of that indispensable aid to ready reference—a full and accurate index. The other omission, which we regret in the volume, is more a matter of individual opinion. Professor Bastable confesses to a limitation of his treatment in two respects. One is that he has not 'sought to specially discuss matters of temporary or local political interest or to decide on the conflicting arguments of party advocates.' In this limitation he has, we think, been wisely advised ; although, as he proceeds to remark, 'none the less do conditions that underlie existing political controversies frequently come into view.' 'The purely "academic discussion" of to-day will be the "burning question" of a twelvemonth hence.' Undoubtedly some of the most valuable, as it is also some of the most interesting, matter in the volume is to be found where Professor Bastable discusses in a calm scientific spirit the question of progressive taxation and the equally vexed and prominent question of the unearned increment. The other limitation, which he has imposed upon himself, is this—that he has 'not thought it advisable to devote space to discussion of the financial bearings of the latest economic theories,' such as those of the Austrian school. Here again he seems to us to have been wisely advised ; but

we confess that we had looked to finding in his work an examination, from a scientific, if not a practical standpoint, of the question of free trade and protection. We are the more disappointed because he has treated the question so ably in other publications, and, though it would doubtless have been unreasonable to expect a similarly complete treatment here, the question does nevertheless, both from its theoretic issues, and from the immense space it has occupied, and continues to occupy, in practice, seem to deserve some place in a treatise on finance, of which two out of six books are devoted to taxation.

For Professor Bastable divides his work into an introduction and six books. In the Introduction he considers the nature and scope of public finance—its relations to general economics, to history and statistics, and its appropriate method, which, in the comprehensive spirit of recent economists, he declares must combine induction with deduction. He next sketches the history of financial theory and the present position of the study in France, Germany, Italy, America, and England. He then passes on to the main portion of the work. Departing from the exclusiveness of some writers of eminence, who have dealt with the subject without according any place to a systematic study of expenditure, he begins with expenditure and proceeds to revenue, and then, lastly, to the relations of expenditure to receipts, adding a concluding book on financial administration and control. In this book he traces the gradual development of financial regulation and shows how the English constitutional system has extended to other countries. The preparation of the budget, and the character of the picture it should present of the national accounts, and the modes in which income and outlay should be estimated, form, together with the various systems of collecting taxes, whether by farming, by apportionment, or by direct levy, the subject of the second chapter of this last book. In the third and concluding chapter he discusses the methods of control and audit. In the preceding book on the relations of expenditure and receipts, resulting in hoards or debts as the case may be, the question of public indebtedness is considered in its different bearings. Professor Bastable calls attention to the immense and ominous increase of this indebtedness in modern times, and especially that of a local character, although it is true that this possesses the important feature, that it is often incurred for objects which promise at least to be productive. But there can be little doubt that local indebtedness has attained dimensions which are scarcely realised by the public, that in England it is now hardly, if at all, less important than the national debt, and that the necessity for central control over local borrowing is as urgent as its advantage is obvious. Professor Bastable traces the history of the English debt, and of the national debts of other countries, and examines the theory of public credit and public debts. Public credit, he argues, despite of some special characteristics, is one species of credit in general, and is governed by the principles applicable to all credit. Borrowing may be sometimes

preferable to taxation, but it must be jealously watched, and our own debt was largely due to a weak financial policy during the early part of the Napoleonic wars. Nor must it be forgotten that there are different ways of estimating the real burden of a debt on a nation. This discussion of public indebtedness is completed by a consideration of the different forms of public debts, the methods of raising them, their treatment when raised, and the modes adopted for their redemption and conversion. The advantage of raising loans on business principles rather than by forced contribution or in response to a patriotic appeal, the inadvisability of contracting loans under par in view of their possible conversion in the future, the danger of the mode of borrowing money by the issue of inconvertible paper, at once so easy and so subtle in the mischief it may occasion, and the fascinating delusions of the sinking fund fallacy, which in this country for some time beguiled able intellects, are explained and illustrated.

The first four books of Professor Bastable's treatise are perhaps the most important, in that they deal with what may be regarded as the main portion of the subject. In the case of the third and fourth, which are concerned with the principles of taxation and the different varieties of taxes, he travels over ground somewhat familiar to the readers of ordinary economic manuals, just as in the book on public indebtedness he handles a branch of the subject which has lately been treated by Professor H. C. Adams in his *Public Debts*. But he brings the most recent information to bear; and the student enjoys the advantage of viewing the question in its relations to the whole subject of public finance. The discussion of the equities of taxation in the chapter on the distribution of taxation, and of the incidence of taxation in a later chapter, while they present a fair and full review of the history of past and present English and foreign opinion, are also marked by some fresh and acute analysis of an original and instructive character. Professor Bastable seems throughout to aim in the first place at showing the exact state of the question, but he is also by no means afraid of exercising an independent judgment. He allows us, for instance, to know the different classifications which have been proposed of taxes, and then supplies the reasons for that which he himself has adopted. He mentions the various definitions of taxes which have been put forward, and explains the points in which they seem to fail. The definition, which he propounds, is this:—'A tax is a compulsory contribution of the wealth of a person or body of persons for the service of the public powers'; and the classification he follows begins with taxes on land, taxes on capital and business, and taxes on wages, and then proceeds to taxes on property and income, and taxes on consumption, with the two great divisions of excise and customs, and concludes with taxes on communications, acts, and successions. In each case Professor Bastable shows the place these various taxes occupy in the revenue systems of England and of other countries; but, as we noticed before, he

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deliberately abstains from discussing, in connection with the customs, the questions at issue between free trade and protection.

In the first book, which deals with public expenditure, and in the second, which treats of the economic or quasi-private receipts of the State, Professor Bastable handles with the same care and ability topics which are not generally found in economic manuals. He shows that expenditure is growing under almost every head. This is due, he urges, to the extension of the military system, to the demands of a democracy growing in power for an enlargement of the sphere and duties of the State, and to the liability to a measure of heedlessness which that democracy not infrequently exhibits in matters of finance. The various heads of expenditure are classed as the cost of defence, justice and security, administrative supervision, with its conspicuous instance of poor-relief, education and religion, expenditure on industry and commerce, and constitutional and diplomatic expenditure. In a further chapter the relations between central and local expenditure are briefly reviewed. In the second book Professor Bastable discusses some difficult questions of classification, and then investigates the position of the State as landlord and forest owner, as director or regulator of industry, and as capitalist. The question of the State-ownership of railways is also considered in this book.

The summary sketch of Professor Bastable's book, to which, from the necessary limits of space, we have been confined, may serve as some slight evidence of its value and importance. As we remarked at the beginning of this notice, it 'fills a gap' in our economic literature, and the ability and success, with which the task has been accomplished, are not less conspicuous than the urgency of the need, and the length of time for which it had before remained unsatisfied.

L. L. PRICE

Industrial Freedom: a Study in Politics. BY B. R. WISE.
(London: Cassell & Co., 1892.)

THIS book, which is published under the auspices of the Cobden Club, is designed, as the author states in his preface, 'to put together a complete and scientific statement of the Free Trade case from the point of view of one who is addressing himself to the voters of a Democratic country.' For Mr. Wise has occupied the position of Attorney-General in New South Wales; and 'for seven years' 'he has been engaged by the side of Sir Henry Parkes in the forefront of an active political controversy with the Protectionists of his native country.' He has thus 'gained an exceptional familiarity with the modes of thought and expression that win favour for Protection among voters,' and we are supplied with a presentation of the 'case' in the light of popular colonial experience. Such a presentation, apart from its intrinsic merits, is full of interest for students in the Old World, who have watched with something like dismay the unanimity with