

as co-operative associations, cultivate the land in common for ten years or so, and then divide it into severalty holdings.

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*Lehrbuch der Finanzwissenschaft.* Von Dr. KARL UMPFENBACH, o. ö. Professor der Staatswissenschaften an der Universität Königsberg. Zweite Auflage. Stuttgart, Ferdinand Enke, 1887.—8vo, xii, 517 pp.

*Die Steuer.* Erster Band. Die Steuer und das öffentliche Interesse. Eine Untersuchung über das Wesen der Steuer und die Gliederung der Staats- und Gemeinde-Einnahmen. Von Fr. J. NEUMANN. Leipzig, Duncker und Humblot, 1887.—Small 8vo, ix, 562 pp.

*Saggio sul Sistema Tributario in Italia e sui suoi Effetti Economici e Sociali.* Esposta da GIULIO ALESSIO, Professore incaricato di scienza delle finanze e di economia politica nella Università di Padova. Le Basi economiche del sistema tributario, Vol. I. Le Imposte Dirette, 1883. Vol. II. Le Imposte Indirette e le Tasse. Torino, Fratelli Bocca 1887.—Large 8vo, viii, 390; vii, 1005 pp.

There are two methods of writing works in the science of finance. The one is essentially historical and descriptive, giving an account of the past and actual state of the legislation and methods, and attempting to draw therefrom a statement of the underlying principles. The other is primarily abstract and deductive, making almost no use of history and facts, but endeavoring to reach conclusions from well defined principles. The German writers on the science of finance have of late devoted themselves almost exclusively to the first method. It is significant of the partial revulsion of feeling which has very recently taken place to notice the appearance of works which attempt to avoid some of the exaggerations of the extreme historical school, and to take refuge once again in purely theoretic discussion. For Germany, this is probably a salutary reaction, because of the comparative discredit into which pure theory had fallen. For America, it would be an unfortunate tendency, because we do not as yet possess a single work on the science of finance from the historical and comparative standpoint. We need a little more history and statistics to form the basis of our scientific superstructure.

The *Lehrbuch der Finanzwissenschaft* by Professor Umpfenbach, is strictly speaking not a new work. But as the first edition appeared about a quarter of a century ago, and as some notable additions have been made to the present volume, it may be discussed as practically a new publication. The first edition was published in 1861, just before the current toward historical economics had set in strongly; the second edition

appears just after the tide has begun to ebb. There are hence almost no vestiges of the inductive treatment to be seen. In fact, the strong points of the work are the strictly theoretic discussions and the precision of the definitions.

The general tone of the book may be declared to be far more similar to that of Roscher, than to that of either Stein, Wagner or Schäffle. Umpfenbach is conservative throughout. He opposes the further industrial activity of the state, even in such domains as railroads; he has nothing but ridicule for the idea of a single income tax in practical life; he declares that the question of progressive taxation does not belong to the science of finance at all, because it involves the subject of communistic changes of property. These views are not very strong, at least not in the reasons alleged, but they are interesting as tending to characterize a work resembling in all these respects rather the French than the modern German authorities. But it is very doubtful whether they will exert any influence on German practice.

The only really important point of Umpfenbach's book is the methodological one. The common division of revenues of the state among French writers like Leroy-Beaulieu is domains, industrial undertakings, and taxes; corresponding to Adam Smith's old division of revenue from public lands, from public stock and from taxes. But the German writers already at an early period saw this to be inadequate, and added another category, fees (*Gebühren*), which is to be found without exception in every German work on finance to-day as occupying a position co-ordinate to that of taxes. In the *Wealth of Nations* they are termed "particular contributions." But the exact definition of fees as a separate category of state revenues has always been a mooted point; and no two prominent writers agree on the exact delimitation between fees and taxes. That some clear distinction is necessary, however, is confessed by all; for patently the principles of taxation cannot be the same as the principles of fees, and *vice versa*. Umpfenbach defines fees as "special payments for the cost of a financial transaction, in so far as it is necessary for political purposes; and in so far as the expenses surpass those which it would be permissible to lay on the community as such." Passing over the minor infelicities of expression we may say that this, at all events, conveys a precise meaning. Taxes are the general contributions of all to the state treasury; fees are payments for special services, with the further characteristic that these payments about correspond to the cost of service of the particular transaction. The principle of fees is accordingly the principle of cost of service; while the fees themselves are divided into payments for educational, police, judicial, military, financial and economic expenditures; the last category including fees for coinage, highway, canal, railway, post and telegraph expenses.

This characterization of fees (of which we shall speak further in a moment) is in itself clear enough. Had Umpfenbach simply done this, his book would have rendered a signal service to the clearing up of ideas. But he adds to his three categories of fees, taxes and domains, a fourth category of fiscal (or lucrative) prerogatives, which he defines as "compulsorily reserved, exclusive rights of the state over specified kinds of property rights." The foundation of these is to be found in the mediæval *regalia*. But Umpfenbach makes this fourth category include such widely diverse revenues as the so-called poll tax, taxes on communication, taxes on the transfer of property, taxes on legacies and successions, revenue from treasure-trove, from mines, salt, tobacco, spirits and bank monopolies, and finally from licenses. Umpfenbach lays great emphasis on this division; in fact, it is the thread which runs through the whole work. But the only result would be an undue restriction of the domain of taxation, and an increased confusion as to the exact nature of taxes in themselves. What Umpfenbach gains by the separation of fees from taxes, he loses by the attempted separation of taxes from fiscal prerogatives. His methodological explanation will not commend itself on the whole, to students of finance.

In *Die Steuer*, Professor Neumann treats of much the same class of questions. Neumann is well known as one of the prominent modern writers on finance. His book on *Die progressive Einkommensteuer* still remains one of the best works on that knotty subject. In that, as in all his earlier writings, is to be found a rich fund of historical and statistical information. But in this work Neumann has undertaken to write a comprehensive treatise on the nature of taxation, from the analytic point of view. The first volume which has just appeared, is introductory, and to a great extent methodological. The twelve long chapters treat mainly of four topics: Classification of Revenues of the State, Fees *versus* Taxes, the Principle of Public Interest, and Direct *versus* Indirect Taxes. An exhaustive discussion of all these points is given, and the author shows great acuteness and dialectical skill. But three serious criticisms are to be made. The discussion is too minute, and often borders on the wearisome; the style is anything but clear; and the conclusions are not advanced with the necessary precision.

After criticising the usual method of classification of public revenues, Neumann endeavors to define fees as payments for special services of state or community, in so far, but only in so far, as the public interest is involved. This would include the tolls, *etc.*, of roads, canals, railways and telegraphs, but exclude the revenues from state monopolies. Neumann devotes over 200 pages to the discussion of public interest, and finally defines it, but in so characteristic a manner that I cannot refrain from giving it in the original:

Oeffentliches Interesse im (objectiven) engeren Sinne ist ein auf menschliche Handlungen oder Werke bezügliches Interesse von Zielen oder Zwecken so grosser Bedeutung, dass um ihretwillen eine Auferlegung von Opfern nach herrschender Annahme gerechtfertigt ist.

In other words, 200 pages are devoted to proving that a "public interest is an interest of such importance as to justify a sacrifice on the part of the individual." Now I submit that this might have been proved in less than 200 pages; and without the formidable array of proofs and counter-proofs, of exceptions and sub-exceptions, which fairly crowd the book and bewilder the reader. To be over-exact is often as great a mistake as to be superficial, for both will surely result in confusion.

Basing his definition of fees on the principle of public interest, Neumann is logically led to oppose the view of Umpfenbach, by which cost of service is made the criterion. But Neumann is finally compelled to confess that it is often impossible to separate fees (in his sense) from indirect taxes. This is plain, for if we take public interest as the criterion, it is often impossible to distinguish a general from a special service, *e.g.* in some licenses it is almost impracticable to separate the license fee from the license tax. According to Umpfenbach's criterion the separation is simple; according to Neumann's it is wellnigh impossible. The net result of Neumann's efforts is thus to set up a distinction which does not distinguish.

Finally we must call attention to the fact that Neumann co-ordinates to fees and taxes a third source of revenue which he terms contributions (*Beiträge*), and which he is at some pains to elaborate. But here again he is forced to confess the difficulty of distinguishing between them and direct taxes. Much better is the careful discussion of the four separate methods of classifying direct and indirect taxes. Neumann finally allies himself to Parieu's method, making the distinction depend simply on the permanence or periodicity of the act; and opposing the views of Leroy-Beaulieu on the one hand, and of Wagner, Stein and Schäffle on the other. Neumann's book will prove suggestive in parts, as *e.g.* the relation of taxation and prices, but it might well have been boiled down to one-fifth its present compass. Questions of methodology are not the all-absorbing ones.

The *Saggio sul Sistema tributario* by Professor Alessio, is a most valuable work. It is modestly called an essay — *saggio* — but might better be termed a comprehensive treatise. The author indulges, to some extent, in theoretic discussions like those of Umpfenbach and Neumann; and the work is characterized by an intimate acquaintance with the scientific literature of all countries, especially that of Germany, but including that of the United States. Nevertheless the importance of the work, of which only the first two volumes have appeared, lies, with

respect to American readers, not so much in the scientific discussions prefixed to each chapter, admirable as they are, as in the thoroughly complete and clear presentation of the history and actual condition of each tax in the Italian commonwealth. The book on which we have hitherto been compelled to depend for our knowledge of Italian finance is Morpurgo's small work, *La Finanza*, of ten years ago. Alessio's work is incomparably fuller, and it must be said also much abler. The system of public revenues as elaborated in the last twenty-five years is composed of the following elements: The taxes on real estate, including the land tax (*l' imposta dei terreni*) and the house tax (*l' imposta dei fabbricati*); the tax on the profits of personal property or movables (*l' imposta sui redditi della ricchezza mobile*); the usual indirect taxes including custom duties (*dazii di confine*); and a large variety of fees (*tasse*). Most interesting is the discussion in the second volume on the general property and income tax, to which I shall have to refer at another time and place. Of great value also is the discussion of the principles of local taxation in chapter thirteen, which Alessio rightly declares to be one of the most difficult parts of the science of finance. It will suffice here to call the attention of students to this admirable production which has been given us for Italy, a work even better than that which Kaufmann some years ago did for France. It will rank among the leading works on taxation.

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*Die landwirthschaftliche Konkurrenz Nordamerikas in Gegenwart und Zukunft.* Landwirthschaft, Kolonisation und Verkehrswesen in den Vereinigten Staaten und in British-Nordamerika. Auf Grund von Reisen und Studien dargestellt von MAX SERING. Leipzig, 1887. — 8vo, xxvi, 759 pp.

As early as 1879 the British parliament appointed a commission to inquire into the depressed condition of the agricultural interests of England. This commission sent two of its members to the United States and a third to Canada in order to investigate the extent to which American competition was responsible for the fall of prices and of rents, and made its final report in 1882. Meantime the continent was beginning to feel the results of bad harvests and large importations as well as England. In 1831 Max Wirth published his book on *Die Krisis in der Landwirthschaft*, and this was followed by a large number of publications dealing with the same subject. One of the most extensive of these was Dr. Rudolf Meyer's *Ursachen der Amerikanischen Konkurrenz*, a volume of over 800 pages, based upon a journey undertaken by the author in 1881 and 1882.