

TAXATION

ITS PRINCIPLES AND METHODS

TRANSLATED FROM THE

“SCIENZA DELLE FINANZE”

OF

DR. LUIGI COSSA

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PROFESSOR IN THE UNIVERSITY OF PAVIA, ITALY

WITH AN INTRODUCTION AND NOTES

BY

HORACE WHITE

TOGETHER WITH A COMPILATION OF THE STATE TAX SYSTEMS
OF NEW YORK AND PENNSYLVANIA

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INTRODUCTION.

THE author of this treatise kindly sent me a copy of it in the year 1882. I had become interested in his work, through his "Guide to the Study of Political Economy," introduced to English readers by the late Professor Jevons. I, accordingly, had a translation of the *Scienza delle Finanze* made for my own use, but without any fixed intention of publishing it. The admirable brevity and comprehensiveness of Professor Cossa's statement of the principles of taxation, and the light thrown on the evolution of the science of public finance, and the want of any short treatise of similar scope in the English language, led me to believe that it would find an appreciative audience in this country. But the time did not then appear to be favorable.

During the past three or four years there has been a marked revival of interest in economic discussion, as is shown by the number of new works by American writers that have come from the press in that interval, and by the formation and regular meetings of two distinctively economic societies. Notwithstanding the shaking up that Political Economy has received in recent years, which

some people think has reduced the whole science to chaos, it is certain that it never had so many active, intelligent and persevering votaries in this country as now. Even those who consider the science a chaos always talk and write as though there were a considerable and pretty firm foundation to build on.

It is evident, too, that the public are taking a more general interest than formerly in the subject of taxation in all its bearings. Hardly a year passes that some State Tax Commission is not working on the problems of local revenue, while the question of national revenue, or perhaps we might better say national non-revenue, is the absorbing one in Washington City.

This work does not deal with customs duties except in their fiscal aspect. The dispute between protection and free trade is not touched upon, since the aim of protection is not to provide means for the support of government, but something quite different. The science of the finances does not deal with things which incidentally affect the revenue. A dry season may do that, but dryness and wetness are not financial considerations. While the tariff question, as it popularly presents itself, is not touched upon, the effects of taxes on imports, upon different classes in the community, are made sufficiently clear.

A few notes have been added to the text in

order to give local application and local interest to the abstract principles stated. For the same reason there has been added an appendix, giving in as brief form as possible the State tax systems of New York and Pennsylvania as they stand today. A compilation of the tax systems of all the other States would be interesting and valuable, but I would not advise anybody to undertake the task unless he has a great deal of unemployed time to dispose of.

A two-fold evolution is now going on in State taxation. There is a movement in the first place to drop real estate from the list of *State* taxables, and to remit it wholly to the lesser political subdivisions, the cities, towns and counties. There is also a movement to discontinue the attempt to tax floating capital, money at interest and the like, and to look only to those things which can always be found and which cannot get away, for the revenue of the State proper. Pennsylvania led the way in releasing real estate from State taxation. That State also led the way in adopting scientific rules for the taxation of corporations, although the system is still far from perfect. Further information will be found in the note on Taxation of Corporations.

Although the current has always run strongly in this country in favor of the taxation of movable personal property, and even yet affords a favorite

theme for windy declamation, I am convinced that that particular tax will slowly but surely disappear. The State of New York scarcely pretends to collect the personal property tax, although her laws require its collection. Other States that pretend to collect it meet with little better success, although they do cause a great deal of false swearing and hard feeling. The latest official report on this subject that can be called comprehensive is that submitted by Dr. R. T. Ely, of the Maryland Tax Commission. What he finds and what he says about the taxation of personal property coincides with the views of nearly all the accredited teachers of fiscal science in this country. It is true that Dr. Ely's colleagues on the Maryland Tax Commission do not agree with him on this point. In the first place, the Constitution of the State of Maryland requires that all property shall be taxed equally. But if it were otherwise, the majority of the Commission would still be in favor of taxing movable personal property. But they are in favor of exempting mortgages from taxation, although this is almost the only form of floating capital that can always be identified and located without any chance of error.

The report of this Commission came to hand after the body of this work had gone to press. There was accordingly very little opportunity to

avail of its certainly valuable investigations. One novel recommendation of the majority is that Maryland shareholders of foreign corporations be taxed or not taxed on their shares according as the State where the corporation is domiciled does or does not tax her own citizens holding shares of Maryland corporations.

This translation of Professor Cossa's *Scienza delle Finanze* was made originally by Mr. A. H. Gumlogsen, who is now, I believe, a resident of Chicago. The translator's want of acquaintance with the terms in use in Political Economy made extensive revision necessary. This was kindly undertaken by my friend, Mr. S. Dana Horton, to whom my thanks are due in an especial manner. While the work was going through the press, I learned that Mr. Eugene Schuyler and his nephew, Mr. Louis Bedell Grant—the latter, United States Consular clerk at St. Gall, Switzerland—were translating the same work into English for publication. I at once offered to surrender the honors to Mr. Schuyler together with the work already done, but he declined the offer and kindly undertook to revise the proofs by the help of his own translation, and the same were accordingly forwarded to him for that purpose. In the fourth edition of Professor Cossa's work it is stated that it had already been translated into the German, Swedish, Polish, Russian and Spanish languages.

A few additions have been made to Professor Cossa's Bibliography of the science. I am aware that further additions might be made, especially of works in the English language.

Thanks are due to the Hon. Alfred C. Chapin, ex-Comptroller of New York, and to Mr. Frank M. Eastman, law clerk in the office of the Auditor-General of Pennsylvania, for quite invaluable assistance in compiling the tax systems of their respective States.

H. W.

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