

## Books—Continued

### ORTHODOXY AGAIN IN THE SADDLE

"The Shifting and Incidence of Taxation," by Otto von Mering. The Blakiston Press, Philadelphia, 1942. 262 pp. \$3.25.

While the roar of taxation debates goes on in the legislatures of nations and municipalities, there is a rattling of a skeleton in the cloakroom, unheard by most of the disputants, and ignored by the rest. The bony fellow is called "The Shifting of Taxes," and he is concerned with whom the incidence (impact) of taxes strikes. Serious men have sought to analyze him, but most of them have been timorous in showing their findings because of the complexity of the subject.

Lately, however, taxation has become so dominant a factor that studies of its incidence have emerged from academic treatment. Otto von Mering attacks the problem with graphs and mathematics. He covers every type of tax, and plots the effect of taxes on price. The field ranges from taxes on single monopolists to free competition.

He advises caution in evaluating the effect of a tax by statistical methods alone. The general proposition may be stated thus: "Whether and to what extent taxes may be shifted depends on the degree to which supply and demand may be restricted with advantage." Thus even the single monopolist may not be able to shift taxes completely, and even an income tax may be shifted to a degree.

Some conclusions Prof. von Mering gives are: a tax on "rent" cannot be shifted; a tax on building costs will be borne by the tenant; a tax on an article will reduce the number of sales; in a free economy, taxes on the producer can be shifted, but when prices are fixed by the government, they cannot be shifted to the consumer.

Though von Mering pursues his work with mathematical tools, his efforts are vitiated by faulty groundwork. When he speaks of rent he does not distinguish between site-value of land and the building upon it. Labor to him includes the application to the production of wealth and general services. Capital consists of both the wealth applied to the production of goods and money. These errors lead to such declarations as: (1) a consumption tax leaves production unchanged; (2) an income tax increases

it; (3) and a capital tax increases production still further. In economic matters Prof. von Mering is strictly orthodox.

The subject of tax shifting deserves the attention of municipal authorities as well as national legislators. It must be clear that taxes should be so drawn as to hamper production as little as possible. Von Mering himself says, "The task of the legislator cannot be made easier by presenting him with a list of taxes, each having attached to it its special rule of incidence. An analysis of the general economic conditions is necessary in each case."

A. B.

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### THE LEFTIST CRUSADER

"Make This the Last War," by Michael Straight. Harcourt, Brace & Co., New York, 1943.

Michael Straight is a young man with the temperament of an artist and the spirit of a crusader. He is now a member of the United States air force, so the problems he attacks in his book probably presented themselves to him with a peculiarly personal urgency. Unfortunately, his engaging personal traits do not compensate for his vagueness.

Mr. Straight's suggestions for the solution of our difficulties lie entirely in the field of government planning. Government, says Mr. Straight, should decide which businesses are necessary and which unnecessary. The profit motive is loftily dismissed as a "crude and irrelevant criterion," utterly to be disregarded in war time, and of very little value at any time.

World wide economic problems, in Mr. Straight's scheme, are to be put in the hands of United Nations' purchasing and distributing boards with, of course, Great Britain and the United States in the most prominent roles. These boards, set up to deal with the emergency problems of war are to become permanent peace time agencies, directing the distribution of the world's staple crops.

The author's confidence in the efficacy of boards and committees is so great as to at times approach the naive. His suggestion that local defense groups continue after the war as nuclei for greater cooperative planning within the community may sound like a good idea, but it certainly won't work. Anyone conversant with the squabbles and difficulties of air raid wardens feels quite sure they will fall

apart as soon as the necessity for them disappears.

A great deal of energy went into the compilation of statistics and data. The impression, however, is that the author has worked up a mass of detail without sufficiently digesting or analyzing it. The foundations of the new world must be solidly laid. Mr. Straight has not succeeded in doing it.

MARTHA STRONG.

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### SOCIOLOGICAL HISTORY

"Democracy, Efficiency, Stability," by Arthur C. Millspaugh. The Brookings Institution, Washington, D. C., 1942. 522 pp. \$4.00.

This volume is not, as might be expected, a statistical work concerned with a thesis. It is, instead, a first-rate study of American History by an able historian.

Mr. Millspaugh defines political democracy as popular control, efficiency as economic progress and national security, and stability as predictability with peaceful orderly change. He traces the factors influencing these points from colonial days to the present.

While believing thoroughly in democracy, and writing with love for his country, the author is not blind to the forces and sweep of that which is America. He sees at all stages in our national life, as at present, the groups that battled to control our destinies, and favor their own interests. The result is an adult work for bringing into proper focus that which is our past. It is the kind of history that should replace the dry, date-filled, disconnected books which are even now used in high schools and colleges. We get from Mr. Millspaugh the broad flow of our national life like a great river, and we do not ignore the eddies, whirlpools, and by-streams along the shores.

Take the Constitutional Convention. The bickering did not end with the ratification of the Constitution. Our first two Presidents worked for greater efficiency and stability in the government, with little efforts toward greater democracy. Under Jefferson the common man surged forward, with no loss in efficiency, but with a strain on stability. Subsequent Presidents reversed the trends, but Jackson was so favorable to an increase in States' Rights, and frontier independence, the country rocked between the opposing groups. When the see-saw battle could be contained no longer, we had a Civil War.



Since then the Federal government has increased its power, and the President has concentrated it. Efficiency and stability were being realized, but democracy kept pace with new amendments to the Constitution. What will come out of this present war we cannot as yet tell.

Mr. Millspaugh, always the historian, in concluding, points out the immensity of our land, peoples, and problems. The page is solemn; but the questions, he says, are not unanswerable.

A. B.

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#### FOR A COTERIE OF CHOICE SOULS

"Sociocultural Causality, Space, Time," by Pitirim A. Sorokin. Duke University Press, Durham, N. C., 1943. Cloth bound, 246 pp.

The author is Professor of Sociology at Harvard University, and previously with the Universities of Minnesota and St. Petersburg. He is an integralist sociologist, one who uses all methods to collect, arrange, and interpret data on social and cultural matters, but uses also certain reference principles. These principles consider that purely physical sciences can have very little application to the social sciences. Even statistical and sampling techniques are to be regarded with suspicion.

Through the fog of wordiness one gathers that he must be very careful in his data, and use common sense. The professor labors mightily in stating that an idea is different from a thing. For example, you might be interested in knowing that a church building divested of its religious character is nothing but a pile of stones like any other building; or that a flag without its patriotic significance is nothing but a piece of cloth. Such conclusions, which an ordinary person takes for granted, seem to need great elaboration. However, Sorokin has unearthed a great number of people who try to plot on geometric co-ordinates "the state of one's feelings," or "the time of one's life on vacation," etc. Since he mentions names and quotations, such beings must exist, but one suspects they are also professors, who seek the shelter of the walls of university halls, thereby avoiding other shelters.

Throughout the book Prof. Sorokin pursues these erring individuals, and deals with them relentlessly. And, as he scorns the use of one- and two-

syllable words, he employs only heavy artillery. The book is of little interest to the general reader, and is apparently intended for a coterie of choice souls like the author. One is reminded of the old lady who asked the zoo-keeper what the sex of the hippopotamus in the cage was. "That, madam," he replied, "is a question that would only interest another hippopotamus."

A. B.

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#### A LESSON IN CORRUPTION

"Lords of the Levee," by Lloyd Wendt and Herman Kogan. Bobbs-Merrill Co., New York, 1943. 384 pp. \$3.00.

Two Chicago newspaper men have written a history of their city, with emphasis on the period of 1890-1910. It will appeal to Chicagoans interested in the makings of their metropolis; and to the general public, it is a primer of municipal corruption. It is the story of Bathhouse John and Hinky Dink.

The First Ward contains the Loop business district and the Levees. The last was the name given to the district on Clark Street, near Taylor Street, and later transferred to the neighborhood of 21st Street. The Levees were the gambling, brothel, and opium dens of greatest prominence. In the First Ward was born John J. (Bathhouse John) Coughlin. He grew to a strapping young man, owner of popular bathhouses and saloons. These were all the requisites needed for politics, and from ward-heel The Bath became Alderman, a job he held for 45 years.

Though illiterate and inane, he knew how to get the votes. With the aid of Michael (Hinky Dink) Kenna he was the central figure in the vilest swindles and rackets in Chicago. And this, despite a blameless private life. He merely regarded prostitution and gambling, two of the most flourishing industries in the ward, as necessary evils.

Wendt and Kogan indict all legal monopoly and privilege as the founts of easy wealth. Time and again lands and right of way (of great rental value created entirely by concentrated population) were voted away by the City Council for paltry bribes. Strangle-holds on the city's windpipe of production were secured by men who did nothing but levy tribute on the hapless citizens. The business men

cared little how they were governed, so long as the price of privilege was not too high. The aldermen really believed that the franchise rights of the city belonged to them personally.

It is clear that Chicago's notoriety was due not to lawlessness, but to law. Even to the time of Capone and beyond, the grafters and gangsters needed law and the police department on their side. In an anarchistic city the crooks could never have survived. But with a bought Council and police who clubbed honest citizens, corruption was king! To this day the sprawling city struggles fitfully with inadequate local transportation and insufficient public services. Chicago is an object lesson in the need for careful franchise granting, city planning, and land value taxation.

A. B.

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HELEN BERNSTEIN, graduate of the H. G. S. S. S., brings us a page each issue that is important to integration between Freedom Economists and Freedom Civic Groups.

J. RUPERT MASON remained in the investment field until 1926. Since then he has been an inveterate traveler-student on every continent. Trustee of the United Committee for Land Value Taxation, and a member of the California Planning and Housing Association.

CATHERINE KLOCK, interior decorator, has been an active volunteer at the H. G. S. S. S. since graduation from Fundamental Economics three years ago. Joining the League of Women Voters a year ago, she is convinced that political and economic consciousness go hand in hand.

To ALEXANDER BOARDMAN goes the palm for most consistent endeavors for this office prior to each issue. Besides reading the many books we give him—sandwiched in between his job as Chief Chemist for the Paramet Company—Mr. Boardman takes over onerous editorial assignments, as the deadline of publication inexorably approaches.

CLAYTON BAUER is the editors' most diligent critic. Trained in the Uzzell School of Creative Writing (as well as the H. G. S. S. S. Correspondence Division), Mr. Bauer has written some excellent short stories—but his criticisms are better.