

Tax Base Eroded?

PUBLIC FINANCE, by Otto Eckstein. Prentice-Hall, Inc., 1964. 120 pages. \$1.50.

Reviewed by JAMES T. GIBBS

A SERIES of nine short paperback books comprising a Foundations of Modern Economics Series is designed to replace the voluminous texts now used by colleges for their basic course in economics. The author of *Public Finance* is the editor of the entire series. Although he asserts that the books do not offer settled conclusions, this one reveals that, to the author, modern economics involves a centrally-controlled economy.

Dr. Eckstein pays lip service to the desirability of the multi-level system of government by listing some advantages of local government. However, he indicates his predilection for more centralized direction of the society through increased Federal programs by asserting that such direction is more efficient and that local leaders usually are unable to formulate effective programs and unwilling to increase expenditures for public services.

He obviously but tacitly approves of the Marxian slogan: from each according to his ability, to each according to his needs; asserts that "the redistributions of income that the government carries out are a safety valve of our capitalistic system;" (p. 19) and endorses the progressive income tax (p.

58), "our main policy instrument for moderating the inequality of the distribution of income in our society."

In a superficial account of the economics of metropolitan areas (Ch. 4), the author says that the tax base of core cities has been eroded by the departure of industry. This occurred because of too-high land values — no discussion is provided of the connection between such values and the under-assessment and under-taxation of urban land. The property tax is accorded a total of 16 lines in the entire text. Site value taxation is not mentioned.

The discussion of budget policy for economic stability (Ch. 7) is the long-discredited but still academically and politically popular Keynesian spend-for-prosperity dogma. "The . . . fiscal policy of the 1930's . . . continued to reflect the fear of unbalanced budgets and kept the government from an all-out anti-depression fiscal policy. This was a contributing factor to the depth and persistence of the depression. [The idea of a balanced budget persists] because we draw simple analogies between our personal finances and the government's finances." (pp. 95-96)

This book will teach the student of economics little about public finance, but it may lead him to suppose that centralized direction of the economy can accomplish what it nowhere has been able to accomplish to date.

Harry Golden recalled the poverty of his youth on the lower East Side in New York as being filled with opportunity. He contrasted that earlier attitude with the present which he characterized as "poverty that omits hope." Fanny Brice said, "I've been rich and I've been poor; rich is better." But, writes Harry Golden, Henry George said it even better: "Poverty is a crime. Not that it is a crime to be poor. Murder is a crime, but it is not a crime to be murdered."

Mortimer J. Adler, in a Great Books newspaper feature, also quotes Henry George as follows, to illustrate his view that poverty is something more than a measurable material lack: "Poverty is not merely deprivation; it means shame, degradation, the searing of the most sensitive parts of our moral and mental nature, as with hot irons . . . the association of poverty with progress is the great enigma of our times — it is the riddle which the Sphinx of fate puts to our civilization, and which not to answer is to be destroyed."