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Review

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with their means, which he regards as worse than useless. There is no rough-and-ready method to attain Utopia. Harsh cautery, sabotage, direct action, the general strike are all useless to promote peace in the industrial world. He sets two questions for the Syndicalists to answer :—(1) How are the means of production to be taken over? (2) What proposals have they for positive constructive action? The attempted solutions to these problems are reviewed with justice and sincerity, but the inquiring mind is not satisfied. After many questionings and doubts the author's whole position is finally made clear in one sentence : "Until we learn a new solicitude for things that shame us, this sharp surgery of revolt is to be welcomed."

JAMES CONWAY DAVIES

*Corso di Scienza delle Finanze.* By LUIGI EINAUDI. Second edition. (Turin. 1914. Pp. 1010. 20 lire.)

THE author warns us that this volume of more than a thousand pages is the result of several years' instruction given by himself in different universities, and is, in fact, a series of lectures reproduced by his students. We must not forget this warning in pronouncing judgment on the work before us; and we propose to confine ourselves to examining the author's general conception of public finance as a science apart from economics and other social studies. This indeed seems the most interesting side of the work at the present time, when many students are trying to remove public finance from its uncertain and confused position in order to give it a scientific status on a level with economic theory, demography, &c.

Professor Einaudi holds finance to be a study of prices, and it is only when considered from this point of view that he will allow it the character of a true science. But with what prices is finance concerned? Not with private prices, the study of which belongs to economic theory, replies Professor Einaudi, but with quasi-private and public prices; with charges (*tasse*), levies, and taxes.

The author puts his case as follows :—A *quasi-private price* appears when, for example, people obtain their firewood by means of the State. Here is a private need; yet men rely on the State to produce firewood for them and to sell it to them at the market price, because by this means they incidentally secure—and it is felt that they secure only through State organisation—the pre-

ervation of the forests, which is to the advantage of the public as a whole, quite apart from that of its individual members.

A *public price* emerges when men provide, by means of a State railway, for the satisfaction of their separate and distinguishable wants of travelling or sending goods by rail. This is a private want, which men do not, however, desire to satisfy by private efforts, with prices privately settled, since such prices might be raised excessively by monopoly. By handing over the undertaking to the State, men obtain or hope to obtain a lower public price. Such a method of management (either directly by the State or through State delegation to a private body) is a necessary condition for a *public price*. The public price is paid voluntarily just like a private or semi-private price, since the State aims only at the satisfaction of an individual want, at a lower cost than would be fixed by private effort.

A *charge* (*tassa*) appears when, for example, men provide by a State railway, not only for the satisfaction of their private and separate desires of travelling or of transmitting goods, but also for other needs which are common to all and cannot be individualised, such as that of national defence, by enabling mobilisation to be promptly effected by rail. The price paid is called a charge because it only includes the separable portion of the service rendered, while the indivisible portion is paid for from the taxes proper. This charge is voluntary, because it is only in their own interest that people travel and use the railway service.

A *levy* comes about when men provide for the satisfaction of a want common to all and indivisible, such as the construction of an ordinary road, the benefits from which it is practically impossible to allot to the different people who use the road; and when a private and individual want is satisfied at the same time which is divisible among those to whom the public road gives easy access to their own house or property. These persons are then called on to pay levies or contributions towards expenditure which is primarily of public utility. Such a contribution is compulsory, because otherwise the private individual would wait for the road to be made, in the public interests, and would then use it to reach his property, without any payment.

*Taxes proper* (*imposte*) are levied for the satisfaction of needs common to all and indivisible, such as national defence. As it is impossible to measure the benefits thus conferred on individuals, the cost is shared among all citizens with due regard to the necessary considerations which are dealt with later, such as proportionateness to property or to ability to pay. Such a tax is com-

pulsory, because otherwise all would prefer to benefit by these indivisible services without paying for them.

This is the substance of pp. 24–25 of Professor Einaudi's book, and a little later he adds:—"Starting from the quasi-private prices, and proceeding upward through public prices, charges (*tasse*), and compulsory contributions, till we reach taxes proper (*imposte*), we find a graduated series of facts that are further and further removed from private economics till the true sphere of finance is reached."

We must confess that our own conception of Finance, regarded as a distinct science, differs greatly from that which appears in these passages of our author, passages that we have reproduced literally. Whenever the State or some other public body supplies any kind of service or sells any sort of commodity to individuals, and is paid a *price* directly and immediately for the whole or part of these, we are no longer faced by a problem of Finance, but by an economic problem pure and simple, a special case in the general theory of prices; and especially by the prices ruling in some particular economic organisation. The name given to these prices is altogether secondary, and not worth the trouble of discussion. It is rather the general theory of what is known as the repercussion of taxes, which, in our opinion, is the fundamental problem of the true theory of Finance. And there are other problems, too, before the subject is exhausted. Why is a certain tax imposed in a given country at a given time? On what principle is the burden shared? Why does it bear upon one social class rather than upon another?

The author has one merit which must not be underrated: his treatment of the subject is wholly free from the metaphysical method, the most burdensome and disastrous by which a growing science can be approached.

GUIDO SENSINI

*L'industria domestica salariata nei rapporti interni ed internazionali.* By FEDERICO MARCONCINI. (Turin. 1914. Pp. 847. 12.50 lire.)

THE author understands by home work for wages a system of production of certain economic goods with the following characteristics:—(1) The worker is employed on material provided not by himself but by an entrepreneur, generally by means of a middleman or sub-contractor; (2) the work almost always takes place in the worker's home, with tools that may or may not belong to himself; (3) the product goes from the worker not