

The Transfer of Ideas about Taxation since 1750

Veranstalter: Holger Nehring; Florian Schui

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Bericht von: Holger Nehring, St. Peters College, Oxford; Florian Schui, CRASSH, Cambridge

The conference explored the transfer of ideas about taxation from the mid-eighteenth century to the beginning of the 1950s. This was a period of fundamental change in the ways states organised their finances. Historians and historically-minded economists as well as legal scholars have written the financial history of this period mostly from a national perspective. However, strictly national perspectives on the history of taxation neglect the importance of international exchanges of ideas about taxation. These exchanges were often crucial in shaping the national histories of taxation. This conference sought to explore the complex and often paradoxical interplay between transnational flows of ideas and the strengthening of the administrative structures of nation states in the context of economic, political and social developments. It brought together an interdisciplinary group of scholars from Europe and the USA who specialise in different periods to explore these issues in a diachronic and systematic context.

After words of welcome by Florian Schui (CRASSH, Cambridge), Ludmilla Jordanova (CRASSH) and Gareth Stedman Jones (Centre for History and Economics, Cambridge), the development economist Ha-Joon Chang (Cambridge), in his keynote address, explored the interconnections between public finance and economic development in historical perspective. In his historically wide-ranging talk, Chang warned against the unthinking application of neo-classical economic theory to the problems of today's developing countries and argued that transfers of fiscal ideas from industrialised to developing countries have often failed. He argued that much of today's economic theorising and policy advice ignored crucial historical, cultural and institutional factors which impeded the transfer of fiscal models. Epochal changes in economic thinking and economic development had to be taken into account when looking for the application of historical lessons to developing economies today. He illustrated his argument by giving examples of the failed

imposition of foreign tax norms on economies in the nineteenth century and in the post-World War II period. In his conclusion, Chang urged to take the history and technology of institution-building seriously when formulating economic policy recommendations. In particular, he underlined the importance of a historical analysis of the 'black box of the state' and of economic institutions for the development of economic theories and policies.

The first panel looked at some specific transfer processes provoked by the increasing demands of war finance in the late eighteenth and early nineteenth century. In his paper, Florian Schui took the conference delegates on a journey with around 350 French tax inspectors which had been hired by the Prussian government in 1766 to improve Prussian finances after the Seven Years' War had drained the state's resources. In this outstanding, but not unique transfer process, French administrators created a new tax administration in Prussia, the „Régie“. The Prussian King looked for expertise from the „laboratory of public finance“ which France was at the time because he could not gain the necessary support and expertise for the drastic measures he sought amongst his own administration. However, when the French administrators arrived in Prussia, they did not merely apply the French model; they learned from their own mistakes by dissuading the King from implementing a one-to-one copy of the French system. In 1786, the new King Frederick William II. abolished the „Régie“ after intensive criticism from the public, but the administrative structure the French inspectors had set up remained in place.

In her paper on the transfer of the cadaster system in central Europe during the eighteenth century, Christine Lebeau (Paris I - Panthéon Sorbonne) elaborated on the interplay between commentators, practitioners, academics and bureaucrats in the periphery, especially the role of Piedmont, in developing and spreading the cadaster system. While the first cadasters were developed by geographers, geometers and land surveyors, they were not yet used by public administrators to measure the tax base. The practitioners' ideas were only taken up when, faced with increasing demands on their finances, administrators discussed ways of assessing the ability to pay taxes. By the mid-eighteenth century, therefore, cadasters had turned from a technical problem to one of political power. Knowledge of cadasters became part of the arca-

na of rule and was thus kept secret. While many of the technical transnational discussions had been public, governments conferred secretly to decide which cadaster systems were most useful. Only much later did these discussions reach the public domain. Throughout, Lebeau highlighted the importance of personal networks amongst practitioners, scholars and administrators, from both states and regions. She also stressed that it was difficult to speak about specific models of cadasters, as the role of models was more often a tool of political arguments than an adequate description of content.

Alexander Grab (University of Maine) took these issues into the era of the Napoleonic Wars by exploring the ways in which the French government sought to impose its financial system on the French areas in northern Italy. Like the other speakers, Grab stressed the issue of legitimacy: while Napoleon consolidated the fiscal heritage of the French Revolution and sought to reduce the tax burden at home, he aimed to finance his wars by imposing increased burdens on the territories in occupied Europe. Napoleon thus imposed the efficient system of tax collection developed in France onto Northern Italy. Throughout, Napoleon was convinced that Italy was a rich country and that it was able to shoulder the imposed burden. Through his local administrator Giuseppe Prina, Napoleon increased the existing burdens and created new ones, especially in the area of consumption taxes through licences and octroys. At the same time, he was unconcerned about the impact of these increased burdens on the legitimacy of his Empire amongst the northern Italian citizenry.

The second panel examined transfer processes within Empires. The first contribution was Martin Dauntón's (Cambridge) talk about „Transfers of Ideas about Taxation within the British Empire“. Dauntón elaborated on the „export“ of taxation from Britain to the colonies, focusing primarily on the late nineteenth and early twentieth century. In the nineteenth and early twentieth centuries, an increasing share of domestic expenditure and the expenses for the empire were covered by taxation levied on tax payers in the colonies. A crucial problem in this context was that taxation imposed by Britain on its colonies was inevitably considered illegitimate by colonial populations, as the colonies lacked representative franchise systems. In order to create greater legitimacy, Britain followed different routes in different parts of the empire. The British either followed the traditional local patterns

of taxation (or rather the patterns that British administrators assumed to be the local patterns), or they imported their own ideas about taxation. These decisions about colonial taxation were thus closely associated with the type of society that the British considered desirable for the particular colony. In India, for example, there were conflicting tendencies in the British administration. One view was that taxation should promote the further development of large estates, similar to the situation in Britain. The contrasting view was that of a fiscal pattern which would benefit small farmers and foster the development of a „yeoman type“ pattern of land ownership. Other paths were pursued in white settler colonies. There, an extended franchise was seen as a way to obtain greater legitimacy for taxation. Transfers of fiscal ideas ran both ways in the empire: many of the controversies about taxation in the colonies also fed back to debates about the situation in Britain, especially with regard to the question of political legitimacy.

In the second talk of this panel, W. Elliott Brownlee (University of California, Santa Barbara) examined the transfers of ideas and fiscal experts between the USA and Japan between 1945-1952 and focused on the developments associated with the „Shoup Mission“, headed by the American economist Carl S. Shoup. Brownlee argued that the Japanese government successfully resisted many of the changes proposed by the Shoup mission. Most of the changes adopted by the Japanese, he argued, would have been implemented even without the presence of the Shoup mission. The Japanese government's success in blocking a fundamental change of the tax system was largely due to previous political decisions taken by the USA. In order to create a stable Japanese government against the perceived threat of the Soviet Union and China, the USA had opted to keep most of the Japanese civil administration in place and backed a liberal-democratic government in Tokyo. The crucial role of legitimacy for the success of transfers in an imperial setting clearly emerged in Brownlee's contribution. Brownlee concluded by highlighting two principal long-term effects of the Shoup mission. The mission triggered a broad debate about fiscal policy in Japan in which the American mission served as a political argument. Second, despite the problems of the Shoup mission, the reputation of fiscal missions was greatly bolstered amongst the tax policy community in the USA.

The third panel examined the transfer of ideas

about taxation in the context of state-building.

In his paper about the transfers of ideas about taxation between the United States and Germany, c. 1880-1914, Holger Nehring (Oxford) examined the importance of German economic ideas and concepts for the American debate about a federal income tax. In his comparative and connective paper, Nehring used the income-tax debates in both countries as an optic into federal state-building in both countries at the turn of the nineteenth century. The adoption of federal income taxes in the USA and in Germany in 1913 constituted a break with previous traditions and was perceived as such, despite predecessors in times of war and on the state level in both countries. At their core, the American and German debates about a federal income tax both were about how the federal state should interfere in people's lives and about negotiating the boundaries between the private and the political. It was this element which, in a very specific political and economic context, created the conditions for concepts to travel from Germany to the US. After elaborating on the political, economic and fiscal conditions in which the American and German income tax debates took place, Nehring highlighted the role of experts with close links to the German Historical School of Economics - such as the American reformer Edwin R. Seligman - in transferring ideas across the Atlantic. He conceptualised the transfer of ideas as observation, rather than personal interaction or any mechanical diffusion. Increasingly, experts from the American progressive movement advocating a federal income tax had a say in Congress and provided politicians with new forms of social knowledge. It was in the realm of perceptions of the state's role that German and American experiences differed substantially, owing to the different political systems. Precisely this element has made it possible for most historians now to highlight the differences between the German and American federal state-building experiences, rather than to emphasise their connections.

Andreas Thier (Zürich) explored the diffusion of the income tax amongst the federal states within the German Empire. The introduction of the income tax in German states - as in the USA and many other countries - marked a fundamental fiscal innovation. As Thier underlined, this change occurred almost simultaneously in the German states, although the introduction of an income tax was not imposed by the central government. In Thier's historical analysis, the simultaneous change can be

explained by transfers on three levels. First, the „Verein für Socialpolitik“ played a crucial role in the diffusion of the income tax ideas amongst German social experts. This association was closely linked to the German Historical School, which also influenced the income tax debate in the USA. Through academic work and political lobbying efforts, economists and social reformers such as Adolph Wagner promoted fiscal reform. Although Thier acknowledged that their public influence was evident, Thier did not see any concrete effects of the experts' ideas on governmental decision-making in Prussia and other German states. Second, the suggestions for an income tax were discussed as part of the political and administrative processes in the central state and the federal governments. State and federal governments exchanged legislative drafts and reports. Especially Prussian civil servants held positions in both state and central government. Thier argued that there was some, but not necessarily conclusive, evidence of vertical exchanges that developed in the dynamic interaction between central government and federal governments. The competition for revenue between the two levels of government was crucial in this dynamic. Third, Thier argued that the fiscal needs of the federal states worked as a strong motivation for the introduction of the income tax. All federal states found themselves in a tax competition for revenue with the central government and with local government.

Discussions throughout the conference not only focused on the specific issues, but also on the methodological issues connected to transfer history. All discussants agreed that transfers were difficult to pin down, and very often the transfer took the form of mutual observations. These observations could take place in different settings, such as conferences or diplomatic missions, or be mediated through newspapers and learned journals. The transfer of ideas and models and the application of these models had to be clearly distinguished. Therefore, the results of the conference suggests that the findings of sociological and political-science research on the diffusion of ideas rather too easily assumed that similar challenges would lead to the almost natural adoption of similar policies across different political, institutional and economic settings.

Moreover, participants discussed whether ideas and models were really transferred as distinct packages, as much of the research on the transfer

of ideas has implied, or whether the talking about models was embedded in specific political contexts. Similarly, participants agreed that „ideas“ had always to be placed in their economic, political and cultural settings and could not be regarded as monads which were shifted as distinct packages from one place to the other. The interrelation between fiscal ideas and the economic and administrative reality was highlighted as one of the crucial issues for the understanding of transfer processes. The question of whether transfer processes became easier or more difficult during the period under consideration also assumed a prominent role. Discussants disagreed, however, whether the increase in transnational communications over the last two hundred years has made transfer processes easier. During this period of increased transnational communications, the existence of well-established administrative routines and economic structures have made the transfer of models and concepts much more difficult as new concepts could not easily fit into the old historical frameworks.

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The conference was organised by Holger Nehring and Florian Schui.

Contact address: Florian Schui, CRASSH, 17 Mill Lane, Cambridge CB2 1 RX, UK. Email: fhws2@cam.ac.uk

Holger Nehring, St. Peter's College, Oxford OX1 2DL, UK, Email: holger.nehring@spc.ox.ac.uk

Speakers and Commentators:

Dr Sunil Amrith, Trinity College and Faculty of History, Cambridge, UK

Professor Peter Becker, Faculty of History, University of Linz, Austria

Professor W. Elliott Brownlee, Faculty of History, University of California at Santa Barbara, USA

Dr Ha-Joon Chang, Faculty of Economics, Cambridge

Dr Christopher M. Clark, St. Catharine's College and Faculty of History, Cambridge

Professor Martin Daunton, Trinity Hall and Faculty of History, Cambridge, UK

Professor Alexander Grab, Faculty of History, University of Maine, Orono, USA

Professor Christine Lebeau, Faculty of History,

Université de Paris I - Panthéon Sorbonne, France
Dr Holger Nehring, St. Peter's College and Faculty of History, Oxford, UK

Dr Florian Schui, CRASSH, St. Edmund's College and Faculty of History, Cambridge, UK

Professor Andreas Thier, Faculty of Law, University of Zürich, Switzerland

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