

Mark Spoerer. *Steuerlast, Steuereinzins und Steuerwettbewerb: Verteilungswirkungen der Besteuerung in Preußen und Württemberg (1815-1913).* München: Akademie Verlag, 2004. 252 S. EUR 79.80, cloth, ISBN 978-3-05-004088-2.



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Taxation policy is social policy; it has redistributive effects on society and economy; and these effects, in turn, affect the behavior of the taxed. Modern politicians regularly debate offshore banking and tax havens as well as business migrations because of excessive or regressive taxation. Such discussions occurred often in the Wilhelmine Empire as well, of course. The regressive nature of grain tariffs comes to mind: making bread more expensive while shielding land-based elites inherently affected both working-class and rural politics alike. Likewise, discussion of inheritance taxes dominated political debates. Taxation, as a subject, however, has received less attention than it once did among historians. This neglect is perhaps undeserved, since some basic questions remain underexplored. How much of a family's income actually went to taxes in a given year, for example, and how much did this amount change over time? Did tax policies actually promote or retard industrialization and modernization more generally? How much did "tax migration" occur in response to divergent taxation rates?

Mark Spoerer's work, a comparison of taxation policy for Prussia and Württemberg across the nineteenth century, is to be commended for taking on these more technical issues. His is not so much a political discussion; one will find little here about the sentiments of political parties, statesmen or ordinary people. It instead emphasizes quantitative approaches and governmental statistics to measure the effects and levels of taxation. Each chapter addresses a specific issue: how tax reforms affected the distribution of the tax burden in both states; how the overall tax burden for ordinary subjects changed; how indirect taxes changed; and to what degree tax policies induced tax migration and possibly led to a "race to the bottom" of tax reduction competitions among states to prevent tax migration. His analyses also include the effects of local taxes, which the relatively autonomous towns in both states could levy, a difficult task, given the incomplete records remaining for many towns.

Spoerer goes beyond this statistical level to discuss the evolution of taxation, a decision that allows him to address "modernization" through

the rationalization of taxation. Both states started the nineteenth century with systems of indirect taxation, a state of affairs that reflected their pre-industrial bases and the logistical inability of bureaucracies to collect and enforce more systematic "modern" forms of taxation, such as the income tax. Through the nineteenth century, the states' need for revenue was continually growing. Spoerer notes, though, that the most effective and efficient means of taxation, a direct tax such as an income tax never met with approval in either state in this time, and thus both states had to rely on using older, more archaic forms of taxation, such as an *Ertragssteuer* or other indirect forms of taxation more intensively. This strategy handicapped the growth of revenue, but was politically more feasible. One might talk of the "modernization" of society and even of some aspects of the state during this period, but taxation would remain one of the states' backward aspects.

Questions regarding "modernization" arise in many guises and inform Spoerer's subsequent questions. Did taxation help or hinder industrialization and modernization? Did these tax systems privilege rural areas at the expense of industrializing areas? He argues that the Prussian tax reforms of 1820 did not disproportionately burden Prussia's western provinces, despite eliminating only a few tax exemptions for estate owners. Württemberg's initial reforms of 1815, despite being drafted by a parliament rather than a Prussian bureaucracy, also resulted in the burden of taxes falling upon its economically dynamic regions. The absence of tax reforms did not necessarily occur because of autocratic governments.

Spoerer considers the fact that towns in both Prussia and Württemberg produced more and more of the revenue for both states, but argues that this result did not arise from uneven taxes but rather from industrialization. More people lived in the towns, more resources were concentrating there and thus, more wealth subject to tax

was generated. In short, the tax laws did not change, but instead the tax base did.

Having addressed whether these taxes retarded industrialization, Spoerer then asks whether either country's tax system promoted industrialization. He finds that Prussia's system, as much as it did not hinder industrialization, also did little to promote it. Württemberg, however, was more industry-friendly through the 1870s, or at least did not favor the rural sector as much, because personal income taxes and city taxes counterbalanced the harvest taxes of the state. Spoerer also suggests that, for similar reasons, per capita overall taxation increased gradually but steadily from the 1850s. Urbanization meant that city governments had to levy increasingly higher indirect taxes upon their growing populations in order to finance governmental tasks. Overall, he calculates that indirect taxes accounted for over 40 percent of a person's tax burden in both states, a proportion that increased by the turn of the century.

He raises another question, the possibility of tax "migration," that is, the ability of enterprises and persons to leave a high-tax area to settle in a low-tax area. This measure, he argues, was quite possible, because of the autonomy that German law granted to local authorities in tax matters. It thus became possible for these authorities to set their taxes in ways that attracted persons and enterprises to themselves and away from neighboring towns. Overall, however, little "fiscal migration" appears to have occurred in the nineteenth and early twentieth centuries. It was possible, but generally the costs of such migration exceeded the benefits to be gained by moving to a lower-tax region. After 1919, as the costs of migration fell, so did the advantages, in part because of the fiscal reforms instituted by Matthias Erzberger toward a standardization of tax rates.

Might one conclude, then, that this lack of tax modernization had little impact on social and economic trends in Germany? Spoerer argues that it is too early to tell. He suggests, for example, that

research has not yet taken into account the increased importance of more regressive indirect taxes, and that the argument for increased tax equity still must be formulated far more carefully than it has been in recent research. It likewise would also be difficult to argue for increasing tax justice, given the number of exceptions granted to rules, such as the enduring exemptions that estates continued to enjoy. He concludes quite rightly that this question, too, needs further research. When this research occurs, Spoerer's work will provide a solid bedrock upon which to build. For the less fiscally inclined reader, Spoerer's work provides an equally useful background for studies of political and social conflict in the nineteenth century, and for another aspect of "modernization" that is often overlooked.

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