

## BOOK REVIEWS

TAXATION AND THE AMERICAN ECONOMY. By William H. Anderson. New York: Prentice-Hall, Inc., 1951. Pp. xxi, 598. \$8.00.

Professor William H. Anderson's *Taxation and the American Economy* is an attempt to "give the reader a well-grounded understanding of taxation on the American scene" giving an "economic, legal, and administrative" analysis. To do this within the covers of a normal size book is an ambitious project. It is encouraging, however, to see an attempt to integrate the legal and economic aspects of the problem of taxation, an effort which should be made more frequently in many other fields such as in the area of monopolies. As Anderson correctly points out, "careful economic analysis of the area to which a tax is to be applied is a highly necessary condition of an equitable tax policy. The legal and institutional setting of taxation provides the very vehicle by which taxes are levied, collected and enforced, and tax policy is carried out. Taxation is so highly legal and institutional in character that to discuss it in the abstract is unrealistic and fruitless." This, of course, is reflected in the increasing attention which the economist pays to legal problems and the lawyer concerns himself with economic implications of taxation.

The author has generally arranged his material according to the different types of taxes. Part One (about 100 pages) tries to set a general background for the later sections by discussing the role of taxation, the economic foundation of taxation, and the role of administration in the taxing process. The next three parts deal with the taxation of property (about 60 pages), the taxation of income (about 70 pages), and the taxation of gifts and inheritances (about 50 pages), in each case discussing the economics, the administration, and the problems and suggested reforms of the taxes.

Part Five (about 100 pages) deals with the taxation of business under the main headings of: the economics of business taxation, the taxation of business generally, the taxation of corporations, and the taxation of special businesses (*e.g.*, public utilities and chain stores). Part Six deals with consumption taxes (about 50 pages), and Part Seven with other forms of taxation and revenue raising, *i.e.*, taxation of natural resources, taxation for social security, poll taxes, and revenue from non-tax sources. Finally, in Part Eight the author tries to draw together the preceding arguments in five chapters (about 70 pages): the relationship of taxation and tax policy to economic and business life, taxation and tax policy in wartime, taxation and tax policy in prosperity, taxation and tax policy in depression, and taxation and a balanced fiscal policy.

Anybody who has taught or worked in this field will probably be sympathetic regarding the difficulties of this attempt to integrate the economic, administrative, and legal problems of taxation. Unfortunately, however, this broadens the coverage of the discussion to the point where it frequently has to be extremely superficial. The author tries, for instance, to cover in

less than 70 pages all aspects of income taxes (except corporate income taxes, which, unfortunately, have been taken out and placed in a special section on business taxes.) It might have been better to devote more space to a few crucial taxes and issues and thus be able to treat them more thoroughly and deal only briefly with some of the others. This would, of course, have altered the basic structure of this text.

The book is well organized. In fact, it tends to be over-organized. The author has tried to outline each chapter carefully into sections, which in turn are outlined into subsections, etc. This extremely obvious organization and its constant cataloguing at times leaves one with the impression of reading a detailed table of contents rather than a carefully argued analysis. This impression is accentuated by the limited amount of space which the author can devote to any one particular point. Except for these shortcomings, the book is a useful attempt to bring together for the student various aspects of the problems of taxation, provided he is reminded of the fact that the analysis presented is often no more than suggestive of the problems involved rather than an exhaustive analysis. *Taxation and the American Economy* should make useful reading to the student of economics in pointing out to him some of the legal problems involved, and to the student of the law by showing some of the economic problems and implications of taxation. However, both should be aware of the limitations inherent in a book such as this.

Henry H. Schloss†

---

MEN IN BUSINESS. Edited by William Miller. Cambridge: Harvard University Press, 1952. Pp. ix, 350. \$5.00.

A major mystery in the development of our country is the precise role that the entrepreneur has played. Admittedly, the entrepreneur has contributed substantially to our amazing record of productivity. Undoubtedly, many of our laws have been tailored to encourage competitive entrepreneurship, and contrariwise, many laws have been enacted to permit monopolistic entrepreneurship. Lively debates can easily be had on both the past and the present functions of entrepreneurship in our society. The assumption of economic risk and the management of business is greatly misunderstood, even by those, including lawyers, who are daily concerned with problems of management.

The history of entrepreneurship has been sadly neglected, and we know pitifully little about the actual operation and effect of business activities upon the development of society. Preconceived notions tend to dominate our thinking when we attempt to evaluate the role of the entrepreneur. This largely results from our ignorance of what has actually happened. Then too, we have had a tendency to categorize all entrepreneurs according to the personalities and conduct of specific men. These specific men frequently achieve reputations of legendary proportions. Consequently, many people have fabulous ideas as to what characterizes the entrepreneur. He

---

†Instructor in the Department of Economics, Washington University.