

4-1938

Book Reviews

Jacob B. Taylor

Earl A. Saliers

N. L. McLaren

Follow this and additional works at: <https://egrove.olemiss.edu/jofa>



Part of the [Accounting Commons](#)

Recommended Citation

Taylor, Jacob B.; Saliers, Earl A.; and McLaren, N. L. (1938) "Book Reviews," *Journal of Accountancy*. Vol. 65: Iss. 4, Article 12.

Available at: <https://egrove.olemiss.edu/jofa/vol65/iss4/12>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Journal of Accountancy by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Book Reviews

AUDITING PROCEDURE, by PAUL E. BACAS, JOHN T. MADDEN, and ARTHUR H. ROSENKAMPPF. *The Ronald Press Company*, New York, N. Y. 443 pages. 1937. \$3.75.

To quote from the authors' preface, "The object of this college textbook on auditing is to discuss the procedure followed in the office of a public accountant and in the examination of accounts in such a manner that it may parallel as closely as may be the progressive experience of the average junior who starts at the bottom of the ladder. It is limited to the work and experience of the public accountant in actual practice." To attain this objective, the authors have divided the subject matter into the following groups:

Introductory material	4 chapters
Audit routine	7 "
Scope of audit and audit program	3 "
Special problems and completing the audit	7 "
Detailed audit	2 "
Minutes—Special contracts, etc.	1 "
Statements	1 "
Certificates and reports	1 "
Special applications	2 "

The text is amply illustrated, containing 38 excellent illustrations. There are no problems, questions, or practice-set material included with the text. Problems and questions are contained in a separate volume and it is suggested that Bacas' *Auditing Practice Set* may be used with this material, if desired.

The authors have produced a well written book which is entirely adequate for the purposes for which it was designed. For a full discussion of auditing problems, principles, and procedure, their material might seem somewhat meagre in places. For the restricted use for which it was written, it will be found to be highly acceptable.

The scope of this volume is sufficiently broad and the treatment of the individual topics is so basically sound that the text should be of interest to every one who is faced with the problem of introducing hopeful young accountants to the auditing practice.

JACOB B. TAYLOR

AUDITING, by R. G. H. SMAILS. *Sir Isaac Pitman and Sons (Canada), Ltd.*, Toronto. 523 pages. 1937. \$4.

This writer reviewed the 1933 edition of *Auditing*, by Smail, for THE JOURNAL OF ACCOUNTANCY, and since the general structure and content of the book is not changed in the 1937 edition, it is necessary to indicate here only those features of the new edition which reflect the results of new laws or altered conditions. During the four years 1933-1937, the Canadian courts were required to adjudicate, for the first time, controversies involving the civil liability of auditors. These decisions are considered in the text and reproduced in full in the appendix.

The second factor which made a new edition of the book necessary consists of recent amendments to the corporation laws of Canada, particularly the companies act, 1934. These relate primarily to the audit of limited-liability companies. The effect of this new legislation is given careful attention by Professor Smail.

In general, the comments previously made regarding the 1933 edition of this book apply to the 1937 edition.

EARL A. SALIERS

PERSONAL INCOME TAXATION: The Definition of Income as a Problem of Fiscal Policy, by HENRY C. SIMONS. *The University of Chicago Press*, Chicago, Ill. 238 pages. 1938. \$2.

The paper cover which accompanies Professor Simons' *Personal Income Taxation* states that the book is "for the interested layman as well as the special student." Hence this reviewer approached with keen anticipation the perusal of a new textbook which he assumed would present in readable form "a stimulating discussion of taxation policy and a comprehensive program for tax reform." This expectation was not fulfilled. The lay reader, and the special student as well, will experience difficulty in appraising the validity of the author's conclusions in view of the uncertain premises on which they are founded. The introductory chapter is devoted principally to an argument in favor of redistribution of wealth through high surtaxes on personal incomes—not on the ground of fiscal necessity, but rather of social justice. In the course of this argument the suggestion is made that the Government, in order to avoid the adverse effects of "progression on saving" which would follow the retirement of public debts, might proceed gradually with investment in private industry. In a footnote the author indicates that there are "some immediately attractive opportunities, especially in the case of public utilities." But on the next succeeding page the reader is astonished to find another footnote which states that these paragraphs were written "years ago, at a time when the writer was less sensitive to the difficulty or impossibility of maintaining rep-

representative government in the face of increasing centralization and collectivism."

For generations one of the more popular academic sports of economists has been the coinage of novel and controversial definitions of the term "income." Professor Simons, in leading up to what is clearly not the last word on this subject, makes the following illuminating observation:

"The essential point has been most happily phrased by Schmoller, who says in an early work: 'Nach unserer Ansicht gehört der Einkommenbegriff aber überhaupt streng genommen nur der Einzelwirtschaft an, der Volkswirtschaft nur in bildlich analoger Ausdehnung.'"

It was somewhat disconcerting for this reviewer of Anglo-Saxon descent to find that here, as throughout the text, replete with quotations from German authors, Professor Simons has evidently assumed that the entire reading public to which he caters can do without translations.

One of the basic elements of the panacea suggested by the author for the cure of our ills of taxation is the inclusion of the value of gifts and inheritances in the measure of graduated income taxes. No reference is made in the chapter devoted to this subject to the constitutional inhibition against such a capital levy, although in the later portion of the book the author concedes that every substantial change in the prescribed rules for calculating income must be made with, at least, grave uncertainties as to what the Supreme Court may decide about its constitutionality. The professor adds:

"Unless the court henceforth displays a measure of insight which it has never revealed to date, the impossible question of what is income and what is not income . . . will remain with us as a perpetual legal issue."

The author's views are tintured throughout with the pink hue of what he refers to as "social control." He maintains "emphatically that no ideas of utility, or of recurrence, regularity, separation, realization, and their variants, have any place in an ultimate ideal conception," presumably of a perfect taxing system.

Doubtless Professor Simons' treatise will stimulate discussion among academicians, but it is not, in the opinion of this reviewer, a "must" book for the libraries of practising accountants.

N. L. McLAREN