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## Book Reviews

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## BOOK REVIEWS

FEDERAL INCOME TAX HANDBOOK 1938-1939, by Robert H. Montgomery. *The Ronald Press Company*, New York, N. Y. 1260 pages. 1938. \$10.

Certain features are requisite in any handbook: that information sought shall be readily accessible, that it be authentic, and that it be complete within the limits possible.

Information as to income-tax matters is so voluminous that good indexing is a prime requisite, and this volume is to be commended for that feature. In addition to a general index of 172 page columns, it is further indexed by chapters, each preceded by a chapter index, by law sections and board and court decisions which are referred to in the text. The table of contents in the beginning also contains an index to indexes. If a seeker after information cannot find it in a few minutes it is not in the book.

The fact that this is the latest (but I hope not the last) of a series of handbooks should be assurance that the material is authentic. The author makes acknowledgment to a long list of associates—accountants and lawyers, many of them very well known—who have assisted in supplying material. The reputation of the author as a leading authority on these matters is so well known that it is mentioned merely as a bow to him and to accord with custom.

As in his previous handbooks, the author continues to set down his explanations in a lucid, readable style and manages to present the meat of many a long decision in a single easily understood paragraph. He does not hesitate to present his own opinions and to give advice as to methods to adopt in certain circumstances.

The publication is exceedingly useful as a means of getting an understanding of a situation quickly. Where an important matter is at stake one should, of course, look up any decisions issued subsequent to publication, especially if it is a matter not yet passed on by the higher courts. The *Handbook* does not lay claim to being the last word.

The author in his preface remarks that "killing the goose was deemed to be a bad precedent." He might also have pointed out that the way to make a goose squawk the least is to pull out as few feathers as possible and with the least pain. The increasing complications in tax laws make the whole matter of tax returns more painful than ever, and as the goose is also losing most of his feathers his squawks may some day reach the ears of the farmer. I judge that is one of the aims of the author in his very individualistic preface.

A. S. FEDDE

THE THEORY AND PRACTICE OF MODERN TAXATION, by William Raymond Green. Second edition. *Commerce Clearing House, Inc.*, Chicago, Ill. 364 pages. 1938. \$3.50.

At the beginning, the author says that it is not the intent of this book to discuss the propriety of any government expenditures, but, the amount being determined, to discuss the methods that have been, are, and should be used to raise the money. This has been done for the United States federal tax system and for the systems of Great Britain, France, Germany, Italy, and the state and local systems of the United States.

As a history of the development of modern taxation, say for the last twenty years, suited to the needs of others than professional economists, the book stands out as an authoritative exposition of distinguished clarity and free from dogmatism.

Except in cases where Congress has blundered, such as the undistributed-profits-tax muddle, the author evinces complacency as to the United States federal tax system. He was a major influence in devising it, and is an enthusiastic supporter of the plan of assessing taxes on the basis of ability to pay.

No doubt he is right, though your reviewer remembers that at school in Philadelphia nearly seventy years ago, he was taught that Americans took pride in assessing taxes as nearly as possible in proportion to cost of

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services received from government, each paying for what he got, no more, no less. Nations that collected taxes on the theory that those with greater resources should pay the taxes for those with less were called "the pauper nations of Europe." We have changed; the rapidity of the change is illustrated by the statement that the public debt at the time this book was being written (1936) was some thirty-three billions; before the book was published it had run to almost forty billions. We do not now talk much about "pauper nations."

Direct discussion of the "emergency" pretext for increases of tax rates was probably barred by the limitation of the subject matter as cited in the first paragraph of this review. "Emergency" has been evoked to justify "temporary" taxes which immediately have become permanent. This device, adopted by the Federal Government, has been copied by states and localities. Do our rulers want more to spend? If so, a call for an emergency arises, and lo! an emergency emerges. So we have the Great Seven Year Emergency. The author, however, makes plain that he does not expect an end to the emergency levies. He says: "Nowhere does

there seem to be any tendency to reduce expenditures." The emergency has become a deep-rooted perennial.

The author is not blind to the dangers of this situation; he says it is alarming, and sees no sign of relief from it. The very last paragraph of the book sums it up thus: "Heavy and increasing taxation accompanied by continuing and increasing Treasury deficits cast a lengthening shadow upon the future of America."

There are discussions of the dangers of overspending, continued deficits, sales taxes, and of the doubtful morality of the treatment of funds collected for social security. The reader should not miss, on pages 333 and 334, a comparison of tax conditions in Iowa and in Nebraska. The whole chapter on "State Taxation in General" will be found valuable.

The author supports his own opinions by references to other authorities, American and foreign; his selection of such authorities is catholic, and by no means confined to those who agree with him.

A good book; paper, printing, and binding are worthy of the text.

F. W. THORNTON