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Conclusion

I have used this book as the primary text in a M.B.A. elective course titled "Managerial Aspects of Taxation." This is a specialized course for M.B.A. students who do not have tax backgrounds. The book is readable and the topic coverage is sufficient for this type of class. The book contains numerous examples and several short case studies. The examples and case studies are both theoretical and real world. The book would also be suitable as a text or as a supplement in a tax elective class for accounting students who are not going to specialize in tax. In the M.B.A. class, I supplemented the book with additional case studies, a few articles, and some material from IRS publications. The book is not designed as a textbook in the traditional sense. This means that there are no instructor support materials.

The book is very readable, but some students found a couple of things to be distracting. First, there are mathematical mistakes in some of the examples. Second, the writing style will sometimes abruptly change. My guess is that the authors wrote different parts of the book and the parts were put together without an overall writing style edit. Several students found both of these items a little troublesome at first, but they soon adjusted.

The book offers students a perspective that is not often found in other tax materials. Tax literature sometimes ignores or diminishes the nontax aspects of a transaction. This book helps fill an existing gap in the tax literature by discussing both tax and nontax issues related to strategic planning. Discussing these issues together, in the same book, seems to be unique.

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SHELDON D. POLLACK, *Refinancing America: The Republican Antitax Agenda* (Albany, NY: State University of New York Press, 2003, xiv, 280, \$17.47).

Refinancing America: The Republican Antitax Agenda, by Sheldon Pollack, is a thoroughly researched and well-written description of tax and related economic policy in the U.S. over the past several decades. For example, the appendix of the book displays charts and tables with details on the source of tax revenues and tax rates since 1890. The primary theme of the book is that Republicans, in their zeal to cut taxes, are having a deleterious effect on the financial state of the nation. A major goal of this study is to understand how and why the Republican Party (led by the conservative wing) became fixated on tax policy. While the author finds numerous opportunities throughout the book to identify shortcomings in both Republican and Democratic tax policy, the overriding tone of the work is one that displays a distinct lack of approval for the direction of Republican-led tax policy implemented since 1980. The book is very reader-friendly, even to the beginner student of tax and economic policy.

The book begins with a historical review of Republican tax and economic policy from the founding of the party in 1854 through the Democratic-dominated period of the New Deal in the 1930s. This chapter contains an interesting description of the various forces within the Republican Party that vied for control of tax policy. The details of tax policy around the Civil War are discussed. The next major event in the history of the income tax is its official inauguration in 1913. The rest of the chapter examines major political events as they impact tax policy in the McKinley, Harding, and Wilson administrations.

Chapter 2, entitled "Forever a Minority Party," begins with a review of the political misfortunes of President Hoover, which gave rise to the long administration of Franklin Roosevelt. At this point, tax policy took a turn in the direction of social engineering in addition to its revenue-raising purpose. The Revenue Act of 1935 embraced the public policy notion that the tax code should be used for income redistribution and wealth equalization. The Republicans failed to provide strong support for this particular use of the tax code. During World War II, tax policy returned to its primary role of raising revenue. The next section of this chapter is entitled "Truman and the GOP: Tax Wars." In this section, the author explains how the Republicans blocked Truman in his tax policy goals. The rest of this chapter provides an interesting overview of tax policy through the administrations of Eisenhower, Kennedy, Johnson, and Carter.

The third chapter focuses on the major changes in tax policy brought about during the Reagan administration. Pollack explains that this period saw not only a move to the right by the Republican Party, but also a weakening of the center in both parties. A quote by Reagan is presented first: "It is my intention to curb the size and influence of the federal government" (p. 57). The major bill passed during Reagan's first term (ERTA of 1981) represented the largest tax decrease in U.S. history to that point. This chapter also explains how Reagan failed to rein in government spending.

Chapter 4 focuses on the tax deadlock decade. Tax policy in the 1990s was just erratic and unstable, according to Pollack. The first major event of the 1990s was the Clinton tax increase of 1993. This bill increased marginal

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tax rates for high-income taxpayers. Political events transpired next that led to the transfer of Congress to the Republicans in 1994. Discussed also in this section is the Small Business Jobs Protection Act of 1996. Republicans continued their efforts to reduce taxes. These efforts led to the passage of the Taxpayer Relief Act of 1997. The following year saw another major piece of tax legislation in 1998. Pollack points to the IRS Restructuring Act of 1998 as another example of Republican-led public policy going astray. The contention is that the 1998 Act went too far in curtailing the ability of the IRS to collect revenue and enforce the tax code. Events of 1999 are covered next. This year was a quiet one in terms of tax policy.

Chapter 5 covers tax policy in the 21st century. The first priority for Republicans in 2000 was the elimination of the marriage penalty. This section contains an interesting discussion of all the issues surrounding the marriage penalty. Efforts to pass the child tax credit were eventually realized with the signing of the Economic Growth and Tax Relief Reconciliation Act of 2001. Discussed next are the tax and economic policy initiatives that were pursued after September 11, 2001. The next significant piece of tax legislation covered was the Job Creation and Worker Assistance Act of 2002. This bill extended unemployment benefits and tax credits, and it increased spending on Medicare. Anti-tax Republicans had another successful effort in passing tax reducing legislation.

A detailed discussion of the estate tax and Republican efforts to kill it is provided in Chapter 6. An interesting history of the estate tax in the U.S. is also included in this section. In addition, the political aspects of the estate tax are also considered here.

Chapter 7 presents a discussion of corporate tax shelters. In this discussion, blame is laid at the feet of Republicans for the inability of the IRS to crack down on these abuses. IRS inadequacies are traced to the IRS Restructuring Act of 1998. Accounting firms are also identified as culprits in these fraudulent schemes to deprive the federal government of much needed tax revenues. It is also noted that President Clinton push hard to campaign against these illegal tax shelters.

The final chapter of this book discusses the politics of the surplus. More specifically, it discusses how the projection of the surplus also helped the Republican Congress cut taxes in 2001. This chapter also presents a very compelling discussion that should not be ignored. Specifically, the impending fiscal insolvency of the Social Security program and Republican efforts to privatize a portion of it are reviewed here.

The conclusion contains prospects for U.S. tax policy. This analysis is summarized with the following statement. "Politicians, even those liberal Democrats who favor increased taxes and spending, find it irresistible to use those tax laws to assist the constituents of their districts, states and party" (p. 201). Thus the book ends on this realistic note.

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DONALD P. RACHETER AND RICHARD E. WAGNER, eds., *Politics, Taxation, and the Rule of Law: The Power to Tax in Constitutional Perspective* (Boston, MA: Kluwer Academic Publishers, 2002, pp. vi, 272, \$110.00).

This book is an excellent compilation of essays that explore the relation among (1) democratic taxation, (2) the politics of taxation, and (3) the constitutional framework for taxation. Each essay has been carefully selected to address an aspect of this relation, and they all build upon one another.

The introductory essay lays the foundation for subsequent essays by describing each of the three aspects of taxation delineated above. First, a central tenet of democratic taxation is that taxation is something we choose to do to ourselves rather than something being imposed on us by a government. Second, the theory of public finance is basically concerned with the taxing and spending activities of a government. However, when politics are incorporated into this theory, democratic fiscal practice might result in benefits for everyone, or it might involve cases where some persons benefit at the expense of others. Third, the degree to which fiscal interactions work for the general benefit of all, as opposed to a means by which some people gain an advantage by imposing burdens on others, will be controlled by the constitutional framework that governs these interactions.

The beginning series of essays examines the fundamental underpinnings between taxation and property rights in a democracy. The second essay posits that our constitutional government was founded on the Lockean notions that individuals possess natural rights in their lives and possessions created by their labors and that a government is necessary to protect its citizens, their liberty, and estates. However, in order to provide such protection, the government needs resources that are obtainable through taxation of its citizens. The third essay explores the premise that taxation converts private property to a form of common property with government as the regulatory agent. At the national level of our government, private property is appropriated through taxation and then redistributed via