

8-1932

Book Reviews

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Recommended Citation

Lawton, W. H. (1932) "Book Reviews," *Journal of Accountancy*. Vol. 54 : Iss. 2 , Article 7.

Available at: <https://egrove.olemiss.edu/jofa/vol54/iss2/7>

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Book Reviews

GENERAL SALES TAXATION, by ALFRED D. BUEHLER. *The Business Bourse, New York.* 378 pages.

The great game of "balancing the budget" which has been playing all over the world for the last fifteen years has finally reached the United States in acute form. Literally none of us is so poor or so rich as to be uninterested in the solution of the problem of making both ends meet in federal, state and municipal finances. Having gone to the limit in laying taxes on property, incomes and imports, congress has been forced to examine, discuss and in part adopt taxes on sales. The original proposition to levy a low uniform rate on all sales met with defeat at the hands of a runaway house, but in view of the belief of many experts that the act of 1932 will fail in its purpose of balancing the budget it is more than likely that the next congress will have to consider again the general sales tax. What that tax means, how it would affect business, how it has worked where adopted, and whether, once adopted, it is apt to remain a permanent source of revenue, are the questions Dr. Buehler attempts to answer in his timely study, *General Sales Taxation*.

To the average man the general sales tax may be a new idea, yet students of taxation problems would tell him that it is the most ancient of methods of raising government revenues. "Athens laid various taxes on commodities in the markets and on sales of landed property." "The taxation of sales of specific commodities, like salt, was common in Egypt, China, India and other ancient states." In Rome "Augustus laid a tax of one per cent. upon all articles, movable goods, or fixtures, sold in the markets." In European countries in general the sales tax has formed a principal source of revenue from the middle ages down to the present time. It has never been popular, has usually been inequitable, but has generally been productive of great revenues, the only feature of interest to governing powers. Nevertheless in spite of its productivity, it is Dr. Buehler's general conclusion that nearly all nations which have adopted it are earnestly seeking ways to get rid of it, or at least to ease the burden through exemptions, classifications or progressive rates. Needless to say, such modifications are always the result of political pressure.

The first ten chapters are devoted to the history and data of the general sales taxes and modifications of it as found in some thirty foreign nations, and also in eight states of America. It may be a surprise to most readers to learn that so many states already levy sales taxes, but Pennsylvania, for one, has done so for over one hundred years. Chapter 3 has an instructive résumé of the arguments for and against the sales tax at the hearings held by the ways and means committee. More or less academic now since the bill was defeated in the house and the substitutes as enacted are selected sales taxes, not general, it is worth reading for the light it throws on possible action of the next congress. Chapters 11-19 contain general discussions of the problems of administration, incidence of the tax, its effects upon business, competition, distribution and the consumer, and the place it occupies and is likely to occupy in the fiscal systems of various nations. Dr. Buehler recognizes that the general sales tax can not be dealt with in vacuo. All taxes must be paid from income, so the cumulative effect of all forms of taxation must be considered if we are to grasp the whole problem.

He therefore gives due attention to other taxes, particularly as to their productivity. In chapter 20 the author discusses the probable effect of the act of 1932 as it left the house, and it is pertinent only as to the provisions retained in the final enactment. In chapter 21 he summarizes the main features and results of general sales taxation in twenty-six foreign nations. The impression one receives is that the tax is undoubtedly highly productive, but the relatively small increases, or actual decreases, in revenues from 1929 to 1931 strongly reflect the decline in business, leaving one to surmise for himself which is the cause and which the effect.

After duly warning his readers of the difficulty of drawing sound conclusions from the data he has studied, due to the complications of the post-war financial muddle, the world-wide depression, the injection in some cases of extraneous motives (e.g. the attempt in some states to handicap the chain-stores through taxes), etc., Dr. Buehler gives his final opinion that while the general sales tax may be approved as an emergency measure in balancing the budget, "The conclusion is therefore reached that the experience of West Virginia and other American states and the nations which employ a general sales tax does not justify a general sales tax as a normal source of federal or state revenue in this country" (p. 260).

The formidable list of citations from official reports and books of reference, covering over fifty pages, sufficiently attests the labor and care Dr. Buehler has expended on his timely and informative study. His conclusions in such a controversial subject are open to debate of course, but anyone who questions his data does so at his peril. It is a book one could wish to place in the hands of every member of the next congress, to say nothing of state legislators, before any further general sales taxation is attempted.

W. H. LAWTON.