

BOOK REVIEWS

THE NEXT TEN YEARS

"Federal Finances in the Coming Decade—Some Cumulative Possibilities, 1941-1951," by Carl Shoup. Columbia University Press, 1941. 121 pp. \$1.00.

"The aim of this study is neither to predict nor to prescribe, but to promote a careful, dispassionate discussion of Federal fiscal policy," says Prof. Shoup in his preface, and he adds, "There is still time for discussion before important and irrevocable decisions must be made." The book was written in June, 1941, and appeared shortly before our active engagement in the World War, so at least one irrevocable decision has since been made. However, the problem of financing it remains, and while it is very well to promote objective discussion, it is time for our economic doctors to also offer sane prescriptions.

A set of assumptions underlies Prof. Shoup's excursion into the coming decade, the first two being that there will be a British victory in 1943 or 1944 and that there will be no U. S. expeditionary force. While this latter has already been obviated, it is recognized by the author that there will be a vast armament program in the coming years. The expenditures assumed for defense for the fiscal year 1943, \$22 billions, now seem small compared to the defense requirements for that year as recently announced by the President—\$56 billions. It is also assumed by Prof. Shoup that by 1944 (hypothetically, the end of the war) a decrease in defense expenditures will take place, and that there will be a resulting increase in unemployment; that this will be coped with by a vast public works program, for which expenditures will greatly increase; that private enterprise will recover by 1947 and reach a peak by 1950, still leaving many unemployed. The national income is to follow a curve conforming to these events—reaching a peak in 1943-44, falling in the 1946 post-war depression, and slowly rising again to the end of the decade.

While assumptions on the duration and cost of the war must now be very cautiously ventured (Prof. Shoup thought his defense expenditures may have been overestimated), it is likely that the sequence of events will follow the author's hypotheses. There is little doubt, for instance, that we will have recourse to public works to solve post-war-boom unemployment, whenever it eventuates. Prof. Shoup leaves us at the point where a new business cycle will have reached its peak. It is unfortunate that a professor of economics must stop with recognizing the fact of recurring business cycles, and remain unwilling to offer prescriptions—especially since the correct prescription, the single tax, integrates a sound fiscal policy with the solution to unemployment and depressions.